

TTW Public Company Limited and its subsidiaries
Review report and interim consolidated financial statements
For the three-month and six-month periods ended
30 June 2019

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of TTW Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of TTW Public Company Limited and its subsidiaries as at 30 June 2019, the related consolidated statements of comprehensive income for the three-month and six-month periods then ended, and the related consolidated statements of changes in shareholders' equity, and cash flows for the six-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of TTW Public Company Limited for the same periods. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 Interim Financial Reporting.

Kunlapee Piyawannasuth

Certified Public Accountant (Thailand) No. 6137

EY Office Limited

Bangkok: 8 August 2019

TTW Public Company Limited and its subsidiaries
Statement of financial position
As at 30 June 2019

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
	Note	30 June 2019	31 December 2018	30 June 2019	31 December 2018
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents		84,235	99,342	77,266	92,437
Current investments	4	2,561,264	3,499,881	1,877,198	2,826,764
Trade and other receivables	5	551,315	564,548	377,137	394,436
Current portion of long-term loans to related party and interest receivable	3	-	-	134,737	289,857
Raw materials and supplies		25,815	28,007	15,360	16,761
Other current assets		44,775	24,547	36,678	20,518
Total current assets		3,267,404	4,216,325	2,518,376	3,640,773
Non-current assets					
Long-term loans to related party, net of current portion	3	-	-	142,870	171,440
Investments in subsidiaries	6	-	-	2,027,344	2,137,181
Investment in associate	7	4,643,425	4,656,518	4,228,013	4,228,013
Other long-term investments		28,600	28,725	-	-
Property, plant and equipment	8	795,315	788,502	732,449	725,203
Assets for production of treated water with public sector agency:					
Assets that are owned by the Company	9	9,333,347	9,560,793	9,333,347	9,560,793
Assets that must be transferred at end of concession of subsidiary	10	1,750,029	1,933,838	-	-
Rights to produce and sell treated water and treat waste water from private sector agency	11	1,160,787	1,188,114	1,160,787	1,188,114
Rights to produce and sell treated water from business acquisition	12	836,448	933,120	-	-
Intangible assets		2,309	2,884	-	-
Deferred tax assets		5,692	5,313	-	-
Advance payment to subcontractor - related party	3	-	1,325	-	1,325
Other non-current assets		13,086	14,917	9,283	11,607
Total non-current assets		18,569,038	19,114,049	17,634,093	18,023,676
Total assets		21,836,442	23,330,374	20,152,469	21,664,449

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

TTW Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 30 June 2019

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
	Note	30 June 2019	31 December 2018	30 June 2019	31 December 2018
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	13	124,830	134,319	82,193	95,096
Current portion of long-term loans	14	3,105,000	435,000	3,105,000	435,000
Current portion of debentures	15	500,000	1,500,000	500,000	1,500,000
Income tax payable		329,356	308,595	249,012	229,375
Accrued interest		72,431	97,438	72,431	97,438
Other current liabilities		69,278	69,369	47,133	47,105
Total current liabilities		4,200,895	2,544,721	4,055,769	2,404,014
Non-current liabilities					
Retention payable - subsidiary	3	-	-	5,000	5,000
Long-term loans, net of current portion	14	450,000	3,360,000	450,000	3,360,000
Debentures, net of current portion	15	4,396,848	4,895,795	4,396,848	4,895,795
Provision for long-term employee benefits		58,659	54,360	30,816	28,716
Deferred tax liabilities		111,716	110,644	84,384	82,981
Total non-current liabilities		5,017,223	8,420,799	4,967,048	8,372,492
Total liabilities		9,218,118	10,965,520	9,022,817	10,776,506

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

TTW Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 30 June 2019

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
	Note	30 June 2019	31 December 2018	30 June 2019	31 December 2018
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Shareholders' equity					
Share capital					
Registered					
3,990,000,000 ordinary shares of Baht 1 each		3,990,000	3,990,000	3,990,000	3,990,000
Issued and fully paid-up					
3,990,000,000 ordinary shares of Baht 1 each		3,990,000	3,990,000	3,990,000	3,990,000
Share premium		2,637,770	2,637,770	2,637,770	2,637,770
Retained earnings					
Appropriated - statutory reserve		399,000	399,000	399,000	399,000
Appropriated - other reserve	16	1,691,231	1,691,231	1,691,231	1,691,231
Unappropriated		4,418,219	4,147,556	2,411,651	2,169,942
Other components of shareholders' equity		(561,418)	(543,984)	-	-
Equity attributable to owners of the Company		12,574,802	12,321,573	11,129,652	10,887,943
Non-controlling interests of the subsidiaries		43,522	43,281	-	-
Total shareholders' equity		12,618,324	12,364,854	11,129,652	10,887,943
Total liabilities and shareholders' equity		21,836,442	23,330,374	20,152,469	21,664,449

