

TTW Public Company Limited and its subsidiaries
Review report and interim consolidated financial statements
For the three-month period ended 31 March 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 31 March 2019, the related consolidated statements of comprehensive income, changes in shareholders' equity, and cash flows for the three-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: 9 May 2019

TTW Public Company Limited and its subsidiaries
Statement of financial position
As at 31 March 2019

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
	Note	31 March 2019	31 December 2018	31 March 2019	31 December 2018
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents		212,101	99,342	204,599	92,437
Current investments	4	2,973,319	3,499,881	2,507,967	2,826,764
Trade and other receivables	5	566,152	564,548	383,980	394,436
Current portion of long-term loans to related party and interest receivable	3	-	-	212,270	289,857
Raw materials and supplies		26,199	28,007	14,907	16,761
Other current assets		39,840	24,547	29,292	20,518
Total current assets		3,817,611	4,216,325	3,353,015	3,640,773
Non-current assets					
Long-term loans to related party, net of current portion	3	-	-	157,155	171,440
Investments in subsidiaries	6	-	-	2,082,566	2,137,181
Investment in associate	7	4,684,238	4,656,518	4,228,013	4,228,013
Other long-term investments		28,675	28,725	-	-
Property, plant and equipment	8	788,981	788,502	726,033	725,203
Assets for production of treated water with public sector agency:					
Assets that are owned by the Company	9	9,453,746	9,560,793	9,453,746	9,560,793
Assets that must be transferred at end of concession of subsidiary	10	1,842,423	1,933,838	-	-
Rights to produce and sell treated water and treat waste water from private sector agency	11	1,174,992	1,188,114	1,174,992	1,188,114
Rights to produce and sell treated water from business acquisition	12	885,051	933,120	-	-
Intangible assets		2,598	2,884	-	-
Deferred tax assets		5,506	5,313	-	-
Advance payment to subcontractor - related party	3	76	1,325	76	1,325
Other non-current assets		14,100	14,917	10,728	11,607
Total non-current assets		18,880,386	19,114,049	17,833,309	18,023,676
Total assets		22,697,997	23,330,374	21,186,324	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 31 March 2019

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
	Note	31 March 2019	31 December 2018	31 March 2019	31 December 2018
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	13	260,482	134,319	219,014	95,096
Current portion of long-term loans	14	390,000	435,000	390,000	435,000
Current portion of debentures	15	500,000	1,500,000	500,000	1,500,000
Income tax payable		469,272	308,595	350,794	229,375
Accrued interest		71,955	97,438	71,955	97,438
Other current liabilities		67,326	69,369	45,171	47,105
Total current liabilities		1,759,035	2,544,721	1,576,934	2,404,014
Non-current liabilities					
Retention payable - subsidiary	3	-	-	5,000	5,000
Long-term loans, net of current portion	14	3,285,000	3,360,000	3,285,000	3,360,000
Debentures, net of current portion	15	4,396,717	4,895,795	4,396,717	4,895,795
Provision for long-term employee benefits		56,509	54,360	29,766	28,716
Deferred tax liabilities		110,254	110,644	82,893	82,981
Total non-current liabilities		7,848,480	8,420,799	7,799,376	8,372,492
Total liabilities		9,607,515	10,965,520	9,376,310	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 31 March 2019

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
	Note	31 March 2019	31 December 2018	31 March 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		4,885,415	4,147,556	3,092,013	2,169,942
Other components of shareholders' equity		(551,591)	(543,984)	-	-
Equity attributable to owners of the Company		13,051,825	12,321,573	11,810,014	10,887,943
Non-controlling interests of the subsidiaries		38,657	43,281	-	-
Total shareholders' equity		13,090,482	12,364,854	11,810,014	10,887,943
Total liabilities and shareholders' equity		22,697,997	23,330,374	21,186,324	21,664,449
		-	-	-	-

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

Directors

(Unaudited but reviewed)

TTW Public Company Limited and its subsidiaries**Statement of comprehensive income****For the three-month period ended 31 March 2019**

