

THAI TAP WATER SUPPLY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
(FORMERLY KNOWN AS "THAI TAP WATER SUPPLY COMPANY LIMITED")
REPORT AND INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2006

Review Report of Independent Auditor

To The Board of Directors and Shareholders of
Thai Tap Water Supply Public Company Limited
(Formerly known as “ Thai Tap Water Supply Company Limited”)

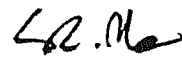
I have reviewed the accompanying consolidated balance sheet of Thai Tap Water Supply Public Company Limited and its subsidiary as at 30 September 2006, the related consolidated statements of earnings for the three-month and nine-month periods ended 30 September 2006, and the related consolidated statements of changes in shareholders' equity and cash flows for the nine-month period ended 30 September 2006, and the separate financial statements of Thai Tap Water Supply Public Company Limited for the same periods. These financial statements are the responsibility of the Company's and its subsidiary's managements as to their correctness and the completeness of the presentation. My responsibility is to issue a report on these financial statements based on my review.

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

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

The financial statements of Thai Tap Water Supply Company Limited for the year ended 31 December 2005, were audited in accordance with generally accepted auditing standards by another auditor in my office, who expressed an unqualified opinion on those statements under her report dated 23 February 2006. The balance sheet as at 31 December 2005, as presented herein for comparative purposes, formed an integral part of the financial statements which that auditor audited and reported on.

The statements of earnings for the three-month and nine-month periods ended 30 September 2005, the statements of changes in shareholders' equity and cash flows for the nine-month period ended 30 September 2005 of Thai Tap Water Supply Company Limited, as presented herein for comparative purposes, formed an integral part of the interim financial statements which were reviewed by another auditor in my office who, under the report dated 14 October 2005, reported that nothing had come to her attention that caused her to believe that the aforementioned financial statements were not presented fairly, in all material respects, in accordance with generally accepted accounting principles, based on her review.



Supachai Phanyawattano

Certified Public Accountant (Thailand) No. 3930

Ernst & Young Office Limited

Bangkok : 9 November 2006

THAI TAP WATER SUPPLY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
(FORMERLY KNOWN AS "THAI TAP WATER SUPPLY COMPANY LIMITED")

BALANCE SHEETS
(Unit : Thousand Baht)

	Note	Consolidated	The Company Only	
		30 September 2006 (Unaudited but reviewed)	30 September 2006 (Unaudited but reviewed)	31 December 2005 (Audited)
ASSETS				
CURRENT ASSETS				
Cash and deposits at financial institutions	2	204,882	199,631	387,595
Current investment	3	665,000	635,000	285,000
Trade accounts receivable		150,328	150,328	126,433
Other receivable - subsidiary	7	-	-	10,286
Raw materials and supplies		5,654	4,630	-
Other current assets				
Interest receivable		3,651	3,650	4,542
Prepaid expenses		17,455	17,274	4,372
Others		4,335	2,712	2,215
TOTAL CURRENT ASSETS		1,051,305	1,013,225	820,443
NON-CURRENT ASSETS				
Investments accounted for under equity method				
- subsidiary	4	-	681,282	-
Property, plant and equipment, net	5	9,417,953	9,354,468	9,536,450
Other non-current assets				
Goodwill on consolidation, net		582,852	-	-
Withholding tax deducted at source		4,293	4,293	4,035
Others		63	36	36
TOTAL NON-CURRENT ASSETS		10,005,161	10,040,079	9,540,521
TOTAL ASSETS		11,056,466	11,053,304	10,360,964

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

THAI TAP WATER SUPPLY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
(FORMERLY KNOWN AS "THAI TAP WATER SUPPLY COMPANY LIMITED")

BALANCE SHEETS (Continued)

(Unit : Thousand Baht)

	Note	Consolidated	The Company Only	
		30 September 2006	30 September 2006	31 December 2005
		(Unaudited but reviewed)	(Unaudited but reviewed)	(Audited)
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES				
Trade accounts payable				
Related parties	7	200	2,555	85,610
Other companies		23,980	16,053	10,506
Retention payable				
Related party	7	-	-	6,600
Other companies		2,229	2,229	2,080
Current portion of long-term loans				
from financial institutions	6	560,000	560,000	140,000
Other current liabilities				
Accrued expenses		18,837	18,573	31,943
Unbilled output tax		9,956	9,834	8,944
Value added tax payable		8,536	8,396	6,387
Corporate income tax payable		1,921	-	-
Others		536	393	1,077
TOTAL CURRENT LIABILITIES		626,195	618,033	293,147
NON-CURRENT LIABILITIES				
Retention - subsidiary	7	-	5,000	-
Long-term loans from financial institutions, net of current portion	6	6,195,000	6,195,000	6,720,000
TOTAL NON-CURRENT LIABILITIES		6,195,000	6,200,000	6,720,000
TOTAL LIABILITIES		6,821,195	6,818,033	7,013,147

