

Thai Tap Water Supply Public Company Limited
and its subsidiaries

Report and interim consolidated financial statements
For the three-month and six-month periods ended
30 June 2012 and 2011

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Thai Tap Water Supply Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Thai Tap Water Supply Public Company Limited and its subsidiaries as at 30 June 2012, the related consolidated statements of comprehensive income for the three-month and six-month periods ended 30 June 2012 and 2011, changes in shareholders' equity, and cash flows for the six-month periods ended 30 June 2012 and 2011, as well as the condensed notes to the consolidated financial statements, and have also reviewed the separate financial information of Thai Tap Water Supply Public Company Limited for the same periods. Management is responsible for the preparation and presentation of this interim financial information in accordance with Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my reviews.

Scope of review

I conducted my reviews in accordance with 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 auditing standards 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 reviews, 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 Accounting Standard 34 *Interim Financial Reporting*.

Statements of financial position as at 31 December 2011 for comparative purposes

I have previously audited the consolidated financial statements of Thai Tap Water Supply Public Company Limited and its subsidiaries and the separate financial statements of Thai Tap Water Supply Public Company Limited for the year ended 31 December 2011 in accordance with generally accepted auditing standards and, under my report dated 30 January 2012, expressed an unqualified opinion on those statements, but drew attention to the adoption of the revised and new accounting standards. The consolidated and separate statements of financial position as at 31 December 2011, as presented herein for comparative purposes, formed an integral part of those financial statements. I have not performed any other audit procedures subsequent to the date of the above report.

Khitsada Lerdwana

Certified Public Accountant (Thailand) No. 4958

Ernst & Young Office Limited

Bangkok: 26 July 2012

Thai Tap Water Supply Public Company Limited and its subsidiaries

Statements of financial position

(Unit: Thousand Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>30 June 2012</u>	<u>31 December 2011</u>	<u>30 June 2012</u>	<u>31 December 2011</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents		2,242,234	1,967,105	1,569,002	1,405,182
Current investments	3	3,118,694	2,965,962	3,118,694	2,965,962
Trade and other receivables	2, 4	439,612	431,238	289,748	290,595
Current portion of long-term loans to related party and interest receivable	2	-	-	310,622	310,682
Raw materials and supplies		23,680	24,869	14,481	15,563
Other current assets		87,948	45,774	77,341	38,704
Total current assets		5,912,168	5,434,948	5,379,888	5,026,688
Non-current assets					
Long-term loans to related party, net of current portion	2	-	-	1,937,500	2,092,500
Investments in subsidiaries	5	-	-	3,578,410	3,688,854
Investment in associate	6	2,735,426	24,808	2,766,100	36,100
Property, plant and equipment	7	9,053,803	9,232,033	8,985,313	9,161,560
Assets for production of treated water that must be transferred at end of concession	8	3,233,829	3,367,420	-	-
Rights to produce and sell treated water and treat waste water	9	1,321,004	1,333,829	1,321,004	1,333,829
Rights to produce and sell treated water	10	2,202,579	2,299,299	-	-
Intangible assets		12,183	13,010	-	-
Other non-current assets		16,539	22,952	8,577	8,672
Total non-current assets		18,575,363	16,293,351	18,596,904	16,321,515
Total assets		24,487,531	21,728,299	23,976,792	21,348,203

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

Thai Tap Water Supply Public Company Limited and its subsidiaries

Statements of financial position (continued)

(Unit: Thousand Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>30 June 2012</u>	<u>31 December 2011</u>	<u>30 June 2012</u>	<u>31 December 2011</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	11	85,395	108,549	57,952	84,463
Current portion of long-term loans					
from financial institutions	12	480,000	470,000	480,000	470,000
Current portion of debentures	13	-	3,500,000	-	3,500,000
Income tax payable		73,677	91,035	-	-
Accrued interest		134,855	112,380	134,855	112,380
Other current liabilities		94,549	76,390	56,500	51,575
Total current liabilities		868,476	4,358,354	729,307	4,218,418
Non-current liabilities					
Retention - subsidiary	2	-	-	5,000	5,000
Long-term loans from financial institutions,					
net of current portion	12	6,185,000	3,670,000	6,185,000	3,670,000
Debentures, net of current portion	13	6,989,977	3,496,208	6,989,977	3,496,208
Provision for long-term employee benefits		13,682	12,066	5,788	4,999
Total non-current liabilities		13,188,659	7,178,274	13,185,765	7,176,207
Total liabilities		14,057,135	11,536,628	13,915,072	11,394,625

