

(Translation)

**Information Memorandum on Related Party Transaction of  
Thai Tap Water Supply Public Company Limited**

The Board of Directors' Meeting of Thai Tap Water Supply Public Company Limited (the "Company") No. 8/2551 held on 22 October 2008 passed a resolution for the Company to enter into the civil work construction contract with CH. Karnchang Public Company Limited ("CH. Karnchang"), with the details as follows:

**1. Transaction Date and the Parties**

The Company expects to sign the contract with CH. Karnchang within December 2008 upon having receive Provincial Waterworks Authority PWA approval for the Company to enter into a new Water Purchase and Sale Agreement for additional purchase with the Provincial Waterworks Authority (the "PWA") which is expected to be concluded by the year 2008.

**2. Names of the Parties and Relationship with the Listed Company**

Employer: Thai Tap Water Supply Public Company Limited

Contractor: CH. Karnchang Public Company Limited which operates the large scale infrastructure construction business requiring use of advanced construction technology and invests in large-sized basic infrastructure projects of government agencies, such as, construction of the Mae Fah Luang University, the Second Stage Expressway, the Rama IX Bridge, etc.

**3. Details of Assets to be Constructed**

The Company would engage CH. Karnchang to carry out the civil work construction of the project for expansion of the tap water production capacity from 320,000 cubic meters/day to 440,000 cubic meters/day in the amount of not exceeding Baht 640 million (excluding value added tax), with the details as follows:

1. Civil work of the expansion of the existing water treatment plant in the production process

Location: Moo 9 Tambon Bang Rakam, Amphoe Bang Len, Nakhon Pathom Province 73130

2. Civil work construction of Salaya Pumping Station

Location: Bangphasi-Salaya Road, Tambon Khlong Yong, Amphoe Phutthamonthon, Nakhon Pathom Province 73170

3. Civil work construction of Krathum Baen Pumping Station

Location: Krathum Baen Cooperatives, Amphoe Krathum Baen, Samut Sakhon Province 74110

**4. Total Value and Basis for Calculation of the Total Transaction Value**

Total value of consideration : Not exceeding Baht 640 million (excluding value added tax)

Payment method : Payment by cheque based on work installments during 60 - 430 days

(Translation)

- Conditions : The engagement contract with CH. Karnchang would be executed upon having receive approval by the Provincial Waterworks Authority to enter into the Water Purchase and Sale Agreement for additional purchase with the new Provincial Waterworks Authority.
- Basis for calculation of value : The Company has engaged Thai MM Limited, as a Project Manager to calculate and manage the Construction Cost. The Company has determined the basis for calculation of value of consideration by various approaches based on the financial position as of 30 September 2008 of the Company, whereby the independent financial advisor (ACL Securities Company Limited) would assess the suitability of the execution of the transaction on the basis of transparency and justification. The independent financial advisor has used the following information:
- Information and projections received from the Company and related companies;
  - Report on tap water demand;
  - Market price for the execution of this transaction;
- Such information has been considered by the independent financial advisor as reliable and reasonable.

In this regard, the volume of the connected transactions within the past six months represented 12.36 percent of the net tangible asset value under the consolidated financial statements of the Company and its subsidiaries ending 30 June 2008, with the value of Baht 5,179 million under the calculation of acquisition or disposal of assets as follows:

|   | (Unit: Thousand Baht)   |
|---|---|
|   | 30 June 2008  |
| Total assets                                  | 18,374,016  |
| Net right to produce and distribute tap water | 2,982,413   |
| Total liabilities                             | 10,188,860  |
| Minority shareholders' equity                 | 24,145  |
| Percentage of volume of transaction           | = (connected transaction value / (total assets - net right to produce and distribute tap water - total liabilities - minority shareholders' equity)) *100 |
|   | = 640,000 / (18,374,016-2,982,413-10,188,860-24,145))*100   |
|   | = 12.36%  |

(Translation)

**5. Details of Connected Persons**

5.1 CH. Karnchang Public Company Limited

It is a major shareholder of the Company as per the information in the Thai Tap Water Supply Public Company Limited share register book as of 30 September 2008, holding 1,408,777,400 shares, representing 35.3 percent of the registered capital.

5.2 List of the Board of Directors holding positions in CH. Karnchang is as follows:

| <b>Names of Connected Persons</b> | <b>Positions in the Company</b>  | <b>Positions in CH. Karnchang</b>                             |
|-----------------------------------|--|---|
| Mr. Plew Trivisvavet              | Chairman of the Board of Directors   | President and Chief Executive Officer                         |
| Mr. Narong Sangsuriya             | Director and the Chairman of the Executive Committee   | Director and Executive Vice President                         |
| Mr. Prasert Marittanaporn         | Director<br>Member of Risk Management Committee<br>Member of Nomination and Remuneration Committee | Director and Executive Vice President: Accounting and Finance |
| Dr. Sombat Kitjalaksana           | Director<br>Executive Director   | Director and Executive Vice President: Business Development   |

**6. Nature and Scope of Interest of the Connected Persons in the Execution of the Transaction**

CH. Karnchang is the Company's shareholder as per the information in the Company's share register book as of 30 September 2008, holding 1,408,777,400 shares, representing 35.3 percent of the registered capital.

**7. Conditions which may affect the Shareholders' Rights**

-None-

**8. The Company's Directors who are Interests Persons**

The Company's directors who have interest and are connected persons under Clause 5 did not attend and vote at the Board of Directors' Meeting on the agenda for consideration of this related party transaction.

