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EASTERN WATER RESOURCES DEVELOPMENT AND MANAGEMENT
PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
REPORT AND INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 31 MARCH 2007

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Review Report of Independent Auditor

To the 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 March 2007, and the consolidated statements of income for the three-month and six-month periods ended 31 March 2007 and 2006 and the consolidated statements of changes in shareholders' equity and cash flows for the six-month periods ended 31 March 2007 and 2006 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 the completeness of the presentation. My responsibility is to issue a 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.

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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 opinion on those statements under my report dated 29 November 2006. The consolidated and separate balance sheets 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. The Company has restated the separate financial statements to reflect the change in accounting policy for recording investments in subsidiaries from the equity method to the cost method as described in Note 2 to the financial statements. In my opinion, the adjustments made for the preparation of such statements are appropriate and have been properly applied. 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 : 14 May 2007

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(UNAUDITED BUT REVIEWED)

EASTERN WATER RESOURCES DEVELOPMENT AND MANAGEMENT
PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 31 MARCH 2007

1. GENERAL INFORMATION

1.1 Corporate 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 at 9/9 Vipavadeerangsit Road, Laksi, Bangkok.

1.2 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.

We, being responsible for the preparation of these financial statements and notes thereto, hereby approve their issue in final form.

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Director

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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.

1.3 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 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 structural change in its subsidiaries during the period.

1.4 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 recording investments in subsidiaries in the separate financial statements from the equity method to the cost method as described in Note 2 to the financial statements.

2. CHANGE IN ACCOUNTING POLICY FOR RECORDING INVESTMENTS IN SUBSIDIARY COMPANIES IN THE SEPARATE FINANCIAL STATEMENTS

During the current period, the Company changed its accounting policy for recording investments in subsidiaries in the separate financial statements from the equity method to the cost method, in compliance with Notification No. 26/2549 regarding Accounting Standard No. 44 “Consolidated Financial Statements and Accounting for Investments in Subsidiaries” (Amendment No. 1), issued by the Federation of Accounting Professions, 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.

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In this regard, the Company has restated the previous period's separate financial statements as though the investments in the subsidiaries had originally been recorded using the cost method. The change has the effect on the separate statement of income for the three-month period ended 31 March 2007 by an increase in net income of Baht 2 million (Baht 0.002 per share) and that on the separate statement of income for the three-month period ended 31 March 2006 by a decrease in net income of Baht 13 million (Baht 0.01 per share). The change also has the effect on the separate statement of income for the six-month period ended 31 March 2007 by an increase in net income of Baht 12 million (Baht 0.009 per share) and that on the separate statement of income for the six-month period ended 31 March 2006 by a decrease in net income of Baht 30 million (Baht 0.02 per share). The cumulative effect of the change in accounting policy has been presented under the heading of "Cumulative effect of the change in accounting policy for investments in subsidiaries" in the separate statements of changes in shareholders' equity.

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

3. RELATED PARTY TRANSACTIONS

3.1 Transactions incurred during the periods

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

<p>We, being responsible for the preparation of these financial statements and notes thereto, hereby approve their issue in final form.</p> <p>.....</p> <p>Director</p>
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(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	Consolidated financial		Separate financial		Pricing policy
	statements		statements		
	For the three-month periods ended 31 March		For the three-month periods ended 31 March		
	2007	2006	2007	2006	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Sales - raw water	-	-	17,155	11,274	Similar to market prices
Purchases of water distribution pipes	-	-	-	272	Market price and mutually agreed price as stipulated in contracts
Assets received in settlement of short-term loans	-	-	71,028	-	Appraisal value by independent appraiser
Service income	-	-	28	45	Mutually agreed price as stipulated in contracts
Interest income	-	-	6,048	5,454	At the rates of 3.5 to 5.5 percent per annum (2006 : At the rates of 3.5 to 5.5 percent per annum)
Sales of chemicals	-	-	-	114	Similar to market prices
Other income	-	-	1,162	557	Mutually agreed price as stipulated in contracts
Service expenses (included in costs of sales-raw water and costs of sales-others)	-	-	40,753	32,329	Mutually agreed price as stipulated in contracts
Pipeline installation expenses	-	-	3,734	-	Mutually agreed price as stipulated in contracts
Other expenses (included in selling, servicing and administrative expenses)	-	-	-	34	Similar to market prices
<u>Transactions with related parties</u>					
Major shareholders :-					
Sales of raw water	260,695	240,875	260,695	240,875	Similar to market prices
Service income	43,586	53,605	-	-	Mutually agreed price as stipulated in contracts
Related companies :-					
Service income	7,222	2,488	-	-	Mutually agreed price as stipulated in contracts
Interest expense	1,392	-	-	-	At the rate of 5.5 percent per annum

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Director

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(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	Consolidated financial		Separate financial		Pricing policy
	statements		statements		
	For the six-month periods ended 31 March		For the six-month periods ended 31 March		
	2007	2006	2007	2006	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Sales - raw water	-	-	32,721	21,340	Similar to market prices
Purchases of water distribution pipes	-	-	-	59,289	Market price and mutually agreed price as stipulated in contracts
Assets received in settlement of short-term loans	-	-	71,028	-	Appraisal value by independent appraiser
Service income	-	-	56	90	Mutually agreed price as stipulated in contracts
Interest income	-	-	12,308	11,553	At the rates of 3.5 to 5.5 percent per annum (2006 : At the rates of 3.5 to 5.5 percent per annum)
Sales of chemicals	-	-	152	224	Similar to market prices
Other income	-	-	1,551	1,036	Mutually agreed price as stipulated in contracts
Service expenses (included in costs of sales-raw water and costs of sales-others)	-	-	80,407	64,819	Mutually agreed price as stipulated in contracts
Pipeline installation expenses	-	-	3,734	-	Mutually agreed price as stipulated in contracts
Other expenses (included in selling, servicing and administrative expenses)	-	-	-	63	Similar to market prices
<u>Transactions with related parties</u>					
Major shareholders :-					
Sales - raw water	482,510	453,131	482,510	453,131	Similar to market prices
Service income	113,355	92,936	-	-	Mutually agreed price as stipulated in contracts
Related companies :-					
Service income	14,984	8,540	-	-	Mutually agreed price as stipulated in contracts
Interest expense	2,848	-	-	-	At the rate of 5.5 percent per annum

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3.2 Outstanding balances at end of the periods

The outstanding balances of the above transactions have been separately shown in the balance sheets with the following details as at 31 March 2007 and 30 September 2006 :-

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2007	30 September 2006	31 March 2007	30 September 2006
<u>Trade accounts receivable - related parties</u>				
Major shareholders				
Provincial Waterworks Authority	99,895	101,478	46,176	35,994
Industrial Estate Authority of Thailand	54,186	49,392	54,186	49,393
Subsidiary				
(Eliminated from the consolidated financial statements)				
Universal Utilities Company Limited	-	-	5,973	5,380
Related companies				
Hobas Engineering GmbH	5,715	-	-	-
Egcom Tara Company Limited	2,761	3,196	-	-
Total trade accounts receivable - related parties	<u>162,557</u>	<u>154,066</u>	<u>106,335</u>	<u>90,767</u>
 <u>Receivable from water loss reduction project</u>				
Major shareholder				
Provincial Waterworks Authority	<u>12,028</u>	<u>25,179</u>	<u>-</u>	<u>-</u>

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(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	31 March 2007	30 September 2006	31 March 2007	30 September 2006
<u>Receivable from pipeline installation project</u>				
Major shareholder				
Provincial Waterworks Authority	12,954	2,742	-	-
<u>Short-term loans to related party</u>				
Subsidiary				
(Eliminated from the consolidated financial statements)				
Global Water Systems Corporation Limited	-	-	40,072	113,350
Less : Allowance for doubtful accounts	-	-	(11,526)	(11,526)
Short-term loans to related party - net	-	-	28,546	101,824
<u>Other receivable - related parties</u>				
Subsidiaries				
(Eliminated from the consolidated financial statements)				
Eastern Hobas Pipes Company Limited	-	-	4,177	10,307
Universal Utilities Company Limited	-	-	1,458	645
Global Water Systems Corporation Limited	-	-	5	4
Total other receivable - related parties	-	-	5,640	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
Total long-term loans to related parties	-	-	300,000	362,890

We, being responsible for the preparation of these financial statements and notes thereto, hereby approve their issue in final form.