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

Thai Tap Water Supply Public Company Limited and its subsidiaries

Statements of financial position (continued)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	Note	30 June 2012	31 December 2011	30 June 2012	31 December 2011
		(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	14	723,128	516,860	723,128	516,860
Unappropriated		3,247,533	3,217,946	2,311,822	2,409,948
Difference on reorganization of business					
of group companies		(600,363)	(600,363)	-	-
Equity attributable to owners of the Company		10,397,068	10,161,213	10,061,720	9,953,578
Non-controlling interests of the subsidiaries		33,328	30,458	-	-
Total shareholders' equity		10,430,396	10,191,671	10,061,720	9,953,578
Total liabilities and shareholders' equity		24,487,531	21,728,299	23,976,792	21,348,203
		-	-	-	-

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

Directors

(Unaudited but reviewed)

Thai Tap Water Supply Public Company Limited and its subsidiaries**Statements of comprehensive income****For the three-month periods ended 30 June 2012 and 2011**

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

		Consolidated financial statements		Separate financial statements	
	Note	2012	2011	2012	2011
Profit or loss:					
Revenues					
Sales of treated water		1,197,189	1,118,914	795,966	749,097
Service income		20,865	20,850	6,411	8,625
Interest income		22,349	10,972	48,689	39,090
Other income		16,591	2,765	13,138	498
Total revenues		1,256,994	1,153,501	864,204	797,310
Expenses					
Cost of sales of treated water and service		347,917	321,279	198,110	181,988
Administrative expenses		64,219	48,202	49,039	33,883
Amortisation of investments in subsidiaries	5	-	-	55,222	55,222
Amortisation of rights to produce and sell treated water and treat waste water	9	7,156	9,314	7,156	9,314
Amortisation of rights to produce and sell treated water	10	48,603	48,603	-	-
Total expenses		467,895	427,398	309,527	280,407
Profit before share of loss from investment in associate, finance cost and corporate income tax		789,099	726,103	554,677	516,903
Share of loss from investment in associate		(29,303)	-	-	-
Profit before finance cost and corporate income tax		759,796	726,103	554,677	516,903
Finance cost		(149,462)	(126,517)	(149,232)	(126,273)
Profit before corporate income tax		610,334	599,586	405,445	390,630
Corporate income tax	18	(39,118)	(50,602)	-	-
Profit for the period		571,216	548,984	405,445	390,630
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		571,216	548,984	405,445	390,630
Profit attributable to:					
Equity holders of the Company		567,421	545,939	405,445	390,630
Non-controlling interests of the subsidiaries		3,795	3,045	-	-
		571,216	548,984		
Earnings per share	16				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.14	0.14	0.10	0.10

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

(Unaudited but reviewed)

Thai Tap Water Supply Public Company Limited and its subsidiaries

Statements of comprehensive income

For the six-month periods ended 30 June 2012 and 2011

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

		Consolidated financial statements		Separate financial statements	
	Note	2012	2011	2012	2011
Profit or loss:					
Revenues					
Sales of treated water		2,372,214	2,202,160	1,577,897	1,478,403
Service income		40,278	41,802	11,295	17,280
Interest income		38,314	15,097	93,196	70,740
Dividend income	5	-	-	302,813	328,685
Other income	18	137,658	4,608	42,081	2,064
Total revenues		2,588,464	2,263,667	2,027,282	1,897,172
Expenses					
Cost of sales of treated water and service		715,351	628,607	415,137	357,815
Administrative expenses		136,702	108,971	98,704	80,394
Amortisation of investments in subsidiaries	5	-	-	110,444	109,837
Amortisation of rights to produce and sell treated water and treat waste water	9	12,825	18,027	12,825	18,027
Amortisation of rights to produce and sell treated water	10	96,720	96,673	-	-
Total expenses		961,598	852,278	637,110	566,073
Profit before share of loss from investment in associate, finance cost and corporate income tax		1,626,866	1,411,389	1,390,172	1,331,099
Share of loss from investment in associate		(19,382)	-	-	-
Profit before finance cost and corporate income tax		1,607,484	1,411,389	1,390,172	1,331,099
Finance cost		(284,992)	(250,902)	(284,530)	(250,378)
Profit before corporate income tax		1,322,492	1,160,487	1,105,642	1,080,721
Corporate income tax	18	(80,087)	(97,097)	-	-
Profit for the period		1,242,405	1,063,390	1,105,642	1,080,721
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		1,242,405	1,063,390	1,105,642	1,080,721
Profit attributable to:					
Equity holders of the Company		1,233,355	1,057,405	1,105,642	1,080,721
Non-controlling interests of the subsidiaries		9,050	5,985	-	-
		1,242,405	1,063,390		
Earnings per share	16				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.31	0.27	0.28	0.27