**9. Opinion of the Board of Directors and Members of the Audit Committee Attending the Meeting**

Having considered the matter, the Board of Directors, together with all members of the Audit Committee attending the Meeting, is of the view that the execution of this transaction is considered reasonable to the Company's business operations and for the optimum benefits to the Company, since the contractor has the expertise and experience in the construction of public utilities systems and carried out the Company's

(Translation)

construction work when starting the project in 2001, therefore, it has potentials for the work and is ready to start work immediately, as well as the cost of construction is reasonable and lower than the price appraised by the consulting engineer. In addition, information disclosure of the contractor is accurate and complete in accordance with the Notification of the Board of Governors of the Stock Exchange of Thailand, Re: Disclosure of Information and Acts of Listed Companies Concerning Connected Transactions. Moreover, should the operation of the project be completed, it would strengthen the Company's business operations, competitiveness and profitability in the future.

**10. Opinion of the Board of Directors and/or the Audit Committee which is different from the Board of Directors' Opinion under Clause 9**

-None-

**11. Summary Information of the Company and Operations of Business**

The Company produces and distributes tap water to the Provincial Waterworks Authority (PWA) in the areas of Amphoe Nakhon Chaisri, Amphoe Sam Phran and Amphoe Phutthamonthon in Nakhon Pathom Province and in Amphoe Mueang Samut Sakhon and Amphoe Krathum Baen in Samut Sakhon Province. The tap water is intended to replace the groundwater used in the private sector and the PWA's production of tap water from groundwater wells. In addition, the Company aims to increase tap water production capacity to meet the constantly growing demand, thereby solving the problem of land subsidence and the intrusion of saline water into the underground aquifers in line with the Government's policy.

The Company was incorporated on 11 September 2000 and has a current registered and paid up capital of Baht 3,990 million. On 21 September 2000, the Company and the PWA entered into a Water Purchase and Sale Agreement, which is a Build-Own-Operate ("BOO") contract with a term of 30 years, namely, the Company carries out construction of the tap water production and distribution systems to consumers with the maximum installed production capacity as of 320,000 cubic meters/day, which is the second highest capacity after Pathum Thani Water, the Company's subsidiary. The Company is the owner of the tap water production and distribution systems to consumers and is under no obligation to transfer them to the PWA. The Water Purchase and Sale Agreement also specifies the (MOQ) that the PWA must purchase from the Company throughout the 30-year term of the Agreement, which can be summarized as follows.

| <u>Commencement date</u> | <u>End date</u>                     | <u>MOQ that the PWA must purchase</u><br><u>(cubic meters/day)</u> |
|--------------------------|-------------------------------------|--|
| 21 July 2004             | 20 July 2006                        | 200,000  |
| 21 July 2006             | 20 July 2008                        | 250,000  |
| 21 July 2008             | 20 July 2034 (End of the Agreement) | 300,000  |

The water charge rate used in calculating the monthly charge is fixed in the Agreement and is subject to adjustment according to the consumer price index for the central region and a constant value (K) every year throughout the term of the Water Purchase and Sale Agreement.

(Translation)

In addition to the Water Purchase and Sale Agreement, the Company also obtained a waterworks business concession from the Ministry of Natural Resources and Environment on 11 March 2005, allowing the Company to produce tap water for distribution in five districts of the two provinces described above for 25 years.

In operating its waterworks business, the Company has WaterFlow Co., Ltd. ("WaterFlow"), the Company's wholly owned subsidiary with a registered and paid-up capital of Baht 10 million, serving the Company as part of an operating unit, which is responsible for producing and distributing tap water to the PWA.

Although the Company has been active in this industry for just over four years from the day it began producing tap water for distribution to the PWA on 5 January 2004, the Company's revenues and operating results have grown steadily with the growth rate of average annual sales in 2005, 2006, 2007 and until the third quarter of 2008 of 61.5%, 23.8%, 11.8% and 18.8%, respectively. From these figures, it can be seen that sales of tap water grew significantly in the first year and subsequently declined. That was because, before the Company began distributing tap water, consumers in Samut Sakhon and Nakhon Pathom Provinces were using groundwater as the source of water for their consumption. Consequently, when tap water, which is a cleaner source of water, became available, a large number of consumers switched to tap water immediately. The Company's growth rate of sales in the following years will depend on the switching of the remaining groundwater users to tap water users, economic condition, and growth of population in the areas. Samut Sakhon and Nakhon Pathom Provinces are economic areas with a high concentration of factories. The quantity of water usage in the industrial sector accounts for 54.1% of the total sale volume. These are also areas of high population density, which commercial and household users consume 22.2% and 23.7% of all tap water sold, respectively.

In June 2006, the Company engaged Thai DCI to survey the demand for tap water in its service areas. The survey revealed that the total water demand in the service areas was 967,234 cubic meters/day, of which only 19% was for tap water while 81% was for groundwater. Thai DCI forecasted that industrial use of groundwater in the Company's service areas will end in 2015.

On 29 June 2007, the Company purchased 10,698,283 ordinary shares in Pathum Thani Water at the price of Baht 340 per share, or 89.15% of Pathum Thani Water's total shares. Subsequently, on 18 December 2007, the Company acquired additional ordinary shares in Pathum Thani Water representing another 8.85% of the total shares in Pathum Thani Water at the price of Baht 340 per share, representing a total investment cost of Baht 3,998.3 million. The price of those shares in Pathum Thani Water was in the price range appraised by two independent appraisers, namely, SCMB Co., Ltd. and Seamico Securities Public Company Limited, using the discounted cash flow method. The fair price has been valued at Baht 314.6–378.3 per share (based on the weighted average cost of capital of 8.32%-12.44%) and Baht 389.8–466.3 per share (based on the weighted average cost of capital of 7.93%-9.93%), respectively. The calculation based on a total production capacity of 358,000 cubic meters/day (comes from the previous production capacity 288,000 cubic meters/day and the MOQ of 70,000 cubic meters/day from plant expansion). As a result, Pathum Thani Water became a subsidiary of the Company and the Company recorded the difference between the purchase price and the fair value of Pathum Thani Water of Baht 3,169.1 million.