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

THAI TAP WATER SUPPLY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
(FORMERLY KNOWN AS "THAI TAP WATER SUPPLY COMPANY LIMITED")

BALANCE SHEETS (Continued)

(Unit : Thousand Baht)

	Note	<u>Consolidated</u>	<u>The Company Only</u>	
		<u>30 September 2006</u>	<u>30 September 2006</u>	<u>31 December 2005</u>
		(Unaudited but reviewed)	(Unaudited but reviewed)	(Audited)
SHAREHOLDERS' EQUITY				
Share capital	8			
Registered				
3,250,000,000 ordinary shares of Baht 1 each				
(31 December 2005 : 30,000,000 ordinary shares of Baht 100 each)		3,250,000	3,250,000	3,000,000
Issued and paid up				
3,250,000,000 ordinary shares of Baht 1 each, fully paid				
(31 December 2005 : 30,000,000 ordinary shares of Baht 100 each, fully paid)		3,250,000	3,250,000	3,000,000
Share premium		475,000	475,000	-
Retained earnings				
Appropriated - statutory reserve		17,882	17,882	17,882
Unappropriated		492,389	492,389	329,935
TOTAL SHAREHOLDERS' EQUITY		<u>4,235,271</u>	<u>4,235,271</u>	<u>3,347,817</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>11,056,466</u>	<u>11,053,304</u>	<u>10,360,964</u>

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

.....
DIRECTORS
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(UNAUDITED BUT REVIEWED)

THAI TAP WATER SUPPLY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
(FORMERLY KNOWN AS "THAI TAP WATER SUPPLY COMPANY LIMITED")

STATEMENTS OF EARNINGS

FOR THE THREE-MONTH PERIODS ENDED 30 SEPTEMBER 2006 AND 2005

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

		<u>Consolidated</u>	<u>The Company Only</u>	
	<u>Note</u>	<u>2006</u>	<u>2006</u>	<u>2005</u>
REVENUES				
Sales of treated water		423,518	423,518	342,543
Interest income		6,891	6,518	1,372
Other income		-	-	88
TOTAL REVENUES		<u>430,409</u>	<u>430,036</u>	<u>344,003</u>
EXPENSES				
Cost of sales of treated water		127,973	128,150	189,710
Selling and administrative expenses	9	24,417	14,728	18,466
Share of loss from investments accounted for under equity method		-	9,139	-
TOTAL EXPENSES		<u>152,390</u>	<u>152,017</u>	<u>208,176</u>
EARNINGS BEFORE INTEREST EXPENSES		278,019	278,019	135,827
INTEREST EXPENSES		(113,707)	(113,707)	(84,859)
NET EARNINGS FOR THE PERIOD	10	<u>164,312</u>	<u>164,312</u>	<u>50,968</u>
BASIC EARNINGS PER SHARE				
Net earnings (Baht)	13	<u>0.05</u>	<u>0.05</u>	<u>0.02</u>
Weighted average number of ordinary shares (shares)		<u>3,250,000,000</u>	<u>3,250,000,000</u>	<u>3,000,000,000</u>

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

(UNAUDITED BUT REVIEWED)

THAI TAP WATER SUPPLY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
(FORMERLY KNOWN AS "THAI TAP WATER SUPPLY COMPANY LIMITED")