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

(Unaudited but reviewed)

Thai Tap Water Supply Public Company Limited and its subsidiaries**Cash flow statements****For the six-month periods ended 30 June 2012 and 2011**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Cash flows from operating activities				
Profit before tax	1,322,492	1,160,487	1,105,642	1,080,721
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	321,196	306,320	180,134	165,412
Amortisation of investments in subsidiaries	-	-	110,444	109,837
Amortisation of rights to produce and sell treated water	96,720	96,673	-	-
Amortisation of rights to produce and sell treated water and treat waste water	12,825	18,027	12,825	18,027
Share of loss from investment in associate	19,382	-	-	-
Dividend income from subsidiary	-	-	(302,813)	(328,685)
Provision for long-term employee benefits	1,616	1,403	789	687
Reversal of income tax payable	(91,035)	-	-	-
Withholding tax deducted at source written off	10,432	-	2,287	-
Loss (gain) on sales of equipment	(554)	(2,106)	16	-
Interest expenses	<u>284,538</u>	<u>250,414</u>	<u>284,530</u>	<u>250,378</u>
Profit from operating activities before changes in operating assets and liabilities	1,977,612	1,831,218	1,393,854	1,296,377
Operating assets (increase) decrease				
Trade and other receivables	(8,374)	(4,070)	847	4,578
Raw materials and supplies	1,189	1,688	1,082	1,192
Other current assets	(37,556)	(11,781)	(32,458)	(11,348)
Other non-current assets	211	(7,594)	211	(835)
Operating liabilities increase (decrease)				
Trade and other payables	(27,482)	(29,921)	(29,849)	(31,446)
Other current liabilities	<u>17,671</u>	<u>9,591</u>	<u>4,436</u>	<u>3,072</u>
Cash from operating activities	1,923,271	1,789,131	1,338,123	1,261,590
Cash paid for interest expenses	(260,945)	(250,952)	(260,937)	(250,915)
Cash paid for corporate income tax	<u>(7,851)</u>	<u>(95,280)</u>	<u>(1,114)</u>	<u>(1,216)</u>
Net cash from operating activities	<u>1,654,475</u>	<u>1,442,899</u>	<u>1,076,072</u>	<u>1,009,459</u>

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

(Unaudited but reviewed)

Thai Tap Water Supply Public Company Limited and its subsidiaries**Cash flow statements (continued)****For the six-month periods ended 30 June 2012 and 2011**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Cash flows from investing activities				
Increase in current investments	(159,262)	(709,040)	(159,262)	(709,040)
Decrease in long-term loans to related party	-	-	155,000	155,000
Increase in investment in associated company	(2,730,000)	-	(2,730,000)	-
Increase in property, plant and equipment	(2,397)	(49,757)	(1,441)	(41,250)
Increase in assets for production of treated water that must be transferred at end of concession	(2,856)	(20,944)	-	-
Proceeds from disposal of equipment	711	2,166	-	-
Dividend received from subsidiary	-	-	302,813	328,685
Net cash used in investing activities	<u>(2,893,804)</u>	<u>(777,575)</u>	<u>(2,432,890)</u>	<u>(266,605)</u>
Cash flows from financing activities				
Increase in long-term loans from financial institutions	2,760,000	-	2,760,000	-
Decrease in long-term loans from financial institutions	(235,000)	(225,000)	(235,000)	(225,000)
Repayment of debentures	(3,500,000)	-	(3,500,000)	-
Cash received from issuance of debentures	3,492,650	-	3,492,650	-
Dividend payment	(997,012)	(797,735)	(997,012)	(797,735)
Dividend payment for non-controlling interests of the subsidiary	(6,180)	(6,708)	-	-
Net cash from (used in) financing activities	<u>1,514,458</u>	<u>(1,029,443)</u>	<u>1,520,638</u>	<u>(1,022,735)</u>
Net increase (decrease) in cash and cash equivalents	<u>275,129</u>	<u>(364,119)</u>	<u>163,820</u>	<u>(279,881)</u>
Cash and cash equivalents at beginning of period	<u>1,967,105</u>	<u>2,073,891</u>	<u>1,405,182</u>	<u>1,486,429</u>
Cash and cash equivalents at end of period	<u>2,242,234</u>	<u>1,709,772</u>	<u>1,569,002</u>	<u>1,206,548</u>
	-	-	-	-