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

Directors

TTW Public Company Limited and its subsidiaries

Statement of comprehensive income

For the three-month period ended 30 June 2019

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

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Profit or loss:					
Revenues					
Sales of treated water to public sector agency:					
Sales of treated water - minimum offtake quantities		1,267,986	1,258,969	852,942	849,789
Sales of treated water - above minimum offtake quantities		179,091	137,246	122,009	90,401
Sales of treated water to private sector agencies		56,098	53,992	56,098	53,992
Total sales of treated water		1,503,175	1,450,207	1,031,049	994,182
Service income		30,232	29,994	11,139	10,751
Interest income		3,771	3,039	6,150	9,961
Dividend income	3, 7	-	-	52,238	41,977
Other income		7,635	-	9,979	-
Total revenues		1,544,813	1,483,240	1,110,555	1,056,871
Expenses					
Cost of sales of treated water and services	9, 10	443,004	435,708	254,254	260,885
Administrative expenses		69,226	66,922	58,503	51,538
Amortisation of investments in subsidiaries		-	-	55,222	55,222
Amortisation of rights to produce and sell treated water and treat waste water from private sector agency		14,205	13,591	14,205	13,591
Amortisation of rights to produce and sell treated water from business acquisition		48,603	48,603	-	-
Total expenses		575,038	564,824	382,184	381,236
Profit before share of profit from investment in associate, finance cost and income tax expenses		969,775	918,416	728,371	675,635
Share of profit from investment in associate		21,193	16,754	-	-
Profit before finance cost and income tax expenses		990,968	935,170	728,371	675,635
Finance cost		(72,583)	(92,560)	(72,583)	(92,560)
Profit before income tax expenses		918,385	842,610	655,788	583,075
Income tax expenses	17	(183,717)	(145,359)	(139,150)	(104,247)
Profit for the period		734,668	697,251	516,638	478,828

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

TTW Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the three-month period ended 30 June 2019

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

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Unrealised loss from cash flow hedges - net of income tax		(9,036)	(114)	-	-
Loss on change in value of available-for-sale investments - net of income tax		(791)	(844)	-	-
Other comprehensive income for the period		(9,827)	(958)	-	-
Total comprehensive income for the period		724,841	696,293	516,638	478,828
Profit attributable to:					
Equity holders of the Company		729,804	692,498	516,638	478,828
Non-controlling interests of the subsidiaries		4,864	4,753		
		734,668	697,251		
Total comprehensive income attributable to:					
Equity holders of the Company		719,977	691,540	516,638	478,828
Non-controlling interests of the subsidiaries		4,864	4,753		
		724,841	696,293		
Basic earnings per share	18				
Profit attributable to equity holders of the Company		0.18	0.17	0.13	0.12

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

TTW Public Company Limited and its subsidiaries

Statement of comprehensive income

For the six-month period ended 30 June 2019

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

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Profit or loss:					
Revenues					
Sales of treated water to public sector agency:					
Sales of treated water - minimum offtake quantities		2,522,038	2,504,103	1,696,511	1,690,240
Sales of treated water - above minimum offtake quantities		341,480	254,296	228,289	164,711
Sales of treated water to private sector agencies		108,065	103,595	108,065	103,595
Total sales of treated water		2,971,583	2,861,994	2,032,865	1,958,546
Service income		59,625	59,065	21,265	20,623
Interest income		6,961	5,509	12,837	20,434
Dividend income	3, 6, 7	-	-	516,442	479,239
Other income		21,157	150	24,963	4,917
Total revenues		3,059,326	2,926,718	2,608,372	2,483,759
Expenses					
Cost of sales of treated water and services	9, 10	872,861	849,457	500,547	503,569
Administrative expenses		128,406	122,938	106,109	95,096
Amortisation of investments in subsidiaries	6	-	-	109,837	109,837
Amortisation of rights to produce and sell treated water and treat waste water from private sector agency	11	27,327	26,092	27,327	26,092
Amortisation of rights to produce and sell treated water from business acquisition	12	96,672	97,159	-	-
Total expenses		1,125,266	1,095,646	743,820	734,594
Profit before share of profit from investment in associate, finance cost and income tax expenses		1,934,060	1,831,072	1,864,552	1,749,165
Share of profit from investment in associate	7.1	56,480	19,922	-	-
Profit before finance cost and income tax expenses		1,990,540	1,850,994	1,864,552	1,749,165
Finance cost		(155,490)	(187,239)	(155,490)	(187,239)
Profit before income tax expenses		1,835,050	1,663,755	1,709,062	1,561,926
Income tax expenses	17	(357,672)	(293,835)	(270,353)	(211,955)
Profit for the period		1,477,378	1,369,920	1,438,709	1,349,971

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

TTW Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the six-month period ended 30 June 2019

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

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Unrealised gain (loss) from cash flow hedges - net of income tax		(14,810)	37,893	-	-
Gain (loss) on change in value of available-for-sale investments - net of income tax		(2,624)	134	-	-
Other comprehensive income for the period		(17,434)	38,027	-	-
Total comprehensive income for the period		1,459,944	1,407,947	1,438,709	1,349,971
Profit attributable to:					
Equity holders of the Company		1,467,663	1,360,562	1,438,709	1,349,971
Non-controlling interests of the subsidiaries		9,715	9,358		
		1,477,378	1,369,920		
Total comprehensive income attributable to:					
Equity holders of the Company		1,450,229	1,398,589	1,438,709	1,349,971
Non-controlling interests of the subsidiaries		9,715	9,358		
		1,459,944	1,407,947		
Basic earnings per share	18				
Profit attributable to equity holders of the Company		0.37	0.34	0.36	0.34