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

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
Profit or loss:					
Revenues					
Sales of treated water to public sector agency:					
Sales of treated water - minimum offtake quantities		1,254,052	1,245,134	843,569	840,451
Sales of treated water - above minimum offtake quantities		162,389	117,050	106,280	74,310
Sales of treated water to private sector agencies		51,967	49,603	51,967	49,603
Total sales of treated water		1,468,408	1,411,787	1,001,816	964,364
Service income		29,393	29,071	10,126	9,872
Interest income		3,190	2,470	6,687	10,473
Dividend income	3, 6	-	-	464,204	437,262
Other income		13,522	6,792	14,984	8,737
Total revenues		1,514,513	1,450,120	1,497,817	1,430,708
Expenses					
Cost of sales of treated water and services	9, 10	429,857	413,749	246,293	242,684
Administrative expenses		59,180	62,658	47,606	47,378
Amortisation of investments in subsidiaries	6	-	-	54,615	54,615
Amortisation of rights to produce and sell treated water and treat waste water from private sector agency	11	13,122	12,501	13,122	12,501
Amortisation of rights to produce and sell treated water from business acquisition	12	48,069	48,556	-	-
Total expenses		550,228	537,464	361,636	357,178
Profit before share of profit from investment					
in associate, finance cost and income tax expenses		964,285	912,656	1,136,181	1,073,530
Share of profit from investment in associate	7	35,287	3,168	-	-
Profit before finance cost and income tax expenses		999,572	915,824	1,136,181	1,073,530
Finance cost		(82,907)	(94,679)	(82,907)	(94,679)
Profit before income tax expenses		916,665	821,145	1,053,274	978,851
Income tax expenses	17	(173,955)	(148,476)	(131,203)	(107,708)
Profit for the period		742,710	672,669	922,071	871,143

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 31 March 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	(5,774)	38,007	-	-
Gain (loss) on change in value of available-for-sale investments - net of income tax	(1,833)	978	-	-
Other comprehensive income for the period	(7,607)	38,985	-	-
Total comprehensive income for the period	735,103	711,654	922,071	871,143
Profit attributable to:				
Equity holders of the Company	737,859	668,064	922,071	871,143
Non-controlling interests of the subsidiaries	4,851	4,605		
	742,710	672,669		
Total comprehensive income attributable to:				
Equity holders of the Company	730,252	707,049	922,071	871,143
Non-controlling interests of the subsidiaries	4,851	4,605		
	735,103	711,654		
Basic earnings per share	18			
Profit attributable to equity holders of the Company	0.18	0.17	0.23	0.22

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

(Unaudited but reviewed)

TTW Public Company Limited and its subsidiaries**Cash flows statement****For the three-month period ended 31 March 2019**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from operating activities				
Profit before tax	916,665	821,145	1,053,274	978,851
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	211,966	195,225	119,763	114,042
Allowance for doubtful accounts	-	3,624	-	879
Amortisation of investments in subsidiaries	-	-	54,615	54,615
Amortisation of rights to produce and sell treated water from business acquisition	48,069	48,556	-	-
Amortisation of rights to produce and sell treated water and treat waste water from private sector agency	13,122	12,501	13,122	12,501
Gain on sales/written off of equipment	(15)	-	(15)	-
Share of profit from investment in associate	(35,287)	(3,168)	-	-
Dividend income	-	-	(464,204)	(437,262)
Withholding tax deducted at source written off	320	523	-	-
Provision for long-term employee benefits	2,149	1,804	1,050	997
Interest expenses	82,907	94,679	82,907	94,679
Profit from operating activities before changes in operating assets and liabilities	1,239,896	1,174,889	860,512	819,302
Operating assets (increase) decrease				
Trade and other receivables	(19,995)	(8,808)	(7,848)	(6,262)
Raw materials and supplies	1,808	(265)	1,854	90
Other current assets	(15,293)	(17,063)	(8,774)	(10,741)
Other non-current assets	880	43	879	42
Operating liabilities increase (decrease)				
Trade and other payables	126,167	4,472	123,922	6,233
Other current liabilities	(2,043)	(3,887)	(1,934)	(2,987)
Cash from operating activities	1,331,420	1,149,381	968,611	805,677
Cash paid for interest expenses	(107,468)	(114,633)	(107,468)	(114,633)
Cash paid for income tax	(14,234)	(12,853)	(9,872)	(8,534)
Net cash from operating activities	1,209,718	1,021,895	851,271	682,510