Supplemental cash flows information

Non-cash transactions

Increase in construction in progress from amounts due to related party and other payable	-	589	-	589
Increase in property, plant and equipment from constructions payable	2,462	-	2,462	-
Dividend payable	488	-	488	-
Increase in assets for production of treated water that must be transferred at the end of concession from other payable	990	-	-	-

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

(Unaudited but reviewed)

Thai Tap Water Supply Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the six-month periods ended 30 June 2012 and 2011

(Unit: Thousand Baht)

Consolidated financial statements									
Equity attributable to the parent's shareholders									
			Retained earnings			Difference on reorganisation of business of group companies	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
	Issued and paid up share capital	Share premium	Appropriated - statutory reserve	Appropriated - other reserve	Unappropriated				
Balance as at 1 January 2011	3,990,000	2,637,770	399,000	320,985	2,697,353	(600,363)	9,444,745	29,593	9,474,338
Dividend paid (Note 17)	-	-	-	-	(798,000)	-	(798,000)	-	(798,000)
Total comprehensive income for the period	-	-	-	-	1,057,405	-	1,057,405	5,985	1,063,390
Appropriated to other reserve (Note 14)	-	-	-	195,875	(195,875)	-	-	-	-
Decreased in non-controlling interests of the subsidiaries	-	-	-	-	-	-	-	(6,708)	(6,708)
Balance as at 30 June 2011	<u>3,990,000</u>	<u>2,637,770</u>	<u>399,000</u>	<u>516,860</u>	<u>2,760,883</u>	<u>(600,363)</u>	<u>9,704,150</u>	<u>28,870</u>	<u>9,733,020</u>
Balance as at 1 January 2012	3,990,000	2,637,770	399,000	516,860	3,217,946	(600,363)	10,161,213	30,458	10,191,671
Dividend paid (Note 17)	-	-	-	-	(997,500)	-	(997,500)	-	(997,500)
Total comprehensive income for the period	-	-	-	-	1,233,355	-	1,233,355	9,050	1,242,405
Appropriated to other reserve (Note 14)	-	-	-	206,268	(206,268)	-	-	-	-
Decreased in non-controlling interests of the subsidiaries	-	-	-	-	-	-	-	(6,180)	(6,180)
Balance as at 30 June 2012	<u>3,990,000</u>	<u>2,637,770</u>	<u>399,000</u>	<u>723,128</u>	<u>3,247,533</u>	<u>(600,363)</u>	<u>10,397,068</u>	<u>33,328</u>	<u>10,430,396</u>

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

(Unaudited but reviewed)

Thai Tap Water Supply Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the six-month periods ended 30 June 2012 and 2011

(Unit: Thousand Baht)

	Separate financial statements					
			Retained earnings			Total
	Issued and paid up		Appropriated -	Appropriated -		shareholders'
	share capital	Share premium	statutory reserve	other reserve	Unappropriated	equity
Balance as at 1 January 2011	3,990,000	2,637,770	399,000	320,985	1,939,638	9,287,393
Dividend paid (Note 17)	-	-	-	-	(798,000)	(798,000)
Total comprehensive income for the period	-	-	-	-	1,080,721	1,080,721
Appropriated to other reserve (Note 14)	-	-	-	195,875	(195,875)	-
Balance as at 30 June 2011	3,990,000	2,637,770	399,000	516,860	2,026,484	9,570,114
Balance as at 1 January 2012	3,990,000	2,637,770	399,000	516,860	2,409,948	9,953,578
Dividend paid (Note 17)	-	-	-	-	(997,500)	(997,500)
Total comprehensive income for the period	-	-	-	-	1,105,642	1,105,642
Appropriated to other reserve (Note 14)	-	-	-	206,268	(206,268)	-
Balance as at 30 June 2012	3,990,000	2,637,770	399,000	723,128	2,311,822	10,061,720

