

EASTERN WATER RESOURCES DEVELOPMENT AND MANAGEMENT
PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
REPORT AND INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 JUNE 2007

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 30 June 2007, and the consolidated statements of income for the three-month and nine-month periods ended 30 June 2007 and 2006 and the consolidated statements of changes in shareholders' equity and cash flows for the nine-month periods ended 30 June 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.

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. I have not performed any other audit procedures subsequent to the date of that report, except for restatement of the separate financial statements for the period of 2006 made by Eastern Water Resources Development and Management Public Company Limited 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 financial statements are appropriate and have been properly applied.

Saifon Inkaew

Certified Public Accountant (Thailand) No. 4434

Ernst & Young Office Limited

Bangkok : 9 August 2007

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

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at	As at	As at	As at
	30 June	30 September	30 June	30 September
	Note	2007	2006	2007
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited - restated)
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	211,697	271,524	107,500	205,416
Current investments	4 3,308	2,986	3,175	2,838
Trade accounts receivable	5			
Related parties	3.2 155,795	154,066	97,224	90,767
Other companies - net	273,135	295,209	62,767	54,484
Trade accounts receivable - net	428,930	449,275	159,991	145,251
Receivable from water loss reduction project - related party	3.2			
Billed	-	11,118	-	-
Unbilled	4,168	14,061	-	-
Total receivable from water loss reduction project - related party	4,168	25,179	-	-
Receivable from pipeline installation project - related party	3.2 20,818	2,742	-	-
Short-term loans				
Related parties - net	3.2, 3.3 -	-	-	101,824
Other company	500	-	-	-
Short-term loans - net	500	-	-	101,824
Other receivables - related parties	3.2 5,369	-	9,541	10,956
Inventories - net	6 99,076	124,648	78,429	621
Input tax awaiting refund	5,329	21,615	-	9,296
Other current assets	85,792	52,073	33,079	39,103
TOTAL CURRENT ASSETS	864,987	950,042	391,715	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	-	641,681	532,707
Long-term investments	4 95,388	95,388	95,388	95,388
Long-term loans to related parties	3.2, 3.3 -	-	312,000	362,890
Other receivable	9 642,199	584,858	642,199	584,858
Property, plants and equipment - net	10 7,307,488	7,106,629	6,676,024	6,453,839
Assets under concession contracts - net	11 381,263	340,343	-	-
Deferred concession rights acquisition costs - net	12 351,806	296,509	-	-
Goodwill - net	13 173,154	179,398	-	-
Other non-current assets				
Advance payments for pipeline installation	19,274	57,440	19,274	57,440
Others	12,188	32,075	5,768	6,922
Total other non-current assets	31,462	89,515	25,042	64,362
TOTAL NON-CURRENT ASSETS	8,992,326	8,704,250	8,401,410	8,103,200
TOTAL ASSETS	9,857,313	9,654,292	8,793,125	8,618,505

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

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

(Unit : Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		30 June	30 September	30 June	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	180,000	60,000	100,000	-
Trade accounts payable					
Related parties	3.2	3,722	735	5,340	10,216
Other companies		254,389	243,864	8,338	7,454
Total trade accounts payable		258,111	244,599	13,678	17,670
Current portion of long-term liabilities under financial lease agreements		971	-	-	-
Short-term loan from related party	3.2, 3.3	-	5,000	-	-
Current portion of long-term loans from financial institutions	15	409,858	165,000	150,000	100,000
Other current liabilities					
Payable for purchase of fixed assets		85,915	191,921	60,411	118,310
Advances received		4,159	34,864	-	-
Accrued interest expenses		72,660	36,645	66,603	34,891
Corporate income tax payable		59,620	108,949	51,819	98,437
Others - related parties	3.2	20,571	22,597	24,455	15,419
Others - other companies		109,658	117,417	66,212	76,624
Total other current liabilities		352,583	512,393	269,500	343,681
TOTAL CURRENT LIABILITIES		1,201,523	986,992	533,178	461,351
NON-CURRENT LIABILITIES					
Long-term loans from related party	3.2, 3.3	8,000	100,000	-	-
Long-term liabilities under financial lease agreements					
- net of current portion		2,609	-	-	-
Long-term loans from financial institutions - net					
of current portion	15	1,545,942	1,656,000	1,415,000	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		32,373	25,143	8,547	11,307
Total retentions payable		32,373	25,143	8,547	13,991
TOTAL NON-CURRENT LIABILITIES		4,088,924	4,281,143	3,923,547	3,938,991
TOTAL LIABILITIES		5,290,447	5,268,135	4,456,725	4,400,342

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

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

(Unit : Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		30 June	30 September	30 June	30 September
		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					
1,325,597,610 ordinary shares of Baht 1 each					
(30 September 2006 : 1,323,503,380 ordinary shares					
of Baht 1 each)	17	1,325,598	1,323,503	1,325,598	1,323,503
Share subscription received in advance	17	82,884	591	82,884	591
Share premium	17	1,125,270	1,123,430	1,125,270	1,123,430
Assets transferred from customers		50,455	53,043	50,455	53,043
Retained earnings					
Appropriated - statutory reserve	19	166,500	166,500	166,500	166,500
Unappropriated		1,743,960	1,694,438	1,585,693	1,551,096
EQUITY ATTRIBUTABLE TO THE COMPANY'S SHAREHOLDERS		4,494,667	4,361,505	4,336,400	4,218,163
MINORITY INTERESTS - EQUITY ATTRIBUTABLE TO					
MINORITY SHAREHOLDERS OF SUBSIDIARIES					
		72,199	24,652	-	-
TOTAL SHAREHOLDERS' EQUITY		4,566,866	4,386,157	4,336,400	4,218,163
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		9,857,313	9,654,292	8,793,125	8,618,505

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

Chairman

(Pol. Lt. Gen. Jarax Sangtaweeep)

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 30 JUNE 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	393,948	345,608	410,333	358,049
Sales - others	3.1	158,452	113,432	46,318	33,366
Total sales		552,400	459,040	456,651	391,415
Service income	3.1	152,835	155,235	1,290	1,035
Interest and dividend income	3.1	6,513	8,994	10,343	13,995
Other income		8,261	3,161	1,650	988
TOTAL REVENUES		720,009	626,430	469,934	407,433
EXPENSES					
Costs of sales - raw water		155,481	138,005	157,495	139,279
Costs of sales - others		93,000	65,906	46,160	32,903
Total costs of sales	3.1	248,481	203,911	203,655	172,182
Costs of services		148,474	151,513	1,295	1,099
Selling, servicing and administrative expenses	3.1	70,041	60,787	29,414	19,938
Expenses for development of life quality and environment		1,920	2,811	1,230	2,320
Directors' remuneration		8,985	9,509	5,715	5,990
Losses on impairment of investments in subsidiaries		-	-	19,500	20,122
TOTAL EXPENSES		477,901	428,531	260,809	221,651
INCOME BEFORE INTEREST EXPENSES AND INCOME TAX		242,108	197,899	209,125	185,782
INTEREST EXPENSES	3.1	-60,609	(28,506)	-51,855	(21,382)
INCOME TAX	21	-64,231	(61,318)	-51,568	(54,118)
INCOME BEFORE MINORITY INTERESTS		117,268	108,075	105,702	110,282
LOSS IN RESPECT OF MINORITY SHAREHOLDERS OF SUBSIDIARIES		15,103	16,382	-	-
NET INCOME		132,371	124,457	105,702	110,282
EARNINGS PER SHARE					
22					
Basic earnings per share					
Net income		0.10	0.09	0.08	0.08
Diluted earnings per share					
Net income		0.09	0.09	0.07	0.08

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

(UNAUDITED BUT REVIEWED)