(Translation)

Similar to the Company's business, Pathum Thani Water produces and distributes tap water to the PWA. On 31 August 1995, Pathum Thani Water and the PWA entered into a Water Production and Distribution License Agreement with a term of 25 years commencing 15 October 1998 and ending 14 October 2023. This Agreement is a Build-Own-Operate-Transfer ("BOOT") contract, whereby Pathum Thani Water would build the water production and distribution systems and must transfer the water distribution system to the PWA on the Commencement Date. However, ownership of the water production system will be vested in the PWA at the end of the 25-year period. In this Agreement, the PWA agreed to purchase tap water from Pathum Thani Water for distributing the water to consumers in Pathum Thani-Rangsit areas in Pathum Thani Province. As of 1 August 2008, the maximum production capacity was 388,000 cubic meters/day (comprising installed production capacity at 288,000 cubic meters/day and expanded production capacity including reserve production capacity at 100,000 cubic meters/day). This is the maximum production capacity as compared to that of all private sector operators of waterworks business in the country. In addition, the MOQ for Pathum Thani Water is subject to annual adjustment under the condition that the MOQ in each year shall not be less than the MOQ in the previous year. From 2007 until 31 July 2008, the MOQ for Pathum Thani Water was 260,000 cubic meters/day and from 1 August 2008 until present, the MOQ for Pathum Thani Water is 310,000 cubic meters/day. The water charge rate that Pathum Thani Water receives from the PWA is adjusted every year according to the consumer price index.

In addition to the Water Production and Distribution License Agreement with the PWA, Pathum Thani Water was granted a waterworks business concession by the Ministry of Interior on 13 January 2000, allowing it to produce and distribute tap water in the Pathum Thani-Rangsit service areas in Pathum Thani Province for a period of 25 years.

Since 26 January 2007, Pathum Thani Water has been engaging in the waterworks business in conjunction with BJT Water Co., Ltd. ("BJT"), which functions as a tap water production and distribution unit for sales to the PWA. BJT is a 100% wholly owned subsidiary of the Company and has a registered and paid-up capital of Baht 50 million.

From 1998 to 2000, Pathum Thani Water's growth rate of sales was quite low, i.e., at an average of 9.7%. That was because the Government's policy of closing groundwater wells was not stringent at that time, and as a result, many water users continued using groundwater even though the tap water services were in place. Subsequently, the Department of Groundwater Resources enforced stricter measures to close groundwater wells by ceasing to issue new licenses to new applicants or renew existing licenses to the licensees and raising groundwater charges. As a result of such policy, Pathum Thani Water's sales increased between 2000 and 2004 with the average growth rate of sales of 21.13%. Nevertheless, after 2004, the growth rate of sales of quantity of water dropped to 12.4%, 7.2% and 6.8% in 2005, 2006 and 2007, respectively.

In August 2004, ASDECON Corporation Co., Ltd. conducted a study of tap water demand in the Pathum Thani-Rangsit areas and forecasted the quantity of water sold until year 2033 by using assumption based on significant factors, i.e., the number of the population, the proportion of service, the water usage rate, and the existence of alternative water sources, e.g., groundwater. The study revealed a continuous increase in demand

(Translation)

for tap water. It is predicted that the demand for tap water will grow up to 470,594 cubic meters/day in 2013, or at the Cumulative Annual Growth Rate (CAGR) from 2008 to 2013 of 4.8%. As regards the long-term tendency, demand is expected to rise to 783,848 cubic meters/day, namely, the CAGR from 2008 to 2033 representing 3.0%.

**12. Lists of Executives and Top Ten Shareholders as of the Latest Record Date of the Share Register Book for Suspension of Share Transfer as of 20 November 2008 would be entitled to attend the Shareholders Meeting.**

| No. | Directors                 | Position  |
|-----|---------------------------|---|
| 1   | Mr. Plew Trivisvavet      | Chairman of the Board of Directors  |
| 2   | Mr. Narong Sangsuriya     | Director / Chairman of the Executive Committee  |
| 3   | Mr. Prasert Marittanaporn | Director / Member of the Nomination and Remuneration Committee / Member of the Risk Management Committee  |
| 4   | Dr. Sombat Kitjalaksana   | Director / Executive Director   |
| 5   | Mr. Sompodh Sripoom       | Director / Executive Director / Member of the Corporate Governance Committee / Member of the Risk Management Committee                          |
| 6   | Mr. Yoshio Kometani       | Director / Member of the Nomination and Remuneration Committee  |
| 7   | Mr. Tomoaki Matsumoto     | Director / Executive Director / Member of the Risk Management Committee   |
| 8   | Mr. Phairuch Mekarporn    | Director / Chairman of the Nomination and Remuneration Committee / Member of the Audit Committee / Member of the Corporate Governance Committee |
| 9   | Mr. Techapit Sangsingkeo  | Director / Chairman of the Audit Committee / Chairman of the Risk Management Committee / Member of the Corporate Governance Committee           |
| 10  | Mr. Somnuk Chaidejsuriya  | Director / Chairman of the Corporate Governance Committee / Member of the Audit Committee   |
| 11  | Mr. Suvich Pungchareon    | Director / Executive Director   |

(Translation)

List of top ten shareholders as of 20 November 2008

| Shareholders  | Number of Shares | Shareholding (%) |
|---|------------------|------------------|
| 1. CH. Karnchang Public Company Limited                       | 1,408,777,400    | 35.31%           |
| 2. Mitsui Water Holdings (Thailand) Co., Ltd.                 | 1,032,500,000    | 25.88%           |
| 3. Bangkok Expressway Public Company Limited                  | 368,750,000      | 9.24%            |
| 4. HSBC (SINGAPORE) NOMINEES PTE LTD                          | 166,524,600      | 4.17%            |
| 5. Thai NVDR Co., Ltd.  | 152,179,774      | 3.81%            |
| 6. Bangkok Bank Public Company Limited                        | 73,895,000       | 1.85%            |
| 7. STATE STREET BANK AND TRUST COMPANY FOR LONDON             | 61,720,200       | 1.55%            |
| 8. SOCIETE GENERALE   | 57,796,600       | 1.45%            |
| 9. CHASE NOMINEES LIMITED 1                                   | 52,703,600       | 1.32%            |
| 10. AMERICAN INTERNATIONAL ASSURANCE COMPANY,<br>LIMITED-APEX | 28,805,100       | 0.72%            |

