

TTW Public Company Limited and its subsidiaries
(Formerly known as "Thai Tap Water Supply Public
Company Limited")
Report and consolidated financial statements
31 December 2014

Independent Auditor's Report

To the Shareholders of TTW Public Company Limited

(Formerly known as "Thai Tap Water Supply Public Company Limited")

I have audited the accompanying consolidated financial statements of TTW Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2014, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of TTW Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TTW Public Company Limited and its subsidiaries and of TTW Public Company Limited as at 31 December 2014, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Emphasis of matter

I draw attention to Note 3 to the financial statements, regarding the adoption of new financial reporting standards relating to TFRIC 12 Service Concession Arrangements and TFRIC 4 Determining whether an Arrangement contains a Lease. The management of the Company and its subsidiary used judgement in considering the arrangements and related agreements, and in disclosing the impact of the adoption of these accounting standard interpretations. My opinion is not qualified in respect of this matter.

Khitsada Lerdwana

Certified Public Accountant (Thailand) No. 4958

EY Office Limited

Bangkok: 17 February 2015

TTW Public Company Limited and its subsidiaries
(Formerly known as "Thai Tap Water Supply Public Company Limited")
Statement of financial position
As at 31 December 2014

(Unit: Baht)

	Note	Consolidated financial statements			Separate financial statements		
		31 December 2014	31 December 2013	1 January 2013	31 December 2014	31 December 2013	1 January 2013
Assets							
Current assets							
Cash and cash equivalents	8	1,197,907,493	2,148,024,596	2,676,865,367	904,357,402	1,642,676,136	2,098,390,696
Current investments	9	5,276,839,353	3,679,041,489	3,096,567,482	4,892,497,268	3,679,041,489	3,096,567,482
Trade and other receivables	10	528,975,171	539,933,986	452,063,407	372,801,284	380,457,320	295,968,223
Current portion of long-term loans to related party and interest receivable	7	-	-	-	310,389,110	311,208,091	311,163,219
Raw materials and supplies	12	21,368,950	22,189,628	23,643,137	11,106,616	12,112,412	15,007,441
Other current assets		56,206,693	28,007,158	57,362,109	47,484,637	15,035,547	49,046,961
Total current assets		7,081,297,660	6,417,196,857	6,306,501,502	6,538,636,317	6,040,530,995	5,866,144,022
Non-current assets							
Other long-term investments	11	-	400,000,000	200,000,000	-	200,000,000	-
Long-term loans to related party, net of current portion	7	-	-	-	1,162,500,000	1,472,500,000	1,782,500,000
Investments in subsidiaries	13	-	-	-	3,023,764,292	3,245,258,440	3,466,752,588
Investment in associate	14	3,011,759,111	2,904,995,995	2,771,312,856	2,756,080,010	2,756,080,010	2,766,100,000
Property, plant and equipment	15	678,469,535	709,125,363	585,551,168	613,412,779	640,974,484	515,785,131
Assets for production of treated water	16	520,549,043	-	-	520,549,043	-	-
Assets for production of treated water under agreements with public sector agency:							
Assets that are owned by the Company	17	7,617,869,564	7,931,142,885	8,284,314,846	7,617,869,564	7,931,142,885	8,284,314,846
Assets that must be transferred at end of concession of subsidiary	18	2,751,119,116	2,851,788,267	3,088,456,680	-	-	-
Rights to produce and sell treated water and treat waste water from private sector agency	19	1,224,160,260	1,267,117,647	1,304,160,808	1,224,160,260	1,267,117,647	1,304,160,808
Rights to produce and sell treated water from business acquisition	20	1,714,412,300	1,909,358,691	2,104,305,081	-	-	-
Intangible assets	21	8,028,701	9,687,544	11,346,387	-	-	-
Deferred tax assets	29	1,604,034	1,378,479	1,125,297	-	-	-
Advance for land		-	90,400,000	-	-	90,400,000	-
Advance payment for assets for production of treated water that must be transferred at end of concession		-	21,510,000	-	-	-	-
Other non-current assets		18,078,057	11,510,656	14,443,749	13,144,021	5,924,067	8,493,321
Total non-current assets		17,546,049,721	18,108,015,527	18,365,016,872	16,931,479,969	17,609,397,533	18,128,106,694
Total assets		24,627,347,381	24,525,212,384	24,671,518,374	23,470,116,286	23,649,928,528	23,994,250,716

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

TTW Public Company Limited and its subsidiaries
(Formerly known as "Thai Tap Water Supply Public Company Limited")
Statement of financial position (continued)
As at 31 December 2014

(Unit: Baht)

	Note	Consolidated financial statements			Separate financial statements		
		31 December 2014	31 December 2013	1 January 2013	31 December 2014	31 December 2013	1 January 2013
Liabilities and shareholders' equity							
Current liabilities							
Trade and other payables	22	652,577,474	133,023,726	110,122,682	544,675,801	74,888,175	81,740,220
Current portion of long-term loans							
from financial institutions	23	750,000,000	510,000,000	490,000,000	750,000,000	510,000,000	490,000,000
Current portion of debentures	24	-	1,700,000,000	-	-	1,700,000,000	-
Income tax payable		69,535,729	162,578,620	159,374,662	-	97,008,241	84,500,360
Accrued interest		107,299,587	138,343,585	139,717,275	107,299,586	138,343,586	139,717,275
Other current liabilities		61,182,068	63,389,342	82,844,671	41,666,905	42,919,182	53,972,316
Total current liabilities		1,640,594,858	2,707,335,273	982,059,290	1,443,642,292	2,563,159,184	849,930,171
Non-current liabilities							
Retention payable - subsidiary	7	-	-	-	5,000,000	5,000,000	5,000,000
Long-term loans from financial institutions,							
net of current portion	23	6,215,000,000	5,430,000,000	5,940,000,000	6,215,000,000	5,430,000,000	5,940,000,000
Debentures, net of current portion	24	5,294,365,242	5,292,804,018	6,990,471,485	5,294,365,242	5,292,804,018	6,990,471,485
Provision for long-term employee benefits	25	22,354,466	18,490,920	14,780,026	12,230,187	8,384,186	6,577,096
Deferred tax liabilities	29	65,443,479	65,409,327	83,815,892	50,858,144	50,117,496	66,227,699
Total non-current liabilities		11,597,163,187	10,806,704,265	13,029,067,403	11,577,453,573	10,786,305,700	13,008,276,280
Total liabilities		13,237,758,045	13,514,039,538	14,011,126,693	13,021,095,865	13,349,464,884	13,858,206,451

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

TTW Public Company Limited and its subsidiaries
(Formerly known as "Thai Tap Water Supply Public Company Limited")
Statement of financial position (continued)
As at 31 December 2014

(Unit: Baht)

		Consolidated financial statements			Separate financial statements		
	Note	31 December 2014	31 December 2013	1 January 2013	31 December 2014	31 December 2013	1 January 2013
Shareholders' equity							
Share capital							
Registered							
3,990,000,000 ordinary shares of Baht 1 each		3,990,000,000	3,990,000,000	3,990,000,000	3,990,000,000	3,990,000,000	3,990,000,000
Issued and fully paid-up							
3,990,000,000 ordinary shares of Baht 1 each		3,990,000,000	3,990,000,000	3,990,000,000	3,990,000,000	3,990,000,000	3,990,000,000
Share premium		2,637,769,601	2,637,769,601	2,637,769,601	2,637,769,601	2,637,769,601	2,637,769,601
Retained earnings							
Appropriated - statutory reserve	26	399,000,000	399,000,000	399,000,000	399,000,000	399,000,000	399,000,000
Appropriated - other reserve	27	1,171,411,333	935,527,729	723,128,286	1,171,411,333	935,527,729	723,128,286
Unappropriated		3,786,648,430	3,642,111,050	3,475,162,362	2,250,839,487	2,338,166,314	2,386,146,378
Other components of shareholders' equity		(633,123,374)	(629,289,864)	(600,362,866)	-	-	-
Equity attributable to owners of the Company		11,351,705,990	10,975,118,516	10,624,697,383	10,449,020,421	10,300,463,644	10,136,044,265
Non-controlling interests of the subsidiaries		37,883,346	36,054,330	35,694,298	-	-	-
Total shareholders' equity		11,389,589,336	11,011,172,846	10,660,391,681	10,449,020,421	10,300,463,644	10,136,044,265
Total liabilities and shareholders' equity		24,627,347,381	24,525,212,384	24,671,518,374	23,470,116,286	23,649,928,528	23,994,250,716

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

Directors

TTW Public Company Limited and its subsidiaries
(Formerly known as "Thai Tap Water Supply Public Company Limited")
Statement of comprehensive income
For the year ended 31 December 2014

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2014	2013	2014	2013
Profit or loss:					
Revenues					
Sales of treated water to public sector agency:					
Sale of treated water - minimum offtake quantities		4,757,743,229	4,532,867,595	3,265,367,728	3,069,400,095
Sale of treated water - above minimum offtake quantities		339,500,396	386,858,522	176,165,777	183,220,003
Sales of treated water to private sector agencies		175,010,139	156,352,392	175,010,139	156,352,392
Total sales of treated water	30	5,272,253,764	5,076,078,509	3,616,543,644	3,408,972,490
Service income		110,542,151	106,348,166	36,544,021	32,727,228
Interest income		92,820,312	107,557,886	162,035,630	189,637,780
Dividend income	13	-	-	714,756,572	1,105,414,902
Gain on sales of investment in associate	14	-	113,076,250	-	2,979,997
Other income	29	146,502,018	386,771,625	153,477,518	37,120,946
Total revenues		5,622,118,245	5,789,832,436	4,683,357,385	4,776,853,343
Expenses					
Cost of sales of treated water and service		1,535,081,715	1,550,261,485	911,516,358	899,672,348
Administrative expenses		246,426,806	341,668,353	199,115,130	273,706,615
Amortisation of investments in subsidiaries	13	-	-	221,494,148	221,494,148
Amortisation of rights to produce and sell treated water and treat waste water from private sector agency	19	42,957,387	37,043,161	42,957,387	37,043,161
Amortisation of rights to produce and sell treated water from business acquisition	20	194,946,391	194,946,391	-	-
Total expenses		2,019,412,299	2,123,919,390	1,375,083,023	1,431,916,272
Profit before share of profit from investment in associate, finance cost and income tax expenses		3,602,705,946	3,665,913,046	3,308,274,362	3,344,937,071
Share of profit from investment in associate	14	110,596,627	62,533,873	-	-
Profit before finance cost and income tax expenses		3,713,302,573	3,728,446,919	3,308,274,362	3,344,937,071
Finance cost		(566,107,802)	(614,748,724)	(565,484,323)	(613,800,039)
Profit before income tax expenses		3,147,194,771	3,113,698,195	2,742,790,039	2,731,137,032
Income tax expenses	29, 30	(156,864,956)	(316,530,710)	(740,647)	(171,818,331)
Income tax expenses of prior year	29	-	(200,482,662)	-	(200,482,662)
Profit for the year		2,990,329,815	2,596,684,823	2,742,049,392	2,358,836,039
Other comprehensive income:					
Unrealised loss from cash flow hedges		(3,833,510)	(28,926,998)	-	-
Other comprehensive income for the year		(3,833,510)	(28,926,998)	-	-
Total comprehensive income for the year		2,986,496,305	2,567,757,825	2,742,049,392	2,358,836,039
Profit attributable to:					
Equity holders of the Company		2,973,913,599	2,573,764,791	2,742,049,392	2,358,836,039
Non-controlling interests of the subsidiaries		16,416,216	22,920,032	-	-
		2,990,329,815	2,596,684,823		
Total comprehensive income attributable to:					
Equity holders of the Company		2,970,080,089	2,544,837,793	2,742,049,392	2,358,836,039
Non-controlling interests of the subsidiaries		16,416,216	22,920,032	-	-
		2,986,496,305	2,567,757,825		
Earnings per share	31				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.75	0.65	0.69	0.59