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

(Unaudited but reviewed)

TTW Public Company Limited and its subsidiaries**Cash flows statement (continued)****For the three-month period ended 31 March 2019**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from investing activities				
Decrease (increase) in current investments	544,953	(1,110,063)	337,188	(1,286,738)
Decrease in long-term loans to related party	-	-	91,785	91,785
Increase in property, plant and equipment	(4,602)	(5,500)	(4,451)	(5,257)
Increase in assets for production of treated water under agreements with public sector agency - assets that are owned by the Company	(7,846)	-	(7,846)	-
Increase in assets for production of treated water that must be transferred at the end of concession of subsidiary	-	(1,370)	-	-
Increase in rights to produce and sell treated water and treat waste water from private sector agency	-	(1,714)	-	(1,714)
Proceed from sales of equipment	15	-	15	-
Dividend received	-	-	464,204	437,262
Net cash from (used in) investing activities	532,520	(1,118,647)	880,895	(764,662)
Cash flows from financing activities				
Repayment of long-term loans	(120,000)	(120,000)	(120,000)	(120,000)
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	(4)	(114)	(4)	(114)
Dividend paid for non-controlling interests of the subsidiary	(9,475)	(8,923)	-	-
Net cash used in financing activities	(1,629,479)	(130,140)	(1,620,004)	(121,217)
Net increase (decrease) in cash and cash equivalents	112,759	(226,892)	112,162	(203,369)
Cash and cash equivalents at beginning of period	99,342	316,808	92,437	280,915
Cash and cash equivalents at end of period	212,101	89,916	204,599	77,546
	-		-	
Supplemental cash flows information				
Non-cash transactions				
Unrealised loss on change in value of available for sale	(50)	-	-	-
Decrease (increase) in accounts receivable from securities trading	18,391	(4,135)	18,391	(4,135)
Increase in accounts payable from securities trading	-	10,792	-	10,792
Portion of advance payment to subcontractor deducted from payment for asset for production of treated water under agreements with public sector agency	1,249	-	1,249	-
Transfer property, plant and equipment from assets for production of treated water under agreements 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 three-month period ended 31 March 2019

(Unit: Thousand Baht)

Consolidated financial statements															
Equity attributable to owners of the Company															
					Other components of equity										
					Retained earnings			Other comprehensive income					Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
								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	Total other components of shareholders' equity				
Issued and paid-up 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	-	-	-	-	668,064	-	-	-	-	668,064	4,605	672,669			
Other comprehensive income for the period	-	-	-	-	-	38,007	978	-	38,985	38,985	-	38,985			
Total comprehensive income for the period	-	-	-	-	668,064	38,007	978	-	38,985	707,049	4,605	711,654			
Decrease in non-controlling interests of the subsidiary from dividend payment of the subsidiary	-	-	-	-	-	-	-	-	-	-	(8,923)	(8,923)			
Balance as at 31 March 2018	3,990,000	2,637,770	399,000	1,691,231	4,367,693	47,265	9,952	(600,363)	(543,146)	12,542,548	38,089	12,580,637			
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	-	-	-	-	737,859	-	-	-	-	737,859	4,851	742,710			
Other comprehensive income for the period	-	-	-	-	-	(5,774)	(1,833)	-	(7,607)	(7,607)	-	(7,607)			
Total comprehensive income for the period	-	-	-	-	737,859	(5,774)	(1,833)	-	(7,607)	730,252	4,851	735,103			
Decrease in non-controlling interests of the subsidiary from dividend payment of the subsidiary	-	-	-	-	-	-	-	-	-	-	(9,475)	(9,475)			
Balance as at 31 March 2019	3,990,000	2,637,770	399,000	1,691,231	4,885,415	41,161	7,611	(600,363)	(551,591)	13,051,825	38,657	13,090,482			