STATEMENTS OF EARNINGS

FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2006 AND 2005

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

	Note	Consolidated	The Company Only	
		2006	2006	2005
REVENUES				
Sales of treated water		1,203,391	1,203,391	1,016,212
Interest income		14,676	14,194	1,992
Other income		-	-	88
TOTAL REVENUES		<u>1,218,067</u>	<u>1,217,585</u>	<u>1,018,292</u>
EXPENSES				
Cost of sales of treated water		379,758	379,680	439,199
Selling and administrative expenses	9	95,667	77,243	36,110
Share of loss from investments accounted for under equity method		-	18,718	-
TOTAL EXPENSES		<u>475,425</u>	<u>475,641</u>	<u>475,309</u>
EARNINGS BEFORE INTEREST EXPENSES AND INCOME TAX		742,642	741,944	542,983
INTEREST EXPENSES		(322,490)	(322,490)	(252,156)
CORPORATE INCOME TAX	10	(698)	-	-
NET EARNINGS FOR THE PERIOD		<u>419,454</u>	<u>419,454</u>	<u>290,827</u>
BASIC EARNINGS PER SHARE				
Net earnings (Baht)	13	<u>0.13</u>	<u>0.13</u>	<u>0.10</u>
Weighted average number of ordinary shares (shares)		<u>3,198,502,087</u>	<u>3,198,502,087</u>	<u>3,000,000,000</u>

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

(UNAUDITED BUT REVIEWED)

THAI TAP WATER SUPPLY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
(FORMERLY KNOWN AS "THAI TAP WATER SUPPLY COMPANY LIMITED")

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2006

(Unit : Thousand Baht)

	Consolidated				
	Issued and paid-up		Retained earnings		Total
	share capital	Share premium	Appropriated - statutory reserve	Unappropriated	
Balance - as at 1 January 2006	3,000,000	-	17,882	329,935	3,347,817
Issuance of additional ordinary shares (Note 8)	250,000	475,000	-	-	725,000
Net earnings for the period	-	-	-	419,454	419,454
Dividend payment (Note 11)	-	-	-	(257,000)	(257,000)
Balance - as at 30 September 2006	3,250,000	475,000	17,882	492,389	4,235,271

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

(UNAUDITED BUT REVIEWED)

THAI TAP WATER SUPPLY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
(FORMERLY KNOWN AS "THAI TAP WATER SUPPLY COMPANY LIMITED")

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2006 AND 2005

(Unit : Thousand Baht)

	The Company Only				
	Issued and paid-up		Retained earnings		Total
	share capital	Share premium	Appropriated -		
statutory reserve			Unappropriated		
Balance - as at 1 January 2005	3,000,000	-	-	117,780	3,117,780
Net earnings for the period	-	-	-	290,827	290,827
Appropriated to statutory reserve (Note 11)	-	-	17,882	(17,882)	-
Dividend payment (Note 11)	-	-	-	(105,000)	(105,000)
Balance - as at 30 September 2005	<u>3,000,000</u>	<u>-</u>	<u>17,882</u>	<u>285,725</u>	<u>3,303,607</u>
Balance - as at 1 January 2006	3,000,000	-	17,882	329,935	3,347,817
Issuance of additional ordinary shares (Note 8)	250,000	475,000	-	-	725,000
Net earnings for the period	-	-	-	419,454	419,454
Dividend payment (Note 11)	-	-	-	(257,000)	(257,000)
Balance - as at 30 September 2006	<u>3,250,000</u>	<u>475,000</u>	<u>17,882</u>	<u>492,389</u>	<u>4,235,271</u>

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

(UNAUDITED BUT REVIEWED)

THAI TAP WATER SUPPLY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
(FORMERLY KNOWN AS "THAI TAP WATER SUPPLY COMPANY LIMITED")

STATEMENTS OF CASH FLOWS

FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2006 AND 2005

(Unit : Thousand Baht)

	<u>Consolidated</u>	<u>The Company Only</u>	
	<u>2006</u>	<u>2006</u>	<u>2005</u>
Cash flows from (used in) operating activities			
Net earnings for the period	419,454	419,454	290,827
Adjustments to reconcile net earnings to net cash provided by (paid from) operating activities :			
Depreciation	190,615	188,283	165,434
Share of loss from investments accounted for under equity method	-	18,718	-
Amortisation of goodwill	17,510	-	-
Loss on disposal of property, plant and equipment	772	-	-
	<u>628,351</u>	<u>626,455</u>	<u>456,261</u>
Decrease (increase) in operating assets			
Trade accounts receivable	(23,895)	(23,895)	(38,231)
Accrued income	-	-	186,328
Other receivable - subsidiary	34,089	10,286	(1,621)
Raw materials and supplies	(2,638)	(4,630)	-
Value added tax refundable	-	-	790
Prepaid expenses	(12,731)	(12,902)	(2,098)
Other current assets	(264)	395	(5,393)
Other non-current assets	(251)	(258)	-
Increase (decrease) in operating liabilities			
Trade accounts payable - related parties	(96,884)	(83,055)	(29,171)
Trade accounts payable - other companies	(2,456)	5,547	-
Unbilled output tax	(546)	890	(10,749)
Accrued expenses	(13,411)	(13,370)	13,455
Corporate income tax payable	(4,120)	-	-
Other current liabilities	907	1,325	7,820
Retention - subsidiary	-	5,000	-
Net cash from operating activities	<u>506,151</u>	<u>511,788</u>	<u>577,391</u>