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Director

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(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March	30 September	31 March	30 September
	2007	2006	2007	2006
<u>Trade accounts payable - related parties</u>				
Major shareholder				
Provincial Waterworks Authority	4,582	735	-	-
Subsidiary				
(Eliminated from the consolidated financial statements)				
Universal Utilities Company Limited	-	-	1,773	10,216
Related company				
Egcom Tara Company Limited	171	-	-	-
Total trade accounts payable - related parties	4,753	735	1,773	10,216
<u>Short-term loan from related party</u>				
Related company				
Hobas Engineering GmbH	-	5,000	-	-
Total short-term loan from related party	-	5,000	-	-
<u>Other current liabilities - related parties</u>				
Subsidiaries				
(Eliminated from the consolidated financial statements)				
Universal Utilities Company Limited	-	-	22,895	15,419
Global Water Systems Corporation Limited	-	-	2,107	-
Related companies				
Hobas Engineering GmbH	12,517	15,353	-	-
Hobas Pipe Systems SRL	7,422	7,147	-	-
Hobas Rohre GmbH	95	97	-	-
Total other current liabilities - related parties	20,034	22,597	25,002	15,419

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(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March	30 September	31 March	30 September
	2007	2006	2007	2006
<u>Long-term loan from related party</u>				
Related company				
Hobas Engineering GmbH	-	100,000	-	-
Total long-term loan from related party	-	100,000	-	-
<u>Non-current liabilities – retentions payable</u>				
Subsidiary				
(Eliminated from the consolidated financial statements)				
Eastern Hobas Pipes Company Limited	-	-	-	2,684
Non-current liabilities - retentions payable	-	-	-	2,684

3.3 Movements of inter-company loans

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

(Unit : Thousand Baht)

	Consolidated financial statements			Balance as at 31 March 2007
	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)	-

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(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	Separate financial statements			
	Balance as at	During the period		Balance as at
	30 September	Increase	Decrease	31 March
	2006			2007
Short-term loans to subsidiary - net				
Global Water Systems Corporation Limited	113,350	-	(73,278)	40,072
Less : Allowance for doubtful accounts	(11,526)	-	-	(11,526)
	101,824	-	(73,278)	28,546
Long-term loans to subsidiaries				
Universal Utilities Company Limited	262,890	37,110	-	300,000
Eastern Hobas Pipes Company Limited	100,000	-	(100,000)	-
	362,890	37,110	(100,000)	300,000

3.4 Significant commercial agreements

The Company and its subsidiaries have significant commercial agreements entered into with their related parties, the details of which can be referred to in Note 24 to the financial statements.

4. INVESTMENTS

As at 31 March 2007 and 30 September 2006, investments consisted of the following :-

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March	30 September	31 March	30 September
	2007	2006	2007	2006
	Cost	Cost/ Amortised cost	Cost	Cost/ Amortised cost
Current investments				
Deposits at financial institutions	4,725	2,986	3,089	2,838
Total current investments	4,725	2,986	3,089	2,838

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(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2007	30 September 2006	31 March 2007	30 September 2006
	Cost	Cost/ Amortised cost	Cost	Cost/ Amortised cost
Long-term investments				
Held-to-maturity debt securities				
Promissory note	10,000	10,000	10,000	10,000
Held-to-maturity debt securities	10,000	10,000	10,000	10,000
General investments				
Non-marketable equity securities	85,388	85,388	85,388	85,388
General investments	85,388	85,388	85,388	85,388
Total long-term investments	95,388	95,388	95,388	95,388
Total investments	100,113	98,374	98,477	98,226

As at 31 March 2007 and 30 September 2006, the Company has a long-term investment of Baht 85.4 million, representing 15 percent of the paid-up share capital in equity securities of Egcom Tara Company Limited, a related company. Such investment has been classified as general investment and stated at cost.

5. TRADE ACCOUNTS RECEIVABLE

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2007	30 September 2006	31 March 2007	30 September 2006
Trade accounts receivable – related parties				
Not yet due	155,796	149,436	105,289	86,137
Past due				
Up to 3 months	6,043	4,630	328	4,630
3 - 6 months	484	-	484	-
6 - 12 months	234	-	234	-
Total trade accounts receivable – related parties	162,557	154,066	106,335	90,767

We, being responsible for the preparation of these financial statements and notes thereto, hereby approve their issue in final form.

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Director

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(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March	30 September	31 March	30 September
	2007	2006	2007	2006
<u>Trade accounts receivable – other companies</u>				
Not yet due	233,715	205,272	69,153	52,725
Past due				
Up to 3 months	9,579	77,551	1,436	1,007
3 - 6 months	9,683	2,260	313	122
6 - 12 months	37,874	8,463	104	82
Over 12 months	9,645	5,477	1,117	548
Total trade accounts receivable - other companies	300,496	299,023	72,123	54,484
Less : Allowance for doubtful accounts	(9,788)	(3,814)	-	-
Trade accounts receivable - other companies, net	290,708	295,209	72,123	54,484
Trade accounts receivable - net	453,265	449,275	178,458	145,251

In addition, movements in allowance for doubtful accounts of trade accounts receivable during the three-month and six-month periods ended 31 March 2007 and the year ended 30 September 2006 are summarised below.

(Unit : Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	For the three-month	For the six-month	For the year ended	For the three-month	For the six-month	For the year ended
	period ended	period ended	30 September	period ended	period ended	30 September
	31 March 2007	31 March 2007	2006	31 March 2007	31 March 2007	2006
Balance as at beginning of the period/year	6,191	3,814	-	-	-	-
Add : Allowance for doubtful made during the period/year	3,597	5,974	3,814	-	-	-
Balance as at ending of the period/year	9,788	9,788	3,814	-	-	-

We, being responsible for the preparation of these financial statements and notes thereto, hereby approve their issue in final form.

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Director

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(UNAUDITED BUT REVIEWED)

6. INVENTORY

Movements in the account of "Allowance for diminution in value of inventory" during the three-month and six-month periods ended 31 March 2007 and the year ended 30 September 2006 are summarised below.

(Unit : Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	For the three-month period ended 31 March 2007	For the six-month period ended 31 March 2007	For the year ended 30 September 2006	For the three-month period ended 31 March 2007	For the six-month period ended 31 March 2007	For the year ended 30 September 2006
Balance as at beginning of the period/year	10,285	8,879	2,790	-	-	-
Add : Allowance made during the period/year	14,037	15,443	6,089	-	-	-
Balance as at ending of the period/year	<u>24,322</u>	<u>24,322</u>	<u>8,879</u>	<u>-</u>	<u>-</u>	<u>-</u>

7. RESTRICTED BANK DEPOSITS

As at 31 March 2007 and 30 September 2006, the Company and its subsidiaries have placed their fixed deposits with banks amounting to Baht 9.1 million and Baht 11.6 million, respectively to secure bank guarantees obtained from local commercial banks on behalf of the Company and its subsidiaries (The Company Only : Baht 9.1 million and Baht 9.2 million respectively).

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8. INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURE

8.1 As at 31 March 2007 and 30 September 2006, a subsidiary recorded the following investment in joint venture under cost method :-

Name of Joint Venture	Consolidated financial statements									
	Paid-up share capital				Equity interest		Investments value under cost method		Dividends	
	31		30		31		30		For the six-month periods ended	
	March	September	March	September	March	September	31 March			
	2007	2006	2007	2006	2007	2006	2007	2006		
	Million	Million	%	%	Thousand	Thousand	Thousand	Thousand		
	Baht	Baht			Baht	Baht	Baht	Baht		
<u>Joint Venture held by subsidiary</u>										
Joint Venture UUEEI	1	-	49	-	490	-	-	-		
Total investment in Joint Venture					490	-				

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

8.2 As at 31 March 2007 and 30 September 2006, the Company recorded its investments in subsidiaries under cost method, which consisted of investments in ordinary shares in the following subsidiaries :-

Name of subsidiary company	Separate financial statements									
	Paid-up share capital				Equity interest		Investments value under cost method		Dividends	
	31		30		31		30		For the six-month periods ended	
	March	September	March	September	March	September	31 March			
	2007	2006	2007	2006	2007	2006	2007	2006		
	Million	Million	%	%	Thousand	Thousand	Thousand	Thousand		
	Baht	Baht			Baht	Baht	Baht	Baht		
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	480	250	50	50	240,000	125,000	-	-		
Total investments in subsidiaries					823,800	708,800	-	-		
Less: Allowance for impairment of investments in subsidiaries					(186,093)	(176,093)				
Investments in subsidiaries - net					637,707	532,707				

We, being responsible for the preparation of these financial statements and notes thereto, hereby approve their issue in final form.

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Director

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(UNAUDITED BUT REVIEWED)

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

9. OTHER RECEIVABLE

As at 31 March 2007 and 30 September 2006, the Company had other receivable amounting to Baht 642 million and Baht 585 million, respectively, which represents advance payments made by the Company on behalf of the Royal Irrigation Department, in respect of the project to install water distribution pipeline connecting the Pra-Sae reservoir to the Klong Yai reservoir. Repayment of such amount will be made by gradually offsetting the charges on raw water to be purchased by the Company from the Royal Irrigation Department in the future.

10. PROPERTY, PLANT AND EQUIPMENT

	(Unit : Thousand Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Cost :		
30 September 2006	8,162,796	7,316,614
Acquisitions	288,811	252,088
Transfer in	2,535,730	2,534,298
Disposal/write off	(2,784)	(317)
Transfer out	(2,535,730)	(2,534,298)
31 March 2007	<u>8,448,823</u>	<u>7,568,385</u>
Accumulated depreciation :		
30 September 2006	1,056,167	862,775
Depreciation for the period	126,860	89,545
Accumulated depreciation of disposed/written-off assets	(2,388)	(8)
31 March 2007	<u>1,180,639</u>	<u>952,312</u>
Net book value :		
30 September 2006	<u>7,106,629</u>	<u>6,453,839</u>
31 March 2007	<u>7,268,184</u>	<u>6,616,073</u>

We, being responsible for the preparation of these financial statements and notes thereto, hereby approve their issue in final form.

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(UNAUDITED BUT REVIEWED)

As at 31 March 2007 and 30 September 2006, the Company and its subsidiaries have certain equipment and fixtures which were fully depreciated but are still in use. The original costs, before deducting accumulated depreciation, of those assets amounted to approximately Baht 151.9 million and Baht 144.6 million, respectively (The Company Only : Baht 118.1 million and Baht 111.4 million, respectively).

As at 31 March 2007 and 30 September 2006, a subsidiary has its land, plants, machinery and equipment mortgaged/negatively pledged, with an aggregate net book value of Baht 187.3 million and Baht 196.4 million, respectively, to secure long-term loans as described in Note 15.2.1 to the financial statements.