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 three-month period ended 31 March 2019

(Unit: Thousand Baht)

	Separate financial statements					
	Issued and		Retained earnings			
	paid-up		Appropriated -	Appropriated -		Total
	share capital	Share premium	statutory reserve	other reserve	Unappropriated	shareholders' equity
Balance as at 1 January 2018	3,990,000	2,637,770	399,000	1,691,231	1,897,310	10,615,311
Profit for the period	-	-	-	-	871,143	871,143
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	871,143	871,143
Balance as at 31 March 2018	3,990,000	2,637,770	399,000	1,691,231	2,768,453	11,486,454
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	-	-	-	-	922,071	922,071
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	922,071	922,071
Balance as at 31 March 2019	3,990,000	2,637,770	399,000	1,691,231	3,092,013	11,810,014

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 period ended 31 March 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 consolidated interim 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.

					(Unit: Thousand Baht)
	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	For the three-month periods ended 31 March				
	2019	2018	2019	2018	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Interest income	-	-	4,849	8,774	Minimum Loan Rate minus stipulated margin per annum
Management income	-	-	3,900	3,900	Based on contract
Dividend income	-	-	464,204	437,262	As declared
Cost of sales and services	-	-	9,067	8,963	Based on contract
<u>Transactions with related parties</u>					
Sales of treated water	13,068	10,938	13,068	10,938	Based on contract
Service income	918	753	918	753	Based on contract
Construction in progress	6,245	-	6,245	-	Based on contract
Cost of sales and services	2,233	523	2,222	517	Based on contract
Purchase of raw materials	1,147	155	1,147	155	Mutually agreed price

(Unaudited but reviewed)

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2019	31 December 2018	31 March 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)	4,874	4,515	4,874	4,515
Related companies (entities under the group of Companies of the shareholders)	-	3,954	-	3,954
Total trade and other receivables - related parties	4,874	8,469	6,265	9,860
<u>Advance payment to subcontractor - related party</u>				
Related company (related by committees)	76	1,325	76	1,325
Total advance payment to subcontractor - related party	76	1,325	76	1,325
<u>Trade and other payables - related parties</u>				
(Note 13)				
Subsidiaries	-	-	3,234	3,262
Related companies (related by shareholders or committees)	5,574	9,039	5,567	9,039
Related companies (entities under the group of Companies of the shareholders)	818	583	818	583
Total trade and other payables - related parties	6,392	9,622	9,619	12,884
<u>Retention payable - subsidiary</u>	-	-	5,000	5,000
	-	-	5,000	5,000

(Unaudited but reviewed)

Long-term loans to related party

As at 31 March 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)			
		Separate financial statements			
Company's name	Related by	Balance as at	During the period		Balance as at
		1 January	Increase	Decrease	31 March
		2019			2019
Pathum Thani Water Company Limited	Subsidiary				
Loans		461,080	-	(91,785)	369,295
Interest receivable		217	4,849	(4,936)	130
Total		461,297			369,425

		(Unit: Thousand Baht)	
		Separate financial statements	
		31 March 2019	31 December 2018
<u>Long-term loans to related party and interest receivable</u>			
Pathum Thani Water Company Limited			
Loans		369,295	461,080
Interest receivable		130	217
Total		369,425	461,297
<u>Less:</u> Current portion and interest receivable		(212,270)	(289,857)
Long-term loans to related party, net of current portion		157,155	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 periods ended 31 March 2019 and 2018, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2019	2018	2019	2018
Short-term employee benefits	14,241	16,801	11,013	13,166
Post-employment benefits	376	400	302	323
Total	14,617	17,201	11,315	13,489

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.