(UNAUDITED BUT REVIEWED)

THAI TAP WATER SUPPLY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
(FORMERLY KNOWN AS "THAI TAP WATER SUPPLY COMPANY LIMITED")

STATEMENTS OF CASH FLOWS (Continued)

FOR THE NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2006 AND 2005

(Unit : Thousand Baht)

	Consolidated	The Company Only	
	<u>2006</u>	<u>2006</u>	<u>2005</u>
Cash flows from (used in) investing activities			
Increase in current investment	(380,000)	(350,000)	(200,000)
Increase in investments in subsidiary	-	(700,000)	-
Net cash payments for acquisition of investments in subsidiary (Note 4)	(660,539)	-	-
Increase in equipment	(6,410)	(6,302)	(4,703)
Proceeds from disposal of equipment	1,535	-	-
Increase (decrease) in retention payable	(6,450)	(6,450)	55
Net cash used in investing activities	<u>(1,051,864)</u>	<u>(1,062,752)</u>	<u>(204,648)</u>
Cash flows from (used in) financing activities			
Cash received from issuance of additional ordinary shares	725,000	725,000	-
Decrease in long-term loans from financial institutions	(105,000)	(105,000)	(105,000)
Dividend paid	(257,000)	(257,000)	(105,000)
Net cash from (used in) financing activities	<u>363,000</u>	<u>363,000</u>	<u>(210,000)</u>
Net increase (decrease) in cash and cash equivalents	(182,713)	(187,964)	162,743
Cash and cash equivalents at beginning of period	<u>387,595</u>	<u>387,595</u>	<u>162,814</u>
Cash and cash equivalents at end of period	<u><u>204,882</u></u>	<u><u>199,631</u></u>	<u><u>325,557</u></u>
Supplemental cash flows information			
Cash paid during the period for			
Interest expenses	332,105	332,105	254,026
Corporate income tax and withholding tax deducted at source	7,309	115	265

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

THAI TAP WATER SUPPLY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
(FORMERLY KNOWN AS "THAI TAP WATER SUPPLY COMPANY LIMITED")

NOTES TO INTERIM FINANCIAL STATEMENTS

30 SEPTEMBER 2006

1. GENERAL INFORMATION

1.1 Corporate information

Thai Tap Water Supply Company Limited was incorporated as a limited company under Thai laws. The Company operates in Thailand and is principally engaged in the production and sell of treated water in Nakhon Pathom and Samut Sakhon in accordance with the rights granted under the "Water Purchase and Sales Agreement" made with the Provincial Waterworks Authority, dated 21 September 2000, for a period of 30 years as from the Actual Commencement Date. The major shareholder of the Company is CH. Karnchang Public Company Limited, a company also registered under Thai laws. Its registered office is located at 30/10 Moo 12, Rai Khing, Sam Phran, Nakhon Pathom.

On 23 June 2006, an Extraordinary General Meeting of the Company's shareholders passed a resolution approving the conversion of the Company to a public limited company. The Company registered the change of its status to a public company limited under the Public Limited Companies Act B.E. 2535 on 6 July 2006.

1.2 Basis for preparation of interim financial statements

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

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

1.3 Basis of consolidation

The consolidated financial statements for the three-month and nine-month periods ended 30 September 2006 include the financial statements of Thai Tap Water Supply Public Company Limited (hereinafter called “the Company”) and WaterFlow Company Limited (hereinafter called “the subsidiary”) in which the Company has acquired in March 2006 and holds 99.99 percent interest. The subsidiary’s principal activity is operating and maintenance of water supply project.

Assets of the subsidiary as included in the consolidated financial statements as at 30 September 2006 comprise 1 percent of the total and there are no revenues of the subsidiary included in the consolidated financial statements for the three-month and nine-month periods ended 30 September 2006.

Material intercompany balances and transactions and investment in subsidiary in the Company’s accounts and the subsidiary’s share capital are eliminated on consolidation.