For the three-month periods ended 31 March 2007 and 2006, the Company recorded borrowing cost amounting to Baht 15.1 million and Baht 33.9 million, respectively, and for the six-month periods ended 31 March 2007 and 2006, amounting to Baht 48.6 million and Baht 60.3 million, respectively, which were directly attributable to the construction of water pipeline distribution networks, as a part of “Construction in progress” under the caption of “Property, plant and equipment”.

For the three-month and six-month periods ended 31 March 2007, a subsidiary recorded borrowing costs amounting to Baht 2.1 million and Baht 3.7 million, respectively (For the three-month and six-month periods ended 31 March 2006 : nil), which were directly attributable to the construction of assets under concession contracts, as a part of “Construction in progress” under the caption of “Property, plant and equipment”.

Borrowing costs incurred from the Company's long-term loans and debentures were capitalized at the rate of 4.91% per annum, which is calculated by dividing interest on long-term loans and debentures, the principal amount of which not exceeding the capital expenditures, by the average capital expenditures.

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11. ASSETS UNDER CONCESSION CONTRACTS

(Unit: Thousand Baht)

	Consolidated financial statements			
	30 September 2006	Increase	Decrease	
Assets under concession	377,320	64,454	(1,323)	440,451
contracts - cost				
Accumulated amortisation	(36,977)	(8,916)	299	(45,594)
Allowance for impairment	-	(469)	469	-
Net book value	<u>340,343</u>	<u>55,069</u>	<u>(555)</u>	<u>394,857</u>

For the three-month and six-month periods ended 31 March 2007, amortisation of assets under concession contracts amounting to Baht 4.4 million and Baht 8.9 million, respectively, are included in costs of sales - others in the statements of income.

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

12. DEFERRED CONCESSION RIGHTS ACQUISITION COSTS

(Unit: Thousand Baht)

	Consolidated financial statements			
	30 September 2006	Increase	Decrease	
Deferred concession rights	319,343	61,295	-	380,638
acquisition costs - cost				
Accumulated amortisation	(22,834)	(4,519)	-	(27,353)
Net book value	<u>296,509</u>	<u>56,776</u>	<u>-</u>	<u>353,285</u>

For the three-month and six-month periods ended 31 March 2007, amortisation of deferred concession rights acquisition costs amounting to Baht 2.2 million and Baht 4.5 million, respectively, are included in costs of sales - others in the statements of income.

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13. GOODWILL

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

(Unit: Thousand Baht)

	Consolidated financial statements			31 March 2007
	30 September 2006	Increase	Decrease	
Goodwill - cost	201,205	-	-	201,205
Accumulated amortisation	(21,807)	(4,163)	-	(25,970)
Net book value	179,398	(4,163)	-	175,235
Remaining amortisation period	22 years			21 years

For the three-month periods ended 31 March 2007 and 2006, amortisation of goodwill amounting to Baht 2.1 million and Baht 2.1 million, respectively, and for the six-month periods ended 31 March 2007 and 2006, amounting to Baht 4.2 million and Baht 4.2 million, respectively, are included in selling, servicing and administrative expenses in the statements of income.

14. SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2007	30 September 2006	31 March 2007	30 September 2006
Short-term loans	183,000	60,000	100,000	-
Total	183,000	60,000	100,000	-

As at 31 March 2007, Baht 100 million short-term loans from financial institutions of the Company carry interest at the rates of 4.7 to 5 percent per annum.

We, being responsible for the preparation of these financial statements and notes thereto, hereby approve their issue in final form.

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Director

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(UNAUDITED BUT REVIEWED)

As at 31 March 2007, Baht 23 million short-term loans from financial institutions of Universal Utilities Company Limited carry interest at the rate of 6.575 percent per annum.

As 31 March 2007, Eastern Hobas Pipes Company Limited, a subsidiary, defaulted payment on short-term loan from a financial institution of Baht 60 million and therefore it is subject to default interest rate of 15.5 percent per annum. As at 30 September 2006, this short-term loan from a financial institution carries interest at the Minimum Overdraft Rate (MOR), which is 8 percent per annum.

15. LONG-TERM LOANS FROM FINANCIAL INSTITUTIONS

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2007	30 September 2006	31 March 2007	30 September 2006
Long-term loans from financial institutions	1,990,800	1,821,000	1,625,000	1,525,000
Less : Current portion	(298,430) ⁽¹⁾	(165,000)	(50,000)	(100,000)
Long-term loans from financial institutions - net of current portion	<u>1,692,370</u>	<u>1,656,000</u>	<u>1,575,000</u>	<u>1,425,000</u>

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

Movements in the long-term loans from financial institutions during the three-month and six-month periods ended 31 March 2007 are summarised below.

(Unit : Thousand Baht)

	For the three-month period ended 31 March 2007		For the six-month period ended 31 March 2007	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Balance as at 30 September 2006	1,693,300	1,375,000	1,821,000	1,525,000
Add : Additional borrowings	297,500	250,000	336,800	250,000
Less: Repayments	-	-	(167,000)	(150,000)
Balance as at 31 March 2007	<u>1,990,800</u>	<u>1,625,000</u>	<u>1,990,800</u>	<u>1,625,000</u>

We, being responsible for the preparation of these financial statements and notes thereto, hereby approve their issue in final form.

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Director

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(UNAUDITED BUT REVIEWED)

15.1 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
- 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 March 2007, the Company has already drew down Baht 1,775 million, which comprised the Tranche-A loan of Baht 1,500 million and the Tranche-B loan of Baht 275 million.

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As at 31 March 2007, the Company had the ratio of net consolidated debt to consolidated EBITDA, which equaled 4.56 times. As stipulated in the conditions of the long-term loan agreement, the Company is required to maintain such ratio not to be exceeding 4.5 times at each fiscal year-end. The Company's management believes that such excess will not be permanent and expects that it will be able to maintain such ratio at the fiscal year-end 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.

15.2 Long-term loans of subsidiaries

15.2.1 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.

We, being responsible for the preparation of these financial statements and notes thereto, hereby approve their issue in final form.

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Director

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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 percent per annum for 5 years from the agreement date and at the Minimum Loan Rate (MLR) minus 0.5 percent 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 percent 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 March 2007 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 a certain debt-to-equity ratio, among others. As at 31 December 2006, the subsidiary was unable to maintain the debt-to-equity ratio specified in the loan agreements, but it later rectified such problem during the current period by an increase in share capital. As at 31 March 2007, the subsidiary was thus able to maintain the debt-to-equity ratio as stipulated in the long-term loan agreements. However, the subsidiary defaulted principal repayment during the period, and is in the process of requesting for rescheduling of repayment terms and preparing a proposal to resolve this issue for submission to the financial institution.

<p>We, being responsible for the preparation of these financial statements and notes thereto, hereby approve their issue in final form.</p> <p>.....</p> <p>Director</p>
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(UNAUDITED BUT REVIEWED)

15.2.2 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 March 2007 and 30 September 2006, the subsidiary had outstanding loans under such agreement amounting to approximately Baht 129 million and Baht 42 million, respectively.

16. DEBENTURES

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

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

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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 of net consolidated debt to consolidated EBITDA as at 30 September 2006, and considering that the Company did not breach conditions as required in both the 4-year debenture series and the 7-year debenture series. The debentures still 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. Although the ratio of net consolidated debt to consolidated EBITDA calculated from the consolidated financial statements as at 31 March 2007 is 4.56 times, the Company's management expects to solve the problem and be able to maintain the ratio at the level not exceeding that is required in the placement agreement. Therefore, no reclassification of debentures to current liabilities in the balance sheet is made.

We, being responsible for the preparation of these financial statements and notes thereto, hereby approve their issue in final form.

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Director

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17. SHARE CAPITAL

During the six-month period ended 31 March 2007, the Company registered increases in its issued and paid-up share capital totaling Baht 1.7 million as a result of the shares offering and the rights exercised by warrant holders. This resulted in an increase of Baht 1.8 million in share premium. As at 31 March 2007, the Company's issued and paid-up capital is therefore Baht 1,325 million. Furthermore in March 2007, the Company received share subscription of approximately Baht 0.4 million for the exercises of warrants. The Company registered such capital increase on 4 April 2007.

Reconciliation of ordinary share capital and share premium

	Ordinary share capital		Share premium
	Number of shares	Amount	
		Thousand Baht	Thousand Baht
Balance as at 30 September 2006	1,323,503,380	1,323,503	1,123,430
Increasing share capital during the period	1,699,310	1,699	1,835
Balance as at 31 March 2007	<u>1,325,202,690</u>	<u>1,325,202</u>	<u>1,125,265</u>

18. WARRANTS

As at 31 March 2007, the outstanding balances of unexercised warrants are as follows:

- 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

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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 : 376,900 warrants

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

Type of warrant : Transferable

Issue price : -

Allocation ratio : As determined by General Meeting of the
Company's shareholders

Term of warrant : 3 years

Exercise date : Every 30th of December, March, June and
September throughout the term of warrant

Exercise price : Baht 4 per share

Exercise ratio : 1 ordinary share/ 1 warrant

First exercise date : 30 December 2004

Last exercise date : 28 November 2007

Outstanding unexercised warrants : 339,025,490 warrants

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Movements in the number of warrants during the six-month period ended 31 March 2007 were as follows: -

	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	(922,600)	(605,360)	(1,527,960)
Number of warrants as at 31 March 2007	376,900	339,025,490	339,402,390

19. 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.

20. DIVIDENDS PAID

The Annual General Meeting of the Company's shareholders held on 26 January 2007 approved the dividend payment for 2006 fiscal period of Baht 0.25 per share, a total of Baht 331 million to the Company's shareholders. The Company paid the dividend on 26 February 2007.