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

Thai Tap Water Supply Public Company Limited and its subsidiaries

Notes to interim consolidated financial statements

For the three-month and six-month periods ended 30 June 2012 and 2011

1. General information

1.1 Corporate information

Thai Tap Water Supply Public Company Limited (“the Company”) was incorporated as a limited company under the Civil and Commercial Code on 11 September 2000 and registered the change of its status to a public company limited under the Public Limited Companies Act B.E. 2535 on 6 July 2006. The Company operates in Thailand and its major shareholder is CH. Karnchang Public Company Limited, which was also 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 address is 30/130 Moo 12, Budha Monthon 5 Road, RaiKhing, Sam Pran, Nakhon Pathom.

1.2 Basis for preparation of interim financial statements

These interim financial statements are prepared in accordance with Accounting Standard No. 34 (revised 2009) "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 consolidated interim financial statements include the financial statements of Thai Tap Water Supply Public Company Limited and its subsidiaries and are prepared on the same basis as the consolidated financial statements for the year ended 31 December 2011, with no structural changes related to subsidiaries occurring during the current period.

1.4 New accounting standards issued during the period and not yet effective

During the current period, the Federation of Accounting Professions issued the financial reporting standard TFRS 8 "Operating Segments", which is effective for fiscal years beginning on or after 1 January 2013.

The Company's management believes that this financial reporting standard is not relevant to the business of the Company.

1.5 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2011.

2. Related party transactions

During the periods, the Company and its subsidiaries had significant business transactions with related parties, which have been concluded on commercial terms and bases agreed upon in the ordinary course of business between the Company and those parties. Below is a summary of those transactions.

(Unit: Million Baht)

	For the three-month periods ended 30 June				
	Consolidated		Separate		
	financial statements		financial statements		Transfer Pricing Policy
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	
<u>Transactions with subsidiary</u>					
<u>companies</u>					
(eliminated from the consolidated					
financial statements)					
Cost of sales and services	-	-	7	7	Based on contract
Interest income	-	-	29	30	Minimum Loan Rate
					minus stipulated
					margin per annum

(Unit: Million Baht)

	For the six-month periods ended 30 June				
	Consolidated		Separate		
	financial statements		financial statements		Transfer Pricing Policy
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Cost of sales and services	-	-	14	15	Based on contract
Interest income	-	-	60	58	Minimum Loan Rate minus stipulated margin per annum
<u>Transactions with related party</u>					
Cost of sales and services	-	2	-	2	Agreed between the parties

(Unaudited but reviewed)

The balances of the accounts as at 30 June 2012 and 31 December 2011 between the Company and those related parties are as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	30 June	31 December	30 June	31 December
	2012	2011	2012	2011
		(Audited)		(Audited)
<u>Other receivables - related parties</u>				
(related by shareholders or committees)	266	62	266	62
	266	62	266	62
<u>Long-term loans to related party and accrued interest</u>				
Pathum Thani Water Company Limited				
Loan	-	-	2,247,500	2,402,500
Interest	-	-	622	682
Total	-	-	2,248,122	2,403,182
<u>Less:</u> Current portion and accrued interest	-	-	(310,622)	(310,682)
Long-term loans to related party, net of current portion	-	-	1,937,500	2,092,500
<u>Trade and other payables - related parties</u>				
(Note 11)				
Subsidiary	-	-	2,606	3,346
Related companies (related by shareholders or committees)	37	1,205	37	1,205
Total trade and other payables - related parties	37	1,205	2,643	4,551
<u>Retention - subsidiary</u>	-	-	5,000	5,000
	-	-	5,000	5,000

(Unaudited but reviewed)

During the six-month period ended 30 June 2012, movements of long-term loans to a related party were as follow:

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at	During the period		Balance as at
	1 January 2012	Increase	Decrease	30 June 2012
<u>Long-term loans</u>				
Pathum Thani Water Company Limited				
Loan	2,402,500	-	(155,000)	2,247,500
Interest	682	59,821	(59,881)	622
	2,403,182	59,821	(214,881)	2,248,122

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

Directors and management's benefits

During the three-month and six-month periods ended 30 June 2012 and 2011, the Company and its subsidiaries had employee benefit expenses of their directors and management as below.