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

TTW Public Company Limited and its subsidiaries
(Formerly known as "Thai Tap Water Supply Public Company Limited")
Cash flows statement
For the year ended 31 December 2014

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Cash flows from operating activities				
Profit before tax	3,147,194,771	3,113,698,195	2,742,790,039	2,731,137,032
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	652,148,340	659,262,038	369,186,235	371,872,727
Amortisation of investments in subsidiaries	-	-	221,494,148	221,494,148
Amortisation of rights to produce and sell treated water and treat waste water from private sector agency	42,957,387	37,043,161	42,957,387	37,043,161
Amortisation of rights to produce and sell treated water from business acquisition	194,946,391	194,946,391	-	-
Loss (gain) on sales/written off of equipment	(760,255)	9,539,863	151,719	9,345,795
Gain on sales of investment in associate	-	(113,076,250)	-	(2,979,997)
Share of profit from investment in associate	(110,596,627)	(62,533,873)	-	-
Dividend income from subsidiary	-	-	(714,756,572)	(1,105,414,902)
Withholding tax deducted at source written off	3,168,426	2,402,587	-	2,402,587
Provision for long-term employee benefits	6,992,546	3,710,894	6,950,001	1,807,090
Interest expenses	565,526,385	613,834,329	565,484,323	613,800,039
Profit from operating activities before changes in operating assets and liabilities	4,501,577,364	4,458,827,335	3,234,257,280	2,880,507,680
Operating assets (increase) decrease				
Trade and other receivables	(5,521,797)	(29,418,740)	(8,005,595)	(26,082,247)
Raw materials and supplies	820,678	1,453,509	1,005,796	2,895,029
Other current assets	402,311	3,247,694	1,088,109	1,361,412
Other non-current assets	(5,230,980)	90,066	(5,176,482)	166,667
Operating liabilities increase (decrease)				
Trade and other payables	(6,242,357)	16,235,656	2,911,071	1,332,570
Other current liabilities	(57,467,376)	(19,781,613)	(56,512,379)	(11,379,418)
Cash paid for long-term employee benefits	(3,129,000)	-	(3,104,000)	-
Cash from operating activities	4,425,208,843	4,430,653,907	3,166,463,800	2,848,801,693
Cash paid for interest expenses	(595,009,160)	(612,875,485)	(594,967,098)	(612,841,195)
Cash paid for corporate income tax	(197,969,077)	(338,088,922)	(44,796,489)	(175,420,653)
Cash paid for corporate income tax of prior year	-	(200,482,662)	-	(200,482,662)
Cash received from withholding tax receivable	6,410,109	-	-	-
Net cash from operating activities	3,638,640,715	3,279,206,838	2,526,700,213	1,860,057,183

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

TTW Public Company Limited and its subsidiaries
(Formerly known as "Thai Tap Water Supply Public Company Limited")
Cash flows statement (continued)
For the year ended 31 December 2014

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Cash flows from investing activities				
Increase in current investments	(1,580,782,217)	(617,595,001)	(1,196,440,132)	(617,595,001)
Decrease (increase) in other long-term investment	400,000,000	(200,000,000)	200,000,000	(200,000,000)
Decrease in long-term loans to related party	-	-	310,000,000	310,000,000
Increase in advance for land	-	(90,400,000)	-	(90,400,000)
Increase in advance payment for assets for production of treated water that must be transferred at the end of concession of subsidiary	-	(6,660,000)	-	-
Increase in property, plant and equipment	(5,588,163)	(157,002,758)	(4,897,643)	(152,101,254)
Increase in assets for production of treated water	(4,342,205)	-	(4,342,205)	-
Increase in assets for production of treated water under agreements with public sector agency - assets that are owned by the Company	(18,269,753)	-	(18,269,753)	-
Increase in assets for production of treated water that must be transferred at the end of concession of subsidiary	(99,857,821)	(43,029,460)	-	-
Proceeds from sales of equipment	2,864,486	290,000	2,369,159	-
Cash receipt from sales of investment in associate	-	12,999,987	-	12,999,987
Dividend received from subsidiary	-	-	714,756,572	1,105,414,902
Net cash from (used in) investing activities	(1,305,975,673)	(1,101,397,232)	3,175,998	368,318,634
Cash flows from financing activities				
Cash receipt from long-term loans	1,700,000,000	-	1,700,000,000	-
Repayment of long-term loans	(675,000,000)	(490,000,000)	(675,000,000)	(490,000,000)
Repayment of debentures	(1,700,000,000)	-	(1,700,000,000)	-
Dividend payment	(2,593,194,945)	(2,194,090,377)	(2,593,194,945)	(2,194,090,377)
Dividend payment for non-controlling interests of the subsidiary	(14,587,200)	(22,560,000)	-	-
Net cash used in financing activities	(3,282,782,145)	(2,706,650,377)	(3,268,194,945)	(2,684,090,377)
Net decrease in cash and cash equivalents	(950,117,103)	(528,840,771)	(738,318,734)	(455,714,560)
Cash and cash equivalents at beginning of year	2,148,024,596	2,676,865,367	1,642,676,136	2,098,390,696
Cash and cash equivalents at end of year	1,197,907,493	2,148,024,596	904,357,402	1,642,676,136
	-	-	-	-
Supplemental cash flows information				
Non-cash transactions				
Dividend payable	297,670	326,283	297,670	326,283
Accounts receivable from securities trading	16,480,612	25,722,292	16,480,612	25,722,292
Accounts payable from securities trading	535,035	9,398,702	535,035	9,398,702
Increase in property, plant and equipment from construction payable	-	1,134,660	-	1,134,660
Increase in assets for production of treated water from construction payable	435,555,000	-	435,555,000	-
Increase in assets for production of treated water that must be transferred at end of concession of subsidiary from construction payable	55,065,000	-	-	-
Transfer advance payment for assets for production of treated water that must be transferred at end of concession of subsidiary to assets for production of treated water that must be transferred at end of concession of subsidiary	21,510,000	-	-	-
Transfer advance for land to land	90,400,000	-	90,400,000	-
Transfer construction in progress to assets for production of treated water	80,651,838	-	80,651,838	-
Transfer construction in progress to assets for production of treated water under agreements with public sector agency that are owned by the Company	25,109,280	-	25,109,280	-
Transfer construction in progress to other non-current assets	2,043,472	-	2,043,472	-

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

TTW Public Company Limited and its subsidiaries

(Formerly known as "Thai Tap Water Supply Public Company Limited")

Statement of changes in shareholders' equity

For the year ended 31 December 2014

(Unit: Baht)

Consolidated financial statements											
Equity attributable to owners of the Company											
		Retained earnings				Other components of equity			Total equity	Equity attributable to	Total
Issued and		Appropriated -	Appropriated -	Unappropriated	Other comprehensive	Difference on	Total other	Total equity	non-controlling	Total	
paid-up		statutory reserve	other reserve		income	reorganisation of	components	attributable to	interests of	shareholders'	
share capital	Share premium				Unrealised loss from	business of	of shareholders'	owners of	the subsidiaries	equity	
					cash flow hedges	group companies	equity	the Company			
Balance as at 31 December 2012	3,990,000,000	2,637,769,601	399,000,000	723,128,286	3,475,162,362	-	(600,362,866)	(600,362,866)	10,624,697,383	35,694,298	10,660,391,681
Dividend paid (Note 34)	-	-	-	-	(2,194,416,660)	-	-	-	(2,194,416,660)	-	(2,194,416,660)
Profit for the year	-	-	-	-	2,573,764,791	-	-	-	2,573,764,791	22,920,032	2,596,684,823
Other comprehensive income for the year	-	-	-	-	-	(28,926,998)	-	(28,926,998)	(28,926,998)	-	(28,926,998)
Total comprehensive income for the year	-	-	-	-	2,573,764,791	(28,926,998)	-	(28,926,998)	2,544,837,793	22,920,032	2,567,757,825
Unappropriated retained earnings											
transferred to other reserve (Note 27)	-	-	-	212,399,443	(212,399,443)	-	-	-	-	-	-
Decrease in non-controlling interests of the subsidiary											
from dividend payment of the subsidiary	-	-	-	-	-	-	-	-	-	(22,560,000)	(22,560,000)
Balance as at 31 December 2013	3,990,000,000	2,637,769,601	399,000,000	935,527,729	3,642,111,050	(28,926,998)	(600,362,866)	(629,289,864)	10,975,118,516	36,054,330	11,011,172,846
Balance as at 31 December 2013	3,990,000,000	2,637,769,601	399,000,000	935,527,729	3,642,111,050	(28,926,998)	(600,362,866)	(629,289,864)	10,975,118,516	36,054,330	11,011,172,846
Dividend paid (Note 34)	-	-	-	-	(2,593,492,615)	-	-	-	(2,593,492,615)	-	(2,593,492,615)
Profit for the year	-	-	-	-	2,973,913,599	-	-	-	2,973,913,599	16,416,216	2,990,329,815
Other comprehensive income for the year	-	-	-	-	-	(3,833,510)	-	(3,833,510)	(3,833,510)	-	(3,833,510)
Total comprehensive income for the year	-	-	-	-	2,973,913,599	(3,833,510)	-	(3,833,510)	2,970,080,089	16,416,216	2,986,496,305
Unappropriated retained earnings											
transferred to other reserve (Note 27)	-	-	-	235,883,604	(235,883,604)	-	-	-	-	-	-
Decrease in non-controlling interests of the subsidiary											
from dividend payment of the subsidiary	-	-	-	-	-	-	-	-	-	(14,587,200)	(14,587,200)
Balance as at 31 December 2014	3,990,000,000	2,637,769,601	399,000,000	1,171,411,333	3,786,648,430	(32,760,508)	(600,362,866)	(633,123,374)	11,351,705,990	37,883,346	11,389,589,336