On 27 January 2006, the Annual General Meeting of the Company's shareholders approved the payment of a dividend of Baht 0.125 per share to its shareholders from its earnings for the six-month period ended 30 September 2005, a total of Baht 165.0 million. The Company paid the dividend on 27 February 2006. The Company paid an interim dividend of Baht 0.125 per share to its shareholders from its earnings for six-month period of ended 31 March 2005, a total of Baht 162.0 million in July 2005.

We, being responsible for the preparation of these financial statements and notes thereto, hereby approve their issue in final form. Director

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(UNAUDITED BUT REVIEWED)

21. INCOME TAX

Income tax was calculated on net income before income tax for the periods, after adding back expenses, which are disallowable for tax computation purposes and deducting tax-exempt income.

22. EARNINGS PER SHARE

Consolidated financial statements						
For the three-month periods ended 31 March						
Net income		Weighted average number of ordinary shares		Earnings per share		
2007	2006	2007	2006	2007	2006	
(Thousand Baht)	(Thousand Baht)	(Thousand Shares)	(Thousand Shares)	(Baht)	(Baht)	
Basic earnings per share						
Net income	127,880	142,002	1,325,203	1,320,270	0.10	0.11
Effect of dilutive potential ordinary shares						
Warrants issued to employees, directors and advisors to the Company's Board of Directors (EASTW-WA)	-	-	614	18,640		
Warrants issued to existing shareholders and general public (EASTW-W1)	-	-	77,047	-		
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares	127,880	142,002	1,402,864	1,338,910	0.09	0.11

We, being responsible for the preparation of these financial statements and notes thereto, hereby approve their issue in final form.

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Director

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Separate financial statements					
For the three-month periods ended 31 March					
Net income		Weighted average number of ordinary shares		Earnings per share	
2007	2006	2007	2006	2007	2006
(Thousand Baht)	(Thousand Baht)	(Thousand Shares)	(Thousand Shares)	(Baht)	(Baht)
Basic earnings per share					
Net income	130,221	129,205	1,325,203	1,320,270	0.10
Effect of dilutive potential ordinary shares					
Warrants issued to employees, directors and advisors to the Company's Board of Directors (EASTW-WA)	-	-	614	18,640	
Warrants issued to existing shareholders and general public (EASTW-W1)	-	-	77,047	-	
Diluted earnings per share					
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares	130,221	129,205	1,402,864	1,338,910	0.09

Consolidated financial statements					
For the six-month periods ended 31 March					
Net income		Weighted average number of ordinary shares		Earnings per share	
2007	2006	2007	2006	2007	2006
(Thousand Baht)	(Thousand Baht)	(Thousand Shares)	(Thousand Shares)	(Baht)	(Baht)
Basic earnings per share					
Net income	248,451	265,825	1,324,649	1,309,979	0.19
Effect of dilutive potential ordinary shares					
Warrants issued to employees, directors and advisors to the Company's Board of Directors (EASTW-WA)	-	-	837	10,894	
Warrants issued to existing shareholders and general public (EASTW-W1)	-	-	86,774	-	
Diluted earnings per share					
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares	248,451	265,825	1,412,260	1,320,873	0.18

We, being responsible for the preparation of these financial statements and notes thereto, hereby approve their issue in final form.

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Director

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(UNAUDITED BUT REVIEWED)

		Separate financial statements					
		For the six-month periods ended 31 March					
		Net income		Weighted average number of ordinary shares		Earnings per share	
		2007	2006	2007	2006	2007	2006
		(Thousand Baht)	(Thousand Baht)	(Thousand Shares)	(Thousand Shares)	(Baht)	(Baht)
Basic earnings per share							
Net income		260,195	235,915	1,324,649	1,309,979	<u>0.20</u>	<u>0.18</u>
Effect of dilutive potential ordinary shares							
Warrants issued to employees, directors and advisors to the Company's Board of Directors (EASTW-WA)		-	-	837	10,894		
Warrants issued to existing shareholders and general public (EASTW-W1)		-	-	<u>86,774</u>	-		
Diluted earnings per share							
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares		<u>260,195</u>	<u>235,915</u>	<u>1,412,260</u>	<u>1,320,873</u>	<u>0.18</u>	<u>0.18</u>

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 already described in Note 2 to the financial statements.

We, being responsible for the preparation of these financial statements and notes thereto, hereby approve their issue in final form.

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Director

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(UNAUDITED BUT REVIEWED)

23. COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 March 2007 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 220.3 million and Baht 223.7 million, respectively (The Company Only : Baht 52.2 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.
- 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 42.8 million and Baht 43.6 million, respectively (The Company Only : Baht 20.4 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 668.3 million and Baht 1,199.2 million, respectively (The Company Only : Baht 194.7 million and Baht 410.6 million, respectively) for projects under construction.

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- 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.
- 23.6 On 5 January 2007, a subsidiary was sued as a defendant in a case brought in connection with the purchase of goods. The plaintiff petitioned the Civil Court to order the payment of compensatory damages amounting to Baht 2.5 million, and the court accepted the lawsuit and set a hearing date of 28 January 2007. However, the subsidiary has already set aside provision for liabilities in respect of this case in its accounts.
- 23.7 A subsidiary was sued as a co-defendant together with the Provincial Waterworks Authority in a case brought in connection with illegal acts performed by administrative agencies or state officials. The plaintiff petitioned the administrative court to void the selection process by which a private operator was selected to produce tap water for distribution to the Provincial Waterworks Authority in the area belonging to the Rayong Waterworks. On 16 March 2007 the Rayong Administrative Court ordered the selection process voided in accordance with the plaintiff's petition, and also declared void the agreement appointing a private firm to produce water for sale to the Rayong Waterworks, which had resulted from an illegal selection process. However, the Provincial Waterworks Authority and the subsidiary lodged appeals with the Rayong Administrative Court on 12 April 2007 and the case is currently being heard by the Court. The subsidiary's management believes that the subsidiary will incur no losses as a result of the termination of the agreement because, if such a termination occurs the Provincial Waterworks Authority will have to compensate the subsidiary for costs of construction and improvements made to the waterworks, and for other expenses incurred by the subsidiary. Therefore, no provision has yet been made in the accounts.

We, being responsible for the preparation of these financial statements and notes thereto, hereby approve their issue in final form.

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Director

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.

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(UNAUDITED BUT REVIEWED)

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.

We, being responsible for the preparation of these financial statements and notes thereto, hereby approve their issue in final form.

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Director

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(UNAUDITED BUT REVIEWED)

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).

<p>We, being responsible for the preparation of these financial statements and notes thereto, hereby approve their issue in final form.</p> <p>.....</p> <p>Director</p>
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(UNAUDITED BUT REVIEWED)

24.9 Chachoengsao Water Supply Company Limited and Bangkok 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.

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 Ecomtara 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.

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Director

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(UNAUDITED BUT REVIEWED)

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.

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.

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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.

The segment information for the three-month and six-month periods ended 31 March 2007 and 2006 is summarised as follows :-

(Unit : Thousand Baht)

	Consolidated financial statement								
	For the three-month ended 31 March 2007								
	Sales - other				Service income				
	Water			Others	Waterworks management		Water loss reduction project		Elimination
Raw water distribution business	Tap water distribution business	pipeline distribution business	business		business	project	Others		
Revenue									
Revenue from external customers	400,795	117,245	24,616	3,540	10,100	43,586	18,982	-	618,864
Inter-segment revenue	17,155	-	-	71,028	38,153	-	6,362	(132,698)	-
Total revenue	417,950	117,245	24,616	74,568	48,253	43,586	25,344	(132,698)	618,864
Cost of sales/services	(150,648)	(78,406)	(32,744)	(57,366)	(38,837)	(52,456)	(32,101)	126,828	(315,730)
Operating profit									
Segment operating income (loss)	267,302	38,839	(8,128)	17,202	9,416	(8,870)	(6,757)	(5,870)	303,134
Unallocated revenue/expenses									
Interest income and dividend income									987
Other income									1,486
Selling, servicing and administrative expenses									(92,858)
Interest expenses									(47,811)
Corporate income tax									(66,660)
Minority interests									29,602
Net income									127,880

We, being responsible for the preparation of these financial statements and notes thereto, hereby approve their issue in final form.

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(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

Consolidated financial statement									
For the three-month period ended 31 March 2006									
	Sales - other				Service income				
	Water				Waterworks		Water loss		
	Raw water distribution business	Tap water distribution business	pipeline distribution business	Others	management business	project	Others	Elimination	Total
Revenue									
Revenue from external customers	356,894	72,654	18,016	7,025	5,924	53,605	6,424	-	520,542
Inter-segment revenue	11,274	-	272	114	30,695	-	1,679	(44,034)	-
Total revenue	368,168	72,654	18,288	7,139	36,619	53,605	8,103	(44,034)	520,542
Cost of sales/services	(134,212)	(52,185)	(22,137)	(3,801)	(26,206)	(53,440)	(5,422)	44,026	(253,377)
Operating profit									
Segment operating income (loss)	233,956	20,469	(3,849)	3,338	10,413	165	2,681	(8)	267,165
Unallocated revenue/expenses									
Interest income and dividend income									2,905
Other income									9,250
Selling, servicing and administrative expenses									(66,244)
Interest expenses									(21,080)
Corporate income tax									(57,082)
Minority interests									7,088
Net income									142,002

(Unit : Thousand Baht)

Consolidated financial statement									
For the six-month period ended 31 March 2007									
	Sales - other				Service income				
	Water				Waterworks		Water loss		
	Raw water distribution business	Tap water distribution business	pipeline distribution business	Others	management business	project	Others	Elimination	Total
Revenue									
Revenue from external customers	758,753	226,262	25,269	10,238	17,910	113,355	47,243	-	1,199,030
Inter-segment revenue	32,721	-	-	71,180	75,202	-	8,995	(188,098)	-
Total revenue	791,474	226,262	25,269	81,418	93,112	113,355	56,238	(188,098)	1,199,030
Cost of sales/services	(288,186)	(154,552)	(34,325)	(77,237)	(74,278)	(120,327)	(40,754)	182,272	(607,387)
Operating profit									
Segment operating income (loss)	503,288	71,710	(9,056)	4,181	18,834	(6,972)	15,484	(5,826)	591,643
Unallocated revenue/expenses									
Interest income and dividend income									2,500
Other income									3,151
Selling, servicing and administrative expenses									(193,482)
Interest expenses									(75,462)
Corporate income tax									(132,103)
Minority interests									52,204
Net income									248,451

We, being responsible for the preparation of these financial statements and notes thereto, hereby approve their issue in final form.