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

FOR THE NINE-MONTH PERIODS ENDED 30 JUNE 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	1,152,701	1,019,340	1,201,807	1,053,121
Sales - others	3.1	420,221	316,818	129,393	101,293
Total sales		1,572,922	1,336,158	1,331,200	1,154,414
Service income	3.1	331,343	271,393	3,655	3,195
Interest and dividend income	3.1	9,013	16,046	23,441	32,149
Other income		11,412	14,826	3,560	3,127
TOTAL REVENUES		1,924,690	1,638,423	1,361,856	1,192,885
EXPENSES					
Costs of sales - raw water		438,965	396,322	445,681	399,992
Costs of sales - others		246,652	182,986	126,589	99,200
Total costs of sales	3.1	685,617	579,308	572,270	499,192
Costs of services		318,725	255,985	3,549	3,161
Selling, servicing and administrative expenses	3.1	235,454	175,729	85,615	77,408
Expenses for development of life quality and environment		6,624	6,869	4,528	5,888
Directors' remuneration		32,350	31,710	23,388	21,920
Losses on impairment of investments in subsidiaries		-	-	29,500	46,509
TOTAL EXPENSES		1,278,770	1,049,601	718,850	654,078
INCOME BEFORE INTEREST EXPENSES AND INCOME TAX		645,920	588,822	643,006	538,807
INTEREST EXPENSES	3.1	-136,071	(63,737)	-111,423	(47,246)
INCOME TAX	21	-196,334	(167,757)	-165,686	(145,364)
INCOME BEFORE MINORITY INTERESTS		313,515	357,328	365,897	346,197
LOSS IN RESPECT OF MINORITY SHAREHOLDERS OF SUBSIDIARIES		67,307	32,954	-	-
NET INCOME		380,822	390,282	365,897	346,197
EARNINGS PER SHARE					
22					
Basic earnings per share					
Net income		0.29	0.30	0.28	0.26
Diluted earnings per share					
Net income		0.27	0.29	0.26	0.26

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 NINE-MONTH PERIODS ENDED 30 JUNE 2007 AND 2006

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
				(Restated)
Cash flows from operating activities				
Net income	380,822	390,282	365,897	346,197
Adjustments to reconcile net income to				
net cash provided by (paid from) operating activities :-				
Loss in respect of minority shareholders of subsidiaries	(67,307)	(32,954)	-	-
Losses on impairment of investments in subsidiaries	-	-	29,500	46,509
Losses on impairment of assets under concession contracts	469	-	-	-
Losses on diminution in value of inventories	15,443	13,396	-	-
Doubtful accounts	6,618	1,617	-	-
Depreciation	198,122	168,251	141,950	120,895
Amortisation of assets under concession contracts	13,946	8,021	-	-
Amortisation of deferred concession rights acquisition costs	6,778	6,273	-	-
Amortisation of deferred debenture underwriting expenses	1,875	1,878	1,875	1,878
Amortisation of assets transferred from customers	(2,588)	(2,597)	(2,588)	(2,597)
(Gains) losses on disposals of fixed assets	4,146	(562)	1,555	(426)
Losses on assets under concession contracts written off	18,877	-	-	-
Amortisation of goodwill	6,244	6,265	-	-
Income from operating activities before changes in				
operating assets and liabilities	583,445	559,870	538,189	512,456
(Increase) decrease in operating assets				
Current investments	(322)	608,565	(337)	608,565
Trade accounts receivable	13,727	29,962	(14,740)	(19,187)
Receivable from water loss reduction project - related party	21,011	1,027	-	-
Receivable from pipeline installation project - related party	(18,076)	(10,157)	-	-
Short-term loans to related parties	-	-	35,219	66,650
Short-term loans to other company	(500)	-	-	-
Inventories	10,129	(80,469)	323	294
Input tax awaiting refund	16,286	35,138	9,296	34,832
Other current assets	(39,722)	14,159	6,805	16,450
Other receivable	(57,341)	(478,597)	(57,341)	(478,597)
Other non-current assets	18,646	(9,703)	-87	(5)
Increase (decrease) in operating liabilities				
Trade accounts payable	13,512	68,792	(3,992)	8,467
Accrued interest expenses	36,015	33,956	31,712	31,805
Corporate income tax payable	(49,329)	(47,736)	(46,618)	(35,543)
Other current liabilities - related parties	7,974	(36,975)	9,036	(111,995)
Other current liabilities - other companies	(34,884)	(25,652)	(10,412)	(6,883)
Retentions payable	7,230	13,115	(5,444)	16,403
Net cash from operating activities	527,801	675,295	491,609	643,712

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 NINE-MONTH PERIODS ENDED 30 JUNE 2007 AND 2006

(Unit : Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006
					(Restated)
Cash flows from investing activities					
Decrease in restricted bank deposits		2,534	7,712	80	600
Increase in long-term loan to related parties		-	-	(49,110)	(62,000)
Cash received from repayment of long-term loans to related parties		-	-	100,000	30,000
Cash paid for investment in a subsidiary	8.2	-	-	(150,000)	(50,000)
Decrease in advance payments for pipeline installation		38,166	92,339	38,166	92,339
Increase in investments in a joint venture		(490)	-	-	-
Increase in assets under concession contracts		(74,212)	-	-	-
Increase in deferred concession rights acquisition costs		(62,075)	-	-	-
Cash received on disposals of fixed assets		3,459	2,513	383	2,178
Cash paid for purchases of fixed assets		(512,592)	(2,461,256)	(423,972)	(2,181,557)
Net cash used in investing activities		(605,210)	(2,358,692)	(484,453)	(2,168,440)
Cash flows from financing activities					
Cash paid for repayment of short-term loans from financial institutions		(23,000)	-	-	-
Cash received from short-term loans from financial institutions		143,000	10,000	100,000	-
Cash received from long-term loans from financial institutions		361,800	1,525,000	250,000	1,525,000
Cash paid for repayment of long-term loans from financial institutions		(227,000)	-15,500	(210,000)	-
Cash received from long-term loans from related parties		8,000	105,000	-	-
Cash received for capital increase in respect of					
minority shareholders of a subsidiary		-	50,000	-	-
Share subscription received in advance		82,884	1,301	82,884	1,301
Cash received from capital increase	17	3,344	23,598	3,344	23,598
Dividend paid	20	(331,446)	(165,437)	(331,300)	(165,033)
Net cash from (used in) financing activities		17,582	1,533,962	(105,072)	1,384,866
Net decrease in cash and cash equivalents		(59,827)	(149,435)	(97,916)	(139,862)
Cash and cash equivalents at beginning of periods		271,524	335,762	205,416	204,643
Cash and cash equivalents at ending of periods		211,697	186,327	107,500	64,781
Supplemental cash flow information					
Cash paid during the periods for :-					
Interest expenses		216,524	135,487	187,812	108,951
Corporate income tax		248,983	220,962	215,509	188,349
Non-cash related transactions :-					
Payable for purchase of fixed assets		106,006	530,760	57,899	513,726
Transfer construction in progress to deferred concession rights acquisition costs		-	150,835	-	-
Acquisition of assets under financial lease agreements		3,580	-	-	-
Assets received in settlement of short-term loans to related party		-	-	78,131	-
Conversion of debt to equity for capital increase in respect of					
minority shareholders of a subsidiary		115,000	-	-	-

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

(UNAUDITED BUT REVIEWED)