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

TTW Public Company Limited and its subsidiaries

Cash flows statement

For the six-month period ended 30 June 2019

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from operating activities				
Profit before tax	1,835,050	1,663,755	1,709,062	1,561,926
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	429,811	397,543	244,381	232,005
Allowance for doubtful accounts (reversal)	(56)	5,771	-	2,456
Amortisation of investments in subsidiaries	-	-	109,837	109,837
Amortisation of rights to produce and sell treated water from business acquisition	96,672	97,159	-	-
Amortisation of rights to produce and sell treated water and treat waste water from private sector agency	27,327	26,092	27,327	26,092
Gain on sales of equipment	(464)	-	(232)	-
Share of profit from investment in associate	(56,480)	(19,922)	-	-
Dividend income	-	-	(516,442)	(479,239)
Written-off withholding tax deducted at source	640	1,047	-	-
Provision for long-term employee benefits	4,299	3,608	2,100	1,995
Interest expenses	155,490	187,239	155,490	187,239
Profit from operating activities before changes in operating assets and liabilities	2,492,289	2,362,292	1,731,523	1,642,311
Operating assets (increase) decrease				
Trade and other receivables	(5,103)	(7,310)	(972)	(5,276)
Raw materials and supplies	2,192	(587)	1,401	(99)
Other current assets	(20,228)	(19,705)	(16,160)	(16,147)
Other non-current assets	2,325	(167)	2,324	(166)
Operating liabilities increase (decrease)				
Trade and other payables	(9,517)	13,118	(12,932)	7,444
Other current liabilities	(91)	(1,416)	28	(852)
Cash from operating activities	2,461,867	2,346,225	1,705,212	1,627,215
Cash paid for interest expenses	(179,444)	(190,094)	(179,444)	(190,094)
Cash paid for income tax	(337,326)	(295,722)	(249,313)	(225,552)
Net cash from operating activities	1,945,097	1,860,409	1,276,455	1,211,569

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

TTW Public Company Limited and its subsidiaries

Cash flows statement (continued)

For the six-month period ended 30 June 2019

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from investing activities				
Decrease (increase) in current investments	957,008	(667,616)	967,957	(624,687)
Decrease in long-term loans to related party	-	-	183,570	183,570
Increase in property, plant and equipment	(15,295)	(9,463)	(14,704)	(8,578)
Increase in assets for production of treated water under agreements with public sector agency - assets that are owned by the Company	(8,152)	-	(8,152)	-
Increase in assets for production of treated water that must be transferred at the end of concession of subsidiary	(22)	(1,370)	-	-
Increase in rights to produce and sell treated water and treat waste water from private sector agency	-	(2,977)	-	(2,977)
Proceed from sales of equipment	464	-	232	-
Dividend received	52,238	41,977	516,442	479,239
Net cash from (used in) investing activities	986,241	(639,449)	1,645,345	26,567
Cash flows from financing activities				
Repayment of long-term loans	(240,000)	(240,000)	(240,000)	(240,000)
Cash received from debentures	-	998,897	-	998,897
Repayment of debentures	(1,500,000)	(1,000,000)	(1,500,000)	(1,000,000)
Dividend paid	(1,196,971)	(1,197,010)	(1,196,971)	(1,197,010)
Dividend paid for non-controlling interests of the subsidiary	(9,474)	(8,924)	-	-
Net cash used in financing activities	(2,946,445)	(1,447,037)	(2,936,971)	(1,438,113)
Net decrease in cash and cash equivalents	(15,107)	(226,077)	(15,171)	(199,977)
Cash and cash equivalents at beginning of period	99,342	316,808	92,437	280,915
Cash and cash equivalents at end of period	84,235	90,731	77,266	80,938
	-	-	-	-
Supplemental cash flows information				
Non-cash transactions				
Unrealised loss on change in value of available-for-sale securities	(125)	-	-	-
Increase (decrease) in dividend payable	29	(10)	29	(10)
Decrease (increase) in accounts receivable from securities trading	18,391	(11,865)	18,391	(11,865)
Increase in accounts payable from securities trading	-	22,718	-	22,718
Portion of advance payment to subcontractor deducted from payment for assets production of treated water under agreement with public sector agency	1,325	-	1,325	-
Transfer property, plant and equipment from assets for production of treated water with public sector agency	-	(4,296)	-	(4,296)

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

(Unaudited but reviewed)

TTW Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the six-month period ended 30 June 2019

(Unit: Thousand Baht)