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	31 March 2019	31 December 2018	31 March 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	2,238,103	1,879,619	2,052,751	1,466,502
Marketable equity securities	-	85,654	-	85,654
	2,238,103	2,784,665	2,052,751	2,371,548
Total current investments	2,973,319	3,499,881	2,507,967	2,826,764

5. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2019	2018	2019	2018
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	4,851	4,491	4,851	4,491
Past due				
Up to 3 months	23	24	23	24
Total trade receivables - related parties	4,874	4,515	4,874	4,515
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	553,888	533,617	372,092	362,678
Past due				
Up to 3 months	3,145	2,225	3,145	2,225
3 - 6 months	6	-	6	-
Total trade receivables - unrelated parties	557,039	535,842	375,243	364,903
Total trade receivables	561,913	540,357	380,117	369,418
<u>Other receivables</u>				
Other receivables - related parties	-	3,954	1,391	5,345
Other receivables - unrelated parties	20,138	20,138	11,221	11,221
Interest receivables - unrelated parties	4,228	1,835	2,472	1,282
Other receivables from securities trading	-	18,391	-	18,391
Total other receivables	24,366	44,318	15,084	36,239
Less: Allowance for doubtful debts	(20,127)	(20,127)	(11,221)	(11,221)
Total other receivables - net	4,239	24,191	3,863	25,018
Total trade and other receivables - net	566,152	564,548	383,980	394,436

6. 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		Cost		(Unit: Thousand Baht)	
							Dividend received	
	during the three-month							
	31 March	31 December	31 March	31 December	31 March	31 December	periods ended 31 March	
	2019	2018	2019	2018	2019	2018	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	700,000	700,000	-	-
					4,698,310	4,698,310	464,204	437,262
<u>Less:</u> Accumulated amortisation of investments in subsidiaries					(2,595,744)	(2,541,129)	-	-
<u>Less:</u> Dividend received from income before purchase of shares					(20,000)	(20,000)	-	-
Total					2,082,566	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	
			31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 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	4,684,238	4,656,518
Total					<u>4,228,013</u>	<u>4,228,013</u>	<u>4,684,238</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	
			31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 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 periods, the Company has recognised its share of profit from investment in associate company in the consolidated financial statements as follows:

(Unit: Thousand Baht)

Associate	Consolidated financial statements			
	Share of profit from investment in associate during the periods		Share of profit (loss) as presented in other comprehensive income from investment in associate during the periods	
	2019	2018	2019	2018
CK Power Public Company Limited	35,287	3,168	(7,567)	38,985
Total	35,287	3,168	(7,567)	38,985

- 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 three-month period ended 31 March 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	4,602	4,451
Depreciation for the period	(4,123)	(3,621)
Net book value as at 31 March 2019	788,981	726,033

(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 three-month period ended 31 March 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	9,095
Amortisation for the period	(116,142)
Net book value as at 31 March 2019	9,453,746

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 account during the three-month period ended 31 March 2019 are summarised below.

	(Unit: Thousand Baht)
	Consolidated
	financial statements
Net book value as at 1 January 2019	1,933,838
Amortisation for the period	(91,415)
Net book value as at 31 March 2019	1,842,423

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 for the period	(11,501)	(1,621)	(13,122)
Net book value as at 31 March 2019	<u>1,032,660</u>	<u>142,332</u>	<u>1,174,992</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	
	31 March 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>(2,284,058)</u>	<u>(2,235,989)</u>
Rights to produce and sell treated water from business acquisition, net	<u>885,051</u>	<u>933,120</u>

13. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Trade payables - related party	825	583	4,052	3,845
Trade payables - unrelated parties	11,659	21,054	3,509	11,992
Amounts due to related parties	1,802	521	1,802	521
Amounts due to unrelated parties	143,029	19,450	137,858	14,895
Construction payable - related party	-	6,089	-	1,089
Construction payable - unrelated parties	143	143	143	143
Retention payable for contract work - related party	3,765	2,429	3,765	7,429
Retention payable for contract work - unrelated parties	5,192	5,550	4,362	4,841
Accrued expenses	94,067	78,500	63,523	50,341
Total trade and other payables	<u>260,482</u>	<u>134,139</u>	<u>219,014</u>	<u>95,096</u>