EASTERN WATER RESOURCES DEVELOPMENT AND MANAGEMENT PUBLIC COMPANY LIMITED

AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE NINE-MONTH PERIODS ENDED 30 JUNE 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 Appropriated -			
Note						statutory reserve	Unappropriated	Minority interests	Total
	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	-	-	-	-2,588	-	-	-	-2,588
	Increase in share capital	2,095	-591	1,840	-	-	-	-	3,344
	Share subscription received in advance	-	82,884	-	-	-	-	-	82,884
	Increased share capital in respect of minority shareholders of a subsidiary	-	-	-	-	-	-	115,000	115,000
	Dividend paid	20	-	-	-	-	-331,300	-146	-331,446
	Net income	-	-	-	-	-	380,822	-67,307	313,515
	Balance as at 30 June 2007	<u>1,325,598</u>	<u>82,884</u>	<u>1,125,270</u>	<u>50,455</u>	<u>166,500</u>	<u>1,743,960</u>	<u>72,199</u>	<u>4,566,866</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	-	-	-	-2,597	-	-	-	-2,597
	Increase in share capital	23,090	-	508	-	-	-	-	23,598
	Share subscription received in advance	-	1,301	-	-	-	-	-	1,301
	Increased share capital in respect of minority shareholders of a subsidiary	-	-	-	-	-	-	50,000	50,000
	Transferred to statutory reserve	19	-	-	-	14,091	-14,091	-	-
	Dividend paid	20	-	-	-	-	-165,033	-404	-165,437
	Net income	-	-	-	-	-	390,282	-32,954	357,328
	Balance as at 30 June 2006	<u>1,322,777</u>	<u>1,301</u>	<u>1,122,855</u>	<u>53,918</u>	<u>166,500</u>	<u>1,576,912</u>	<u>36,852</u>	<u>4,281,115</u>

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

(UNAUDITED BUT REVIEWED)

EASTERN WATER RESOURCES DEVELOPMENT AND MANAGEMENT PUBLIC COMPANY LIMITED

AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

FOR THE NINE-MONTH PERIODS ENDED 30 JUNE 2007 AND 2006

(Unit : Thousand Baht)

Note	Separate financial statements						
	Issued and paid up share capital	Share subscription received in advance	Share premium	Assets transferred from customers	Retained earnings		Total
					Appropriated - statutory reserve	Unappropriated	
Balance as at 30 September 2006, as previously reported	1,323,503	591	1,123,430	53,043	166,500	1,694,438	4,361,505
Cumulative effect of the change in accounting policy for investments in subsidiaries	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	-	-	-	-2,588	-	-	-2,588
Increase in share capital	2,095	-591	1,840	-	-	-	3,344
Share subscription received in advance	-	82,884	-	-	-	-	82,884
Dividend paid	20	-	-	-	-	-331,300	-331,300
Net income	-	-	-	-	-	365,897	365,897
Balance as at 30 June 2007	<u>1,325,598</u>	<u>82,884</u>	<u>1,125,270</u>	<u>50,455</u>	<u>166,500</u>	<u>1,585,693</u>	<u>4,336,400</u>
Balance as at 30 September 2005, as previously reported	1,299,687	-	1,122,347	56,515	152,409	1,365,754	3,996,712
Cumulative effect of the change in accounting policy for investments in subsidiaries	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	-	-	-	-2,597	-	-	-2,597
Increase in share capital	23,090	-	508	-	-	-	23,598
Share subscription received in advance	-	1,301	-	-	-	-	1,301
Transferred to statutory reserve	19	-	-	-	14,091	-14,091	-
Dividend paid	20	-	-	-	-	-165,033	-165,033
Net income, as restated	-	-	-	-	-	346,197	346,197
Balance as at 30 June 2006	<u>1,322,777</u>	<u>1,301</u>	<u>1,122,855</u>	<u>53,918</u>	<u>166,500</u>	<u>1,453,617</u>	<u>4,120,968</u>

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

(UNAUDITED BUT REVIEWED)

EASTERN WATER RESOURCES DEVELOPMENT AND MANAGEMENT
PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 JUNE 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.

(UNAUDITED BUT REVIEWED)

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 changes in the composition of the Group, except for additional investments in subsidiaries during the current periods as follows :

	Principal activities	Country of incorporation	Paid up share capital		Percentage of shares held by the Company	
			30 June	30 September	30 June	30 September
			2007	2006	2007	2006
			(Million Baht)	(Million Baht)	(Percent)	(Percent)
Subsidiaries						
Water Trades and Services Company Limited	Sale of water vending machine and chemical for producing tap water	Thailand	5	-	100	-
Global Water Systems Corporation Limited	Sale of water through vending machine and manufacture and installation of machines	Thailand	104	74	100	100
Eastern Hobas Pipes Company Limited	Manufacture and sale of water distribution pipes	Thailand	480	250	50	50

1.4 New accounting standards announced during the period

The Federation of Accounting Professions (FAP) has issued Notification No. 9/2550 regarding Thai Accounting Standards (TAS), which was announced in the Royal Gazette. This Notification mandates the use of the following Thai Accounting Standards (Revised 2007) in place of the previous versions, which are cancelled.

TAS 25	Cash Flow Statements
TAS 33	Borrowing Costs
TAS 44	Consolidated Financial Statements and Separate Financial Statements
TAS 45	Investments in Associates
TAS 46	Interests in Joint Ventures
TAS 49	Construction Contracts

(a) Thai Accounting Standards effective for the current year

Thai Accounting Standards No. 44, 45 and 46 become effective for the financial statements for fiscal years beginning on or after 1 January 2007. During the first quarter of the current year, the Company changed its accounting policy for recording investments in subsidiaries in the separate financial statements in order to comply with the revised Thai Accounting Standards No. 44, as described in Note 2 to the financial statements.

(b) Thai Accounting Standards not effective for the current year

Thai Accounting Standards No. 25, 33 and 49 will become effective for the financial statements for fiscal years beginning on or after 1 January 2008. However, the management has assessed the effect of these revised accounting standards and believes that they will not significantly impact the financial statements for the year in which they are initially applied.

1.5 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 30 September 2006, except for the change in the accounting policy for 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 first quarter of the current year, the Company changed its accounting policy for recording investments in subsidiaries in the separate financial statements from the equity method to the cost method, in compliance with Accounting Standard No. 44 (Revised 2007) regarding “Consolidated Financial Statements and Separate Financial Statements”, under which investments in subsidiaries, jointly controlled entities and associates are to be presented in the separate financial statements under the cost method.

In this regard, the Company has restated the previous period’s separate financial statements as though the investments in the subsidiaries had originally been recorded using the cost method. The change has the effect of decreasing net income in the separate income statements for the three-month and nine-month periods ended 30 June 2007 by Baht 27 million (Baht 0.02 per share) and Baht 15 million (Baht 0.01 per share), respectively (For the three-month and nine-month periods ended 30 June 2006: decreasing net income by Baht 14 million (Baht 0.01 per share) and Baht 44 million (Baht 0.03 per share), respectively). The cumulative effect of the change in accounting policy has been presented under the heading of “Cumulative effect of the change in accounting policy for investments in subsidiaries” in the separate statements of changes in shareholders’ equity.

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

(UNAUDITED BUT REVIEWED)

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 a summary of those transactions.

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements		Pricing policy
	For the three-month periods ended 30 June		For the three-month periods ended 30 June		
	2007	2006	2007	2006	
Transactions with subsidiaries					
(Eliminated from the consolidated financial statements)					
Sales - raw water	-	-	16,385	12,441	Similar to market prices
Purchases of water distribution pipes	-	-	-	6,125	Market price and mutually agreed price as stipulated in contracts
Assets received in settlement of short-term loans	-	-	7,103	-	Appraisal value by independent appraiser
Service income	-	-	83	32	Mutually agreed price as stipulated in contracts
Interest income	-	-	4,567	5,677	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	-	-	392	418	Mutually agreed price as stipulated in contracts
Service expenses (included in costs of sales-raw water, costs of sales-others and costs of services)	-	-	43,194	34,503	Mutually agreed price as stipulated in contracts
Pipeline installation expenses	-	-	694	-	Mutually agreed price as stipulated in contracts
Other expenses (included in selling, servicing and administrative expenses)	-	-	-	34	Similar to market prices

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements		Pricing policy
	For the three-month periods ended 30 June		For the three-month periods ended 30 June		
	2007	2006	2007	2006	
Transactions with related parties					
Major shareholders :-					
Sales - raw water	260,544	226,844	260,544	226,844	Similar to market prices
Service income	112,637	138,771	-	-	Mutually agreed price as stipulated in contracts
Related companies :-					
Service income	8,369	10,290	-	-	Mutually agreed price as stipulated in contracts
Interest expense	103	-	-	-	At the rate of 5.5 percent per annum
Sales of machinery	1,448	-	-	-	Mutually agreed price as stipulated in contracts