Consolidated financial statements													
Equity attributable to owners of the Company													
						Other components of equity							
						Other comprehensive income				Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
Issued and paid-up		Retained earnings				Unrealised gain (loss) from cash flow hedges	Surplus on changes in value of available-for-sale investments	Difference on reorganisation of business of group companies					
Note	share capital	Share premium	Appropriated - statutory reserve	Appropriated - other reserve	Unappropriated								
Balance as at 1 January 2018		3,990,000	2,637,770	399,000	1,691,231	3,699,629	9,258	8,974	(600,363)	(582,131)	11,835,499	42,407	11,877,906
Profit for the period		-	-	-	-	1,360,562	-	-	-	-	1,360,562	9,358	1,369,920
Other comprehensive income for the period		-	-	-	-	-	37,893	134	-	38,027	38,027	-	38,027
Total comprehensive income for the period		-	-	-	-	1,360,562	37,893	134	-	38,027	1,398,589	9,358	1,407,947
Dividend paid	20	-	-	-	-	(1,197,000)	-	-	-	-	(1,197,000)	-	(1,197,000)
Decrease in non-controlling interests of the subsidiary from dividend payment of the subsidiary		-	-	-	-	-	-	-	-	-	-	(8,924)	(8,924)
Balance as at 30 June 2018		3,990,000	2,637,770	399,000	1,691,231	3,863,191	47,151	9,108	(600,363)	(544,104)	12,037,088	42,841	12,079,929
Balance as at 1 January 2019		3,990,000	2,637,770	399,000	1,691,231	4,147,556	46,935	9,444	(600,363)	(543,984)	12,321,573	43,281	12,364,854
Profit for the period		-	-	-	-	1,467,663	-	-	-	-	1,467,663	9,715	1,477,378
Other comprehensive income for the period		-	-	-	-	-	(14,810)	(2,624)	-	(17,434)	(17,434)	-	(17,434)
Total comprehensive income for the period		-	-	-	-	1,467,663	(14,810)	(2,624)	-	(17,434)	1,450,229	9,715	1,459,944
Dividend paid	20	-	-	-	-	(1,197,000)	-	-	-	-	(1,197,000)	-	(1,197,000)
Decrease in non-controlling interests of the subsidiary from dividend payment of the subsidiary		-	-	-	-	-	-	-	-	-	-	(9,474)	(9,474)
Balance as at 30 June 2019		3,990,000	2,637,770	399,000	1,691,231	4,418,219	32,125	6,820	(600,363)	(561,418)	12,574,802	43,522	12,618,324

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

(Unaudited but reviewed)

TTW Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the six-month period ended 30 June 2019

(Unit: Thousand Baht)

Separate financial statements							
	Note	Issued and paid-up share capital	Share premium	Retained earnings			Total shareholders' equity
				Appropriated - statutory reserve	Appropriated - other reserve	Unappropriated	
Balance as at 1 January 2018		3,990,000	2,637,770	399,000	1,691,231	1,897,310	10,615,311
Profit for the period		-	-	-	-	1,349,971	1,349,971
Other comprehensive income for the period		-	-	-	-	-	-
Total comprehensive income for the period		-	-	-	-	1,349,971	1,349,971
Dividend paid	20	-	-	-	-	(1,197,000)	(1,197,000)
Balance as at 30 June 2018		<u>3,990,000</u>	<u>2,637,770</u>	<u>399,000</u>	<u>1,691,231</u>	<u>2,050,281</u>	<u>10,768,282</u>
Balance as at 1 January 2019		3,990,000	2,637,770	399,000	1,691,231	2,169,942	10,887,943
Profit for the period		-	-	-	-	1,438,709	1,438,709
Other comprehensive income for the period		-	-	-	-	-	-
Total comprehensive income for the period		-	-	-	-	1,438,709	1,438,709
Dividend paid	20	-	-	-	-	(1,197,000)	(1,197,000)
Balance as at 30 June 2019		<u>3,990,000</u>	<u>2,637,770</u>	<u>399,000</u>	<u>1,691,231</u>	<u>2,411,651</u>	<u>11,129,652</u>

-

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

TTW Public Company Limited and its subsidiaries

Notes to interim consolidated financial statements

For the three-month and six-month periods ended 30 June 2019

1. General information

1.1 The Company's 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.

The Company's registered office is at 30/130 Moo 12, Buddha Monthon 5 Road, Rai Khing, Sam Pran, Nakhon Pathom.

On 3 July 2018, a meeting of the Company's Board of Directors resolved to give the rectification to establishment of Myanmar Tap Water Company Limited ("MTW") by Thai Water Operations Company Limited ("TWO"), a subsidiary of the Company, and Z Corporation Company Limited ("Z Corp"), which was a legal entity established in the Republic of the Union of Myanmar and which was not a related party of the Company. The registered share capital of MTW was USD 12 million in which TWO, holds a 70 percent interest and Z Corp holds a 30 percent interest. MTW invested in the Tap Water Project in Mawlamyine, the Republic of the Union of Myanmar. The value of investment in the Project was approximately USD 15 million (equivalent to approximately Baht 486 million). The government agency that oversaw the project has notified MTW to terminate the project. On 14 February 2019, the Executive Committee's meeting of the Company passed a resolution ordering the subsidiary to dissolve MTW for that reason.

1.2 Basis for preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

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

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

1.3 Basis of consolidation

These interim consolidated financial statements include the financial statements of TTW Public Company Limited and its subsidiaries and are prepared on the same basis as the consolidated financial statements for the year ended 31 December 2018, with no structural changes related to subsidiaries occurring during the current period.

1.4 New financial reporting standards

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

During the period, the Company and its subsidiaries have adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal periods beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Company's and its subsidiaries' financial statements. However, the new standard involves changes to key principles, which are summarised below:

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related interpretations.

TAS 11 (revised 2017)	Construction Contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

This standard does not have any impact on the Company's and its subsidiaries' financial statements.