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Director

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(Unit : Thousand Baht)

Consolidated financial statement									
For the six-month period ended 31 March 2006									
	Sales - other				Service income				
	Raw water distribution business	Tap water distribution business	Water pipeline distribution business	Others	Waterworks management business	Water loss reduction project	Others	Elimination	Total
Revenue									
Revenue from external customers	673,732	143,771	35,461	24,154	12,069	92,936	11,153	-	993,276
Inter-segment revenue	21,340	-	59,289	224	61,447	-	3,462	(145,762)	-
Total revenue	695,072	143,771	94,750	24,378	73,516	92,936	14,615	(145,762)	993,276
Cost of sales/services	(260,713)	(98,775)	(81,637)	(17,455)	(53,111)	(89,049)	(9,326)	130,197	(479,869)
Operating profit									
Segment operating income (loss)	434,359	44,996	13,113	6,923	20,405	3,887	5,289	(15,565)	513,407
Unallocated revenue/expenses									
Interest income and dividend income									7,052
Other income									11,665
Selling, servicing and administrative expense									(141,201)
Interest expenses									(35,231)
Corporate income tax									(106,439)
Minority interests									16,572
Net income									265,825

(Unit : Thousand Baht)

Separate financial statement				
For the three-month period ended 31 March 2007				
	Raw water distribution business	Tap water distribution business	Others	Total
	Revenue			
Revenue from external customers	400,795	40,126	2,782	443,703
Inter-segment revenue	17,155	-	28	17,183
Total revenue	417,950	40,126	2,810	460,886
Cost of sales/services	(150,648)	(38,857)	(2,595)	(192,100)
Segment operating income	267,302	1,269	215	268,786
Unallocated revenue/expenses				
Interest income and dividend income				6,252
Other income				1,383
Selling, servicing and administrative expenses				(48,392)
Interest expenses				(39,524)
Corporate income tax				(58,284)
Net income				130,221

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Director

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(Unit : Thousand Baht)

	Separate financial statement			
	For the three-month period ended 31 March 2006			
	Raw water distribution business	Tap water distribution business	Others	Total
Revenue				
Revenue from external customers	356,894	30,682	5,873	393,449
Inter-segment revenue	11,274	-	159	11,433
Total revenue	<u>368,168</u>	<u>30,682</u>	<u>6,032</u>	<u>404,882</u>
Cost of sales/services	<u>(134,212)</u>	<u>(30,382)</u>	<u>(4,941)</u>	<u>(169,535)</u>
Segment operating income	<u>233,956</u>	<u>300</u>	<u>1,091</u>	<u>235,347</u>
Unallocated revenue/expenses				
Interest income and dividend income				8,250
Other income				1,329
Selling, servicing and administrative expenses				(49,104)
Interest expenses				(15,726)
Corporate income tax				<u>(50,891)</u>
Net income				<u>129,205</u>

(Unit : Thousand Baht)

	Separate financial statement			
	For the six-month period ended 31 March 2007			
	Raw water distribution business	Tap water distribution business	Others	Total
Revenue				
Revenue from external customers	758,753	77,385	7,847	843,985
Inter-segment revenue	32,721	-	208	32,929
Total revenue	<u>791,474</u>	<u>77,385</u>	<u>8,055</u>	<u>876,914</u>
Cost of sales/services	<u>(288,186)</u>	<u>(75,536)</u>	<u>(7,147)</u>	<u>(370,869)</u>
Segment operating income	<u>503,288</u>	<u>1,849</u>	<u>908</u>	<u>506,045</u>
Unallocated revenue/expenses				
Interest income and dividend income				13,098
Other income				1,910
Selling, servicing and administrative expenses				(87,172)
Interest expenses				(59,568)
Corporate income tax				<u>(114,118)</u>
Net income				<u>260,195</u>

We, being responsible for the preparation of these financial statements and notes thereto, hereby approve their issue in final form.

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Director

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(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	Separate financial statement			
	For the six-month period ended 31 March 2006			
	Raw water distribution business	Tap water distribution business	Others	Total
Revenue				
Revenue from external customers	673,732	61,513	8,260	743,505
Inter-segment revenues	21,340	-	314	21,654
Total revenues	<u>695,072</u>	<u>61,513</u>	<u>8,574</u>	<u>765,159</u>
Cost of sales/services	(260,713)	(60,913)	(7,446)	(329,072)
Segment operating income	<u>434,359</u>	<u>600</u>	<u>1,128</u>	<u>436,087</u>
Unallocated revenue/expenses				
Interest income and dividend income				18,154
Other income				2,139
Selling, servicing and administrative expenses				(103,355)
Interest expenses				(25,864)
Corporate income tax				<u>(91,246)</u>
Net income				<u>235,915</u>

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).

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

(Unit : Thousand Baht)

Consolidated financial statement				
Outstanding balances of financial instruments as at 31 March 2007				
	Floating	Fixed	Non-interest	
	interest rates	interest rates	bearing	Total
Financial assets				
Cash and cash equivalents	85,683	16	626	86,325
Current investments	-	4,725	-	4,725
Trade accounts receivable - net	-	-	453,265	453,265
Receivable from pipeline installation project - related party	-	-	12,954	12,954
Short-term loan to other company	500	-	-	500
Restricted bank deposits	-	9,076	-	9,076
Investment in a joint venture	-	-	490	490
Long-term investments	-	10,000	85,388	95,388
Other receivable	-	-	642,199	642,199
	<u>86,183</u>	<u>23,817</u>	<u>1,194,922</u>	<u>1,304,922</u>
Financial liabilities				
Short-term loans from financial institutions	60,000	123,000	-	183,000
Trade accounts payable	-	-	266,620	266,620
Liabilities under financial lease agreements	-	3,894	-	3,894
Long-term loans from financial institutions	608,406	1,382,394	-	1,990,800
Debentures	-	2,500,000	-	2,500,000
Retentions payable	-	-	34,584	34,584
	<u>668,406</u>	<u>4,009,288</u>	<u>301,204</u>	<u>4,978,898</u>

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(Unit : Thousand Baht)

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

We, being responsible for the preparation of these financial statements and notes thereto, hereby approve their issue in final form.

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(Unit : Thousand Baht)

Separate financial statement				
Outstanding balances of financial instruments as at 31 March 2007				
Floating interest rates	Fixed interest rates	Non-interest bearing	Total	
Financial assets				
Cash and cash equivalents	26,163	-	190	26,353
Current investments	-	3,089	-	3,089
Trade accounts receivable – net	-	-	178,458	178,458
Short-term loans to related parties - net	-	28,546	-	28,546
Other receivable - related parties	-	-	5,640	5,640
Restricted bank deposits	-	9,076	-	9,076
Investments in subsidiaries accounted for under cost method - net	-	-	637,707	637,707
Long-term investments	-	10,000	85,388	95,388
Long-term loans to related parties	-	300,000	-	300,000
Other receivable	-	-	642,199	642,199
	<u>26,163</u>	<u>350,711</u>	<u>1,549,582</u>	<u>1,926,456</u>
Financial liabilities				
Trade accounts payable	-	-	11,745	11,745
Long-term loans from financial institutions	275,000	1,350,000	-	1,625,000
Debentures	-	2,500,000	-	2,500,000
Retentions payable	-	-	6,763	6,763
	<u>275,000</u>	<u>3,850,000</u>	<u>18,508</u>	<u>4,143,508</u>

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(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

Separate financial statement				
Outstanding balances of financial instruments as at 30 September 2006				
	Floating interest rates	Fixed interest rates	Non-interest bearing	Total
Financial assets				
Cash and cash equivalents	205,217	-	199	205,416
Current investments	-	2,838	-	2,838
Trade accounts receivable – net	-	-	145,251	145,251
Short-term loans to related parties - net	-	101,824	-	101,824
Other 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
Other receivable	-	-	584,858	584,858
	<u>205,217</u>	<u>486,708</u>	<u>1,359,359</u>	<u>2,051,284</u>
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
	<u>25,000</u>	<u>4,000,000</u>	<u>31,661</u>	<u>4,056,661</u>

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statements and notes thereto, hereby approve their issue in final form.