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements		Pricing policy
	For the nine-month periods ended 30 June		For the nine-month periods ended 30 June		
	2007	2006	2007	2006	
Transactions with subsidiaries					
(Eliminated from the consolidated financial statements)					
Sales - raw water	-	-	49,106	33,781	Similar to market prices
Purchases of water distribution pipes	-	-	-	65,414	Market price and mutually agreed price as stipulated in contracts
Assets received in settlement of short-term loans	-	-	78,131	-	Appraisal value by independent appraiser
Service income	-	-	139	122	Mutually agreed price as stipulated in contracts
Interest income	-	-	16,875	17,230	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	338	Similar to market prices
Other income	-	-	1,943	1,230	Mutually agreed price as stipulated in contracts
Service expenses (included in costs of sales-raw water, costs of sales-others and costs of services)	-	-	123,601	99,322	Mutually agreed price as stipulated in contracts
Pipeline installation expenses	-	-	4,428	-	Mutually agreed price as stipulated in contracts
Other expenses (included in selling, servicing and administrative expenses)	-	-	-	98	Similar to market prices

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements		Pricing policy
	For the nine-month periods ended 30 June		For the nine-month periods ended 30 June		
	2007	2006	2007	2006	
Transactions with related parties					
Major shareholders :-					
Sales - raw water	743,054	679,975	743,054	679,975	Similar to market prices
Service income	225,992	231,707	-	-	Mutually agreed price as stipulated in contracts
Related companies :-					
Service income	23,353	18,830	-	-	Mutually agreed price as stipulated in contracts
Interest expense	2,951	-	-	-	At the rate of 5.5 percent per annum
Sale of machine	1,448	-	-	-	Mutually agreed price as stipulated in contracts

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 30 June 2007 and 30 September 2006 :-

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June	30 September	30 June	30 September
	2007	2006	2007	2006
Trade accounts receivable - related parties				
Major shareholders				
Provincial Waterworks Authority	94,163	101,478	38,326	35,994
Industrial Estate Authority of Thailand	53,074	49,392	53,074	49,393
Subsidiary				
(Eliminated from the consolidated financial statements)				
Universal Utilities Company Limited	-	-	5,824	5,380
Related companies				
Hobas Pipe Systems SRL	5,715	-	-	-
Egcom Tara Company Limited	2,843	3,196	-	-
Total trade accounts receivable - related parties	155,795	154,066	97,224	90,767

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2007	30 September 2006	30 June 2007	30 September 2006
<u>Receivable from water loss reduction project</u>				
Major shareholder				
Provincial Waterworks Authority	4,168	25,179	-	-
<u>Receivable from pipeline installation project</u>				
Major shareholder				
Provincial Waterworks Authority	20,818	2,742	-	-
<u>Short-term loans to related party</u>				
Subsidiary				
(Eliminated from the consolidated financial statements)				
Global Water Systems Corporation Limited	-	-	-	113,350
Less : Allowance for doubtful accounts	-	-	-	(11,526)
Short-term loans to related party - net	-	-	-	101,824
<u>Other receivables- related parties</u>				
Subsidiaries				
(Eliminated from the consolidated financial statements)				
Eastern Hobas Pipes Company Limited	-	-	4,758	10,307
Universal Utilities Company Limited	-	-	4,749	645
Water Trades and Services Company Limited	-	-	32	-
Global Water Systems Corporation Limited	-	-	2	4
Related companies				
Hobas Pipe Systems SRL	3,878	-	-	-
Hobas Engineering GmbH	1,491	-	-	-
Total other receivables - related parties	5,369	-	9,541	10,956

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2007	30 September 2006	30 June 2007	30 September 2006
<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	-	-	12,000	100,000
Total long-term loans to related parties	-	-	312,000	362,890
<u>Trade accounts payable - related parties</u>				
Major shareholder				
Provincial Waterworks Authority	3,297	735	-	-
Subsidiary				
(Eliminated from the consolidated financial statements)				
Universal Utilities Company Limited	-	-	5,340	10,216
Related company				
Egcom Tara Company Limited	425	-	-	-
Total trade accounts payable - related parties	3,722	735	5,340	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	-	-

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2007	30 September 2006	30 June 2007	30 September 2006
<u>Other current liabilities - related parties</u>				
Subsidiaries				
(Eliminated from the consolidated financial statements)				
Universal Utilities Company Limited	-	-	23,178	15,419
Global Water Systems Corporation Limited	-	-	1,277	-
Related companies				
Hobas Engineering GmbH	13,089	15,353	-	-
Hobas Pipe Systems SRL	7,388	7,147	-	-
Hobas Rohre GmbH	94	97	-	-
Total other current liabilities - related parties	20,571	22,597	24,455	15,419
<u>Long-term loans from related party</u>				
Related company				
Hobas Engineering GmbH	8,000	100,000	-	-
Total long-term loan from related party	8,000	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

(UNAUDITED BUT REVIEWED)

3.3 Movements of inter-company loans

Movements of inter-company loans during the nine-month period ended 30 June 2007 were summarised below.

(Unit : Thousand Baht)

	Consolidated financial statements			Balance as at 30 June 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	8,000	(100,000)	8,000

(Unit : Thousand Baht)

	Separate financial statements			Balance as at 30 June 2007
	Balance as at 30 September 2006	During the period		
		Increase	Decrease	
Short-term loans to subsidiary - net				
Global Water Systems Corporation Limited	113,350	-	(113,350)	-
Less : Allowance for doubtful accounts	(11,526)	-	11,526	-
	101,824	-	(101,824)	-
Long-term loans to subsidiaries				
Universal Utilities Company Limited	262,890	37,110	-	300,000
Eastern Hobas Pipes Company Limited	100,000	12,000	(100,000)	12,000
	362,890	49,110	(100,000)	312,000

(UNAUDITED BUT REVIEWED)

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

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2007	30 September 2006	30 June 2007	30 September 2006
	Cost	Cost	Cost	Cost
<u>Current investments</u>				
Deposits at financial institutions	3,308	2,986	3,175	2,838
Total current investments	3,308	2,986	3,175	2,838
<u>Long-term investments</u>				
Held-to-maturity debt security				
Promissory note	10,000	10,000	10,000	10,000
Held-to-maturity debt security	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	98,696	98,374	98,563	98,226

As at 30 June 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.

(UNAUDITED BUT REVIEWED)

5. TRADE ACCOUNTS RECEIVABLE

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June	30 September	30 June	30 September
	2007	2006	2007	2006
<u>Trade accounts receivable – related parties</u>				
Not yet due	148,716	149,436	95,861	86,137
Past due				
Up to 3 months	318	4,630	318	4,630
3 - 6 months	6,044	-	328	-
6 - 12 months	717	-	717	-
Total trade accounts receivable – related parties	<u>155,795</u>	<u>154,066</u>	<u>97,224</u>	<u>90,767</u>
<u>Trade accounts receivable – other companies</u>				
Not yet due	207,968	205,272	58,104	52,725
Past due				
Up to 3 months	39,491	77,551	2,869	1,007
3 - 6 months	8,077	2,260	409	122
6 - 12 months	18,144	8,463	293	82
Over 12 months	9,887	5,477	1,092	548
Total trade accounts receivable - other companies	<u>283,567</u>	<u>299,023</u>	<u>62,767</u>	<u>54,484</u>
Less : Allowance for doubtful accounts	<u>(10,432)</u>	<u>(3,814)</u>	<u>-</u>	<u>-</u>
Trade accounts receivable - other companies, net	<u>273,135</u>	<u>295,209</u>	<u>62,767</u>	<u>54,484</u>
Trade accounts receivable - net	<u>428,930</u>	<u>449,275</u>	<u>159,991</u>	<u>145,251</u>