13. Related Party Transactions in the Previous Year and the Current Year until the Third Quarter of 2008



(Translation)

During the nine-month period ending September 2008 and in 2007, the Company and its subsidiaries entered into related party transactions with persons who may have conflict of interest, with the following details:

| Person/Juristic Person who may have conflict of interest | Relationship  | Nature of Transaction  | 2007 Transaction Value (Baht)      | 2008 Nine-Month Period Transaction Value (Baht) | Necessity/Justification  | Pricing Policy   |
|--|---|--|------------------------------------|---|--|--|
| 1. WaterFlow   | <ul style="list-style-type: none"> <li>This is a subsidiary.</li> <li>The Company is a major shareholder of WaterFlow, holding 100.0 percent of shares as of 27 February 2006.</li> <li>Two directors of WaterFlow, namely, 1) Mr. Sompodh Sripoom, serves as director and Managing Director of the Company, and 2) Mr. Sahachai Hengtrakool, serves as the Company's executive.</li> </ul> | <u>Transactions with the Company</u> <ul style="list-style-type: none"> <li>Costs of sales of tap water</li> <li>Trade accounts payable</li> </ul> | <p>23,148,209</p> <p>4,639,703</p> | <p>21,487,216</p> <p>2,525,162</p>              | <ul style="list-style-type: none"> <li>The Company executed a contract engaging WaterFlow to produce and distribute tap water from the operation commencement to March 2006, whereby WaterFlow shall be liable for electricity, chemical and labor costs as incurred by production, including costs of supplies to the Company, together with repair and maintenance of the tap water production, transmission and distribution systems. Since the electricity meter is under the name of the Company, therefore, the Company subsequently collected the electricity charges as advanced by the Company from WaterFlow. From 1 April 2006, the Company and WaterFlow amended the operation and maintenance (O&amp;M) agreement, whereby WaterFlow shall be liable only for labor costs as incurred by production and supplies to the Company throughout the term of the Water Purchase and Sale Agreement between the Company and the PWA, at the service charge at the rate/cubic meter which shall be adjusted annually based on the consumer price index. The service charge from January to March 2006 equaled Baht 3.555312 per cubic meter, the service charge from April to December 2006 equaled Baht 0.25 per cubic meter and that in 2007 and 2008 equaled Baht 0.258613 per cubic meter and Baht 0.267226 per cubic meter, respectively.</li> </ul> | <ul style="list-style-type: none"> <li>This transaction is essential for the Company's operations and shall rely on special expertise.</li> <li>The payment is made under the agreement as mutually agreed since the commencement of the project without payment in excess of the amount as specified in the agreement.</li> <li>The amendment of the agreement on 1 April 2006 does not make the Company to lose any benefits and is made to restructure the management since WaterFlow became the Company's subsidiary.</li> </ul> |

## (Translation)

| Person/Juristic Person who may have conflict of interest | Relationship | Nature of Transaction  | 2007 Transaction Value (Baht) | 2008 Nine-Month Period Transaction Value (Baht) | Necessity/Justification   | Pricing Policy  |
|--|--------------|--|-------------------------------|---|---|---|
|  |              | - Other accounts receivable - discount on excess tap water charges | 4,572,068                     | 4,572,068                                       | - According to the former O&M agreement, WaterFlow shall give the Company a discount on water production costs as saved from sales of tap water to the PWA in the amount less than MOQ. However, after amending the O&M agreement on 1 April 2006, such condition was cancelled.  | - This is in accordance with the O&M agreement, specifying that such discount shall be returned upon completion of payment of all loans to financial institution lenders of the Company.  |
|  |              | - Office rental  | 76,774                        | 90,000  | - WaterFlow moved from Viriyathavorn Building owned by CH. Kamchang to the Company's Head Office for use as its general business premises, at the rental of Baht 10,000 per month, covering a total leased area of 72.47 square meters, being a rental rate of Baht 138 per square meter per month, from 11 May 2007 to 31 December 2008. | - This rental rate is reasonable. In addition, WaterFlow is a subsidiary in which the Company holds 100.0 percent of its shares, thereby giving rise to no conflict of interest.  |
|  |              | - Other accounts receivable - rental of office space               | 10,000                        | 10,000  |   |   |
|  |              | - Management and administration income                             | 1,200,000                     | 900,000   | - WaterFlow engaged the Company to manage and administer supporting works under the service agreement, namely, accounting and finance, administration, procurement, warehouse, personnel, business development and public relations, at the service charge of Baht 100,000 per month, from 1 January 2007 to 31 December 2008.            | - This rate of administration fee is suitable for cost and time allocation of the Company's staff in relation to works performed for WaterFlow. WaterFlow is a subsidiary in which the Company holds 100.0 percent of its shares, thereby giving rise to no conflict of interest. |
|  |              | - Other accounts receivable - management and administration fees   | 107,000                       | 107,000   |   |   |
|  |              | - Security under the agreement                                     | 5,000,000                     | 5,000,000                                       | - The security under the O&M agreement dated 12 June 2001.  | - The security is in accordance with the executed O&M agreement.  |