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

TTW Public Company Limited and its subsidiaries

(Formerly known as "Thai Tap Water Supply Public Company Limited")

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2014

(Unit: Baht)

	Separate financial statements					
	Issued and		Retained earnings			
	paid-up		Appropriated -	Appropriated -		Total
	share capital	Share premium	statutory reserve	other reserve	Unappropriated	shareholders' equity
Balance as at 31 December 2012	3,990,000,000	2,637,769,601	399,000,000	723,128,286	2,386,146,378	10,136,044,265
Dividend paid (Note 34)	-	-	-	-	(2,194,416,660)	(2,194,416,660)
Total comprehensive income for the year	-	-	-	-	2,358,836,039	2,358,836,039
Unappropriated retained earnings						
transferred to other reserve (Note 27)	-	-	-	212,399,443	(212,399,443)	-
Balance as at 31 December 2013	3,990,000,000	2,637,769,601	399,000,000	935,527,729	2,338,166,314	10,300,463,644
						-
Balance as at 31 December 2013	3,990,000,000	2,637,769,601	399,000,000	935,527,729	2,338,166,314	10,300,463,644
Dividend paid (Note 34)	-	-	-	-	(2,593,492,615)	(2,593,492,615)
Total comprehensive income for the year	-	-			2,742,049,392	2,742,049,392
Unappropriated retained earnings						
transferred to other reserve (Note 27)	-	-	-	235,883,604	(235,883,604)	-
Balance as at 31 December 2014	3,990,000,000	2,637,769,601	399,000,000	1,171,411,333	2,250,839,487	10,449,020,421

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

TTW Public Company Limited and its subsidiaries
(Formerly known as “Thai Tap Water Supply Public Company Limited”)
Notes to consolidated financial statements
For the year ended 31 December 2014

1. General information

TTW Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its major shareholder is Mitsui Water Holdings (Thailand) Company Limited, which was incorporated in Thailand. The Company is principally engaged in the production and sale of treated water to the Provincial Waterworks Authority (“PWA”) in the Amphur Nakorn Chaisri, Amphur Sam Pran, and Amphur Budha Monthon areas of Nakhon Pathom and the Amphur Muang and Amphur Kratumban areas of Samut Sakhon, under the “Water Purchase Agreement” made with the PWA dated 21 September 2000 (An amendment agreement dated 29 December 2008), which covers a period of 30 years as from the Actual Commencement Date (21 July 2004), and under the Concession to operate treated water granted by the Ministry of Natural Resources and Environment (“the Concessionaire”) for a period of 25 years commencing on 11 March 2005. The Company has to comply with certain conditions as stipulated in the Water Purchase Agreement and the Concession.

The terms of the Concession include certain significant conditions, such as that when the Company has completed half of the concession period, if the government or the local government agency wish to purchase the water production business of the Company, the Concessionaire is entitled to cancel the concession in order to purchase it, or permit the relevant local government agency to purchase it, at market price. However, it must provide the Company with advance notice of six months of such action.

On 18 March 2014, the Company registered the change of the Company’s name from “Thai Tap Water Supply Public Company Limited” to “TTW Public Company Limited” with the Ministry of Commerce.

The Company’s registered office is at 30/130 Moo 12, Budha Monthon 5 Road, RaiKhing, Sam Pran, Nakhon Pathom.

2. Basis of preparation

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

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

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of TTW Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2014</u> (%)	<u>2013</u> (%)
Pathum Thani Water Company Limited	Production and sale of treated water in Pathumthani	Thailand	98.0	98.0
Thai Water Operations Company Limited (31.5% held by Pathum Thani Water Company Limited)	Operating and maintenance of water supply project	Thailand	68.5	68.5

- b) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- d) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- e) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

- 2.3 The separate financial statements, which present investments in subsidiaries and associate under the cost method, have been prepared solely for the benefit of the public.

3. New financial reporting standards

Below is a summary of financial reporting standards that became effective in the current accounting year and those that will become effective in the future.

(a) Financial reporting standards that became effective in the current accounting year

Conceptual Framework for Financial Reporting (revised 2014)

Accounting Standards:

TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Ventures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets

Financial Reporting Standards:

TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments

Accounting Standard Interpretations:

TSIC 15	Operating Leases – Incentives
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29	Service Concession Arrangements: Disclosures
TSIC 32	Intangible Assets – Web Site Costs

Financial Reporting Standard Interpretations:

TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers

Accounting Treatment Guidance for Stock Dividend

These financial reporting standards were amended primarily to align their content with the corresponding International Financial Reporting Standards. Most of the changes were directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of the accounting standards. These financial reporting standards do not have any significant impact on the financial statements, except as follows.

TFRIC 12 Service Concession Arrangements

This TFRIC gives guidance on accounting by operators for recognising and measuring the obligations and related rights in public-to-private service concession arrangement. The operators shall recognise the consideration received or receivable at its fair value as rights a financial asset or an intangible asset, depending on the conditions of the service concession arrangement. The interpretation applies to public-to-private service concession arrangements, particularly concessions that meet both of two criteria: (1) the grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and (2) the grantor controls-through ownership, beneficial entitlement or otherwise - any significant residual interest in the infrastructure at the end of the term of the arrangement.

TFRIC 4 Determining whether an Arrangement contains a Lease

This TFRIC requires an entity to determine whether an arrangement is, or contains, a lease, based on the substance of the arrangement. If an arrangement is, or contains, a lease, the payments for the lease should be separated from payments for any other elements in the arrangement. The interpretation requires an assessment of whether the arrangement meets both of two criteria: (1) fulfilment of the conditions of the arrangement depends on the use of a particular asset or assets; and (2) the arrangement conveys a right to use the asset(s).

Analysis

The Company's management analysed the conditions of the agreements and arrangements that the Company and its subsidiary, which are private entities, entered into with the public sector agencies regarding operation of treated water business. These are the concessions to operate treated water business granted by the Ministry of Natural Resources and Environment and Ministry of Interior, and the agreements with the Provincial Waterworks Authority (PWA), and management took into consideration that the relevant government agencies had only overall authority over the treated water business and assets of the treated water production plants, while the Company and its subsidiary retained rights and control over the utilisation of the assets of the treated water production plants. Furthermore, the management believes that the minimum offtake quantities, the expansion of production capacity, the negotiations concerning minimum offtake quantities and the price for buying and selling of water, and the sales of water to other customers, together with the minimum offtake quantities under the Water Purchase Agreement made with the PWA, are in substance the reservation of an amount of production capacity that varies with each period of the agreements. There remain uncertainties regarding the Company and its subsidiary's production of treated water, as it could be affected by several factors, such as the quantity of raw water available, natural disaster, and damage to machinery and electrical systems, which would result in the Company and its subsidiary being unable to produce the minimum offtake quantities of treated water stipulated.

Given the above conditions, the management concluded that the Company and its subsidiary retained rights and control over the utilisation of the assets of the treated water production plants. Moreover, the risks and rewards of ownership of such assets remain with the Company and its subsidiary. Thus, the arrangements into which the Company and its subsidiary entered with public sector agencies regarding operation of treated water business do not meet the criteria under, and are outside the scope of TFRIC 12. However, the arrangements under the Water Purchase Agreements are agreements having elements of an operating lease, in accordance with TFRIC 4.

Moreover, because the interpretation of the substance of the arrangements and related agreements requires management to use a considerable amount of judgement, the management of the Company and its subsidiary consulted with relevant parties, including the auditor of the Company and its subsidiary.

The impact of the adoption of these financial reporting standard interpretations by the Company and its subsidiary is disclosed in Note 4 to the financial statements.

(b) Financial reporting standards that will become effective in the future

The Federation of Accounting Professions has issued a number of revised and new financial reporting standards that become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of accounting standards. The management of the Company believes they will not have any significant impact on the financial statements in the year in which they are adopted. However, some of these financial reporting standards involve changes to key principles, as discussed below:

TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognise actuarial gains and losses immediately in other comprehensive income while the existing standard allows the entity to recognise such gains and losses immediately in profit or loss, or in other comprehensive income, or to recognise them gradually in profit or loss.

At present, the Company and its subsidiaries immediately recognise actuarial gains and losses in profit or loss in the period in which they occur. The assessment of the management of the Company and its subsidiaries is that when the revised standard is applied in 2015 and the method of recognising those gains and losses is changed to immediately recognise them in other comprehensive income, there will be no impact to provision for long-term employee benefit liabilities and retained earnings in the financial statements.

TFRS 10 Consolidated Financial Statements

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the part dealing with consolidated financial statements as included in TAS 27 *Consolidated and Separate Financial Statements*. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company and its subsidiaries have control over the investees and determine which entities have to be included for preparation of the consolidated financial statements.

The management of the Company and its subsidiaries believes that this standard will not have any significant impact on the Company and its subsidiaries' financial statements.

TFRS 12 Disclosure of Interests in Other Entities

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard therefore has no financial impact to the financial statements of the Company and its subsidiaries.

TFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurements. Entities are to apply the guidance under this standard if they are required by other accounting standards to measure their assets or liabilities at fair value. The effect of the change from the adoption of this standard is to be recognised prospectively.

Based on the preliminary analysis, the management of the Company and its subsidiaries believes that this standard will not have any significant impact on the Company and its subsidiaries' financial statements.

4. Cumulative effect to the adoption of new financial reporting standard

(a) During the current year, the Company and its subsidiary have adopted new financial reporting standards relating to TFRIC 12 Service Concession Arrangements and TFRIC 4 Determining whether an Arrangement contains a Lease, as described in Note 3 (a) to the financial statements. These changes had no effect to previously reported profit or loss or shareholders' equity but resulted in the following reclassifications.