(b) Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2020

The Federation of Accounting Professions issued a number of new financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These new standards involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
--------	-------------------------------------

Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The management of the Company and its subsidiaries is currently evaluating the impact of this standard on the financial statements in the year when it is adopted.

2. Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2018.

3. Related party transactions

During the periods, 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.

	Consolidated		Separate		(Unit: Thousand Baht)
	financial statements		financial statements		
	For the three-month periods ended 30 June				Transfer pricing policy
	2019	2018	2019	2018	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Interest income	-	-	3,914	7,883	Minimum Loan Rate minus stipulated margin per annum
Management income	-	-	3,900	3,900	Based on contract
Cost of sales and services	-	-	9,271	9,157	Based on contract
<u>Transaction with associate</u>					
Dividend income	-	-	52,238	41,977	As declared
<u>Transactions with related parties</u>					
Sales of treated water	13,271	12,062	13,271	12,062	Based on contract
Service income	932	828	932	828	Based on contract
Improvement of water supply pumping system expenses	382	-	382	-	Based on contract
Cost of sales and services	746	1,926	746	1,926	Based on contract
Electricity expenses	1,112	-	1,112	-	Based on contract
Purchase of raw materials	2,236	124	2,236	124	Mutually agreed price

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	For the six-month periods ended 30 June				Transfer pricing policy
	2019	2018	2019	2018	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Interest income	-	-	8,763	16,657	Minimum Loan Rate minus stipulated margin per annum
Management income	-	-	7,800	7,800	Based on contract
Dividend income	-	-	464,204	437,262	As declared
Cost of sales and services	-	-	18,338	18,120	Based on contract
<u>Transaction with associate</u>					
Dividend income	-	-	52,238	41,977	As declared
<u>Transactions with related parties</u>					
Sales of treated water	26,339	23,000	26,339	23,000	Based on contract
Service income	1,850	1,581	1,850	1,581	Based on contract
Improvement of water supply pumping system expenses	6,627	-	6,627	-	Based on contract
Cost of sales and services	2,979	2,158	2,968	2,158	Based on contract
Electricity expenses	1,112	-	1,112	-	Based on contract
Purchase of raw materials	3,383	279	3,383	279	Mutually agreed price

As at 30 June 2019 and 31 December 2018, the balances of the account between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
<u>Trade and other receivables - related parties</u>				
(Note 5)				
Subsidiaries	-	-	1,391	1,391
Related companies (related by shareholders or committees)	4,330	4,515	4,330	4,515
Related company (entity under the group of Companies of the major shareholders)	-	3,954	-	3,954
Total trade and other receivables - related parties	4,330	8,469	5,721	9,860
<u>Advance payment to subcontractor - related party</u>				
Related company (related by committees)	-	1,325	-	1,325
Total advance payment to subcontractor - related party	-	1,325	-	1,325

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
<u>Trade and other payables - related parties</u>				
(Note 13)				
Subsidiaries	-	-	3,333	3,262
Related companies (related by shareholders or committees)	4,334	9,039	4,334	9,039
Related companies (entities under the group of Companies of the major shareholders)	1,227	583	1,227	583
Related company (entity under the group of Companies of an associate)	787	-	787	-
Total trade and other payables - related parties	6,348	9,622	9,681	12,884
<u>Retention payable - subsidiary</u>	-	-	5,000	5,000
	-	-	5,000	5,000

Long-term loans to related party

As at 30 June 2019 and 31 December 2018, 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	During the period		Balance as at 30 June
		2019	Increase	Decrease	2019
Pathum Thani Water Company Limited	Subsidiary				
Loans		461,080	-	(183,570)	277,510
Interest receivable		217	8,763	(8,883)	97
Total		461,297			277,607

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements	
	30 June 2019	31 December 2018
<u>Long-term loans to related party and interest receivable</u>		
Pathum Thani Water Company Limited		
Loans	277,510	461,080
Interest receivable	97	217
Total	277,607	461,297
<u>Less:</u> Current portion and interest receivable	(134,737)	(289,857)
Long-term loans to related party, net of current portion	142,870	171,440

Long-term loans to subsidiary were subject to interest at the Minimum Loan Rate minus a stipulated margin (MLR - margin) per annum. Repayment is to be made in quarterly installments and due in full within December 2022.

Directors and management's benefits

During the three-month and six-month periods ended 30 June 2019 and 2018, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods ended 30 June			
	2019	2018	2019	2018
Short-term employee benefits	17,152	14,026	13,050	10,530
Post-employment benefits	1,029	549	538	477
Total	18,181	14,575	13,588	11,007

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the six-month periods ended 30 June			
	2019	2018	2019	2018
Short-term employee benefits	31,393	30,827	24,063	23,696
Post-employment benefits	1,405	949	840	800
Total	32,798	31,776	24,903	24,496

4. Current investments

The balances of current investments represent investments in trading securities and the 4 - 12 month fixed deposits, carrying interests and return on investments between 0.650% and 1.625% per annum (31 December 2018: between 0.650% and 1.853% per annum). The Company had maintained the fixed deposits according to the addition amendment of the agreement to the concession to operate treated water as described in Note 16.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
Fixed deposits over 3 months but less than 1 year				
	735,216	715,216	455,216	455,216
	735,216	715,216	455,216	455,216
Investments in trading securities at fair value				
Government and state enterprise bonds	-	819,392	-	819,392
Private sector debt securities	1,826,048	1,879,619	1,421,982	1,466,502
Marketable equity securities	-	85,654	-	85,654
	1,826,048	2,784,665	1,421,982	2,371,548
Total current investments	2,561,264	3,499,881	1,877,198	2,826,764

5. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	4,297	4,491	4,297	4,491
Past due				
Up to 3 months	33	24	33	24
Total trade receivables - related parties	4,330	4,515	4,330	4,515
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	536,587	533,617	363,796	362,678
Past due				
Up to 3 months	3,390	2,225	3,390	2,225
Total trade receivables - unrelated parties	539,977	535,842	367,186	364,903
Total trade receivables	544,307	540,357	371,516	369,418

(Unaudited but reviewed)

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
<u>Other receivables</u>				
Other receivables - related parties	-	3,954	1,391	5,345
Other receivables - unrelated parties	20,071	20,138	11,221	11,221
Interest receivables - unrelated parties	7,008	1,835	4,230	1,282
Other receivables from securities trading	-	18,391	-	18,391
Total other receivables	27,079	44,318	16,842	36,239
Less: Allowance for doubtful debts	(20,071)	(20,127)	(11,221)	(11,221)
Total other receivables - net	7,008	24,191	5,621	25,018
Total trade and other receivables - net	551,315	564,548	377,137	394,436

6. Investments in subsidiaries

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

Company's name	(Unit: Thousand Baht)							
	Paid-up capital		Shareholding percentage		Cost		Dividend received	
							during the six-month	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018	30 June 2019	31 December 2018	periods ended 30 June 2019	2018
			(%)	(%)				
Pathum Thani Water								
Company Limited	1,200,000	1,200,000	98.0	98.0	3,998,310	3,998,310	464,204	437,262
Thai Water Operations								
Company Limited	60,000	60,000	68.5	68.5	70,000	700,000	-	-
					4,698,310	4,698,310	464,204	437,262
<u>Less:</u> Accumulated amortisation of investments in subsidiaries					(2,650,966)	(2,541,129)	-	-
<u>Less:</u> Dividend received from income before purchase of shares					(20,000)	(20,000)	-	-
Total					2,027,344	2,137,181	464,204	437,262

(Unaudited but reviewed)

7. Investment in 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	
			30 June 2019	31 December 2018	30 June 2019	31 December 2018	30 June 2019	31 December 2018
			(%)	(%)				
CK Power Public Company Limited	Making investment in other companies	Thailand	25.31	25.31	4,228,013	4,228,013	4,643,425	4,656,518
Total					<u>4,228,013</u>	<u>4,228,013</u>	<u>4,643,425</u>	<u>4,656,518</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	
			30 June 2019	31 December 2018	30 June 2019	31 December 2018	30 June 2019	31 December 2018
			(%)	(%)				
CK Power Public Company Limited	Making investment in other companies	Thailand	25.31	25.31	4,228,013	4,228,013	4,228,013	4,228,013
Total					<u>4,228,013</u>	<u>4,228,013</u>	<u>4,228,013</u>	<u>4,228,013</u>

(Unaudited but reviewed)

7.1 Share of comprehensive income and dividend received

During the six-month periods ended 30 June 2019 and 2018, the Company has recognised its share of profit (loss) from investment in associate company in the consolidated financial statements and dividend income in the separate financial statements as follows:

(Unit: Thousand Baht)

Associate	Consolidated financial statements				Separate financial statements	
	Share of profit (loss) from investment in associate				Dividend received during the periods	
	Share of profit from investment in associate during the periods		as presented in other comprehensive income during the periods			
	2019	2018	2019	2018	2019	2018
CK Power Public Company Limited	56,480	19,922	(17,335)	38,027	52,238	41,977
Total	56,480	19,922	(17,335)	38,027	52,238	41,977

- 7.2 In May 2015, the Company received, at no cost, 490.64 million warrants to purchase 490.64 million newly issued ordinary shares (at a ratio of 1 warrant to 1 ordinary share), with an exercise price of Baht 6 per share. The warrants have a term of 5 years from the date they were issued and offered and can be exercised every 3 months, beginning on 30 September 2015 and with the final exercise date on 28 May 2020.

8. Property, plant and equipment

Movements of the property, plant and equipment account during the six-month period ended 30 June 2019 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2019	788,502	725,203
Acquisitions during period - at cost	15,295	14,704
Depreciation for the period	(8,482)	(7,458)
Net book value as at 30 June 2019	<u>795,315</u>	<u>732,449</u>

(Unaudited but reviewed)

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

Movements of assets for production of treated water that are owned by the Company account during the six-month period ended 30 June 2019 are summarised below.

	(Unit: Thousand Baht)
	Consolidated / Separate
	financial statements
Net book value as at 1 January 2019	9,560,793
Acquisitions during period - at cost	9,477
Amortisation for the period	(236,923)
Net book value as at 30 June 2019	<u>9,333,347</u>

Amortisation of such assets for production of treated water has been included as part of cost of sales of treated water.

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

Movements of assets for production of treated water that must be transferred at end of concession of subsidiary during the six-month period ended 30 June 2019 are summarised below.

