

No TTW/033/15

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Subject Explanation of the 2014 operating result as compared that of 2013

To The President  
The Stock Exchange of Thailand

The operating results of TTW Supply Public Company Limited (“the Company”) and its subsidiaries for the year ended 31 December 2014 and 2013 are Baht 2,973.9 million and Baht 2,573.8 million, respectively. As compared to those of the previous year, the Company and its subsidiaries show the increased in their operating results by Baht 400.1 million or 15.6%. As a consequence, the Company would like to explain the significant changes as follows:

1. Revenue from selling tap water increased by Baht 196.2 million or representing an increase of 3.9% because

a) The water sales of the Company increased by Baht 207.6 million or representing an increase of 6.1% mainly due to the rise in sale volume by 2.4 million cubic meters or representing an increase of 1.8% along with the increasing sell price from the previous year.

b) The water sales of Pathum Thani Water Company Limited (“PTW”) decreased by Baht 11.4 million or representing an decrease of 0.7% because its water sales decreased by 3.6 million cubic meters or 2.6% despite the increase in PTW’s selling price from the previous years.

2. Service income increased by Baht 4.2 million or representing a growth of 3.9% mainly due to the increase in service.

3. There was no gain on sale of investment in associated in 2014 because this extraordinary item was one-off in 2013.

4. Other incomes decreased by Baht 240.3 million or representing an decrease of 62.1% because in 2013 PTW received the refunded corporate income tax of year 2009, 2010 and 2011 by Baht 347.3 million. In 2014 the company recorded the corporate income tax above

the exact figure by Baht 55.3 million. Therefore, the Company reversed this transaction to be other incomes in the 2014.

5. The Cost of goods sold and service decreased by Baht 15.2 million or representing a decrease of 1.0% due to the decrease in chemical cost by Baht 36.7 million and the fall in other production costs by Baht 8.1 million. At the same time, electricity cost increased by Baht 27.7 million.

6. The administration expenses decreased by Baht 95.3 million or representing an decrease of 27.9% because

a) Utilizing the company's corporate income tax under BOI for 8 years in accordance with BOI privilege expiring in July 2012 became incorrect. This was because the company started to submit VAT on a sale of water in February 2004 and then income tax exemption period should have ended in January 2012 rather than July 2012. In addition, regarding dividend paid to shareholders in August 2012, the Company did not withhold tax from the interim dividends paid from the net income of the Company between February and July 2012 in accordance with the Revenue Code. In the fourth quarter of 2013, the Company paid this corporate income tax, withholding tax and a surcharge for late payment of Baht 200.5 million, Baht 34.3 million and Baht 25.7 million, respectively. The Company recorded withholding tax and surcharge of Baht 60 million in the administrative expenses account.

b) The public relation, consult and other expenses decreased by Baht 10.9, 9.2 and 10.2 million baht, respectively. The decrease in mentioned expenses herein resulted from the sale volume under the target and then the company and its subsidiaries needed to control and delay these all expenses.

7. Sharing of profit from investment in associated company increased by Baht 48.1 million or 76.9% because CKP realized its increase in service income of the company and CKP's subsidiary, Bangpa-in Cogeneration Company Limited, which started to commence its business operation in June 2013 onwards.

8. Financial expenses decreased by Baht 48.6 million or representing a decrease of 7.9% due to the decrease in long-term loan amount and loan repayment average interest rate as compared to the previous year.

9. The corporate income tax decreased by Baht 360.1 million or representing an decrease of 69.7% because the Company received tax promotional privileges for 8 years from the Board of Investment on 27 May 2013 due to 2011 mega flood.

Please be informed accordingly.

Yours Faithfully,

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Financial Director