Results of operations of the subsidiary have been included in the consolidated financial statements from the effective date of acquisition.

1.4 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2005, with the following additional policies have been used during the current period.

a) Investments in subsidiary

Investments in subsidiary (in the separate financial statements of the Company) are stated under the equity method of accounting. Under this method, investments are recorded at costs. For each subsequent period, investments are adjusted to incorporate the Company’s proportionate share of the operating results in the subsidiary.

b) Goodwill on consolidation

Goodwill on consolidation which was incurred from the investments in subsidiary being made at costs higher than the subsidiary’s net book value, is regarded as assets and amortised on a straight-line basis over a period of 20 years.

(UNAUDITED BUT REVIEWED)

2. CASH AND DEPOSITS AT FINANCIAL INSTITUTIONS

The Company has pledged its deposits from bank accounts with outstanding balances as at 30 September 2006 of approximately Baht 199.6 million (31 December 2005: Baht 387.6 million) with a group of lenders to secure long-term loans of the Company. The Company is able to withdraw these deposits for the use of regular operating expenses.

3. CURRENT INVESTMENT

The balances of current investment as at 30 September 2006 and 31 December 2005 comprise:

(Unit: Thousand Baht)

	Consolidated	The Company Only	
	30 September 2006	30 September 2006	31 December 2005
Fixed deposits	665,000	635,000	-
Certificates of deposit	-	-	285,000
Total	665,000	635,000	285,000

Fixed deposits represent the three-month period to twelve-month period fixed deposits, carrying interest between 4 and 5.125 percent per annum. Certificates of deposit, carrying interest at 2.50 percent per annum and have maturities of 6 months, matured during the second quarter of the current year.

As at 30 September 2006, the Company has pledged fixed deposits total Baht 635 million to secure long-term loans of the Company (31 December 2005: certificates of deposit amounting to Baht 285 million).

4. INVESTMENTS ACCOUNTED FOR UNDER EQUITY METHOD - SUBSIDIARY

(Unit: Thousand Baht)

Company's name	The Company Only				
	As at 30 September 2006				
	Paid-up Capital	Percentage owned by the Company	Investment		
		Cost	Equity	Dividend	
WaterFlow Company Limited	10,000	99.99	700,000	681,282	-
			700,000	681,282	-

WaterFlow Company Limited

On 27 February 2006, the Company invested in 100,000 ordinary shares of WaterFlow Company Limited, or equivalent to 99.99 percent of share capital of that company, at value of Baht 7,000 each, totaling of Baht 700 million.

(UNAUDITED BUT REVIEWED)

Valuation of acquired assets and liabilities as at the acquisition date of investment in WaterFlow Company Limited can be summarised below.

	(Unit: Thousand Baht)
Cash and cash equivalents	39,461
Trade account receivable	23,804
Other current assets	4,331
Other non-current assets	34
Property, plant and equipment	68,015
Trade accounts payable	(27,404)
Other current liabilities	(8,604)
Total net assets	99,637
Add : Goodwill on consolidation	600,363
Cash payments for acquisition of investments in subsidiary	700,000
Less : Cash and cash equivalents of subsidiary	(39,461)
Net cash payments for acquisition of investments in subsidiary	660,539

5. PROPERTY, PLANT AND EQUIPMENT

Movements of the property, plant and equipment account during the nine-month period ended 30 September 2006 are summarised below.

	(Unit: Thousand Baht)	
	<u>Consolidated</u>	<u>The Company Only</u>
Net book value as at 1 January 2006	9,536,450	9,536,450
Acquisitions during period - at cost	6,410	6,301
Disposals during period - net book value at disposal date	(2,307)	-
Net book value of a subsidiary as at acquisition date	68,015	-
Depreciation for period	(190,615)	(188,283)
Net book value as at 30 September 2006	<u>9,417,953</u>	<u>9,354,468</u>

The Company has mortgaged land and assets for production of treated water with a total net book value as at 30 September 2006 of Baht 9,354 million with a group of lenders to secure the loan facilities obtained from the group of lenders.

(UNAUDITED BUT REVIEWED)

6. LONG-TERM LOANS FROM FINANCIAL INSTITUTIONS/CURRENT PORTION OF LONG-TERM LOANS FROM FINANCIAL INSTITUTIONS

(Unit: Million Baht)

	Consolidated	The Company Only	
	30 September 2006	30 September 2006	31 December 2005
Long-term loans	6,755	6,755	6,860
Less: Current portion	(560)	(560)	(140)
Long-term loans, net of current portion	6,195	6,195	6,720

Movements in the long-term loans account during the nine-month period ended 30 September 2006 are summarised below.