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(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 financial statement						
As at 31 March 2007						
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 % p.a.
<u>Financial assets</u>						
Cash and cash equivalents	-	16	-	-	16	3.25
Current investments	-	4,725	-	-	4,725	1.00 - 3.25
Restricted bank deposits	-	9,076	-	-	9,076	1.00 - 3.25
Long-term investments	-	-	10,000	-	10,000	4.25
	<u>-</u>	<u>13,817</u>	<u>10,000</u>	<u>-</u>	<u>23,817</u>	
<u>Financial liabilities</u>						
Short-term loans from financial institutions	60,000	63,000	-	-	123,000	4.70 - 6.58
Liabilities under financial lease agreements	-	973	2,921	-	3,894	7.25
Long-term loans from financial institutions	-	32,394	1,350,000	-	1,382,394	5.50 - 15.50
Debentures	-	-	2,500,000	-	2,500,000	4.60, 5.75
	<u>60,000</u>	<u>96,367</u>	<u>3,852,921</u>	<u>-</u>	<u>4,009,288</u>	

We, being responsible for the preparation of these financial statements and notes thereto, hereby approve their issue in final form.

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Director

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(UNAUDITED BUT REVIEWED)

(Unit: Thousand Baht)

Consolidated financial statement						
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 % p.a.
Financial assets						
Current investments	-	2,986	-	-	2,986	1.00 - 3.25
Restricted bank deposits	-	11,610	-	-	11,610	1.00 - 5.00
Long-term investments	-	-	10,000	-	10,000	4.25
	-	14,596	10,000	-	24,596	
Financial liabilities						
Short-term loans from 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
	-	5,000	4,110,000	-	4,115,000	

(Unit: Thousand Baht)

Separate financial statement						
As at 31 March 2007						
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 % p.a.
Financial assets						
Current investments	-	3,089	-	-	3,089	1.00 - 3.25
Short-term loans to related parties - net	-	28,546	-	-	28,546	3.50
Restricted bank deposits	-	9,076	-	-	9,076	1.00 - 3.25
Long-term investments	-	-	10,000	-	10,000	4.25
Long-term loans to related parties	-	-	300,000	-	300,000	5.50
	-	40,711	310,000	-	350,711	
Financial liabilities						
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
	-	-	3,850,000	-	3,850,000	

We, being responsible for the preparation of these financial statements and notes thereto, hereby approve their issue in final form.

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Director

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(UNAUDITED BUT REVIEWED)

(Unit: Thousand Baht)

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

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 March 2007 and 30 September 2006, counting from the balance sheet date, are as follows:

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(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

Consolidated financial statement

As at 31 March 2007					
At call	Within 1 year	1 - 5 years	Over 5 years	No maturity	Total
Financial assets					
Cash and cash equivalents	86,309	16	-	-	86,325
Current investments	-	4,725	-	-	4,725
Trade accounts receivable - net	-	453,265	-	-	453,265
Receivable from pipeline installation project - related party	-	12,954	-	-	12,954
Short-term loan to other company	-	500	-	-	500
Restricted bank deposits	-	9,076	-	-	9,076
Investment in a joint venture	-	-	-	490	490
Long-term investments	-	-	10,000	85,388	95,388
Other receivable	-	-	642,199	-	642,199
	<u>86,309</u>	<u>480,536</u>	<u>10,000</u>	<u>85,878</u>	<u>1,304,922</u>
Financial liabilities					
Short-term loans from financial institutions	60,000	123,000	-	-	183,000
Trade accounts payable	-	266,620	-	-	266,620
Liabilities under financial lease agreements	-	973	2,921	-	3,894
Long-term loans from financial institutions	237,000	61,430	1,692,370	-	1,990,800
Debentures	-	-	2,500,000	-	2,500,000
Retentions payable	-	-	34,584	-	34,584
	<u>297,000</u>	<u>452,023</u>	<u>4,229,875</u>	<u>-</u>	<u>4,978,898</u>

(Unit : Thousand Baht)

Consolidated financial statement

As at 30 September 2006					
At call	Within 1 year	1 - 5 years	Over 5 years	No maturity	Total
Financial assets					
Cash and cash equivalents	271,524	-	-	-	271,524
Current investments	-	2,986	-	-	2,986
Trade accounts receivable - net	-	449,275	-	-	449,275
Billed receivable from water loss reduction project - related party	-	11,118	-	-	11,118
Restricted bank deposits	-	11,610	-	-	11,610
Long-term investments	-	-	10,000	85,388	95,388
Other receivable	-	-	584,858	-	584,858
	<u>271,524</u>	<u>474,989</u>	<u>10,000</u>	<u>85,388</u>	<u>1,426,759</u>

We, being responsible for the preparation of these financial statements and notes thereto, hereby approve their issue in final form.

.....
Director

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(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

Consolidated financial statement

As at 30 September 2006

	At call	Within 1 year	1 - 5 years	Over 5 years	No maturity	Total
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	-	165,000	1,656,000	-	-	1,821,000
Debentures	-	-	2,500,000	-	-	2,500,000
Retentions payable	-	-	25,143	-	-	25,143
	-	474,599	4,281,143	-	-	4,755,742

(Unit : Thousand Baht)

Separate financial statement

As at 31 March 2007

	At call	Within 1 year	1 - 5 years	Over 5 years	No maturity	Total
Financial assets						
Cash and cash equivalents	26,353	-	-	-	-	26,353
Current investments	-	3,089	-	-	-	3,089
Trade accounts receivable - net	-	178,458	-	-	-	178,458
Short-term loans to related parties - net	-	28,546	-	-	-	28,546
Other receivable - related parties	-	5,640	-	-	-	5,640
Restricted bank deposits	-	9,076	-	-	-	9,076
Investments in subsidiaries accounted for under cost method - net	-	-	-	-	637,707	637,707
Long-term investments	-	-	10,000	-	85,388	95,388
Long-term loans to related parties	-	-	-	300,000	-	300,000
Other receivable	-	-	-	642,199	-	642,199
	26,353	224,809	10,000	942,199	723,095	1,926,456
Financial liabilities						
Trade accounts payable	-	11,745	-	-	-	11,745
Long-term loans from financial institution	-	50,000	1,575,000	-	-	1,625,000
Debentures	-	-	2,500,000	-	-	2,500,000
Retentions payable	-	-	6,763	-	-	6,763
	-	61,745	4,081,763	-	-	4,143,508

We, being responsible for the preparation of these financial statements and notes thereto, hereby approve their issue in final form.

.....
Director

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(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

Separate financial statement					
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	205,416	-	-	-	205,416
Current investments	-	2,838	-	-	2,838
Trade accounts receivables – net	-	145,251	-	-	145,251
Short-term loans to related parties - net	-	101,824	-	-	101,824
Other receivable - related parties	-	10,956	-	-	10,956
Restricted bank deposits	-	9,156	-	-	9,156
Investments in subsidiaries accounted for					
under cost method - net	-	-	-	532,707	532,707
Long-term investments	-	-	10,000	85,388	95,388
Long-term loans to related parties	-	-	100,000	262,890	362,890
Other receivable	-	-	-	584,858	584,858
	<u>205,416</u>	<u>270,025</u>	<u>110,000</u>	<u>618,095</u>	<u>2,051,284</u>
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
	<u>-</u>	<u>117,670</u>	<u>3,938,991</u>	<u>-</u>	<u>4,056,661</u>

26.4 Foreign currency risk

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

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(UNAUDITED BUT REVIEWED)

As at 31 March 2007 and 30 September 2006, the subsidiary's foreign currency-denominated assets and liabilities which were not hedged by derivative financial instruments were as follow.

Foreign Currency	As at	As at	Exchange rate as at	
	31 March 2007	30 September 2006	31 March 2007	30 September 2006
<u>Assets</u>				
EURO	122,406	-	46.3955 Baht per Euro	47.4121 Baht per Euro
<u>Liabilities</u>				
EURO	385,836	424,607	46.9522 Baht per Euro	47.9181 Baht per Euro
USD	159,150	195,442	35.1354 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 (a) long-term investments and long-term loans to related parties, which bear fixed rates of interest and have repricing periods longer than 1 year, and (b) other receivables, which have repayment period over 5 years. 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.

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(UNAUDITED BUT REVIEWED)

As at 31 March 2007, 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' (a) held-to-maturity debt securities, which classified as long-term investments and (b) other receivable, having the fair values as at 31 March 2007 of approximately Baht 9.7 million and Baht 465.8 million, respectively (The Company Only : fair values of (a) long-term investments, (b) long-term loans to related parties and (c) other receivable are approximately Baht 9.7 million, Baht 300 million and Baht 465.8 million, respectively). The fair values of held-to-maturity debt securities, which are classified as long-term investments, long-term loans to related parties, and other receivable 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 March 2007, 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 and debentures having the fair values as at 31 March 2007 of approximately Baht 1,584 million and Baht 2,579 million, respectively (The Company Only : fair values of long-term loans from financial institutions and debentures are approximately Baht 1,584 million and Baht 2,579 million, respectively). The fair values of long-term loans from financial institutions 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).

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(UNAUDITED BUT REVIEWED)

27. RECLASSIFICATION

In addition to the change in accounting policy as mentioned in Note 2 to the financial statements, which affects the previously reported net income and shareholders' equity, certain other amounts in the financial statements for the prior period have been reclassified to conform to the current period's classification, but with no effect to previous reported net income or shareholders' equity other than from the change in accounting policy.

28. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements were authorised for issue on 14 May 2007 by the Audit Committee of the Company under authority delegated by the Company's Board of Directors.

We, being responsible for the preparation of these financial statements and notes thereto, hereby approve their issue in final form.