(Unaudited but reviewed)

14. Long-term loans

	(Unit: Thousand Baht)	
	Consolidated / Separate financial statements	
	31 March 2019	31 December 2018
Long-term loans	3,675,000	3,795,000
<u>Less:</u> Current portion	(390,000)	(435,000)
Long-term loans, net of current portion	3,285,000	3,360,000

Movements in the long-term loans account during the three-month period ended 31 March 2019 are summarised below.

	(Unit: Thousand Baht)
	Consolidated / Separate financial statements
Balance as at 1 January 2019	3,795,000
<u>Less:</u> Repayment	(120,000)
Balance as at 31 March 2019	3,675,000

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 three-month period ended 31 March 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	922
<u>Less:</u> Current portion of debentures	(500,000)
Balance as at 31 March 2019	4,396,717

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 periods ended 31 March 2019 and 2018 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Current income tax:				
Interim corporate income tax charge	174,528	147,498	131,291	105,487
Deferred tax:				
Relating to origination and reversal of temporary differences	(573)	978	(88)	2,221
Income tax expenses reported in the statements of comprehensive income	173,955	148,476	131,203	107,708

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. Commitments and contingent liabilities

20.1 Capital commitments

As at 31 March 2019, the Company had capital commitments of Baht 9 million relating to the improvement of excess sludge treatment for waste water treatment system at Bang Pa-in Industrial Estate and the replacement of electromagnetic flow meter at Mahachai pumping station (31 December 2018: Baht 19 million relating to the improvement project on water supply systems at Bang Len water supply plant).

20.2 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.
- b) As at 31 March 2019, the Company and its subsidiaries had commitments totaling Baht 43 million (Separate financial statement: Baht 28 million) (31 December 2018: Baht 37 million (Separate financial statements: Baht 25 million)) under other service agreements.

20.3 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 this non-cancellable operating lease contract were as follows:

	(Unit: Thousand Baht)	
	Consolidated / Separate financial statements	
	31 March 2019	31 December 2018
Payable:		
In up to 1 year	7,558	8,605
In over 1 year and up to 5 years	15,579	17,202
In over 5 years	31,477	31,955

20.4 Bank guarantees

As at 31 March 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	
	31 March 2019	31 December 2018	31 March 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	<u>311,334</u>	<u>311,234</u>	<u>122,149</u>	<u>122,049</u>

21. Fair value hierarchy

As of 31 March 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 31 March 2019			
Level 1	Level 2	Level 3	Total
Financial assets measured at fair value			
Investments in trading securities			
Debt instruments	- 2,238,103	-	2,238,103
Investments in available-for-sale securities			
Real estate investment trust	4,675	-	4,675
Asset for which fair value are disclosed			
Investment in associate	9,178,971	-	9,178,971
Other long-term investment - debentures	- 24,052	-	24,052
Liability for which fair value are disclosed			
Debentures	- 5,051,339	-	5,051,339

(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 31 March 2019				
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Investments in trading securities				
Debt instruments	-	2,052,751	-	2,052,751
Asset for which fair value are disclosed				
Investment in associate	9,178,971	-	-	9,178,971
Liability for which fair value are disclosed				
Debentures	-	5,051,339	-	5,051,339

(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.

22. Events after the reporting period

On 11 April 2019, the Annual General Meeting of shareholders of the Company passed a resolution approving a dividend payment of Baht 0.30 per share from the 2018 operating result to the shareholders of 3,990 million shares, or a total of Baht 1,197 million. The dividend paid on 30 April 2019.

23. Approval of financial statements

These interim financial statements were authorised for issue by the Company's Audit Committee on 9 May 2019.