(Unit: Million Baht)

	Consolidated	The Company Only
	Balance as at 1 January 2006	6,860
Less: Repayment	(105)	(105)
Balance as at 30 September 2006	6,755	6,755

The Company has entered into long-term loans agreement with a group of domestic lenders formed by 3 commercial banks with a line of credit amounting to totaling Baht 7,000 million dividing to Baht 5,200 million Tranche A Facility and Baht 1,800 million Tranche B Facility. The interest rates for these loans are 7.75 percent per annum for Tranche A Facility and 8.25 percent per annum for Tranche B for the period as from May 2001 to October 2003, Minimum Loan Rate (MLR) for the period until the actual commencement date of sales occurred, MLR - 1% for the period of three years after the actual commencement date of sales occurred, and MLR or MLR - 1% (depend on certain conditions in the loan agreement) for the remaining periods. The loan principal is repayable on a quarterly basis commencing in January 2005. The loan repayment schedule for each year is as follows:

<u>Year</u>	<u>Loan repayment</u>
2005	2.00 percent
2006	2.00 percent
2007	10.00 percent
2008	14.34 percent
2009	14.34 percent
2010	14.34 percent
2011	14.34 percent
2012	14.34 percent
2013	14.30 percent

(UNAUDITED BUT REVIEWED)

These loans are secured by the mortgage of the Company's land and construction thereon, the pledge of the Company's fixed deposits and share certificates, its rights of claim under sales of treated water contracts, its rights to draw on deposits in bank accounts, its beneficiary rights under insurance policies.

7. RELATED PARTY TRANSACTIONS

During the periods, the Company had significant business transactions with its related parties (related by way of shareholding or common shareholders and/or common directors) and directors. Such transactions, which have been concluded on the terms and basis as determined by the Company and those related parties, are under the normal course of business of the Company. The transactions are summarised belows.

(Unit: Million Baht)

	For the three-month periods ended 30 September			Pricing policy
	Consolidated	The Company Only		
	<u>2006</u>	<u>2006</u>	<u>2005</u>	
Cost of production of treated water	-	5.3	127.8	Based on contract
Management fees	-	-	0.2	Agreed between parties
Directors' remuneration	0.4	0.4	0.2	Resolution of shareholders' meeting

(Unit: Million Baht)

	For the nine-month periods ended 30 September			Pricing policy
	Consolidated	The Company Only		
	<u>2006</u>	<u>2006</u>	<u>2005</u>	
Cost of production of treated water	-	81.3	258.1	Based on contract
Management fees	-	-	2.0	Agreed between parties
Directors' remuneration	3.1	3.1	0.5	Resolution of shareholders' meeting

(UNAUDITED BUT REVIEWED)

The outstanding balances of the above transactions have been shown as separate items in the balance sheets as follows:

	(Unit: Thousand Baht)		
	Consolidated	The Company Only	
	30 September 2006	30 September 2006	31 December 2005
<u>Other receivable - subsidiary</u>			
- WaterFlow Company Limited	-	-	10,286
	-	-	10,286
<u>Trade accounts payable - related parties</u>			
<u>Subsidiary</u>			
- WaterFlow Company Limited	-	2,555	21,861
	-	2,555	21,861
<u>Related party</u>			
- CH. Karnchang Public Company Limited	200	-	63,749
	200	-	63,749
	200	2,555	85,610
<u>Retention payable - related party</u>			
- CH. Karnchang Public Company Limited	-	-	6,600
	-	-	6,600
<u>Retention - subsidiary</u>			
- WaterFlow Company Limited	-	5,000	-
	-	5,000	-

8. SHARE CAPITAL

On 10 January 2006, an Extraordinary General Meeting of the Company's shareholders passed a resolution approving the increase of the Company's registered share capital from Baht 3,000 million to Baht 3,250 million through the issuance of 2.5 million new ordinary shares with a par value of Baht 100 each to existing shareholders at an offer price of Baht 290 per share, or a total of Baht 725 million. The Company registered the increase in its registered share capital to Baht 3,250 million with the Ministry of Commerce on 27 February 2006.