.....
Director

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EASTERN WATER RESOURCES DEVELOPMENT AND MANAGEMENT PUBLIC COMPANY LIMITED

AND ITS SUBSIDIARIES

BALANCE SHEETS

(Unit : Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		31 March	30 September	31 March	30 September
		2007	2006	2007	2006
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited - restated)
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents		86,325	271,524	26,353	205,416
Current investments	4	4,725	2,986	3,089	2,838
Trade accounts receivable	5				
Related parties	3.2	162,557	154,066	106,335	90,767
Other companies - net		290,708	295,209	72,123	54,484
Trade accounts receivable - net		453,265	449,275	178,458	145,251
Receivable from water loss reduction project - related party	3.2				
Billed		-	11,118	-	-
Unbilled		12,028	14,061	-	-
Total receivable from water loss reduction project - related party		12,028	25,179	-	-
Receivable from pipeline installation project - related party	3.2	12,954	2,742	-	-
Short-term loans					
Related parties - net	3.2, 3.3	-	-	28,546	101,824
Other company		500	-	-	-
Short-term loans - net		500	-	28,546	101,824
Other receivable - related parties	3.2	-	-	5,640	10,956
Inventories - net	6	112,700	124,648	71,586	621
Input tax refundable		11,888	21,615	1,436	9,296
Other current assets		71,816	52,073	37,406	39,103
TOTAL CURRENT ASSETS		766,201	950,042	352,514	515,305
NON-CURRENT ASSETS					
Restricted bank deposits	7	9,076	11,610	9,076	9,156
Investments in subsidiaries and joint venture - net	8	490	-	637,707	532,707
Long-term investments	4	95,388	95,388	95,388	95,388
Long-term loans to related parties	3.2, 3.3	-	-	300,000	362,890
Other receivable	9	642,199	584,858	642,199	584,858
Property, plants and equipment - net	10	7,268,184	7,106,629	6,616,073	6,453,839
Assets under concession contracts - net	11	394,857	340,343	-	-
Deferred concession rights acquisition costs - net	12	353,285	296,509	-	-
Goodwill - net	13	175,235	179,398	-	-
Other non-current assets					
Advance payment for pipeline installation		26,785	57,440	26,785	57,440
Others		9,585	32,075	5,693	6,922
Total other non-current assets		36,370	89,515	32,478	64,362
TOTAL NON-CURRENT ASSETS		8,975,084	8,704,250	8,332,921	8,103,200
TOTAL ASSETS		9,741,285	9,654,292	9,685,435	9,618,505

We, being responsible for the preparation of these financial statements and notes thereto, hereby approve their issue in final form.

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

EASTERN WATER RESOURCES DEVELOPMENT AND MANAGEMENT PUBLIC COMPANY LIMITED

Directors

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AND ITS SUBSIDIARIES

BALANCE SHEETS (Continued)

(Unit : Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		31 March	30 September	31 March	30 September
		2007	2006	2007	2006
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited - restated)
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Short - term loans from financial institutions	14	183,000	60,000	100,000	-
Trade accounts payable					
Related parties	3.2	4,753	735	1,773	10,216
Other companies		261,867	243,864	9,972	7,454
Total trade accounts payable		266,620	244,599	11,745	17,670
Current portion of long-term liabilities under financial lease agreements		973	-	-	-
Long-term loan from related party	3.2, 3.3	-	5,000	-	-
Current portion of long-term loans from financial institutions	15	298,430	165,000	50,000	100,000
Other current liabilities					
Payable for purchase of fixed assets		87,895	191,921	64,566	118,310
Advance received		20,208	34,864	-	-
Accrued interest expenses		35,671	36,645	35,266	34,891
Corporate income tax payable		119,564	108,949	108,124	98,437
Others - related parties	3.2	20,034	22,597	25,002	15,419
Others - other companies		111,444	117,417	60,298	76,624
Total other current liabilities		394,816	512,393	293,256	343,681
TOTAL CURRENT LIABILITIES		1,143,839	986,992	455,001	461,351
NON-CURRENT LIABILITIES					
Long-term loans from related party	3.2, 3.3	-	100,000	-	-
Long-term liabilities under financial lease agreements					
- net of current portion		2,921	-	-	-
Long-term loans from financial institutions - net					
of current portion	15	1,692,370	1,656,000	1,575,000	1,425,000
Debentures	16	2,500,000	2,500,000	2,500,000	2,500,000
Retentions payable					
Related party	3.2	-	-	-	2,684
Other companies		34,584	25,143	6,763	11,307
Total retentions payable		34,584	25,143	6,763	13,991
TOTAL NON-CURRENT LIABILITIES		4,229,875	4,281,143	4,081,763	3,938,991
TOTAL LIABILITIES		5,373,714	5,268,135	4,536,764	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)

We, being responsible for the preparation of these financial statements and notes thereto, hereby approve their issue in final form.

Consolidated financial statements		Separate financial statements	
As at	As at	As at	As at
31 March	30 September	31 March	30 September
			Directors
			30 September

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	Note	2007	2006	2007	2006
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited - restated)
SHAREHOLDERS' EQUITY					
Share capital					
Registered					
1,665,000,000 ordinary shares of Baht 1 each	17	1,665,000	1,665,000	1,665,000	1,665,000
Issued and paid up					
1,325,202,690 ordinary shares of Baht 1 each (30 September 2006 : 1,323,503,380 ordinary shares of Baht 1 each)	17	1,325,202	1,323,503	1,325,202	1,323,503
Share subscription received in advance	17	401	591	401	591
Share premium		1,125,265	1,123,430	1,125,265	1,123,430
Assets transferred from customers		51,312	53,043	51,312	53,043
Retained earnings					
Appropriated - statutory reserve	19	166,500	166,500	166,500	166,500
Unappropriated		1,611,589	1,694,438	1,479,991	1,551,096
EQUITY ATTRIBUTABLE TO THE COMPANY'S SHAREHOLDERS		4,280,269	4,361,505	4,148,671	4,218,163
MINORITY INTERESTS - EQUITY ATTRIBUTABLE TO					
MINORITY SHAREHOLDERS OF SUBSIDIARIES					
		87,302	24,652	-	-
TOTAL SHAREHOLDERS' EQUITY		4,367,571	4,386,157	4,148,671	4,218,163
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		9,741,285	9,654,292	8,685,435	8,618,505
		0	0	0	0

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

..... Chairman
(Pol. Lt. Gen. Jarax Sangtaweep)

..... President & CEO
(Mr. Prahpant Asava-aree)

(UNAUDITED BUT REVIEWED)

EASTERN WATER RESOURCES DEVELOPMENT AND MANAGEMENT PUBLIC COMPANY LIMITED

AND ITS SUBSIDIARIES

STATEMENTS OF INCOME

FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2007 AND 2006

(Unit : Thousand Baht except earnings per share expressed in Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006
(Restated)					
REVENUES					
Sales - raw water	3.1	400,795	356,894	417,950	368,168
Sales - others	3.1	130,524	97,695	41,717	35,690
Total sales		531,319	454,589	459,667	403,858
Service income	3.1	87,545	65,953	1,219	1,024
Interest and dividend income	3.1	987	2,905	6,252	8,250
Other income		1,486	9,250	1,383	1,329
TOTAL REVENUES		621,337	532,697	468,521	414,461
EXPENSES					
Costs of sales - raw water		148,048	133,166	150,648	134,212
Costs of sales - others		46,207	58,261	40,293	34,287
Total costs of sales	3.1	194,255	191,427	190,941	168,499
Costs of services		121,475	61,950	1,159	1,036

We, being responsible for the preparation of these financial statements and notes thereto, hereby approve their issue in final form.

Directors

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Selling, servicing and administrative expenses	3.1	80,896	53,463	28,913	27,760
Expenses for development of life quality and environment		2,297	2,016	1,787	1,789
Directors' remuneration		9,665	10,765	7,692	7,217
Losses on impairment of investments in subsidiaries		-	-	10,000	12,338
TOTAL EXPENSES		408,588	319,621	240,492	218,639
INCOME BEFORE INTEREST EXPENSES AND INCOME TAX		212,749	213,076	228,029	195,822
INTEREST EXPENSES	3.1	-47,811	-21,080	-39,524	-15,726
INCOME TAX	21	-66,660	-57,082	-58,284	-50,891
INCOME BEFORE MINORITY INTERESTS		98,278	134,914	130,221	129,205
LOSS IN RESPECT OF MINORITY SHAREHOLDERS OF SUBSIDIARIES		29,602	7,088	-	-
NET INCOME		127,880	142,002	130,221	129,205
EARNINGS PER SHARE	22				
Basic earnings per share					
Net income		0.10	0.11	0.10	0.10
Diluted earnings per share					
Net income		0.09	0.11	0.09	0.10

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 INCOME

FOR THE SIX-MONTH PERIODS ENDED 31 MARCH 2007 AND 2006

(Unit : Thousand Baht except earnings per share expressed in Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006
					(Restated)
REVENUES					
Sales - raw water	3.1	758,753	673,732	791,474	695,072
Sales - others	3.1	261,769	203,386	83,075	67,927
Total sales		1,020,522	877,118	874,549	762,999
Service income	3.1	178,508	116,158	2,365	2,160
Interest and dividend income	3.1	2,500	7,052	13,098	18,154
Other income		3,151	11,665	1,910	2,139
TOTAL REVENUES		1,204,681	1,011,993	891,922	785,452
EXPENSES					
Costs of sales - raw water		283,484	258,317	288,186	260,713
Costs of sales - others		126,408	117,080	80,429	66,297
Total costs of sales	3.1	409,892	375,397	368,615	327,010
Costs of services		197,495	104,472	2,254	2,062
Selling, servicing and administrative expenses	3.1	165,413	114,942	56,201	57,470
Expenses for development of life quality and environment		4,704	4,058	3,298	3,568
Directors' remuneration		23,365	22,201	17,673	15,930
Losses on impairment of investments in subsidiaries		-	-	10,000	26,387
TOTAL EXPENSES		800,869	621,070	458,041	432,427
INCOME BEFORE INTEREST EXPENSES AND INCOME TAX		403,812	390,923	433,881	353,025
INTEREST EXPENSES	3.1	-75,462	-35,231	-59,568	-25,864
INCOME TAX	21	-132,103	-106,439	-114,118	-91,246
INCOME BEFORE MINORITY INTERESTS		196,247	249,253	260,195	235,915

We, being responsible for the preparation of these financial statements and notes thereto, hereby approve their issue in final form.