## (Translation)

| Person/Juristic Person who may have conflict of interest | Relationship   | Nature of Transaction  | 2007 Transaction Value (Baht) | 2008 Nine-Month Period Transaction Value (Baht) | Necessity/Justification  | Pricing Policy  |
|--|--|--|-------------------------------|---|--|---|
| 2. CH. Karnchang   | <ul style="list-style-type: none"> <li>● This is an associated company.</li> <li>● This is a major shareholder of the Company, holding 35.3 percent of shares as of 30 September 2008.</li> <li>● This was a major shareholder of Pathum Thai Water, holding 46.39 percent of shares as of 11 June 2007 and 4.17 percent of shares as of 12 September 2007, respectively.</li> <li>● Two directors who are executive directors and executives of CH. Karnchang, namely, 1) Mr. Plew Trivisvavet, serves as the Chairman of the Board of Directors of the Company, and 2) Mr. Narong Sangsuriya, serves as director and executive director of the Company.</li> <li>● Two executives of CH. Karnchang, namely, 1) Mr. Sombat Kitjalaksana, serves as director and executive director of the Company,</li> </ul> | <p><u>2.1 Transactions with the Company</u></p> <ul style="list-style-type: none"> <li>- The Company purchased ordinary shares held by CH. Karnchang in Pathum Thani Water.</li> </ul> | 1,892,905,460                 | -   | <ul style="list-style-type: none"> <li>- On 29 June 2007, the Company purchased 5,067,371 ordinary shares held by CH. Karnchang in Pathum Thani Water at the price of Baht 340 per share, and on 14 December 2007, the Company additionally purchased 499,998 ordinary shares in Pathum Thani Water at the price of Baht 340 per share, totaling Baht 1,892,905,460. Such purchase of ordinary shares in Pathum Thani Water is intended to minimize conflict of interest which may arise since the Company's major shareholder, namely, CH. Karnchang Group, which previously was a major shareholder of Pathum Thani Water, operates the same business as the Company.</li> </ul> | <ul style="list-style-type: none"> <li>- The purchase of ordinary shares in Pathum Thani Water is intended to minimize conflict of interest. In addition, the trading price is in the range of the prices as assessed by SCMB Co., Ltd. and Seamico Securities Public Company Limited as engaged by the Company to assess the value of shares in Pathum Thani Water. SCMB Co., Ltd. assessed that the fair price of Pathum Thani Water is in the range of Baht 314.58-378.29 per share and Seamico Securities Public Company Limited assessed that the fair price of Pathum Thani Water is in the range of Baht 389.78-466.35 per share. In this regard, the Board of Directors' Meeting No. 8/2550 on 8 June 2007 and the Extraordinary General Meeting of Shareholders No. 1/2550 on 25 June 2007 unanimously resolved to approve such transaction, whereby the interested shareholders without the right to vote on such transaction of the Company included CH. Kamchang and TMB Bank Public Company Limited. Furthermore, the</li> </ul> |

(Translation)

| Person/Juristic Person who may have conflict of interest | Relationship   | Nature of Transaction | 2007 Transaction Value (Baht) | 2008 Nine-Month Period Transaction Value (Baht) | Necessity/Justification | Pricing Policy   |
|--|--|-----------------------|-------------------------------|---|-------------------------|--|
|  | and 2) Mr. Prasert Marittanaporn, serves as director of the Company. |                       |                               |   |                         | Board of Directors' Meeting of CH. Kamchang No. 3/2007 on 26 March 2007 and the 2007 Annual Ordinary General Meeting of Shareholders of CH. Kamchang on 30 April 2007 unanimously resolved to approve such transaction, whereby the interested shareholders without the right to vote on such transaction of CH. Kamchang included Mahasiri Siam Co., Ltd., CH. Kamchang Holding Co., Ltd., CK. Office Tower Co., Ltd., Bang Pa-in Land Development Co., Ltd., Mr. Plew Trivisvavet, Mr. Thavorn Trivisvavet and Mr. Kamthorn Trivisvavet. |

(Translation)

| Person/Juristic Person who may have conflict of interest | Relationship | Nature of Transaction  | 2007 Transaction Value (Baht)   | 2008 Nine-Month Period Transaction Value (Baht)   | Necessity/Justification  | Pricing Policy   |
|--|--------------|--|---|---|--|--|
|  |              | <ul style="list-style-type: none"> <li>- Provision of sponsor support to the Company for the business operation should the Company face any cash shortfall.</li> <li>- Provision of bridge financing support to lenders for the short-term loan repayment should the Company be unable to list the ordinary shares as listed securities within one year from the loan drawdown date or in case the proceeds from offering for sale of shares for capital increase on the Stock Exchange are insufficient to repay the short-term loan.</li> </ul> <p data-bbox="638 1177 936 1257"><u>2.2 Transactions with Pathum Thani Water which is the Company's subsidiary</u></p> <ul style="list-style-type: none"> <li>- Construction in progress of assets for tap water production</li> </ul> | <p data-bbox="936 347 1093 400">Up to 1,000,000,000</p> <p data-bbox="936 667 1093 719">Up to 1,503,000,000</p> <p data-bbox="936 1267 1093 1289">542,592,150</p> | <p data-bbox="1093 347 1249 400">Up to 1,000,000,000</p> <p data-bbox="1093 667 1249 689">-</p> <p data-bbox="1093 1267 1249 1289">44,370,269</p> | <ul style="list-style-type: none"> <li>- The Company executed a long-term loan agreement with a group of financial institutions on 9 March 2001, with the total loan of Baht 7,000 Million, due for repayment on a quarterly basis until the year 2013, for construction of all water production plants and water distribution systems of the Company. According to such loan agreement, CH. Kamchang, as the Company's major shareholder, shall extend the financial support in case of any cash shortfall, in an amount of not exceeding Baht 1,000 Million. In this regard, CH. Kamchang did not charge any guarantee fees.</li> <li>- The Company executed a loan agreement with two financial institutions on 27 June 2007 for purchase of Pathum Thani Water, divided into a short-term loan of Baht 3,000 Million due for repayment within one year and a long-term loan of Baht 1,000 Million due for repayment within July 2013. According to such loan agreement, CH. Kamchang, as the Company's major shareholder, shall be one of the sponsors accounting for 50.10 percent of the short-term loan should the Company be unable to list the ordinary shares as listed securities within one year from the loan drawdown date or in case the proceeds from offering for sale of shares for capital increase on the Stock Exchange are insufficient to repay the short-term loan. In this regard, CH. Kamchang did not charge any guarantee fees.</li> <li>- In May 2008, the Company has already repaid the short-term loan in full.</li> <li>- Pathum Thani Water engaged CH. Kamchang to construct the extension of the tap water production plants and the tap water distribution systems with the production capacity of 100,000</li> </ul> | <ul style="list-style-type: none"> <li>- Such support is in accordance with the sponsor support agreement and for the benefit of the Company.</li> <li>- Such support is in accordance with the sponsor support agreement and for the benefit of the Company.</li> <li>- Given the tap water demand in Pathum Thani areas exceeds the maximum</li> </ul> |