On 23 June 2006, an Extraordinary General Meeting of the Company's shareholders passed a resolution approving a change in the par value of the Company's shares, such that they would be split from 32.5 million ordinary shares of Baht 100 each into 3,250 million ordinary shares of Baht 1 each. The Company registered the change in the par value of its shares with the Ministry of Commerce on 6 July 2006.

On 26 September 2006, an Extraordinary General Meeting of the Company's shareholders passed a resolution approving the increase of the Company's registered share capital from Baht 3,250 million to Baht 3,990 million through the issuance of 740 million new ordinary shares with a par value of Baht 1 each. The allocation of the additional ordinary shares is to be as follows:

- 1) 40 million ordinary shares are to be allocated and offered, in whole or in part, to directors, management, and employees of the Company and the subsidiary at a price equivalent to book value as at the latest fiscal year-end. These may be offered on one or several occasions. Any ordinary shares remaining after the allocation are to be allocated by means of public offerings. These offers may be in Thailand and/or abroad and made on one or several occasions, in whole or in part. In this regard, the Executive Board or any persons assigned by the Company's Executive Board is granted the authority to determine the allocation of offering rights, and all details and conditions in respect of the number of ordinary shares to be offered on each occasion, the offer period, the payment of the share price and the offer price, including the allocation of any ordinary shares remaining after the offering rights and the listing of the Company's ordinary shares as securities on the Stock Exchange of Thailand.
- 2) 700 million ordinary shares are to be allocated and offered, in whole or in part, to the public. These may be offered on one or several occasions. Any shares remaining after this allocation are to be allocated, in whole or in part, by means of private placement and/or to institutional investors, in accordance with the relevant Notifications of the Securities and Exchange Commission, on one or several occasions.

In this regard, the Executive Board or any persons assigned by the Company's Executive Board are granted the authority to arrange all significant matters in relation to the issuance and offer of these shares, including the determination of the number of ordinary shares to be offered on each occasion, the offer period, the payment of the share price and the offer price, together with the listing of the Company's ordinary shares as securities on the Stock Exchange of Thailand.

On 24 October 2006, the Company registered an increase in its share capital to Baht 3,990 million, comprising 3,990 million ordinary shares of Baht 1 each, with the Ministry of Commerce. The Company has yet to allot these new ordinary shares.

9. SELLING AND ADMINISTRATIVE EXPENSES

Selling and administrative expenses in the earnings statements for the nine-month period ended 30 September 2006 included the penalty amounting to Baht 22.8 million for the delay in payment of rental fee for land used for the installation of water distribution pipes.

10. CORPORATE INCOME TAX

No corporate income tax is payable on net earnings on non-promoted operations for the three-month and nine-month periods ended 30 September 2006 since tax loss brought forward from previous years exceeds net earnings for the periods.

Corporate income tax of the subsidiary, as included in the consolidated financial statements for the nine-month period ended 30 September 2006, have been calculated at a rate of 30 percent of net earnings after adding back certain expenses which are disallowable for tax computation purposes.

11. DIVIDEND PAYMENT

On 15 August 2005, a meeting of the Company's Board of Directors approved the payment of an interim dividend of Baht 3.5 per share, a total of Baht 105 million, to its shareholders from the earnings for the period as from 1 January 2005 to 30 June 2005 and approved the appropriation of Baht 17.9 million to the statutory reserve. The dividend was paid on 19 August 2005.

On 23 January 2006, the Board of Directors' Meeting No.1/2006 passed a resolution approving the payment of an interim dividend for the period as from 1 July 2005 to 31 December 2005 of Baht 3.15 per share, to the shareholders listed in the share register as at 31 December 2005, or a total of Baht 94.5 million. The Company paid such interim dividend on 19 May 2006.

On 18 August 2006, a meeting of the Board of Directors passed a resolution approving the payment of an interim dividend from the earnings of the promoted operations for the period from 1 January 2006 to 30 June 2006 of Baht 0.05 per share, to the shareholders listed in the share register as at 22 August 2006, or a total of Baht 162.5 million. The Company paid such interim dividend on 15 September 2006.

12. PROMOTIONAL PRIVILEGES

The Company was granted the promotional privileges under Thai Investment Promotion Act B.E. 2520 approved by the Board of Investment under certificates No. 1382(2)/2545, dated 19 June 2002, for production of treated water. Subject to certain imposed conditions, the main privileges include the following:

- Exemption of import duty on imported machinery according to specified condition.
- Exemption from corporate income tax on earnings from promotional privileges operation for a period of eight years from the date on which operating income is first derived.