(Unit: Million Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Short-term employee benefits	16	17	12	12
Post-employment benefits	-	-	-	-
Total	<u>16</u>	<u>17</u>	<u>12</u>	<u>12</u>

(Unit: Million Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Short-term employee benefits	32	30	24	21
Post-employment benefits	1	1	-	-
Total	<u>33</u>	<u>31</u>	<u>24</u>	<u>21</u>

(Unaudited but reviewed)

3. Current investments

The balances of current investments represent investments in trading securities and the six-month period to twelve-month period fixed deposits, carrying interest between 2.28 and 5.25 percent per annum.

(Unit: Thousand Baht)

	Consolidated/ Separate financial statements	
	30 June 2012	31 December 2011
		(Audited)
<u>Fixed Deposit</u>	1,846,131	1,633,827
	1,846,131	1,633,827
<u>Investments in trading securities at fair value</u>		
Government and state enterprise bonds	617,041	724,445
State enterprise securities	-	30,063
Private sector debt securities	517,065	502,938
Marketable equity securities	138,457	74,689
	1,272,563	1,332,135
Total current investments	3,118,694	2,965,962

4. Trade accounts receivable

As at 30 June 2012 and 31 December 2011, the outstanding balances of trade accounts receivable were overdue less than 3 months.

5. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		Investments at cost		(Unit: Thousand Baht)	
							Dividend received during the periods	
	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December
	2012	2011	2012	2011	2012	2011	2012	2011
	Million Baht	Million Baht	Percent	Percent		(Audited)		(Audited)
Thai Water Operations								
Company Limited	60	60	68.5	68.5	700,000	700,000	-	-
Pathum Thani Water Company								
Limited	1,200	1,200	98	98	3,998,310	3,998,310	302,813	528,600
					4,698,310	4,698,310	302,813	528,600
<u>Less:</u> Accumulated amortisation of investments in subsidiaries					(1,099,900)	(989,456)	-	-
<u>Less:</u> Dividend received from income before purchase of shares					(20,000)	(20,000)	-	-
Total					3,578,410	3,688,854	302,813	528,600

During the first quarter of the year 2012, the Company received dividend from Pathum Thani Water Company Limited amounting to Baht 303 million, in accordance with a resolution of the Annual General Meeting of Pathum Thani Water Company Limited held on 6 March 2012.

Thai Water Operations Company Limited did not paid dividend during the six-month period ended 30 June 2012.

(Unaudited but reviewed)

6. 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 2012	31 December 2011	30 June 2012	31 December 2011	30 June 2012	31 December 2011
			percent	percent		(Audited)		(Audited)
CK Power Limited	Making investment in other companies	Thailand	30	30	2,766,100	36,100	2,735,426	24,808
Total					2,766,100	36,100	2,735,426	24,808

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements					
			Shareholding percentage		Cost		Carrying amounts based on cost method - net	
			30 June 2012	31 December 2011	30 June 2012	31 December 2011	30 June 2012	31 December 2011
			percent	percent		(Audited)		(Audited)
CK Power Limited	Making investment in other companies	Thailand	30	30	2,766,100	36,100	2,766,100	36,100
Total					2,766,100	36,100	2,766,100	36,100

(Unaudited but reviewed)

In May 2012, CK Power Limited increased its registered share capital from Baht 100 million to Baht 9,200 million through the issuance of 910 million new ordinary shares of Baht 10 each, with such new shares to be allocated to the existing shareholders in proportion to their shareholding and the Company has already made payment for the shares of such company in proportion to its shareholding, amounting to Baht 2,730 million.

In May 2012, the Company agreed to provide sponsor support to CK Power Limited whereby it will provide financial support to a subsidiary of CK Power Limited in the proportion to its shareholding (30 percent), or a total of not more than Baht 154 million, should the subsidiary be unable to comply with its obligations under the Financing Documents or default on loan repayment.