	(Unit: Thousand Baht)
	Consolidated
	financial statements
Net book value as at 1 January 2019	1,933,838
Acquisition during period - at cost	22
Amortisation for the period	(183,831)
Net book value as at 30 June 2019	<u>1,750,029</u>

Amortisation of such assets for production of treated water has been included as part of cost of sales of treated water.

Assets for production of treated water of Pathum Thani Water Company Limited will be transferred to Provincial Waterworks Authority after the end of the 25-year concession to produce and sell treated water. The concession will be expired in 2023.

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

	Consolidated / Separate financial statements		
	Rights	Machinery and equipment	Total
Net book value as at 1 January 2019	1,044,161	143,953	1,188,114
Amortisation/depreciation for the period	(23,954)	(3,373)	(27,327)
Net book value as at 30 June 2019	<u>1,020,207</u>	<u>140,580</u>	<u>1,160,787</u>

Assets to produce and sell treated water and treat waste water from private sector agency must be transferred to the owner of the rights after the end of the 30-year concession. The concession will be expired in 2039.

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

(Unit: Thousand Baht)

	Consolidated financial statements	
	30 June 2019	31 December 2018
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	<u>(2,332,661)</u>	<u>(2,235,989)</u>
Rights to produce and sell treated water from business acquisition - net	<u>836,448</u>	<u>933,120</u>

13. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
Trade payables - related party	1,227	583	4,560	3,845
Trade payables - unrelated parties	15,474	21,054	7,605	11,992
Amounts due to related parties	531	521	531	521
Amounts due to unrelated parties	13,843	19,450	11,391	14,895
Construction payable - related party	-	6,089	-	6,089
Construction payable - unrelated parties	143	143	143	143
Retention payable for contract work - related party	3,803	2,429	3,803	2,429
Retention payable for contract work - unrelated parties	5,669	5,550	4,900	4,841
Accrued expenses - related party	787	-	787	-
Accrued expenses - unrelated parties	83,353	78,500	48,473	50,341
Total trade and other payables	<u>124,830</u>	<u>134,139</u>	<u>82,193</u>	<u>95,096</u>

(Unaudited but reviewed)

14. Long-term loans

	(Unit: Thousand Baht)	
	Consolidated / Separate financial statements	
	30 June 2019	31 December 2018
Long-term loans	3,555,000	3,795,000
<u>Less:</u> Current portion	(3,105,000)	(435,000)
Long-term loans, net of current portion	450,000	3,360,000

Movements in the long-term loans account during the six-month period ended 30 June 2019 are summarised below.

	(Unit: Thousand Baht)
	Consolidated / Separate financial statements
Balance as at 1 January 2019	3,795,000
<u>Less:</u> Repayment	(240,000)
Balance as at 30 June 2019	3,555,000

Such loans carry interest at the fixed rate per annum and the 6-month and 12-month fixed deposit rate plus a stipulated margin per annum.

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 expense ratio at the rate prescribed in the agreements.

15. Debentures

Movements in the debentures account during the six-month period ended 30 June 2019 are summarised below.

	(Unit: Thousand Baht)
	Consolidated / Separate financial statements
Balance as at 1 January 2019	6,395,795
<u>Less:</u> Repayment	(1,500,000)
<u>Add:</u> Amortisation of deferred debentures issuing cost	1,053
<u>Less:</u> Current portion of debentures	(500,000)
Balance as at 30 June 2019	4,396,848

All debentures of the Company are unsecured senior debentures, with no 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 expense ratio at the rate prescribed.

16. 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.

However, according to the additional amendment of the agreement to the concession to operate treated water dated 28 October 2016, amendment the articles above to prior to paying a dividend from net profit the Company is required to set aside 10% of its full registered share capital to the legal reserve.

Retained earnings set aside as the legal reserve are to be retained in cash and deposited at a bank or financial institution licensed by the Bank of Thailand.

17. Income tax

Interim corporate income tax was calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

Income tax expenses for the three-month and six-month periods ended 30 June 2019 and 2018 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods ended 30 June			
	2019	2018	2019	2018
Current income tax:				
Interim corporate income tax charge	182,427	147,168	137,659	104,507
Deferred tax:				
Relating to origination and reversal of temporary differences	1,290	(1,809)	1,491	(260)
Income tax expenses reported in the statements of comprehensive income	183,717	145,359	139,150	104,247

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the six-month periods ended 30 June			
	2019	2018	2019	2018
Current income tax:				
Interim corporate income tax charge	356,955	294,666	268,950	209,994
Deferred tax:				
Relating to origination and reversal of temporary differences	717	(831)	1,403	1,961
Income tax expenses reported in the statements of comprehensive income	357,672	293,835	270,353	211,955

18. Basic earnings per share

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

19. 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 its 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 exclusively to the aforementioned reportable operating segment and geographic area.