(UNAUDITED BUT REVIEWED)

In addition, movements in allowance for doubtful accounts set up for trade accounts receivable during the three-month and nine-month periods ended 30 June 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 nine-month	For the year ended	For the three-month	For the nine-month	For the year ended
	period ended	period ended	30 September	period ended	period ended	30 September
	30 June 2007	30 June 2007	2006	30 June 2007	30 June 2007	2006
Balance as at beginning of the period/year	9,788	3,814	-	-	-	-
Add : Allowance for doubtful made during the period/year	644	6,618	3,814	-	-	-
Balance as at end of the period/year	10,432	10,432	3,814	-	-	-

6. INVENTORIES

Movements in the account of "Allowance for diminution in value of inventories" during the three-month and nine-month periods ended 30 June 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 nine-month	For the year ended	For the three-month	For the nine-month	For the year ended
	period ended	period ended	30 September	period ended	period ended	30 September
	30 June 2007	30 June 2007	2006	30 June 2007	30 June 2007	2006
Balance as at beginning of the period/year	24,322	8,879	2,790	-	-	-
Add : Allowance made during the period/year	-	15,443	6,089	-	-	-
Balance as at end of the period/year	24,322	24,322	8,879	-	-	-

7. RESTRICTED BANK DEPOSITS

As at 30 June 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).

(UNAUDITED BUT REVIEWED)

8. INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURE

8.1 As at 30 June 2007, a subsidiary recorded the following investment in joint venture :-

Name of Joint Venture	Consolidated financial statements							Dividends	
	Paid-up share capital		Equity interest		Investments value		For the nine-month periods ended		
	30	30	30	30	30	30	30 June		
	June	September	June	September	June	September	2007	2006	
	2007	2006	2007	2006	2007	2006	2007	2006	
Million Baht		Million Baht		%		Thousand Baht		Thousand 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 30 June 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							Dividends	
	Paid-up share capital		Equity interest		Investments value under cost method		For the nine-month periods ended		
	30	30	30	30	30	30	30 June		
	June	September	June	September	June	September	2007	2006	
	2007	2006	2007	2006	2007	2006	2007	2006	
Million Baht		Million Baht		%		Thousand Baht		Thousand Baht	
Water Trades and Services Company Limited	5	-	100	-	5,000	-	-	-	-
Global Water Systems Corporation Limited	104	74	100	100	103,800	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					858,800	708,800	-	-	-
Less: Allowance for impairment of investments in subsidiaries					(217,119)	(176,093)			
Investments in subsidiaries - net					641,681	532,707			

(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.

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

On 21 May 2007, the Extraordinary General Meeting of the shareholders of Global Water Systems Corporation Limited passed a resolution approving a financial restructuring of Global Water Systems Corporation Limited by way of an increase in its share capital of Baht 30 million, the Meeting No. 5/2007 of the Board of Directors of the Company passed a resolution approving an additional investment of Baht 30 million in Global Water Systems Corporation Limited. Later on 9 July 2007, the Extraordinary General Meeting of the shareholders of Global Water Systems Corporation Limited passed a resolution approving the company liquidation and thus the subsidiary registered its company liquidation with the Ministry of Commerce on 23 July 2007. As at 30 June 2007, the Company estimated and already provided for such impairment loss as a result of company liquidation of the subsidiary.

9. OTHER RECEIVABLE

As at 30 June 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.

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

(UNAUDITED BUT REVIEWED)

10. PROPERTY, PLANT AND EQUIPMENT

(Unit : Thousand Baht)

	Consolidated financial statements	Separate financial statements
Cost :		
30 September 2006	8,162,796	7,316,614
Acquisitions	406,586	366,073
Transfer in	2,607,463	2,604,480
Disposal/write off	(23,978)	(1,946)
Transfer out	(2,607,463)	(2,604,480)
30 June 2007	<u>8,545,404</u>	<u>7,680,741</u>
Accumulated depreciation :		
30 September 2006	1,056,167	862,775
Depreciation for the period	198,122	141,950
Accumulated depreciation of disposed/written-off assets	(16,373)	(8)
30 June 2007	<u>1,237,916</u>	<u>1,004,717</u>
Net book value :		
30 September 2006	<u>7,106,629</u>	<u>6,453,839</u>
30 June 2007	<u>7,307,488</u>	<u>6,676,024</u>

As at 30 June 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 146.6 million and Baht 144.6 million, respectively (The Company Only : Baht 121.6 million and Baht 111.4 million, respectively).

As at 30 June 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 182.9 million and Baht 196.4 million, respectively, to secure long-term loans as described in Note 15.2.1 to the financial statements.

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For the three-month periods ended 30 June 2007 and 2006, the Company recorded borrowing cost amounting to Baht 5.4 million and Baht 33 million, respectively, and for the nine-month periods ended 30 June 2007 and 2006, amounting to Baht 54.1 million and Baht 93.4 million, respectively, which were directly attributable to the construction of water pipeline distribution networks, as a part of “Construction in progress” under the caption of “Property, plant and equipment”.

For the three-month and nine-month periods ended 30 June 2007, a subsidiary recorded borrowing costs amounting to Baht 2.4 million and Baht 6.2 million, respectively (For the three-month and nine-month periods ended 30 June 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 4.77% 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.

11. ASSETS UNDER CONCESSION CONTRACTS

(Unit: Thousand Baht)

	Consolidated financial statements			30 June 2007
	30 September 2006	Increase	Decrease	
Assets under concession contracts - cost	377,320	74,212	(19,732)	431,800
Accumulated amortisation	(36,977)	(13,946)	386	(50,537)
Allowance for impairment	-	(469)	469	-
Net book value	<u>340,343</u>	<u>59,797</u>	<u>(18,877)</u>	<u>381,263</u>

For the three-month and nine-month periods ended 30 June 2007, amortisation of assets under concession contracts amounting to Baht 5 million and Baht 13.9 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.

(UNAUDITED BUT REVIEWED)

12. DEFERRED CONCESSION RIGHTS ACQUISITION COSTS

(Unit: Thousand Baht)

	Consolidated financial statements			30 June 2007
	30 September 2006	Increase	Decrease	
Deferred concession rights acquisition costs - cost	319,343	62,075	-	381,418
Accumulated amortisation	(22,834)	(6,778)	-	(29,612)
Net book value	<u>296,509</u>	<u>55,297</u>	<u>-</u>	<u>351,806</u>

For the three-month and nine-month periods ended 30 June 2007, amortisation of deferred concession rights acquisition costs amounting to Baht 2.2 million and Baht 6.7 million, respectively, are included in costs of sales - others in the statements of income.

13. GOODWILL

Changes in goodwill during the nine-month period ended 30 June 2007 can be summarised as follows: -

(Unit: Thousand Baht)

	Consolidated financial statements			30 June 2007
	30 September 2006	Increase	Decrease	
Goodwill - cost	201,205	-	-	201,205
Accumulated amortisation	(21,807)	(6,244)	-	(28,051)
Net book value	<u>179,398</u>	<u>(6,244)</u>	<u>-</u>	<u>173,154</u>
Remaining amortisation period	<u>22 years</u>			<u>21 years</u>

For the three-month periods ended 30 June 2007 and 2006, amortisation of goodwill amounting to Baht 2 million and Baht 2 million, respectively, and for the nine-month periods ended 30 June 2007 and 2006, amounting to Baht 6.2 million and Baht 6.2 million, respectively, are included in selling, servicing and administrative expenses in the statements of income.

(UNAUDITED BUT REVIEWED)

14. SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2007	30 September 2006	30 June 2007	30 September 2006
Short-term loans	180,000	60,000	100,000	-
Total	180,000	60,000	100,000	-

As at 30 June 2007, Baht 100 million short-term loans from financial institutions of the Company carry interest at the rates of 4.1 percent per annum.