Directors

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LOSS IN RESPECT OF MINORITY SHAREHOLDERS OF SUBSIDIARIES	52,204	16,572	-	-
NET INCOME	248,451	265,825	260,195	235,915
EARNINGS PER SHARE				
22				
Basic earnings per share				
Net income	0.19	0.20	0.20	0.18
Diluted earnings per share				
Net income	0.18	0.20	0.18	0.18

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 SIX-MONTH PERIODS ENDED 31 MARCH 2007 AND 2006

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
				(Restated)
Cash flows from operating activities				
Net income	248,451	265,825	260,195	235,915
Adjustments to reconcile net income to				
net cash provided by (paid from) operating activities :-				
Loss in respect of minority shareholders of subsidiaries	(52,204)	(16,572)	-	-
Losses on impairment of investments in subsidiaries	-	-	10,000	26,387
Losses on impairment of assets under concession contracts	469	-	-	-
Losses on diminution in value of inventories	15,443	-	-	-
Doubtful accounts	5,974	-	-	-
Depreciation	126,860	116,260	89,545	79,635
Amortisation of assets under concession contracts	8,916	3,568	-	-
Amortisation of deferred concession rights acquisition costs	4,519	1,551	-	-
Amortisation of deferred debenture underwriting expenses	1,252	1,252	1,252	1,252
Amortisation of assets transferred from customers	(1,731)	(1,731)	(1,731)	(1,731)
Gain on disposal of fixed assets	(884)	(371)	(74)	(371)
Loss on assets under concession contracts written off	554	-	-	-
Amortisation of goodwill	4,163	4,163	-	-
Income from operating activities before changes in				
operating assets and liabilities	361,782	373,945	359,187	341,087
Decrease (increase) in operating assets				
Current investments	(1,739)	706,373	(251)	706,373
Trade accounts receivable	(9,964)	23,705	(33,207)	(46,945)
Receivable from water loss reduction project - related party	13,151	(10,620)	-	-
Receivable from pipeline installation project - related party	(10,212)	-	-	-
Short-term loans to related parties	-	-	73,278	50,000
Short-term loans to other company	(500)	-	-	-
Inventories	(3,495)	(78,879)	(70,965)	463
Input tax refundable	9,727	(102,253)	7,860	(98,961)
Other current assets	(19,753)	691	7,002	3,299
Other receivable	(57,341)	(260,727)	(57,341)	(260,727)
Other non-current assets	21,249	(11,347)	-12	-2

We, being responsible for the preparation of these financial statements and notes thereto, hereby approve their issue in final form.

Directors

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Increase (decrease) in operating liabilities				
Trade accounts payable	22,021	(31,060)	(5,925)	10,576
Accrued interest expenses	(974)	8,087	375	7,604
Corporate income tax payable	10,615	(4,141)	9,687	1,807
Other current liabilities - related parties	7,437	-39,639	9,583	(112,163)
Other current liabilities - other companies	(16,735)	(19,922)	(16,326)	(7,031)
Retentions payable	9,441	18,054	(7,228)	19,705
Net cash from operating activities	<u>334,710</u>	<u>572,267</u>	<u>275,717</u>	<u>615,085</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 CASH FLOWS (Continued)

FOR THE SIX-MONTH PERIODS ENDED 31 MARCH 2007 AND 2006

(Unit : Thousand Baht)

Note	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
				(Restated)
Cash flows from investing activities				
	2,533	7,077	80	600
	-	-	(37,110)	(62,000)
	-	-	100,000	-
8.2	-	-	(115,000)	(50,000)
	30,655	-	30,655	-
	(490)	-	-	-
	(64,453)	-	-	-
	(61,295)	-	-	-
	1,280	1,748	383	1,748
	(392,837)	(2,235,098)	(305,832)	(1,984,542)
	<u>(484,607)</u>	<u>(2,226,273)</u>	<u>(326,824)</u>	<u>(2,094,194)</u>
Cash flows from financing activities				
	123,000	10,000	100,000	-
	336,800	1,500,000	250,000	1,500,000
	(167,000)	-	(150,000)	-
	-	100,000	-	-
	-	50,000	-	-
	3,344	3,015	3,344	3,015
17	-	20,583	-	20,583
20	(331,446)	(165,437)	(331,300)	(165,033)
	<u>(35,302)</u>	<u>1,518,161</u>	<u>(127,956)</u>	<u>1,358,565</u>
	(185,199)	(135,845)	(179,063)	(120,544)
	271,524	335,762	205,416	204,643
	<u>86,325</u>	<u>199,917</u>	<u>26,353</u>	<u>84,099</u>
Supplemental cash flow information				
Cash paid during the periods for :-				
	134,038	101,300	107,852	78,606
	121,401	112,581	104,431	94,387

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Directors

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Non-cash related transactions :-

Payable for purchase of fixed assets	104,026	499,617	53,744	477,468
Acquisition of assets under financial lease agreements	3,894	-	-	-
Assets received in settlement of short-term loans to related party	-	-	71,028	-
Conversion of debt to equity for capital increase in respect of minority shareholders of a subsidiary	115,000	-	-	-

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statements and notes thereto, hereby approve their issue in final form.

.....
Directors

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(UNAUDITED BUT REVIEWED)

EASTERN WATER RESOURCES DEVELOPMENT AND MANAGEMENT PUBLIC COMPANY LIMITED

AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE SIX-MONTH PERIODS ENDED 31 MARCH 2007 AND 2006

(Unit : Thousand Baht)

		Consolidated financial statements							
		Issued and paid up share capital	Share subscription received in advance	Share premium	Assets transferred from customers	Retained earnings		Total	
Note						Appropriated - statutory reserve	Unappropriated	Minority interests	
	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	-	-	-	-1,731	-	-	-	(1,731)
	Increase in share capital	1,699	-591	1,835	-	-	-	-	2,943
	Share subscription received in advance	-	401	-	-	-	-	-	401
	Increased share capital in respect of minority shareholders of a subsidiary	-	-	-	-	-	-	115,000	115,000
	Dividend paid	-	-	-	-	-	-331,300	-146	(331,446)
	Net income	-	-	-	-	-	248,451	-52,204	196,247
	Balance as at 31 March 2007	<u>1,325,202</u>	<u>401</u>	<u>1,125,265</u>	<u>51,312</u>	<u>166,500</u>	<u>1,611,589</u>	<u>87,302</u>	<u>4,367,571</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	-	-	-	-1,731	-	-	-	-1,731
	Increase in share capital	20,583	-	-	-	-	-	-	20,583
	Share subscription received in advance	-	3,015	-	-	-	-	-	3,015
	Increased share capital in respect of minority shareholders of a subsidiary	-	-	-	-	-	-	50,000	50,000
	Transferred to statutory reserve	-	-	-	-	13,291	-13,291	-	-
	Dividend paid	-	-	-	-	-	-165,033	-404	-165,437
	Net income	-	-	-	-	-	265,825	-16,572	249,253
	Balance as at 31 March 2006	<u>1,320,270</u>	<u>3,015</u>	<u>1,122,347</u>	<u>54,784</u>	<u>165,700</u>	<u>1,453,255</u>	<u>53,234</u>	<u>4,179,605</u>

We, being responsible for the preparation of these financial statements and notes thereto, hereby approve their issue in final form.

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

.....
(UNAUDITED BUT REVIEWED) Directors

DRAFT

EASTERN WATER RESOURCES DEVELOPMENT AND MANAGEMENT PUBLIC COMPANY LIMITED

AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

FOR THE SIX-MONTH PERIODS ENDED 31 MARCH 2007 AND 2006

(Unit : Thousand Baht)

		Separate financial statements						
		Issued and	Share subscription	Assets		Retained earnings		
		paid up	received in	Share	transferred	Appropriated -		
Note		share capital	advance	premium	from customers	statutory reserve	Unappropriated	Total
	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	2	-	-	-	-	-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 from customers	-	-	-	-1,731	-	-	-1,731
	Increase in share capital	1,699	-591	1,835	-	-	-	2,943
	Share subscription received in advance	-	401	-	-	-	-	401
	Dividend paid	20	-	-	-	-	-331,300	-331,300
	Net income	-	-	-	-	-	260,195	260,195
	Balance as at 31 March 2007	1,325,202	401	1,125,265	51,312	166,500	1,479,991	4,148,671
	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	2	-	-	-	-	-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	-	-	-	-1,731	-	-	-1,731
	Increase in share capital	20,583	-	-	-	-	-	20,583
	Share subscription received in advance	-	3,015	-	-	-	-	3,015
	Transferred to statutory reserve	19	-	-	-	13,291	-13,291	-
	Dividend paid	20	-	-	-	-	-165,033	-165,033
	Net income, as restated	-	-	-	-	-	-	-
	Balance as at 31 March 2006	1,320,270	3,015	1,122,347	54,788	165,700	1,844,193	4,510,213

We, being responsible for the preparation of these financial statements and notes thereto, hereby approve their issue in final form.

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Directors