13. BASIC EARNINGS PER SHARE

Basic earnings per share for the current period is determined by dividing net earnings for the period by the weighted average number of ordinary shares in issue during the period after reflecting the effect of the share split as discussed in Note 8.

For comparative purposes, the prior period's basic earnings per share has been recalculated to reflect the impact of the share split as mentioned above.

14. BANK GUARANTEES

As at 30 September 2006, there were outstanding bank guarantees of Baht 66.0 million (31 December 2005: Baht 61.0 million) issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business of the Company.

15. COMMITMENTS

As at 30 September 2006, the Company had the following commitments:-

- 15.1 Commitments totaling Baht 1.9 million in relation to the construction of assets for production of treated water.
- 15.2 Commitments under a service agreement with a financial advisory company whereby the Company is required to pay service fees amounting to Baht 1.5 million and underwriting fees calculated at a certain percentage of securities sales.

16. DISCOUNT ON SALES OF TREATED WATER/DISCOUNT FROM PURCHASE OF TREATED WATER

16.1) The Water Purchase and Sale Agreement between the Company and the Provincial Waterworks Authority stipulates that the Company has to grant a compensation to the Provincial Waterworks Authority for the cost saving as a result of the Company not being required to supply shortfall quantities. The compensation is calculated by multiplying the amount by which the actual quantity of treated water purchased is less than the minimum offtake quantity by the discount rate stipulated in the agreement. Under the agreement, compensation is to be accumulated until the Company has paid all indebtedness due to the lender under the long-term loans agreement, and discharged all obligations thereunder. Thereafter, the Company is to pay the accrued compensation to the Provincial Waterworks Authority by means of a deduction from the treated water charges for the excess quantity from the minimum offtake quantity the Provincial Waterworks Authority has to pay the Company. However, the Company's management believes that the probability that contingent liabilities to be paid to the Provincial Waterworks Authority in the future is rarely to be occurred. The Company does not record such compensation as a discount payment on sales of treated water in the account.

16.2) The Operation and Maintenance Agreement between the Company and the subsidiary stipulates that the subsidiary is to grant a compensation to the Company for the cost saving as a result of the subsidiary not being required to supply shortfall quantities. The compensation is calculated by multiplying the amount by which the actual quantity of treated water purchased is less than the minimum offtake quantity by the discount rate stipulated in the agreement. Under the agreement, the compensation is to be accumulated until the Company has paid all indebtedness due to the lender under the long-term loans agreement, and discharged all obligations thereunder. Thereafter, the subsidiary is to pay the accrued compensation to the Company by means of a deduction from the treated water charges the Company has to pay the subsidiary. However, the Company's management believes that the probability that the subsidiary will has to pay this compensation to the Company in the future is rarely to be occurred. The Company does not record such compensation as a discount received from purchase of treated water in the account.

17. LITIGATION

In October 2004, the Provincial Waterworks Authority filed a claim against the Company with the Thai Arbitration Institute, requesting the arbitrators to order the Company to pay all expenses related to the production and distribution of water under the Water Purchase Agreement between the Provincial Waterworks Authority and the Company.

Subsequently, in February 2005, the Company filed a statement of defense and a counterclaim against the Provincial Waterworks Authority, requesting the arbitrators to order the Provincial Waterworks Authority to pay the Department of Highways annual rental for land in a highway area used for the installation of a water mains for a local distribution network. Such rental amounted to approximately Baht 13 million per annum.

At present, both parties are attempting to negotiate a fair resolution of the matters in dispute. The arbitration proceedings have not yet commenced.

During the second quarter of the current year, the Company paid the Department of Highways rental for land use totaling Baht 58.9 million, including penalties. No provision for loss as a result of the dispute has been set aside in the accounts since the Company's management believes that no material financial loss will result.

18. FINANCIAL INFORMATION BY SEGMENT

The Company's and its subsidiary's operations involve principally a single industry segment, the production and sell of treated water and are carried on in the single geographic area of Thailand. As a result, all of the revenues, operating profits (losses) and assets as reflected in these financial statements pertain to the aforementioned industry segment and geographic area.

19. SUBSEQUENT EVENT

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

This Notification of the FAP was announced in the Royal Gazette and is effective from 30 October 2006.

20. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements were authorised for issue by the Board of Directors on 9 November 2006.