7. Property, plant and equipment

Movements of the property, plant and equipment account during the six-month period ended 30 June 2012 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2012	9,232,033	9,161,560
Acquisitions during period - at cost	4,859	3,903
Depreciation for the period	(182,932)	(180,134)
Disposal during period - net book value at disposal date	(157)	(16)
Net book value as at 30 June 2012	<u>9,053,803</u>	<u>8,985,313</u>

(Unaudited but reviewed)

8. Assets for production of treated water that must be transferred at end of concession

Movements of assets for production of treated water account during six-month period ended 30 June 2012 are summarised below.

	(Unit: Thousand Baht)
	Consolidated
	financial statements
Net book value as at 1 January 2012	3,367,420
Acquisitions during period - at cost	3,846
Amortisation for the period	(137,437)
Net book value as at 30 June 2012	3,233,829

Amortisation of 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.

9. Rights to produce and sell treated water and treat waste water

	(Unit: Thousand Baht)	
	Consolidated / Separate	
	financial statements	
	30 June	31 December
	2012	2011
		(Audited)
Rights to produce and sell treated water and treat waste water	1,410,075	1,410,075
<u>Less:</u> Accumulated amortisation of rights to produce and sell treated water and treat waste water	(89,071)	(76,246)
Rights to produce and sell treated water and treat waste water, net	<u>1,321,004</u>	<u>1,333,829</u>

10. Rights to produce and sell treated water

(Unit: Thousand Baht)

	Consolidated financial statements	
	30 June 2012	31 December 2011
		(Audited)
Rights to produce and sell treated water	3,169,109	3,169,109
<u>Less:</u> Accumulated amortisation of rights to produce and sell treated water	(966,530)	(869,810)
Rights to produce and sell treated water, net	<u>2,202,579</u>	<u>2,299,299</u>

11. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
		(Audited)		(Audited)
Trade payables - related parties	-	-	2,524	2,612
Trade payables - unrelated parties	24,007	41,493	15,803	33,883
Amounts due to related parties	37	1,205	119	1,939
Amounts due to unrelated parties	1,015	1,675	-	-
Other payable - unrelated parties (construction payable)	2,471	9,885	2,471	9,885
Retention payable for contract work - unrelated parties	3,599	5,086	3,185	3,542
Accounts payable from securities trading	6,861	5,993	6,861	5,993
Accrued expenses	47,405	43,212	26,989	26,609
Total trade and other payables	<u>85,395</u>	<u>108,549</u>	<u>57,952</u>	<u>84,463</u>

(Unaudited but reviewed)

12. Long-term loans from financial institutions

	(Unit: Thousand Baht)	
	Consolidated / Separate	
	financial statements	
	30 June 2012	31 December 2011
		(Audited)
Long-term loans	6,665,000	4,140,000
<u>Less:</u> Current portion	(480,000)	(470,000)
Long-term loans, net of current portion	6,185,000	3,670,000

Movements in the long-term loans account during the six-month period ended 30 June 2012 are summarised below.

	(Unit: Thousand Baht)
	Consolidated / Separate
	financial statements
Balance as at 1 January 2012	4,140,000
<u>Add:</u> Additional borrowings during the period	2,760,000
<u>Less:</u> Repayment	(235,000)
Balance as at 30 June 2012	6,665,000

Such loans carry interest at the Minimum Loan Rate minus a stipulated margin (MLR - margin) per annum.

In May 2012, the Company entered into a loan agreement amounting to Baht 2,760 million with another financial institution. This loan carries interest at the 6-month fixed deposit rate plus a stipulated margin per annum and is due for repayment in full by 9 May 2020.

The loan agreements contain covenants that, among other things, require the Company to maintain certain debt to equity ratio.

13. Debentures

Movements in the debentures account during the six-month period ended 30 June 2012 are summarised below:

	(Unit: Thousand Baht) Consolidated / Separate financial statements
Balance as at 1 January 2012	6,996,208
<u>Less:</u> Repayment during the period	(3,500,000)
<u>Add:</u> Issuance of debentures during the period	3,500,000
<u>Less:</u> Deferred debentures issuing costs	(7,350)
<u>Add:</u> Amortisation of deferred debentures issuing cost	1,119
Balance as at 30 June 2012	6,989,977

On 13 September 2011, a meeting of the Company's Board of Directors passed a resolution granting approval for the Company to issue Baht 3,500 million of unsecured senior debentures, with trustees, in 2 series; to be offered for sale to investors in accordance with the Notification of the Securities and Exchange Commission. Details of the debentures are as follow:-

- A) Series #1 comprises 1,500,000 debentures with a face value of Baht 1,000 or a total of Baht 1,500 million. The debentures mature on 22 February 2019 and bear interest at a fixed rate of 4.40 percent per annum, payable every 6 months.
- B) Series #2 comprises 2,000,000 debentures with a face value of Baht 1,000 or total of Baht 2,000 million. The debentures mature on 22 February 2022 and bear interest at a fixed rate of 4.60 percent per annum, payable every 6 months.