As at 30 June 2007, Baht 20 million short-term loans from financial institutions of Universal Utilities Company Limited carry interest at the rate of 6.58 percent per annum.

As 30 June 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 15.50 percent per annum. As at 30 September 2006, this short-term loan from a financial institution carries interest at the Minimum Overdraft Rate (MOR), which is 8 percent per annum.

15. LONG-TERM LOANS FROM FINANCIAL INSTITUTIONS

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2007	30 September 2006	30 June 2007	30 September 2006
Long-term loans from financial institutions	1,955,800	1,821,000	1,565,000	1,525,000
Less : Current portion	(409,858) ⁽¹⁾	(165,000)	(150,000)	(100,000)
Long-term loans from financial institutions - net of current portion	1,545,942	1,656,000	1,415,000	1,425,000

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

(UNAUDITED BUT REVIEWED)

Movements in the long-term loans from financial institutions during the three-month and nine-month periods ended 30 June 2007 are summarised below.

(Unit : Thousand Baht)

	For the three-month period ended 30 June 2007		For the nine-month period ended 30 June 2007	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Balance as at beginning of the periods	1,990,800	1,625,000	1,821,000	1,525,000
Add : Additional borrowings	25,000	-	361,800	250,000
Less: Repayments	(60,000)	(60,000)	(227,000)	(210,000)
Balance as at end of the periods	<u>1,955,800</u>	<u>1,565,000</u>	<u>1,955,800</u>	<u>1,565,000</u>

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

(UNAUDITED BUT REVIEWED)

Repayment : Principal is repayable in semi-annual installments, beginning after the
Schedule 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 30 June 2007, the Company has already drawn 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.

As at 30 September 2006, the Company had the ratio of net consolidated debt to consolidated EBITDA, which equaled 4.6 times. This is in excess of that stipulated in the conditions of the long-term loan agreement that requires the Company to maintain such ratio not to be exceeding 4.5 times. The Company's management believes that such excess will not be permanent. However, as at 30 June 2007, the Company is able to maintain the ratio of net consolidated debt to consolidated EBITDA as required in the 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.

(UNAUDITED BUT REVIEWED)

On 24 July 2003, this subsidiary entered into another agreement with the same financial institution to obtain loan and other credit facilities for an addition credit limit of Baht 60 million. Whereby amounts drawn down before 16 June 2003 carry interest at a fixed rate of 5.5 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 30 June 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 by way of an increase in share capital during the current period. As at 30 June 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.

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 30 June 2007 and 30 September 2006, the subsidiary had outstanding loans under such agreement amounting to approximately Baht 154 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.

(UNAUDITED BUT REVIEWED)

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. As at 30 June 2007, the Company is able to maintain the ratio of net consolidated debt to consolidated EBITDA that calculated from consolidated financial statement that stipulated in the conditions of the placement agreements of the debentures.

17. SHARE CAPITAL

During the nine-month period ended 30 June 2007, the Company registered increases in its issued and paid-up share capital totaling Baht 2.1 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 30 June 2007, the Company's issued and paid-up capital is therefore Baht 1,325.6 million. Furthermore in June 2007, the Company received share subscription of approximately Baht 82.9 million for the exercises of warrants. The Company registered the increase in its capital by such amount on 9 July 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	2,094,230	2,095	1,840
Balance as at 30 June 2007	1,325,597,610	1,325,598	1,125,270

18. WARRANTS

As at 30 June 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	:	276,400 warrants

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

Type of warrant	:	Transferable
Issue price	:	-
Allocation ratio	:	As determined by General Meeting of the Company's shareholders
Term of warrant	:	3 years
Exercise date	:	Every 30th of December, March, June and September throughout the term of warrant
Exercise price	:	Baht 4 per share
Exercise ratio	:	1 ordinary share/ 1 warrant
First exercise date	:	30 December 2004
Last exercise date	:	28 November 2007
Outstanding unexercised warrants	:	318,329,470 warrants

Movements in the number of warrants during the nine-month period ended 30 June 2007 were as follows: -

	(Unit: Units)		
	<u>EASTW-WA</u>	<u>EASTW-W1</u>	<u>Total</u>
Number of warrants as at 30 September 2006	1,299,500	339,630,850	340,930,350
Less: Exercises of warrants during the period	(1,023,100)	(21,301,380)	(22,324,480)
Number of warrants as at 30 June 2007	<u>276,400</u>	<u>318,329,470</u>	<u>318,605,870</u>

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 331.3 million to the Company's shareholders. The Company paid the dividend on 26 February 2007.

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

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.

(UNAUDITED BUT REVIEWED)

22. EARNINGS PER SHARE

Consolidated financial statements						
For the three-month periods ended 30 June						
	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	132,371	124,457	1,325,598	1,322,777	<u>0.10</u>	<u>0.09</u>
Effect of dilutive potential ordinary shares						
Warrants issued to employees, directors and advisors to the Company's Board of Directors (EASTW-WA)	-	-	305	81,524		
Warrants issued to existing shareholders and general public (EASTW-W1)	<u>-</u>	<u>-</u>	<u>82,457</u>	<u>-</u>		
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares	<u>132,371</u>	<u>124,457</u>	<u>1,408,360</u>	<u>1,404,301</u>	<u>0.09</u>	<u>0.09</u>
Separate financial statements						
For the three-month periods ended 30 June						
	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	105,702	110,282	1,325,598	1,322,777	<u>0.08</u>	<u>0.08</u>
Effect of dilutive potential ordinary shares						
Warrants issued to employees, directors and advisors to the Company's Board of Directors (EASTW-WA)	-	-	305	81,524		
Warrants issued to existing shareholders and general public (EASTW-W1)	<u>-</u>	<u>-</u>	<u>82,457</u>	<u>-</u>		
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares	<u>105,702</u>	<u>110,282</u>	<u>1,408,360</u>	<u>1,404,301</u>	<u>0.07</u>	<u>0.08</u>

(UNAUDITED BUT REVIEWED)

Consolidated financial statements						
For the nine-month periods ended 30 June						
	Net income		Weighted average number of ordinary shares		Earnings per share	
	2007 (Thousand Baht)	2006 (Thousand Baht)	2007 (Thousand Shares)	2006 (Thousand Shares)	2007 (Baht)	2006 (Baht)
Basic earnings per share						
Net income	380,822	390,282	1,324,969	1,314,414	0.29	0.30
Effect of dilutive potential ordinary shares						
Warrants issued to employees, directors and advisors to the Company's Board of Directors (EASTW-WA)	-	-	660	35,290		
Warrants issued to existing shareholders and general public (EASTW-W1)	-	-	85,808	-		
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares	380,822	390,282	1,411,437	1,349,704	0.27	0.29

Separate financial statements						
For the nine-month periods ended 30 June						
	Net income		Weighted average number of ordinary shares		Earnings per share	
	2007 (Thousand Baht)	2006 (Thousand Baht)	2007 (Thousand Shares)	2006 (Thousand Shares)	2007 (Baht)	2006 (Baht)
Basic earnings per share						
Net income	365,897	346,197	1,324,969	1,314,414	0.28	0.26
Effect of dilutive potential ordinary shares						
Warrants issued to employees, directors and advisors to the Company's Board of Directors (EASTW-WA)	-	-	660	35,290		
Warrants issued to existing shareholders and general public (EASTW-W1)	-	-	85,808	-		
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion of warrants to ordinary shares	365,897	346,197	1,411,437	1,349,704	0.26	0.26

(UNAUDITED BUT REVIEWED)

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.

23. COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 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 225.8 million and Baht 223.7 million, respectively (The Company Only : Baht 47.7 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 27.9 million and Baht 43.6 million, respectively (The Company Only : Baht 15.5 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 494.0 million and Baht 1,199.2 million, respectively (The Company Only : Baht 130.7 million and Baht 410.6 million, respectively) for projects under construction.
- 23.5 On 28 March 2003, the Company was sued as a defendant in a litigation case in connection with the purchase of assets from the Legal Execution Department. The plaintiff petitioned the civil court to void the sales transaction or order the payment of compensatory damages amounting to Baht 302.2 million to the plaintiff. On 26 January 2006, the Court of First Instance issued an order dismissing the lawsuit. However, the plaintiff lodged an appeal with the Court of Appeal on 22 March 2006. The Company has already made its plea contesting the plaintiff's appeal and the case is currently being heard by the Appeal Court. The Company's management believes that should the outcome of the case be finalised, there would be no significant loss to the Company. Therefore, the Company has not yet provided for any loss in the accounts.
- 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. The subsidiary has already set aside provision for liabilities in respect of this case in its accounts. Subsequently, on 21 May 2007, both parties agreed to enter into a compromise agreement, whereby the plaintiff agreed to reduce the total compensatory damage claims to Baht 1.8 million, which the subsidiary is to pay within 3 months of the date of the compromise agreement.

- 23.7 A subsidiary was sued as a co-defendant together with the Provincial Waterworks Authority (“PWA”) in a case brought in connection with illegal acts performed by administrative agencies or state officials. The plaintiff petitioned the administrative court to void the selection process by which a private operator was selected to produce tap water for distribution to the Provincial Waterworks Authority in the area belonging to the Rayong Waterworks. On 16 March 2007 the Rayong Administrative Court ordered the selection process voided in accordance with the plaintiff’s petition, and also declared void the agreement appointing a private firm to produce water for sale to the Rayong Waterworks, which had resulted from an illegal selection process. However, the Provincial Waterworks Authority and the subsidiary lodged appeals with the Rayong Administrative Court on 12 April 2007 and the case is currently being heard by the Supreme Court. Since PWA and the subsidiary have to comply with conditions in the agreement and are further obliged to each other as stipulated in the agreement until the case is finalized, in accordance with Section 70 of the Royal Decree on Establishment of and Procedures for Administrative Court Act B.E. 2542, the subsidiary’s management therefore believes that the subsidiary will incur no losses as a result of the termination of the agreement because, if such a termination occurs the Provincial Waterworks Authority will have to compensate the subsidiary for costs of construction and improvements made to the waterworks, and for other expenses incurred by the subsidiary. Therefore, no provision has yet been made in the accounts.
- 23.8 The Company was invoiced for approximately Baht 5.32 million by the Provincial Waterworks Authority (“PWA”) for a shortfall in water supply, since the Company had been unable to supply the minimum quantity of water to the Sattahip Waterworks as required in a Water Supply Agreement made with PWA. The Company believed that the decision of the PWA did not accord with the stipulations of the agreement, and therefore requested that a test of the capacity of the water supply system be conducted to support the findings made under the agreement. Universal Utilities Co., Ltd., a subsidiary who manages water supply in the Sattahip Area was appointed as an agent for the test and testing principles and methods were agreed with PWA. The results of the tests showed that the Company was capable of supplying the minimum quantity in accordance with the agreement, and the Company should therefore not be liable for the compensation claimed by the PWA. On 12 March 2007, the Company notified the PWA of its readiness to supply the agreed minimum quantity of water, and the Company’s management believes that when negotiations are completed the Company will not be obliged to pay any compensation. Therefore, no provision has been made in the accounts.

24. SIGNIFICANT AGREEMENTS

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

The Company

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

(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.

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

The Subsidiaries

24.6 Chachoengsao Water Supply Company Limited entered into the concession agreement dated 9 November 2000 with the Provincial Waterworks Authority. The subsidiary is privileged to produce and sell tap water to the Provincial Waterworks Authority at Chachoengsao office, Chachoengsao province. The concession period is 25 years from the date that first income is derived from selling tap water (1 April 2003).

24.7 Bangpakong Water Supply Company Limited entered into the concession agreement dated 9 November 2000 with the Provincial Waterworks Authority. The subsidiary is privileged to produce and sell tap water to the Provincial Waterworks Authority at Bangpakong office, Chachoengsao province. The concession period is 25 years from the date that first income is derived from selling tap water (1 April 2003).

24.8 Nakornsawan Water Supply Company Limited entered into the concession agreement dated 7 November 2000 with the Provincial Waterworks Authority. The subsidiary is privileged to produce and sell tap water to the Provincial Waterworks Authority at Nakornsawan office, Nakornsawan province. The concession period is 25 years from the date that first income is derived from selling tap water (1 March 2003).

- 24.9 Chachoengsao Water Supply Company Limited and 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.

24.12 On 27 September 2005, Universal Utilities Company Limited and a private company (the consortium) entered into an agreement, having a total contract value of Baht 534.9 million, with Metropolitan Waterworks Authority (“MWA”) whereby the joint venture is to sell and install information technology improvement systems for the water loss management. The works have to be completed within 600 days from 25 October 2005.

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.

(UNAUDITED BUT REVIEWED)

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 nine-month periods ended 30 June 2007 and 2006 is summarised as follows :-

(Unit : Thousand Baht)

	Consolidated financial statement								
	For the three-month ended 30 June 2007								
	Sales - other			Service income					
	Raw water distribution business	Tap water distribution business	Water pipeline distribution business	Others	Waterworks management business	Water loss reduction project	Others	Elimination	Total
Revenue									
Revenue from external customers	393,948	122,381	29,789	6,282	8,236	112,637	31,962	-	705,235
Inter-segment revenue	16,385	-	-	7,103	40,953	-	3,018	(67,459)	-
Total revenue	<u>410,333</u>	<u>122,381</u>	<u>29,789</u>	<u>13,385</u>	<u>49,189</u>	<u>112,637</u>	<u>34,980</u>	<u>(67,459)</u>	<u>705,235</u>
Cost of sales/services	(157,495)	(81,324)	(31,085)	(13,067)	(38,600)	(113,008)	(29,257)	66,881	(396,955)
Operating profit									
Segment operating income (loss)	<u>252,838</u>	<u>41,057</u>	<u>(1,296)</u>	<u>318</u>	<u>10,589</u>	<u>(371)</u>	<u>5,723</u>	<u>(578)</u>	<u>308,280</u>
Unallocated revenue/expenses									
Interest income and dividend income									6,513
Other income									8,261
Selling, servicing and administrative expenses									(80,946)
Interest expenses									(60,609)
Corporate income tax									(64,231)
Minority interests									<u>15,103</u>
Net income									<u>132,371</u>

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

Consolidated financial statement									
For the three-month period ended 30 June 2006									
	Sales - other				Service income				
	Water				Waterworks		Water loss		
	Raw water	Tap water	pipeline		Waterworks	Water loss			
	distribution	distribution	distribution	Others	management	reduction		Elimination	Total
	business	business	business		business	project	Others		
Revenue									
Revenue from external customers	345,608	79,889	22,620	10,922	6,892	138,771	9,573	-	614,275
Inter-segment revenue	12,441	-	6,125	114	32,846	-	1,689	(53,215)	-
Total revenue	<u>358,049</u>	<u>79,889</u>	<u>28,745</u>	<u>11,036</u>	<u>39,738</u>	<u>138,771</u>	<u>11,262</u>	<u>(53,215)</u>	<u>614,275</u>
Cost of sales/services	(139,279)	(52,606)	(32,542)	(7,075)	(31,141)	(140,928)	(7,150)	55,297	(355,424)
Operating profit									
Segment operating income (loss)	<u>218,770</u>	<u>27,283</u>	<u>(3,797)</u>	<u>3,961</u>	<u>8,597</u>	<u>(2,157)</u>	<u>4,112</u>	<u>2,082</u>	<u>258,851</u>
Unallocated revenue/expenses									
Interest income and dividend income									8,994
Other income									3,161
Selling, servicing and administrative expenses									(73,107)
Interest expenses									(28,506)
Corporate income tax									(61,318)
Minority interests									<u>16,382</u>
Net income									<u>124,457</u>