- Separate presentation of the assets used for production of treated water under agreements with public sector agency in the statement of financial position.
- Reclassification of sales of treated water to public sector agency into two types, presented separately in the statement of comprehensive income. These are sales of treated water - minimum offtake quantities (per the agreement with public sector agency that has element of operating leases) and sales of treated water - above minimum offtake quantities.

(Unit: Thousand Baht)

	Consolidated financial statements			
	As at 31 December 2013		As at 1 January 2013	
	As previously		As previously	
	As reclassified	reported	As reclassified	reported
Statement of financial position				
Property, plant and equipment	709,125	8,640,268	585,551	8,869,866
Assets for production of treated water that must be transferred at end of concession	-	2,851,788	-	3,088,457
Assets for production of treated water under agreements with public sector agency:				
Assets that are owned by the Company	7,931,143	-	8,284,315	-
Assets that must be transferred at end of concession of subsidiary	2,851,788	-	3,088,457	-

(Unit: Thousand Baht)

	Separate financial statements			
	As at 31 December 2013		As at 1 January 2013	
	As previously		As previously	
	As reclassified	reported	As reclassified	reported
Statement of financial position				
Property, plant and equipment	640,974	8,572,117	515,785	8,800,100
Assets for production of treated water under agreements with public sector agency:				
Assets that are owned by the Company	7,931,143	-	8,284,315	-

(Unit: Thousand Baht)

	For the year ended 31 December 2013			
	Consolidated financial statements		Separate financial statements	
	As previously		As previously	
	As reclassified	reported	As reclassified	reported
Statement of comprehensive income				
Sales of treated water	-	5,076,079	-	3,408,972
Sales of treated water to public sector agency:				
Sales of treated water - minimum offtake quantities	4,532,868	-	3,069,400	-
Sales of treated water - above minimum offtake quantities	386,859	-	183,220	-
Sales of treated water to private sector agencies	156,352	-	156,352	-

- (b) As described in Note 3 (a) regarding the effect of the adoption of the new financial reporting standards on the financial statements, which may cause issue as a result of the different interpretations under the new and existing accounting standards. Since the agreements contain condition regarding minimum offtake quantities, it could be interpreted that in substance the arrangements and agreements of the Company and its subsidiary are under the scope of TFRIC 12, that the minimum offtake quantities from PWA should be regarded as compensation that the Company and its subsidiary receive from PWA for their investment in construction, and such considerations received may be interpreted to be financial assets because the Company and its subsidiary have the right to receive cash compensation under the agreements. Nevertheless, the management's view is that there remains a risk that the Company and its subsidiary will not receive the cash compensation. Since the agreements with PWA contain a clause specifying minimum offtake quantities, the amount of

compensation to be received by the Company and its subsidiary under the agreements should depend on their readiness and capacity to produce water in the future. Consequently, it is still uncertain whether the Company and its subsidiary will receive cash inflows from the minimum offtake quantities in accordance with the agreements, i.e. if the Company and its subsidiary were unable to produce the minimum offtake quantities of treated water stipulated in the agreements due to e.g. a raw water shortage or flooding, they would not receive the compensation.

An interpretation that these arrangements and agreements of the Company and its subsidiary are within the scope of TFRIC 12, and that the considerations to be received should be recognised as financial assets, would differ from the current interpretations of the Company and its subsidiary, and this would impact the financial statements. Specifically, the assets used in the production of treated water which are currently recorded at cost less accumulated depreciation would be restated as accounts receivable, i.e. financial assets, and valued at amortised cost. And the effect will be to increase the consolidated balance of retained earnings as at 31 December 2013 by Baht 8,936 million (Separate financial statements: Baht 4,750 million) and increase profit of the Company and its subsidiary for the year ended 31 December 2014 by Baht 81 million (Separate financial statements: Baht 230 million).

5. Significant accounting policies

5.1 Revenues recognition

Sales of treated water

Sales of treated water are recognised when the Company and a subsidiary supply the water to the Provincial Waterworks Authority, and comprise the invoiced value, excluding value added tax, of the treated water supplied, after deducting discounts and allowances.

Service income

Service income presents the invoiced value, excluding value added tax, of services rendered.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

Dividends

Dividends are recognised when the right to receive the dividends is established.

Other income and expenses

Other income and expenses are recognised on an accrual basis

5.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

5.3 Trade accounts receivable

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

5.4 Raw materials and supplies

Raw materials and supplies are valued at the lower of cost (under the first-in, first-out method) and net realisable value and are charged to treated water production costs whenever consumed.

5.5 Investments

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investment in associate is accounted for in the consolidated financial statements using the equity method.
- c) Investment in associate is accounted for in the separate financial statements using the cost method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of debt instruments is determined based on yield rates quoted by the Thai Bond Market Association. The fair value of unit trusts is determined from their net asset value.

5.6 Investments in subsidiaries

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

Investment costs of subsidiaries are the values paid for their acquisition. The subsidiary is engaged in business under the agreement for the production and sale of treated water with the Provincial Waterworks Authority and concessions granted by state enterprises or government agencies, which have defined fixed periods of operation, as stipulated in the agreement and concessions; and the subsidiary has committed to transfer most of its assets used in the operation to the Provincial Waterworks Authority. Hence, parts of the investment cost are deemed to be investments in the acquisition of rights to operate business under the agreement and concessions, and are amortised on a straight-line basis over the remaining periods of the agreements, commencing from the date of investment in the subsidiary. This amortised amount is presented as amortisation of investments in subsidiary, and recognised as an expense in profit or loss.

In addition, parts of the investment cost in the subsidiary to which the Company transferred most of its operations after investment, in order to reduce future operating costs, was amounts paid for acquisition of such operations. These are amortised on a straight-line basis over the remaining period of the Water Purchase Agreement made between the Company and the Provincial Waterworks Authority, commencing from the date of investing in the subsidiary, and presented as amortisation of investments in subsidiary. The amortised amount is recognised as expense in profit or loss.

5.7 Property, plant and equipment/Depreciation

Land is stated at cost. Building and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation for assets is generally calculated by reference to their costs on the straight-line basis over estimated useful lives of 3, 5 and 10 years. However depreciation of the Company's assets used for production of treated water is calculated using the units-of-production method, based on the following formula:

$$\begin{aligned} \text{Depreciation for the period} &= \text{Net assets for production of treated water at the beginning of period} \times \text{Percentage of treated water produced in the period} \\ \text{Percentage of treated water produced in the period} &= \frac{\text{Current period's actual production of treated water}}{(\text{Actual production of treated water for the period} + \text{Projected total production of treated water over the remaining term of the Water Purchase Agreement})} \\ \text{Net assets for production of treated water as at the beginning of the period} &= \text{Total assets for production of treated water} - \text{Accumulated depreciation as at the beginning of the period} \end{aligned}$$

Assets for production of treated water consist of costs of construction of a water treatment plant and distribution system, and related interest expenses and financial costs.

Depreciation is included in determining income.

No depreciation is charged for land and construction in progress.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

5.8 Assets for production of treated water that must be transferred at end of concession and amortisation

Assets for production of treated water of Pathum Thani Water Company Limited that must be transferred to the Provincial Waterworks Authority at the end of the concession to produce and sell treated water (land, water treatment plant and distribution system) are stated at cost less accumulated amortisation and any impairment losses. Amortisation of assets for production of treated water is calculated using the units-of-production method, based on the following formula:

$$\text{Amortisation for the period} = \text{Net assets for production of treated water that must be transferred at end of concession as at the beginning of period} \times \text{Percentage of treated water produced in the period}$$

$$\text{Percentage of treated water produced in the period} = \frac{\text{Current period's actual production of treated water}}{(\text{Actual production of treated water for the period} + \text{Projected total production of treated water over the remaining term of concession for production and sale of treated water})}$$

$$\text{Net assets for production of treated water that must be transferred at end of concession as at the beginning of the period} = \text{Total assets for production of treated water that must be transferred at end of concession} - \text{Accumulated amortisation as at the beginning of the period}$$

Amortisation is included in determining income.

No amortisation is charged for construction in progress.

5.9 Rights to produce and sell treated water and treat waste water and amortisation

The Company recorded cost of rights to produce and sell treated water and treat waste water ("Operation rights") at cost as at the acquisition date, and allocated such cost in line with forecasted revenues calculated as at the acquisition date.

a) Rights to produce and sell treated water

Rights to produce and sell treated water are stated at cost less accumulated amortisation and any impairment losses. Amortisation of the rights is calculated using the units-of-production method, based on the following formula:

$$\text{Amortisation for the period} = \text{Net rights to produce and sell treated water as at the beginning of period} \times \text{Percentage of treated water produced in the period}$$

$$\text{Percentage of treated water produced in the period} = \frac{\text{Current period's actual production of treated water}}{(\text{Actual production of treated water for the period} + \text{Projected total production of treated water over the remaining term of operation rights})}$$

$$\text{Net rights to produce and sell treated water as at beginning of the period} = \text{Total rights to treated water} - \text{Accumulated amortisation as at the beginning of the period}$$

Amortisation is included in determining income.

b) Rights to treat waste water

Rights to treat waste water are stated at cost less accumulated amortisation and any impairment losses. Amortisation of the rights is calculated using the units-of-production method, based on the following formula:

$$\text{Amortisation for the period} = \text{Net rights to treat waste water as at the beginning of period} \times \text{Percentage of waste water treated in the period}$$

$$\text{Percentage of waste water treated in the period} = \frac{\text{Current period's actual treatment of waste water}}{(\text{Actual treatment of wasted water for the period} + \text{Projected total treatment of waste water over the remaining term of operation rights})}$$

$$\text{Net rights to treat waste water as at beginning of the period} = \text{Total rights to treat waste water} - \text{Accumulated amortisation as at the beginning of the period}$$

Amortisation is included in determining income.

5.10 Rights to produce and sell treated water and amortisation

Rights to produce and sell treated water, which arose as a result of the acquisition of ordinary shares in Pathum Thani Water Company Limited being made at a cost higher than the fair value of this subsidiary, is regarded as an intangible asset with a definite life. It is carried at cost less any accumulated amortisation and any impairment losses.