## (Translation)

| Person/Juristic Person who may have conflict of interest | Relationship | Nature of Transaction   | 2007 Transaction Value (Baht)  | 2008 Nine-Month Period Transaction Value (Baht)         | Necessity/Justification  | Pricing Policy  |
|--|--------------|---|--|---|--|---|
|  |              | <ul style="list-style-type: none"> <li>- Advance payment of construction</li> <li>- Construction payable</li> <li>- Retention payable</li> <br/> <li>- Interest expenses</li> </ul> | <p>42,592,517</p> <p>23,816,681</p> <p>1,251,169</p><br><p>2,506,203</p> | <p>13,353,536</p> <p>-</p> <p>1,192,891</p><br><p>-</p> | <p>cubic meters per day on 20 March 2007, at the total construction value of Baht 693.1 Million, whereby CH. Kamchang commenced the construction for Pathum Thani Water since February 2006. Moreover, CH. Kamchang was recorded as creditor in respect of advance payment for such constructed works. In this regard, Pathum Thani Water commenced to pay for the construction works to CH. Kamchang on 9 August 2007 after Pathum Thani Water Co., Ltd. had signed a loan agreement with a financial institution on 21 June 2007. In December 2007, Pathum Thani Water executed an additional construction contract at the value of Baht 35,010,740, with an advance payment of 15%.</p> <p>- According to the conditions of the long-term loan agreement between Pathum Thani Water and a group of financial institutions dated 29 January 1998, CH. Kamchang, as Pathum Thani Water's major shareholder, shall extend the sponsor support in the form of a long-term loan to Pathum Thani Water in case of any cash shortfall, at the interest rate of MLR+0.125% per annum which was changed to MLR-0.5% per annum since October 2006. The repayment shall be in accordance with the conditions as specified in the loan agreement, whereby</p> | <p>production capacity of Pathum Thani Water at that time, it is then deemed appropriate to expand the production capacity for the benefit of Pathum Thani Water.</p> <ul style="list-style-type: none"> <li>- Pathum Thani Water reviews the construction value against the moderate price of the project by considering the construction value as assessed by two appraisal companies, which is similar to the price as Pathum Thani Water engaged CH. Kamchang and comparable to the subcontractors' prices.</li> <li>- Such support is in accordance with the sponsor support agreement.</li> </ul> |

(Translation)

| Person/Juristic Person who may have conflict of interest | Relationship | Nature of Transaction  | 2007 Transaction Value (Baht)   | 2008 Nine-Month Period Transaction Value (Baht)   | Necessity/Justification  | Pricing Policy   |
|--|--------------|--|---|---|--|--|
|  |              | <ul style="list-style-type: none"> <li>- Long-term loan and accrued interests</li> <li>- Tap water income</li> <li>- Accounts receivable - tap water charge</li> </ul> <p><u>2.3 Transactions with BJT Water which is the Company's subsidiary</u></p> <ul style="list-style-type: none"> <li>- Administration expenses</li> <li>- Accrued administration expenses</li> <li>- Office rental</li> <li>- Accrued rental</li> </ul> | <p style="text-align: center;">-</p> <p style="text-align: center;">254,943</p> <p style="text-align: center;">15,888</p><br><p style="text-align: center;">2,060,820</p><br><p style="text-align: center;">183,756</p><br><p style="text-align: center;">135,884<br/>(November-December 2007)</p> <p style="text-align: center;">-</p> | <p style="text-align: center;">-</p><br><p style="text-align: center;">-</p><br><p style="text-align: center;">-</p><br><p style="text-align: center;">-</p><br><p style="text-align: center;">611,482</p><br><p style="text-align: center;">18,024</p> | <p>Pathum Thani Water shall first repay the loan to the financial institution lenders prior to using excess cash to repay the sponsors. Such sponsors did not require any security against such lending.</p> <ul style="list-style-type: none"> <li>- Pathum Thani Water charged CH. Karnchang for tap water used for construction at the same rate as that applicable to the PWA.</li> <li>- BJT Water executed the secondment agreement with CH. Karnchang, whereby CH. Karnchang sent its personnel to carry out works in respect of personnel management and administration to BJT Water, on a yearly basis, from 1 January to 31 December, at the rates for the years 2006 and 2007 amounting to Baht 160,500 per month and Baht 171,735 per month, respectively.</li> <li>- BJT Water took on lease of an office space from CH. Karnchang for use as its office, at the rate of Baht 128 per square meter per month or amounting to Baht 27,178 per month since 1 November 2007. In this regard, other than the monthly office rental, BJT Water shall also be liable for other relevant expenses, such as, telephone or various public utility charges, etc.</li> </ul> | <ul style="list-style-type: none"> <li>- The tap water income as charged to CH. Karnchang is at the same price as the sale price to the PWA, and as such, this is a reasonable value.</li> <li>- This is essential for the business operation of BJT Water since BJT Water does not have its own personnel and administration units.</li> <li>- It is deemed appropriate for BJT Water to terminate the secondment agreement with CH. Karnchang or employ such personnel as staff of BJT Water or recruit replacement personnel.</li> <li>- Such rental rate is not higher than the market price as compared to that of adjacent areas.</li> </ul> |