(Unit : Thousand Baht)

Consolidated financial statement									
For the nine-month period ended 30 June 2007									
	Sales - other				Service income				
	Water				Waterworks		Water loss		
	Raw water	Tap water	pipeline		Waterworks	Water loss			
	distribution	distribution	distribution	Others	management	reduction		Elimination	Total
	business	business	business		business	project	Others		
Revenue									
Revenue from external customers	1,152,701	348,643	55,058	16,520	26,146	225,992	79,205	-	1,904,265
Inter-segment revenue	49,106	-	-	78,283	116,155	-	12,013	(255,557)	-
Total revenue	<u>1,201,807</u>	<u>348,643</u>	<u>55,058</u>	<u>94,803</u>	<u>142,301</u>	<u>225,992</u>	<u>91,218</u>	<u>(255,557)</u>	<u>1,904,265</u>
Cost of sales/services	(445,681)	(235,876)	(65,410)	(90,304)	(112,878)	(233,335)	(70,011)	249,153	(1,004,342)
Operating profit									
Segment operating income (loss)	<u>756,126</u>	<u>112,767</u>	<u>(10,352)</u>	<u>4,499</u>	<u>29,423</u>	<u>(7,343)</u>	<u>21,207</u>	<u>(6,404)</u>	<u>899,923</u>
Unallocated revenue/expenses									
Interest income and dividend income									9,013
Other income									11,412
Selling, servicing and administrative expenses									(274,428)
Interest expenses									(136,071)
Corporate income tax									(196,334)
Minority interests									<u>67,307</u>
Net income									<u>380,822</u>

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

Consolidated financial statement									
For the nine-month period ended 30 June 2006									
	Sales - other				Service income				
	Raw water distribution business	Tap water distribution business	Water pipeline distribution business	Others	Waterworks management business	Water loss reduction project	Others	Elimination	Total
Revenue									
Revenue from external customers	1,019,340	223,660	58,081	35,076	18,961	231,707	20,726	-	1,607,551
Inter-segment revenue	33,781	-	65,414	338	94,293	-	5,151	(198,977)	-
Total revenue	1,053,121	223,660	123,495	35,414	113,254	231,707	25,877	(198,977)	1,607,551
Cost of sales/services	(399,992)	(151,381)	(114,179)	(24,530)	(84,252)	(229,977)	(16,476)	185,494	835,293
Operating profit									
Segment operating income (loss)	653,129	72,279	9,316	10,884	29,002	1,730	9,401	(13,483)	772,258
Unallocated revenue/expenses									
Interest income and dividend income									16,046
Other income									14,826
Selling, servicing and administrative expense									(214,308)
Interest expenses									(63,737)
Corporate income tax									(167,757)
Minority interests									32,954
Net income									390,282

(Unit : Thousand Baht)

Separate financial statement				
For the three-month period ended 30 June 2007				
	Raw water distribution business	Tap water distribution business	Others	Total
	Revenue			
Revenue from external customers	393,948	39,443	8,082	441,473
Inter-segment revenue	16,385	-	83	16,468
Total revenue	410,333	39,443	8,165	457,941
Cost of sales/services	(157,495)	(40,463)	(6,992)	(204,950)
Segment operating income	252,838	(1,020)	1,173	252,991
Unallocated revenue/expenses				
Interest income and dividend income				10,343
Other income				1,650
Selling, servicing and administrative expenses				(55,859)
Interest expenses				(51,855)
Corporate income tax				(51,568)
Net income				105,702

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	Separate financial statement			
	For the three-month period ended 30 June 2006			
	Raw water distribution business	Tap water distribution business	Others	Total
Revenue				
Revenue from external customers	345,608	32,879	1,376	379,863
Inter-segment revenue	12,441	-	146	12,587
Total revenue	358,049	32,879	1,522	392,450
Cost of sales/services	(139,279)	(32,570)	(1,432)	(173,281)
Segment operating income	218,770	309	90	219,169
Unallocated revenue/expenses				
Interest income and dividend income				13,995
Other income				988
Selling, servicing and administrative expenses				(48,370)
Interest expenses				(21,382)
Corporate income tax				(54,118)
Net income				110,282

(Unit : Thousand Baht)

	Separate financial statement			
	For the nine-month period ended 30 June 2007			
	Raw water distribution business	Tap water distribution business	Others	Total
Revenue				
Revenue from external customers	1,152,701	116,828	15,929	1,285,458
Inter-segment revenue	49,106	-	291	49,397
Total revenue	1,201,807	116,828	16,220	1,334,855
Cost of sales/services	(445,681)	(115,999)	(14,139)	(575,819)
Segment operating income	756,126	829	2,081	759,036
Unallocated revenue/expenses				
Interest income and dividend income				23,441
Other income				3,560
Selling, servicing and administrative expenses				(143,031)
Interest expenses				(111,423)
Corporate income tax				(165,686)
Net income				365,897

(UNAUDITED BUT REVIEWED)

(Unit : Thousand Baht)

	Separate financial statement			
	For the nine-month period ended 30 June 2006			
	Raw water distribution business	Tap water distribution business	Others	Total
Revenue				
Revenue from external customers	1,019,340	94,392	9,636	1,123,368
Inter-segment revenues	33,781	-	460	34,241
Total revenues	<u>1,053,121</u>	<u>94,392</u>	<u>10,096</u>	<u>1,157,609</u>
Cost of sales/services	(399,992)	(93,483)	(8,878)	(502,353)
Segment operating income	<u>653,129</u>	<u>909</u>	<u>1,218</u>	<u>655,256</u>
Unallocated revenue/expenses				
Interest income and dividend income				32,149
Other income				3,127
Selling, servicing and administrative expenses				(151,725)
Interest expenses				(47,246)
Corporate income tax				<u>(145,364)</u>
Net income				<u>346,197</u>

26. 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.

As at 30 June 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	
	30 June 2007	30 September 2006	30 June 2007	30 September 2006
<u>Assets</u>				
EURO	236,691	-	46.1459 Baht per Euro	47.4121 Baht per Euro
<u>Liabilities</u>				
EURO	383,211	424,607	46.7210 Baht per Euro	47.9181 Baht per Euro
USD	139,990	195,442	34.6679 Baht per USD	37.6373 Baht per USD

(UNAUDITED BUT REVIEWED)

27. INTEREST RATE RISK

As at 30 June 2007, the Company and its subsidiaries have exposures to interest rate risk, which relates to fluctuation in market interest rates, resulting. These may result in changes in the value of financial instruments, fluctuations in revenue or the value of financial assets and liabilities because the Company and its subsidiaries have the following long-term financial assets and liabilities that are subject to interest at fixed rates:

	Consolidated financial statement		
	As at 30 June 2007		
	Amount	Interest rate	Periods to
	(Thousand Baht)	(percent)	maturity date
Long-term investments	10,000	4.25	1 years
Long-term loans from related parties	8,000	6.50	2 years
Long-term loans from financial institutions	1,537,150	6.00, 15.50	1 - 5 years
Debenture	2,500,000	4.60, 5.75	1, 4 years

	Separate financial statement		
	As at 30 June 2007		
	Amount	Interest rate	Periods to
	(Thousand Baht)	(percent)	maturity date
Long-term investments	10,000	4.25	1 years
Long-term loans to related parties	274,890	5.50, 6.50	2, 5 years
Long-term loans from financial institutions	1,300,150	6.00	1 - 5 years
Debenture	2,500,000	4.60, 5.75	1, 4 years

28. 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.

29. SUBSEQUENT EVENT

29.1 On 9 July 2007, the Extraordinary General Meeting of the shareholder of Global Water Systems Corporation Limited, a subsidiary, approved the dissolution of that subsidiary company. The dissolution was registered with the Ministry of Commerce on 23 July 2007.

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

30. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements were authorised for issue on 9 August 2007 by the Audit Committee of the Company under authority delegated by the Company's Board of Directors.