The Company amortises it on a straight-line basis over the remaining period of the subsidiary's agreement for the production and sale of treated water, starting from the acquisition date, (approximately 16 years) and tested for impairment whenever there is an indication that it may be impaired. The amortisation period and the amortisation method for rights to produce and sell treated water are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

5.11 Intangible assets

The intangible assets (assets from which the subsidiary obtained the maintenance and management project) of the subsidiary are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life (5 years and 10 years) and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

5.12 Related party transactions

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

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

5.13 Long-term leases

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

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

5.14 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company and its subsidiaries also carry out annual impairment reviews in respect of rights to produce and sell treated water. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

5.15 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Company, its subsidiaries and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company and its subsidiaries' contributions are recognised as expenses when incurred.

Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in profit or loss.

The defined benefits liability comprises the present value of the defined benefit obligation less unrecognised past service cost and unrecognised actuarial gains or losses.

5.16 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

5.17 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

5.18 Hedge accounting - Cash flow hedges

Associate applies hedge accounting in order to hedge the foreign exchange exposure on a certain portion of its forecasted revenue from sales of electricity in USD currency where the revenues from sales of electricity are designated as the hedged item and long-term loans in USD are the hedging instrument. The associate has recorded such transactions using cash flow hedge accounting.

The effective portion of the change in the fair value of the cash flow hedging instrument is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised in profit or loss. Gains or losses accumulated in other comprehensive income are then transferred to profit or loss in the period when the hedged items affect profit or loss.

6. Use of accounting estimates

The preparation of financial statements in conformity with financial reporting standards requires management to make estimates and assumptions in certain circumstances, affecting amounts reported in these financial statements and related notes. Actual results could differ from these estimates.

7. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Cost of sales and services	-	-	33	31	Contract price
Interest income	-	-	81	100	Minimum Loan Rate minus stipulated margin per annum
Management income	-	-	11	-	Based on contract
Rental income	-	-	-	1	Based on contract
Dividend income	-	-	715	1,105	As declared
<u>Transactions with related parties</u>					
Sales of treated water	25	-	25	-	Based on contract
Service income	2	-	2	-	Based on contract
Others income	-	2	-	-	Based on contract
Construction in progress	491	-	436	-	Based on contract

As at 31 December 2014 and 2013, the balances of the accounts between the Company and those related companies are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<u>Other receivables - related parties (Note 10)</u>				
Subsidiaries	-	-	963	-
Related companies (related by shareholders or committees)	5,077	5,779	5,077	5,779
	5,077	5,779	6,040	5,779
<u>Trade and other payables - related parties (Note 22)</u>				
Subsidiary	-	-	3,048	2,983
Related companies (related by shareholders or committees)	525,029	66	466,109	66
Total trade and other payables - related parties	525,029	66	469,157	3,049
<u>Retention payable - subsidiary</u>				
	-	-	5,000	5,000
	-	-	5,000	5,000

Long-term loans to related party

As at 31 December 2014 and 2013, the balance of long-term loans between the Company and a related party and the movement are as follows:

(Unit: Thousand Baht)

Company's name	Related by	Separate financial statements			
		Balance as at 1 January 2014	Increase during the year	Decrease during the year	Balance as at 31 December 2014
Pathum Thani Water Company Limited	Subsidiary				
Loan		1,782,500	-	(310,000)	1,472,500
Interest receivable		1,208	80,717	(81,536)	389
Total		1,783,708	80,717	(391,536)	1,472,889

(Unit: Thousand Baht)

	Separate financial statements	
	2014	2013
<u>Long-term loans to related party and interest receivable</u>		
Pathum Thani Water Company Limited		
Loan	1,472,500	1,782,500
Interest receivable	389	1,208
Total	1,472,889	1,783,708
<u>Less:</u> Current portion and interest receivable	(310,389)	(311,208)
Long-term loans to related party, net of current portion	1,162,500	1,472,500

Long-term loans to related party were subject to interest at the Minimum Loan Rate minus a stipulated margin per annum. Repayment is to be made in quarterly installments and due in full within September 2019.

Directors and management's benefits

During the years ended 31 December 2014 and 2013, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Short-term employee benefits	53	73	39	52
Post-employment benefits	5	2	4	1
Termination benefits	-	6	-	5
Total	58	81	43	58

8. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Cash	455	515	105	105
Bank deposits	1,197,452	2,147,510	904,252	1,642,571
Total	<u>1,197,907</u>	<u>2,148,025</u>	<u>904,357</u>	<u>1,642,676</u>

As at 31 December 2014, bank deposits in saving accounts and fixed deposits carried interests between 0.10% and 2.80% per annum (2013: between 0.125% and 4.000% per annum).

9. Current investments

The balances of current investments represent investments in trading securities and the 4 - 12 month fixed deposits, carrying interest between 1.550% and 5.625% per annum (2013: between 1.85% and 4.68% per annum).

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<u>Fixed deposits</u>	<u>3,633,409</u>	<u>2,325,796</u>	<u>3,249,067</u>	<u>2,325,796</u>
	<u>3,633,409</u>	<u>2,325,796</u>	<u>3,249,067</u>	<u>2,325,796</u>
<u>Investments in trading securities at fair value</u>				
Government and state enterprise bonds	1,018,989	556,958	1,018,989	556,958
State enterprise securities	-	497,914	-	497,914
Private sector debt securities	413,336	193,623	413,336	193,623
Marketable equity securities	211,105	104,750	211,105	104,750
	<u>1,643,430</u>	<u>1,353,245</u>	<u>1,643,430</u>	<u>1,353,245</u>
Total current investments	<u>5,276,839</u>	<u>3,679,041</u>	<u>4,892,497</u>	<u>3,679,041</u>

10. Trade and other receivables

As at 31 December 2014 and 2013, the outstanding balances of trade and other receivables were overdue less than 3 months.

11. Other long-term investments

The balance of other long-term investments as at 31 December 2013 represented 15-month and 22-month fixed deposits, carrying interest between 3.50% and 4.00% per annum.

12. Raw materials and supplies

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Raw materials	5,746	5,565	3,175	2,811
Spare parts	15,623	16,625	7,932	9,301
Total	<u>21,369</u>	<u>22,190</u>	<u>11,107</u>	<u>12,112</u>

13. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

(Unit: Thousand Baht)								
Company's name	Paid-up capital		Shareholding		Cost		Dividend received	
			percentage				during the year	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
			(%)	(%)				
Thai Water Operations								
Company Limited	60,000	60,000	68.5	68.5	700,000	700,000	-	-
Pathum Thani Water								
Company Limited	1,200,000	1,200,000	98.0	98.0	3,998,310	3,998,310	714,757	1,105,415
					4,698,310	4,698,310	714,757	1,105,415
<u>Less:</u> Accumulated amortisation of investments in subsidiaries					(1,654,546)	(1,433,051)	-	-
<u>Less:</u> Dividend received from income before purchase of shares					(20,000)	(20,000)	-	-
Total					3,023,764	3,245,259	714,757	1,105,415

During the first quarter of the year 2014, the Company received dividend from Pathum Thani Water Company Limited amounting to Baht 351 million, in accordance with a resolution of the Annual General Meeting of Pathum Thani Water Company Limited held on 7 March 2014.

During the third quarter of the year 2014, the Company received dividend from Pathum Thani Water Company Limited amounting to Baht 364 million, in accordance with a resolution of Board of Directors' meeting of Pathum Thani Water Company Limited held on 6 August 2014.

14. Investment in associate

14.1 Details of associate:

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
			(%)	(%)				
CK Power Public Company Limited	Making investment in other companies	Thailand	25	25	2,756,080	2,756,080	3,011,759	2,904,996
Total					<u>2,756,080</u>	<u>2,756,080</u>	<u>3,011,759</u>	<u>2,904,996</u>

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements					
			Shareholding percentage		Cost		Carrying amounts based on cost method	
			<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
			(%)	(%)				
CK Power Public Company Limited	Making investment in other companies	Thailand	25	25	2,756,080	2,756,080	2,756,080	2,756,080
Total					<u>2,756,080</u>	<u>2,756,080</u>	<u>2,756,080</u>	<u>2,756,080</u>

14.2 Share of profit

During the years, the Company has recognised its share of profit from investment in the associate in the consolidated financial statements as follows:

(Unit: Thousand Baht)		
Consolidated financial statements		
Company's name	Share of profit from investment in associate during the year	
	<u>2014</u>	<u>2013</u>
CK Power Public Company Limited	110,597	62,534
Total	110,597	62,534

14.3 Fair value investment in listed associate

In respect of investment in associate that is listed company on the Stock Exchange of Thailand, its fair value is as follows:

(Unit: Thousand Baht)		
Company's name	Fair values as at 31 December	
	<u>2014</u>	<u>2013</u>
CK Power Public Company Limited	4,895,000	3,245,000
Total	4,895,000	3,245,000

14.4 Summarised financial information of associate

Financial information of the associate is summarised below.

(Unit: Million Baht)										
Company's name	Paid-up capital		Total assets		Total liabilities		Total revenues		Profit for the	
	as at		as at		as at		for the years		years ended	
	31 December	31 December	31 December	31 December	31 December	31 December	31 December	31 December	31 December	31 December
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
CK Power Public Company Limited	5,500	5,500	49,325	50,526	23,222	25,054	7,025	5,679	472	249

In May 2012, the Company agreed to provide financial support to CK Power Public Company Limited ("the associate"), in the form of a guarantee, whereby it will provide financial support to a subsidiary of the associate, in proportion to its shareholding (30%), or a total of not more than Baht 154 million, should the subsidiary be unable to comply with the conditions of a loan or default on loan repayment to the lending bank.

In July 2013, the Company sold 999,999 ordinary shares of the associate to investors at a price of Baht 13 per share, equivalent to a total price of approximately Baht 13 million, and received all payment on 15 July 2013. As a result, its shareholding in this associate decreased from 30% to 25%. The Company recorded the gain of approximately Baht 3 million on the sale of the investment in this associate in profit or loss in the consolidated financial statements for the third quarter of 2013 (Baht 3 million recorded in profit or loss in the separate financial statements) and recorded a gain on the deemed disposal of the investment in the associate, amounting to approximately Baht 110 million, in profit or loss in the consolidated financial statements for the third quarter of 2013, under the caption of “Gain on sales of investment in associate”.

A 3-year silent period was imposed on the 189.1 million shares of the associate held by the Company as from the initial trading date of the shares on the Stock Exchange of Thailand, although the Company may gradually allocate the shares for sale beginning one year after the initial trading date under the Regulations of the Stock Exchange of Thailand.

15. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						
	Land	Construction in progress	Building and building improvement	Furniture and office equipment	Motor vehicles	Tools	Total
(Reclassified)							
Cost:							
1 January 2013	480,681	13,689	53,052	108,084	52,935	22,120	730,561
Additions	44,740	105,553	-	6,169	1,139	441	158,042
Disposals/ written off	-	(9,346)	-	(4,257)	(666)	(754)	(15,023)
Transfer in (out)	-	(92)	183	(2)	-	-	89
31 December 2013	525,421	109,804	53,235	109,994	53,408	21,807	873,669
Additions	90,400	-	884	4,246	5	453	95,988
Disposals/ written off	-	(2,000)	-	-	(9,760)	-	(11,760)
Transfer in (out)	-	(107,804)	-	-	-	-	(107,804)
31 December 2014	615,821	-	54,119	114,240	43,653	22,260	850,093
Accumulated depreciation:							
1 January 2013	-	-	10,971	81,423	32,442	20,174	145,010
Depreciation for the year	-	-	2,485	13,486	7,845	917	24,733
Depreciation on disposals/ written off	-	-	-	(3,802)	(666)	(731)	(5,199)
31 December 2013	-	-	13,456	91,107	39,621	20,360	164,544
Depreciation for the year	-	-	2,201	6,850	7,082	602	16,735
Depreciation on disposals/ written off	-	-	-	(417)	(9,239)	-	(9,656)
31 December 2014	-	-	15,657	97,540	37,464	20,962	171,623
Net book value:							
1 January 2013	480,681	13,689	42,081	26,661	20,493	1,946	585,551
31 December 2013	525,421	109,804	39,779	18,887	13,787	1,447	709,125
31 December 2014	615,821	-	38,462	16,700	6,189	1,298	678,470
Depreciation for the year							
2013 (Baht 10 million included in cost of sales of treated water and service, and the balance in administrative expenses)							24,733
2014 (Baht 5million included in cost of sales of treated water and service, and the balance in administrative expenses)							16,735

(Unit: Thousand Baht)

Separate financial statements

	Land	Construction in progress	Building and building improvement	Furniture and office equipment	Motor vehicles	Tools	Total
(Reclassified)							
Cost:							
1 January 2013	425,949	13,689	53,052	60,276	30,265	9,837	593,068
Additions	44,740	105,553	-	2,846	-	6	153,145
Disposals/ written off	-	(9,346)	-	-	-	-	(9,346)
Transfer in (out)	-	(92)	183	-	-	-	91
31 December 2013	470,689	109,804	53,235	63,122	30,265	9,843	736,958
Additions	90,400	-	884	3,870	-	144	95,298
Disposals/ written off	-	(2,000)	-	-	(8,030)	-	(10,030)
Transfer in (out)	-	(107,804)	-	-	-	-	(107,804)
31 December 2014	561,089	-	54,119	66,992	22,235	9,987	714,422
Accumulated depreciation:							
1 January 2013	-	-	10,971	39,820	17,574	8,918	77,283
Depreciation for the year	-	-	2,485	10,766	4,934	516	18,701
31 December 2013	-	-	13,456	50,586	22,508	9,434	95,984
Depreciation for the year	-	-	2,201	5,773	4,341	219	12,534
Depreciation on disposals/ written off	-	-	-	-	(7,509)	-	(7,509)
31 December 2014	-	-	15,657	56,359	19,340	9,653	101,009
Net book value:							
1 January 2013	425,949	13,689	42,081	20,456	12,691	919	515,785
31 December 2013	470,689	109,804	39,779	12,536	7,757	409	640,974
31 December 2014	561,089	-	38,462	10,633	2,895	334	613,413
Depreciation for the year							
2013 (Baht 7 million included in cost of sales of treated water and service, and the balance in administrative expenses)							18,701
2014 (Baht 2 million included in cost of sales of treated water and service, and the balance in administrative expenses)							12,534

As at 31 December 2014, certain items of plant and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 119 million (2013: Baht 84 million) (Separate financial statements: Baht 62 million, 2013: Baht 32 million).

16. Assets for production of treated water

	(Unit: Thousand Baht)
	Consolidated/ Separate financial statements
	Construction in progress
Cost:	
1 January 2013	-
31 December 2013	-
Additions	439,897
Transfer in	80,652
31 December 2014	520,549

17. Assets for production of treated water under agreements with public sector agency - assets that are owned by the Company

	(Unit: Thousand Baht)		
	Consolidated/Separate financial statements		
	Water treatment plant and distribution treated water system	Construction in progress	Total
Cost:			
1 January 2013	10,799,223	-	10,799,223
31 December 2013	10,799,223	-	10,799,223
Additions	-	18,270	18,270
Transfer in	-	25,109	25,109
31 December 2014	10,799,223	43,379	10,842,602

(Unit: Thousand Baht)

Consolidated/Separate financial statements

	Water treatment plant and distribution treated water system	Construction in progress	Total
Accumulated amortisation:			
1 January 2013	2,514,908	-	2,514,908
Amortisation for the year	353,172	-	353,172
31 December 2013	2,868,080	-	2,868,080
Amortisation for the year	356,652	-	356,652
31 December 2014	3,224,732	-	3,224,732
Net book value:			
1 January 2013	8,284,315	-	8,284,315
31 December 2013	7,931,143	-	7,931,143
31 December 2014	7,574,491	43,379	7,617,870
Amortisation for the year			
2013			353,172
2014			356,652

18. Assets for production of treated water under agreements with public sector agency - assets that must be transferred at end of concession of subsidiary

(Unit: Thousand Baht)

	Consolidated financial statements				
	Water treatment plant and distribution treated water			Construction in	
	Land	system	progress	Total	
Cost:					
1 January 2013	418,088	5,971,661	-	6,389,749	
Additions	-	-	43,029	43,029	
31 December 2013	418,088	5,971,661	43,029	6,432,778	
Additions	-	29,554	146,879	176,433	
31 December 2014	418,088	6,001,215	189,908	6,609,211	
Accumulated amortisation:					
1 January 2013	232,646	3,068,646	-	3,301,292	
Amortisation for the year	17,147	262,551	-	279,698	
31 December 2013	249,793	3,331,197	-	3,580,990	
Amortisation for the year	17,117	259,985	-	277,102	
31 December 2014	266,910	3,591,182	-	3,858,092	
Net book value:					
1 January 2013	185,442	2,903,015	-	3,088,457	
31 December 2013	168,295	2,640,464	43,029	2,851,788	
31 December 2014	151,178	2,410,033	189,908	2,751,119	
Amortisation for the year					
2013				279,698	
2014				277,102	

Assets for production of treated water of Pathum Thani Water Company Limited will be transferred to the Provincial Waterworks Authority after the end of the 25-year concession to produce and sell treated water.

19. Rights to produce and sell treated water and treat waste water from private sector agency

(Unit: Thousand Baht)

	Consolidated / Separate financial statements	
	<u>2014</u>	<u>2013</u>
Rights to produce and sell treated water and treat waste water from private sector agency	1,410,075	1,410,075
<u>Less:</u> Accumulated amortisation of rights to produce and sell treated water and treat waste water from private sector agency	(185,915)	(142,957)
Rights to produce and sell treated water and treat waste water from private sector agency, net	<u>1,224,160</u>	<u>1,267,118</u>

20. Rights to produce and sell treated water from business acquisition

(Unit: Thousand Baht)

	Consolidated financial statements	
	<u>2014</u>	<u>2013</u>
Rights to produce and sell treated water from business acquisition	3,169,109	3,169,109
<u>Less:</u> Accumulated amortisation of rights to produce and sell treated water from business acquisition	(1,454,697)	(1,259,750)
Rights to produce and sell treated water from business acquisition, net	<u>1,714,412</u>	<u>1,909,359</u>

21. Intangible assets

The net book value of intangible assets as at 31 December 2014 and 2013 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements
Cost:	
1 January 2013	14,104
31 December 2013	14,104
31 December 2014	14,104
Accumulated amortisation:	
1 January 2013	2,758
Amortisation for the year	1,659
31 December 2013	4,417
Amortisation for the year	1,658
31 December 2014	6,075
Net book value:	
31 December 2013	9,687
31 December 2014	8,029

22. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Trade payables - related party	-	-	2,966	2,901
Trade payables - unrelated parties	18,695	26,550	10,874	15,347
Amounts due to related parties	65	66	147	148
Amounts due to unrelated parties	21,655	3,818	6,678	2,116
Construction payable - related parties	524,964	-	466,044	-
Construction payable - unrelated parties	565	17,305	565	1,416
Retention payable for contract work - unrelated parties	2,170	3,640	1,850	3,175
Accounts payable from securities trading	1,911	1,376	1,911	1,376
Accrued expenses	82,552	80,269	53,641	48,409
Total trade and other payables	<u>652,577</u>	<u>133,024</u>	<u>544,676</u>	<u>74,888</u>

23. Long-term loans from financial institutions

(Unit: Thousand Baht)				
			Consolidated / Separate	
			financial statements	
<u>Loan</u>	<u>Interest rate (%)</u>	<u>Repayment schedule</u>	<u>2014</u>	<u>2013</u>
1.	MLR - a stipulated margin	Quarterly installments as from March 2010 to June 2019	960,000	1,110,000
2.	MLR - a stipulated margin	Quarterly installments as from December 2009 to September 2019	1,710,000	2,070,000
3.	The 6-month fixed deposit rate + a stipulated margin	Repayment in full by 9 May 2020	2,760,000	2,760,000
4.	MLR - a stipulated margin	Quarterly installments as from June 2014 to December 2021	1,535,000	-
Total			6,965,000	5,940,000
<u>Less:</u> Current portion			(750,000)	(510,000)
Long-term loans, net of current portion			<u>6,215,000</u>	<u>5,430,000</u>

In February 2014, the Company entered into a loan agreement with a financial institution under which it borrowed Baht 1,700 million. This loan carries interest at the Minimum Loan Rate minus a stipulated margin (MLR - margin) per annum and is to be repaid in quarterly installments from June 2014 to December 2021.

The loan agreements contain several covenants which, among other things, require the Company to maintain certain debt to equity ratio, net debt to EBITDA and EBITDA to interest ratio at the rate prescribed in the agreements.