## (Translation)

| Person/Juristic Person who may have conflict of interest | Relationship   | Nature of Transaction  | 2007 Transaction Value (Baht)   | 2008 Nine-Month Period Transaction Value (Baht)                                     | Necessity/Justification   | Pricing Policy  |
|--|--|--|---|---|---|---|
| 3. BJT Water   | <ul style="list-style-type: none"> <li>This is a subsidiary.</li> <li>The Company is a major shareholder of Pathum Thani Water, holding 98.0 percent of shares as of 31 December 2007, and Pathum Thani Water is a major shareholder of BJT Water, whereby Pathum Thani Water starts to hold shares in BJT Water representing 99.99 percent as of 26 January 2007.</li> <li>Two directors of BJT Water, namely, 1) Mr. Sahachai Hengtrakool and 2) Mr. Somkiat Pattamamongkolchai, serve as the Company's executives.</li> </ul> | <p><u>Transactions with Pathum Thani Water which is the Company's subsidiary</u></p> <ul style="list-style-type: none"> <li>- Tap water production cost</li> <li>- Difference of management cost - electricity</li> <li>- Trade accounts receivable</li> <li>- Electricity charge</li> <li>- Telephone charges</li> <li>- Trade accounts receivable - electricity and telephone charges</li> </ul> | <p>137,143,417</p> <p>951,813</p> <p>13,285,197</p> <p>995,659</p> <p>243,045</p> <p>23,402</p> | <p>198,359,556</p> <p>-</p> <p>38,085,736</p> <p>-</p> <p>183,807</p> <p>22,620</p> | <ul style="list-style-type: none"> <li>- Before 26 January 2007, Pathum Thani Water Co., Ltd. engaged Pathum Thani Operations Co., Ltd. ("Pathum Thani Operations") to carry out operation and maintenance (O&amp;M) and Pathum Thani Operations then engaged BJT Water to be responsible for costs of labor and supplies for production only, while Pathum Thani Water bears the maintenance expenses. In 2006, BJT Water made advance payment of maintenance expenses and subsequently collected the same from Pathum Thani Water.</li> <li>- Pathum Thani Water engaged BJT Water as the contractual party to the O&amp;M agreement on 26 January 2007 to produce tap water to BJT Water, at the service charge rate of Baht 2.40 per cubic meter after Pathum Thani Water had terminated the former O&amp;M agreement with Pathum Thani Operations. The new rate of service charges as paid to BJT Water included chemical, labor and supplies costs for operations, as well as electricity charges at the fixed rate in each year and adjusted in the following year under consumer price index (namely, Pathum Thani Water owns the electricity meter and would calculate the difference between actual electricity charge and electricity charge at the rate under the agreement, the difference of which shall be collected from or returned to BJT Water every three months). However, in 2008, BJT Water charged Pathum Thani Water for the electricity in full and included the same in the service charges.</li> <li>- BJT Water used telephone numbers registered in the name of Pathum Thani Water. In 2006, the telephone numbers used by BJT Water covered only the management areas. However, after 26 January 2007, Pathum Thani Water engaged BJT Water as the contractual party to the O&amp;M agreement, thereby allowing BJT Water to use additional</li> </ul> | <ul style="list-style-type: none"> <li>- The rate of maintenance fee for the year 2006 is the value charged to Pathum Thani Water as actual cost of BJT Water without any margin for such advance payment.</li> <li>- The rate of service charges for the tap water production in 2007 is lower than the previous rate that Pathum Thani Water engaged Pathum Thani Operations prior to terminating the former O&amp;M agreement, namely, Baht 2.93 per cubic meter, covering electricity, chemical, labor and supplies costs. The rate of service charges as collected by BJT Water from Pathum Thani Water is Baht 2.4 per cubic meter, covering chemical, labor and supplies costs. However, since 26 January 2007, Pathum Thani Water invested in BJT Water at the rate of 100.0 percent. Therefore, such service charge rate does not give rise to any conflict of interest.</li> <li>- The telephone charges and insurance premiums are calculated based on the actual costs without any margin on such costs.</li> </ul> |



(Translation)

| Person/Juristic Person who may have conflict of interest | Relationship | Nature of Transaction                     | 2007 Transaction Value (Baht) | 2008 Nine-Month Period Transaction Value (Baht) | Necessity/Justification  | Pricing Policy |
|--|--------------|---|-------------------------------|---|--|----------------|
|  |              | - Other expenses - car insurance premiums | 16,003                        | -   | lines.<br>- As for insurance premiums for vehicles which are assets of Pathum Thani Water and used by BJT Water for the service of tap water production, BJT Water bears expenses in respect of insurance premiums incurred during the year instead of Pathum Thani Water. |                |

(Translation)