20. Dividend paid

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Dividends from the earnings of the promoted operations for July to December 2017	Annual General Meeting of the shareholders on 19 April 2018	91,770	0.023
Dividends from the earnings of the non-promoted operations for July to December 2017	Annual General Meeting of the shareholders on 19 April 2018	1,105,230	0.277
Total dividends for 2018		<u>1,197,000</u>	<u>0.300</u>
Dividends from the earnings of the promoted operations for July to December 2018	Annual General Meeting of the shareholders on 11 April 2019	59,850	0.015
Dividends from the earnings of the non-promoted operations for July to December 2018	Annual General Meeting of the shareholders on 11 April 2019	1,137,150	0.285
Total dividends for 2019		<u>1,197,000</u>	<u>0.300</u>

21. Commitments and contingent liabilities**21.1 Capital commitments**

As at 30 June 2019, the Company had capital commitments of Baht 0.2 million relating to the building improvement (31 December 2018: Baht 19 million relating to the improvement project on water supply systems at Bang Len water supply plant).

As at 30 June 2019, the subsidiaries had capital commitments of Baht 13 million relating to the construction of sludge treatment for water treatment system at Amata City Industrial Estate, Rayong and installation of inlet control valve (31 December 2018: nil).

21.2 Service commitments and other commitments

- a) The Company and its subsidiary have entered into operation and maintenance agreements with Thai Water Operations Company Limited (“the subsidiary of the Company”), 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 and its subsidiary are 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.

(Unaudited but reviewed)

- b) As at 30 June 2019, the Company and its subsidiaries had commitments totaling Baht 38 million (Separate financial statements: Baht 28 million) (31 December 2018: Baht 37 million (Separate financial statements: Baht 25 million)) under other service agreements.

21.3 Operating lease commitments

The Company has entered into vehicles and land lease agreements for office building, raw water pumping station and raw water piping. The term of the land lease agreement is on 1 March 2010 to 30 September 2048.

Future minimum lease payments required under these non-cancellable operating lease agreements were as follows:

	(Unit: Thousand Baht)	
	Consolidated / Separate financial statements	
	30 June 2019	31 December 2018
Payable:		
In up to 1 year	7,880	8,605
In over 1 year and up to 5 years	13,974	17,202
In over 5 years	30,999	31,955

21.4 Bank guarantees

As at 30 June 2019 and 31 December 2018, there were outstanding bank guarantees of Baht 311 million (Separate financial statements: Baht 122 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: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
Guarantee under the Water Purchase Agreement				
with the Provincial Waterworks Authority	230,500	230,400	63,000	62,900
Guarantee electricity use	67,733	67,733	46,048	46,048
Guarantee for others	13,101	13,101	13,101	13,101
Total	311,334	311,234	122,149	122,049

22. Fair value hierarchy

As of 30 June 2019 and 31 December 2018, the Company and its subsidiaries had the assets and liability that were measured at fair value or assets and liability for which fair value are disclosed using different levels of inputs as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements			
	As at 30 June 2019			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Investments in trading securities				
Unit trust in fixed income open-ended fund	-	1,826,048	-	1,826,048
Investments in available-for-sale securities				
Real estate investment trust	4,600	-	-	4,600
Asset for which fair value are disclosed				
Investment in associate	13,152,793	-	-	13,152,793
Other long-term investment - debentures	-	24,048	-	24,048
Liability for which fair value are disclosed				
Debentures	-	5,053,166	-	5,053,166

	(Unit: Thousand Baht)			
	Consolidated financial statements			
	As at 31 December 2018			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Investments in trading securities				
Equity instruments	85,654	-	-	85,654
Debt instruments	-	2,699,011	-	2,699,011
Investments in available-for-sale securities				
Real estate investment trust	4,725	-	-	4,725
Asset for which fair value are disclosed				
Investment in associate	9,253,596	-	-	9,253,596
Other long-term investment - debentures	-	24,009	-	24,009
Liability for which fair value are disclosed				
Debentures	-	6,547,931	-	6,547,931

(Unaudited but reviewed)

(Unit: Thousand Baht)

Separate financial statements				
As at 30 June 2019				
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Investments in trading securities				
Unit trust in fixed income open-ended fund	-	1,421,982	-	1,421,982
Asset for which fair value are disclosed				
Investment in associate	13,152,793	-	-	13,152,793
Liability for which fair value are disclosed				
Debentures	-	5,053,166	-	5,053,166

(Unit: Thousand Baht)

Separate financial statements				
As at 31 December 2018				
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Investments in trading securities				
Equity instruments	85,654	-	-	85,654
Debt instruments	-	2,285,894	-	2,285,894
Asset for which fair value are disclosed				
Investment in associate	9,253,596	-	-	9,253,596
Liability for which fair value are disclosed				
Debentures	-	6,547,931	-	6,547,931

During the current period, there were no transfers within the fair value hierarchy.

23. Events after the reporting period

23.1 On 1 July 2019, the Company executed agreement for engagement of CH. Karnchang Public Company Limited for water supply and distribution systems at Bang Len water supply plant project (phase 1), with the value under this engagement contract of Baht 350 Million exclusion of value added tax, for a total period of 540 days.

23.2 On 6 August 2019, the Board of Directors Meeting of the subsidiary passed a resolution approving the payment of an interim dividend of Baht 39.813 per share, totally amount of Baht 477.8 million to the ordinary shareholders, from the operating results for the periods as from 1 January 2019 to 30 June 2019. Payment will be made on 22 August 2019.

24. Approval of financial statements

These interim financial statements were authorised for issue by the Company's Audit Committee on 8 August 2019.