The Company issued these debentures on 22 February 2012.

The Company is required to maintain certain financial ratios.

14. 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 percent of its annual net income to other reserve.

15. Financial information by segment

The Company's and the subsidiaries' operations involve 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 and assets reflected in these financial statements pertain to the aforementioned industry segment and geographic area.

16. 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.

17. Dividend

<u>Dividends</u>	<u>Approved by</u>	<u>Total dividends</u> (Thousand Baht)	<u>Dividend per share</u> (Baht)
Dividends from the earnings of the promoted operations for July to December 2010 to the shareholders listed in the share register book as at 16 February 2011	Annual General Meeting of the Company's shareholders for the year 2011 on 7 March 2011	798,000	0.20
Total dividends for 2011		798,000	0.20
Dividends from the earnings of the promoted operations for July to December 2011 to the shareholders listed in the share register book as at 14 February 2012	Annual General Meeting of the Company's shareholders for the year 2012 on 16 March 2012	997,500	0.25
Total dividends for 2012		997,500	0.25

18. Corporate income tax

The Company had no corporate income tax payable on the net income from non-promoted operations for the three-month and six-month periods ended 30 June 2012 and 2011, since the Company had tax loss brought forward from previous years over its income from the periods.

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

During the first quarter of the current year, the subsidiary receives a letter concerning appeal decision from the Board of Appeals of the Revenue Department which states that the subsidiary can use for tax loss brought forward as previously submitted. According to the letter of appeal decision, the subsidiary has had corporate income tax obligations since the third quarter of the year 2011 totaling Baht 86 million. In this regard, the subsidiary has right to receive refund from the corporate income tax paid from the year 2008 to 2010. The subsidiary is in a process of refunding the corporate income tax for 2008 to 2010 that was paid totaling Baht 386 million. Currently, the refund is being considered by Area Revenue Office, Pathum Thani 1. However, the subsidiary already reversed Baht 91 million overrecorded income tax payable for 2011 to other income in the statement of comprehensive income of the first quarter of the current year.

19. Commitments and contingent liabilities

19.1 Capital commitment

As at 30 June 2012, the Company and its subsidiaries had capital commitments of approximately Baht 5 million, relating to the furnishing of the office, equipment and machinery.

19.2 Service commitments and other commitments

- a) The Company has entered into operation and maintenance agreements with Thai Water Operations Company Limited, whereby the subsidiary is to manage and maintenance of production and supply of treated water system and to manage the waste water system. Under the conditions of the agreements, the Company is to pay service fees at a rate stipulated in the agreements.
- b) As at 30 June 2012, the Company had commitments totaling Baht 12 million under land lease agreement for office building.
- c) Pathum Thani Water Company Limited has entered into a maintenance agreement with Thai Water Operations Company Limited, whereby such company is to maintenance. Under the conditions of the agreement, Pathum Thani Water Company Limited is to pay service fees at a rate stipulated in the agreement.
- d) As at 30 June 2012, its subsidiaries had commitments totaling Baht 5 million under other service agreement.
- e) The Company has commitments in respect of its undertakings to provide financial support to one associated company, as stipulated in the conditions in the agreement (as discussed in Notes 6).

19.3 Bank guarantees

As at 30 June 2012, there were outstanding bank guarantees of approximately Baht 262 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 amounting to Baht 212 million required under the Water Purchase Agreement with the Provincial Waterworks Authority and Baht 50 million to guarantee electricity use (Separate financial statements: Baht 52 million under the Water Purchase Agreement with the Provincial Waterworks Authority and Baht 31 million to guarantee electricity use).

19.4 Litigation

Pathum Thani Water Company Limited

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

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

However, no provision for loss from that dispute was set aside in the account since the management of Pathum Thani Water Company Limited believes that there is no material financial damage that will be arisen as a result of this dispute.

20. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 26 July 2012.