24. Debentures

						(Unit: Thousand Baht)	
						Consolidated / Separate financial statements	
Debentures	Life	Date of issue	Maturity date	Interest rate		2014	2013
				(% per annum)			
1	5 years	26 February 2009	26 February 2014	4.75		-	1,700,000
2	7 years	26 February 2009	26 February 2016	5.35		1,800,000	1,800,000
3	7 years	22 February 2012	22 February 2019	4.40		1,500,000	1,500,000
4	10 years	22 February 2012	22 February 2022	4.60		2,000,000	2,000,000
Total						5,300,000	7,000,000
<u>Less:</u> Current portion of debentures						-	(1,700,000)
<u>Less:</u> Deferred debenture issuing costs						(5,635)	(7,196)
Debentures, net of current portion						5,294,365	5,292,804

All debentures of the Company are unsecured, senior debentures with trustees and with a par value of Baht 1,000 each. The interest is payable every 6 months throughout the life of the debentures.

The Company is required to maintain certain financial ratios i.e. debt to equity ratio, net debt to EBITDA and EBITDA to interest ratio at the rate prescribed.

25. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire from the Company, was as follows:

				(Unit: Thousand Baht)	
				Consolidated financial statements	
				Separate financial statements	
				2014	2013
				2014	2013
Defined benefit obligation at beginning of year				18,491	14,780
Current service cost				3,845	3,099
Interest cost				705	612
Benefits paid during the year				(3,129)	-
Actuarial (gain) loss				(2,647)	-
Past service costs				5,090	-
Provision for long-term employee benefits at end of year				22,355	18,491
				12,230	8,384

Long-term employee benefit expenses included in the profit or loss consist of the following:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Current service cost	3,845	3,099	2,570	1,544
Interest cost	705	612	369	263
Actuarial (gain) loss recognised during the year	(2,647)	-	790	-
Past service costs recognised during the year	5,090	-	3,221	-
Total expense recognised in profit or loss	6,993	3,711	6,950	1,807

Line items in profit or loss under which such expenses are included

Cost of sales of treated water and service	1,549	1,444	322	174
Administrative expenses	5,444	2,267	6,628	1,633

Key actuarial assumptions used for the valuation are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	3.88 - 4.21	4.00	3.97	4.00
Future salary increase rate	5.0	1.5 - 7.0	5.0	5.0
Staff turnover rate				
(depending on age of employees)	0 - 18.0	0 - 14.0	0 - 9.0	0 - 14.0

The amounts of defined benefit obligation and experience adjustments for the current year and the past four years are as follows:

	(Unit: Thousand Baht)			
	Defined benefit obligations		Experience adjustments on the obligations	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Year 2014	22,355	12,230	(3,487)	457
Year 2013	18,491	8,384	-	-
Year 2012	14,780	6,577	-	-
Year 2011	12,065	4,999	-	-
Year 2010	9,259	3,623	-	-

26. 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% of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

27. Other reserve

According to the amendment of the concession to operate treated water dated 20 March 2008, prior to paying a dividend the Company is required to set aside 10% of its annual net profit to other reserve.

28. Expenses by nature

Significant expenses classified by nature are as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2014	2013	2014	2013
Salaries, wages and other employee benefits	153,937	156,493	81,358	72,417
Depreciation and amortisation	375,046	379,564	369,186	371,873
Amortisation of assets for production of treated water that must be transferred at end of concession	277,102	279,698	-	-
Amortisation of investments in subsidiaries	-	-	221,495	221,494
Operating and maintenance expenses	-	-	33,162	31,462
Production and maintenance cost	771,008	762,515	470,892	458,181

29. Income tax

Income tax expenses for the years ended 31 December 2014 and 2013 are made up as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2014	2013	2014	2013
Current income tax:				
Current income tax charge	157,057	335,191	-	187,929
Deferred tax:				
Relating to origination and reversal of temporary differences	(192)	(18,676)	741	(16,111)
Effects of the change in tax rate	-	16	-	-
Income tax expenses reported in the statement of comprehensive income	156,865	316,531	741	171,818

The reconciliation between accounting profit and income tax expenses is shown below.

	Consolidated		(Unit: Thousand Baht)	
			Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Accounting profit before tax	<u>3,147,195</u>	<u>3,113,698</u>	<u>2,742,790</u>	<u>2,731,137</u>
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	629,439	622,740	548,558	546,227
Effects of the change in tax rate	-	16	-	-
Effects of:				
Promotional privileges (Note 30)	(491,345)	(238,632)	(450,174)	(191,576)
Non-deductible expenses	51,404	53,554	47,421	46,865
Additional expense deductions allowed	(11,185)	(8,893)	(11,076)	(8,615)
Exemption of income	-	(290,557)	(142,951)	(221,083)
Effect of elimination entry on the consolidated financial statements	(30,411)	178,303	-	-
Others	8,963	-	8,963	-
Total	<u>(472,574)</u>	<u>(306,225)</u>	<u>(547,817)</u>	<u>(374,409)</u>
Income tax expenses reported in the statement of comprehensive income	<u>156,865</u>	<u>316,531</u>	<u>741</u>	<u>171,818</u>

The components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht)			
	Statements of financial position as at 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Deferred tax assets				
Provision for long-term employee benefits	4,471	3,698	2,446	1,677
Total	<u>4,471</u>	<u>3,698</u>	<u>2,446</u>	<u>1,677</u>
Deferred tax liabilities				
Accumulated amortisation - assets for production of treated water	(38,772)	(37,815)	(38,772)	(37,815)
Accumulated amortisation of rights to produce and sell treated water and treat waste water	(13,533)	(12,796)	(13,533)	(12,796)
Accumulated amortisation - assets for production of treated water that must be transferred at end of concession of subsidiary	(7,297)	(7,340)	-	-
Deferred debenture issuing costs	(999)	(1,183)	(999)	(1,183)
Fair value adjustment of assets for production of treated water that must be transferred at end of concession regarding business combination	(7,709)	(8,595)	-	-
Total	<u>(68,310)</u>	<u>(67,729)</u>	<u>(53,304)</u>	<u>(51,794)</u>

In the third quarter of 2013, the Revenue Department examined the Company's tax payments and met with the Company for discussions on the period of the Company's corporate income tax exemption pursuant to the promotion certificate, which ended in July 2012, which had been incorrectly applied because the Company submitted VAT on a sale of water in February 2004. As a result, the income tax exemption period should have ended in January 2012 (not in July 2012). Moreover, for the interim dividend which was paid to the shareholders in August 2012, the Company did not withhold tax from the interim dividends paid from the net income of the Company between February 2012 and July 2012, as it is obliged to do under the Revenue Code. In the fourth quarter of 2013, a meeting of the Company's Board of Directors passed a resolution approving the payment of this corporate income tax of Baht 200 million and withholding tax, together with a surcharge for late settlement of Baht 60 million, for a total of Baht 260 million. The Company paid the full amount in November 2013.

Pathum Thani Water Company Limited

During the second quarter of the year 2009, the subsidiary received a notice regarding a change in its net operating loss brought forward from the Area Revenue Office, Pathum Thani 1. Based on the assessment made by the Area Revenue Office, the subsidiary has had corporate income tax obligations since the year 2008. To reduce the risk of future loss, the subsidiary recorded corporate income tax expenses for the years 2008 to 2011 of totaling Baht 580 million. However, the subsidiary disputed this assessment and therefore appealed to the Board of Appeals of the Revenue Department since the second quarter of the year 2009.

During the first quarter of the year 2012, the subsidiary received a letter concerning appeal decision from the Board of Appeals of the Revenue Department which stated that the subsidiary can use for tax loss brought forward as previously submitted. According to the letter of appeal decision, the subsidiary has had corporate income tax obligations since the third quarter of the year 2011 totaling Baht 86 million. In this regard, the subsidiary has right to receive refund from the corporate income tax paid from the years 2008 to 2010. The subsidiary requested the refund of the corporate income tax for 2008 to 2010 that was paid totaling Baht 386 million. The subsidiary reversed Baht 91 million overrecorded income tax expenses for 2011 to other income in the statement of comprehensive income of the first quarter of the year 2012.

In September 2012, the subsidiary received a notification letter from the Area Revenue Office regarding the refund of corporate income tax for 2008 amounting to Baht 62 million. The subsidiary recorded such transaction as other income in the statement of comprehensive income of the third quarter of the year 2012. In addition, in February 2013, the subsidiary received a notification letter from the Area Revenue Office regarding the refund of corporate income tax for 2009 and 2010 amounting to Baht 143 million and Baht 182 million, respectively. The subsidiary recorded such transactions as other income in the statement of comprehensive income of the year 2013.

30. Promotional privileges

The Company received promotional privileges from the Board of Investment for production of treated water, pursuant to the investment promotion certificate No. 2437(2)/2553 issued on 13 September 2010. Subject to certain imposed conditions, the main privileges include the following:

- Exemption from import duty on imported machinery under specified conditions.
- Exemption from corporate income tax on net profit from the promoted operations for a period of eight years from the date the promoted operations begin generating revenues (30 September 2010).

During the year 2013, the Company received promotional privileges from the Board of Investment to restore investment after the floods, pursuant to the promotion certificate No. 5177(2)/2556 issued on 27 May 2013 (replacing earlier promotion certificate No. 1382(2)/2545 which expired in 2012). Subject to certain imposed conditions, the main privileges include the following:

- Exemption from import duty on imported machinery under specified conditions.
- Exemption from corporate income tax on net profit from the promoted operations, with the amount of tax exempted capped at 150% of investment, excluding land and working capital, only the repair expenses of machinery and equipment damaged due to flooding, for a period of eight years from the date the promoted operations begin generating revenues (30 June 2013).

The Company's operating revenues for the years ended 31 December 2014 and 2013, divided between promoted and non-promoted operations, are summarised below.

	(Unit: Thousand Baht)					
	Promoted operations		Non-promoted operations		Total	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Sales of treated water	3,441,534	2,000,525	175,010	1,408,447	3,616,544	3,408,972

31. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

The following table sets forth the computation of basic earnings per share:

	Consolidated financial statements		Separate financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Basic earnings per share				
Profit for the year (Thousand Baht)	2,973,914	2,573,765	2,742,049	2,358,836
Weighted average number of ordinary shares (Thousand shares)	3,990,000	3,990,000	3,990,00	3,990,000
Profit attributable to equity holders of the Company (Baht per share)	0.75	0.65	0.69	0.59

32. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

The Company and the subsidiaries are principally engaged in the production and sell of treated water. Its operations are carried on only in Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographic area.

33. Provident fund

The Company, its subsidiaries and their employees have established provident funds jointly with their employees in accordance with the Provident Fund Act B.E. 2530. The Company, the subsidiaries and their employees contribute to the funds monthly at the rates of 5 - 7.5% of basic salary. The funds, which are managed by Kasikorn Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2014, the Company and the subsidiaries contributed Baht 6 million (Separate financial statements: Baht 3 million) (2013: Baht 6 million, Separate financial statements: Baht 3 million) to the funds.

34. Dividend paid

<u>Dividends</u>	<u>Approved by</u>	<u>Total dividends</u> (Thousand Baht)	<u>Dividend per share</u> (Baht)
Dividends from the earnings of the promoted operations for January to July 2012	Annual General Meeting of the shareholders on 22 March 2013	39,897	0.01
Dividends from the earnings of the non-promoted operations for July to December 2012	Annual General Meeting of the shareholders on 22 March 2013	957,536	0.24
Dividends from unappropriated retained earnings	Annual General Meeting of the shareholders on 22 March 2013	199,487	0.05
Interim dividends from the earnings of the non-promoted operations for January to June 2013	Board of Directors Meeting on 26 July 2013	997,497	0.25
Total dividends for 2013		<u>2,194,417</u>	<u>0.55</u>
Dividends from the earnings of the promoted operations for July to December 2013	Annual General Meeting of the shareholders on 14 March 2014	877,796	0.220
Dividends from the earnings of the non-promoted operations for July to December 2013	Annual General Meeting of the shareholders on 14 March 2014	239,399	0.060
Dividends from unappropriated retained earnings	Annual General Meeting of the shareholders on 14 March 2014	279,298	0.070
Interim dividends from the earnings of the promoted operations for January to June 2014	Board of Directors Meeting on 14 August 2014	1,193,010	0.299
Interim dividends from the earnings of the non-promoted operations for January to June 2014	Board of Directors Meeting on 14 August 2014	3,990	0.001
Total dividends for 2014		<u>2,593,493</u>	<u>0.650</u>

35. Commitments and contingent liabilities

35.1 Capital commitments

As at 31 December 2014, the Company and its subsidiaries had capital commitments of Baht 3,022 million (Separate financial statements: Baht 2,645 million) relating to the construction of a water tank and area water supply capacity expansion project (2013: Baht 125 million (Separate financial statements: Baht 2 million) relating to the preparation of land for construction of a water treatment plant, the installation and repair of a water pipe distribution system, the procurement and installation of water meter and electric transformers, and related engineering design works).

35.2 Service commitments

- a) The Company has entered into operation and maintenance agreements with Thai Water Operations Company Limited (“the subsidiary”), whereby the subsidiary is to manage and maintenance of production and supply of treated water system and to manage the waste water system. Under the conditions of the agreements, the Company is to pay service fees at a rate stipulated in the agreements, which have an initial term of 1 year from 8 January 2010 and thereafter automatically renews each year for a further period of 1 year.
- b) Pathum Thani Water Company Limited has entered into a maintenance agreement with Thai Water Operations Company Limited, whereby such company is to maintenance. Under the conditions of the agreement, Pathum Thani Water Company Limited is to pay service fees at a rate stipulated in the agreement, which has an initial term of 1 year from 8 January 2010 and thereafter automatically renews each year for a further period of 1 year.
- c) Two subsidiaries have entered into management agreements with the Company, whereby the Company manages various functions of the subsidiaries, such as accounting, human resources and information technology. Under the conditions of the agreements, the subsidiaries are to pay service fees at a rate stipulated in the agreements, which have an initial term of 1 year from 1 January 2014 and thereafter automatically renews each year for a further period of 1 year.
- d) As at 31 December 2014, its subsidiaries had commitments totaling Baht 6 million (2013: Baht 7 million) under other service agreements.

35.3 Operating lease commitments

The Company has entered into vehicles and land lease agreements for office building. The term of the land lease agreement is between 1 March 2010 and 28 February 2035. Future minimum lease payments required under this non-cancellable operating lease contract were as follows:

	(Unit: Million Baht)	
	Separate financial statements	
	2014	2013
Payable:		
In up to 1 year	1	-
In over 1 and up to 5 years	3	2
In over 5 years	10	10

35.4 Bank guarantees

As at 31 December 2014, there were outstanding bank guarantees of Baht 281 million (Separate financial statements: Baht 101 million) (2013: Baht 275 million (Separate financial statements: Baht 97 million)) issued by banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of business. These included letters of guarantee as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Guarantee under the Water Purchase Agreement with the Provincial Waterworks Authority	220	220	60	60
Guarantee electricity use	61	55	41	37
Total	281	275	101	97

35.5 Litigation

Pathum Thani Water Company Limited

In August 2004, a person filed submitted a dispute to the Thai Justice Arbitration Institute for a decision in relation to a complaint against Pathum Thani Water Company Limited ("the subsidiary") (second defendant) and the Provincial Waterworks Authority (first defendant), claiming compensation totaling approximately Baht 65 million for a tort against this person in the course of the construction of a water treatment plant. On 24 October 2006, the Arbitral Tribunal ordered the dismissal of the dispute.

Subsequently, on 20 December 2006, the person filed suit with the Administrative Court seeking to overturn the order of the Arbitral Tribunal dismissing the dispute.

However, no provision for loss from that dispute was set aside in the account since the management of the subsidiary believes that there is no material financial damage that will be arise as a result of this dispute.

36. Financial instruments

36.1 Financial risk management

The Company's and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, current investments, trade and other receivables, other long-term investments, long-term loans to related party, trade and other payables, debentures and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiary are exposed to credit risk primarily with respect to trade accounts receivable and there is a high concentration of risk since the Company and its subsidiary have only one major customer, the Provincial Waterworks Authority. However, because the Provincial Waterworks Authority is a government agency, the Company and its subsidiary do not expect to incur material financial losses. The maximum exposure to credit risk is limited to the carrying amounts of receivables as stated in the statement of financial position.

Interest rate risk

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

Significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

As at 31 December 2014

Consolidated financial statements

	Fixed interest rates			Floating		Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years	interest rate	Non-interest bearing		
Financial assets							
Cash and cash equivalents	309	-	-	871	18	1,198	0.10 - 2.80
Current investments	5,066	-	-	-	211	5,277	1.550 - 5.625
Trade and other receivables	-	-	-	-	529	529	-
	5,375	-	-	871	758	7,004	
Financial liabilities							
Trade and other payables	-	-	-	-	653	653	-
Long-term loans	-	-	-	6,965	-	6,965	3.2125 - 4.8750
Debentures	-	3,297	1,997	-	-	5,294	4.40 - 5.35
	-	3,297	1,997	6,965	653	12,912	

(Unit: Million Baht)

As at 31 December 2013

Consolidated financial statements

	Fixed interest rates			Floating		Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years	interest rate	Non-interest bearing		
Financial assets							
Cash and cash equivalents	1,426	-	-	712	10	2,148	0.125 - 4.000
Current investments	3,574	-	-	-	105	3,679	1.85 - 4.68
Trade and other receivables	-	-	-	-	540	540	-
Other long-term investments	-	400	-	-	-	400	3.50 - 4.00
	5,000	400	-	712	655	6,767	
Financial liabilities							
Trade and other payables	-	-	-	-	133	133	-
Long-term loans	-	-	-	5,940	-	5,940	3.725 - 5.000
Debentures	1,700	1,799	3,494	-	-	6,993	4.40 - 5.35
	1,700	1,799	3,494	5,940	133	13,066	

(Unit: Million Baht)

As at 31 December 2014

	Separate financial statements						
	Fixed interest rates			Floating			
	Within	1-5	Over	interest	Non-interest		Effective
	1 year	years	5 years	rate	bearing	Total	interest rate
							(% per annum)
Financial assets							
Cash and cash equivalents	59	-	-	827	18	904	0.10 - 2.80
Current investments	4,681	-	-	-	211	4,892	1.550 - 5.625
Trade and other receivables	-	-	-	-	373	373	-
Long-term loans to related party	-	-	-	1,473	-	1,473	4.75 - 5.00
	4,740	-	-	2,300	602	7,642	
Financial liabilities							
Trade and other payables	-	-	-	-	545	545	-
Long-term loans	-	-	-	6,965	-	6,965	3.2125 - 4.8750
Debentures	-	3,297	1,997	-	-	5,294	4.40 - 5.35
	-	3,297	1,997	6,965	545	12,804	

(Unit: Million Baht)

As at 31 December 2013

	Separate financial statements						
	Fixed interest rates			Floating			
	Within	1-5	Over	interest	Non-interest		Effective
	1 year	years	5 years	rate	bearing	Total	interest rate
							(% per annum)
Financial assets							
Cash and cash equivalents	1,016	-	-	619	8	1,643	0.125 - 4.000
Current investments	3,574	-	-	-	105	3,679	1.85 - 4.68
Trade and other receivables	-	-	-	-	380	380	-
Other long-term investments	-	200	-	-	-	200	3.5
Long-term loans to related party	-	-	-	1,784	-	1,784	4.875 - 5.125
	4,590	200	-	2,403	493	7,686	
Financial liabilities							
Trade and other payables	-	-	-	-	75	75	-
Long-term loans	-	-	-	5,940	-	5,940	3.725 - 5.000
Debentures	1,700	1,799	3,494	-	-	6,993	4.40 - 5.35
	1,700	1,799	3,494	5,940	75	13,008	

Foreign currency risk

The Company and its subsidiaries do not consider themselves exposed to foreign currency risk because they have no significant foreign currency transactions.

36.2 Fair values of financial instruments

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

The methods and assumptions used by the Company and its subsidiaries in estimating the fair value of financial instruments are as follows:

- a) For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, current investments, trade and other receivables, trade and other payables, their carrying amounts in the statements of financial position approximate their fair value.
- b) For other long-term investments, long-term loans to related party and long-term loans carrying interest approximate to the market rate, their carrying amounts in the statements of financial position approximate their fair value.
- c) For fixed rate debentures, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions. The approximate fair value is estimated to be close to the carrying amounts in the statements of financial position.

As at 31 December 2014, fair value of significant financial instruments are estimated to be close to the carrying amounts in the statements of financial position, with no material differences.

37. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2014, the Group's debt-to-equity ratio was 1.16:1 (2013: 1.23:1) and the Company's was 1.25:1 (2013: 1.30:1).

38. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 17 February 2015.