| Person/Juristic Person who may have conflict of interest | Relationship  | Nature of Transaction  | 2007 Transaction Value (Baht)                                    | 2008 Nine-Month Period Transaction Value (Baht) | Necessity/Justification   | Pricing Policy   |
|--|---|--|--|---|---|--|
| <p>4. Pathum Thani Water Operations</p>                  | <ul style="list-style-type: none"> <li>This was an associated company before 21 July 2006.</li> <li>Prior to 21 July 2006, the major shareholders, namely, CH. Karnchang Holding Co., Ltd. and Mahasiri Siam Co., Ltd., held shares representing 36.00 percent and 48.59 percent, respectively. After 21 July 2006, CH. Karnchang Holding Co., Ltd. and Mahasiri Siam Co., Ltd. sold their shares held in Pathum Thani Operations to other juristic persons.</li> <li>Mahasiri Siam Co., Ltd. is a major shareholder of CH. Karnchang, holding 19.24 percent of shares as of 9 April 2007.</li> </ul> | <p><u>4.1 Transactions with Pathum Thani Water which is the Company's subsidiary</u></p> <ul style="list-style-type: none"> <li>Tap water production cost</li> <li>Telephone charges</li> <li>Trade accounts receivable - electricity and telephone charges</li> </ul> | <p>24,338,798<br/>(1-25 January 2007)</p> <p>15,253</p> <p>-</p> | <p>-</p> <p>-</p> <p>-</p>                      | <ul style="list-style-type: none"> <li>Pathum Thani Water engaged Pathum Thani Operations as the contractual party to the O&amp;M agreement on 23 April 1999 to produce tap water to Pathum Thani Water, at the service charge rate of Baht 2.26 per cubic meter from the date of the agreement signing. In addition, such rate shall be adjusted on a yearly basis under consumer price index each year. Such service charges included electricity, chemical, labor and supplies costs for operations. In January 2007, such rate of the service charges was Baht 2.93 per cubic meter.</li> <li>Pathum Thani Operations used telephone numbers registered in the name of Pathum Thani Water and used electricity for tap water production and its operations, whereby Pathum Thani Water owned the electricity meter. Therefore, at the end of each month, Pathum Thani Water would collect electricity charges as actually incurred from Pathum Thani Operations.</li> </ul> | <ul style="list-style-type: none"> <li>This rate of service charges is in accordance with the agreement as mutually agreed.</li> <li>This rate is charged to each other based on actual costs without any margin on such costs.</li> </ul> |

(Translation)

| Person/Juristic Person who may have conflict of interest | Relationship   | Nature of Transaction  | 2007 Transaction Value (Baht)  | 2008 Nine-Month Period Transaction Value (Baht) | Necessity/Justification   | Pricing Policy  |
|--|--|--|--|---|---|---|
|  | <ul style="list-style-type: none"> <li>● CH. Karnchang Holding Co., Ltd. is a major shareholder of CH. Karnchang, holding 10.04 percent of shares as of 9 April 2007.</li> <li>● CH. Karnchang is a major shareholder of the Company, holding 47.69 percent of shares.</li> <li>● Prior to 31 July 2006, three directors of Pathum Thani Operations, namely, 1) Mr. Sompodh Sripoom, serves as director and Managing Director of the Company, 2) Mr. Sombat Kitjalaksana and 3) Mr. Prasert Marittanaporn serve as the Company's directors.</li> <li>● At present, there is no relationship by way of common directors.</li> </ul> | <ul style="list-style-type: none"> <li>- Compensation for termination of the O&amp;M agreement</li> <li>- Compensation payable for termination of the O&amp;M agreement</li> <li>- Interest expenses for termination of the O&amp;M agreement</li> </ul> | <p>385,000,000</p> <p>113,300,699<br/>(including accrued interest)</p> <p>13,878,123</p> | <p>-</p> <p>-</p> <p>-</p>                      | <p>- On 26 January 2007, Pathum Thani Water terminated the O&amp;M agreement with Pathum Thani Operations since Pathum Thani Water restructured its business operation by purchasing BJT Water and entered into the new O&amp;M agreement with BJT Water. Such restructuring caused Pathum Thani Water to be able to reduce costs for operation and maintenance (O&amp;M). As for such termination of the agreement, Pathum Thani Water compensated Pathum Thani Operations in the amount of Baht 385 Million. In this regard, on the date of termination of the agreement, Pathum Thani Water made payment for the compensation of Baht 125 Million, with the remainder to be paid in five installments, together with interest, by 30 April 2008.</p> | <p>- The compensation for termination of the O&amp;M agreement is calculated by the discounted cash flow method from the value of future cash flow of Pathum Thani Operations as assessed by Seamico Public Company Limited and Far East Securities Company Limited as its independent financial advisors. The compensation paid to Pathum Thani Operations is lower than the value as assessed by the independent financial advisors. In addition, such transaction has already been resolved by the Board of Directors and the meeting of the shareholders of Pathum Thani Water.</p> |

## (Translation)

| Person/Juristic Person who may have conflict of interest | Relationship | Nature of Transaction   | 2007 Transaction Value (Baht)                     | 2008 Nine-Month Period Transaction Value (Baht) | Necessity/Justification  | Pricing Policy   |
|--|--------------|---|---|---|--|--|
|  |              | <p><u>4.2 Transactions with BJT Water which is the Company's subsidiary</u></p> <ul style="list-style-type: none"> <li>- Income from service charges for tap water production</li> <li>- Trade accounts receivable</li> </ul> | <p>6,894,608<br/>(1-25 January 2007)</p> <p>-</p> | <p>-</p> <p>-</p>                               | <ul style="list-style-type: none"> <li>- Pathum Thani Operations engaged BJT Water as the contractual party to the O&amp;M agreement on 12 May 1999 to produce tap water, under the engagement of Pathum Thani Operations by Pathum Thani Water, whereby BJT Water charged Pathum Thani Operations at the rate of Baht 0.7-1.43 per cubic meter, depending on the average daily water volume as produced and distributed. In addition, such rate shall be adjusted on a yearly basis under consumer price index each year. Such service charges included labor and supplies costs for operations. In January 2006, such rate of the service charges was Baht 0.83 per cubic meter.</li> <li>- On 26 January 2007, Pathum Thani Water terminated the O&amp;M agreement with Pathum Thani Operations since Pathum Thani Water restructured its business operation by purchasing BJT Water and entered into the new O&amp;M agreement with BJT Water. Such restructuring caused Pathum Thani Water to be able to reduce costs for operation and maintenance (O&amp;M).</li> </ul> | <ul style="list-style-type: none"> <li>- This rate of service charges is in accordance with the agreement as mutually agreed.</li> </ul> |

## (Translation)

| Person/Juristic Person who may have conflict of interest | Relationship   | Nature of Transaction  | 2007 Transaction Value (Baht) | 2008 Nine-Month Period Transaction Value (Baht) | Necessity/Justification   | Pricing Policy  |
|--|--|--|-------------------------------|---|---|---|
| 5. Maharisi Siam Co., Ltd.                               | <ul style="list-style-type: none"> <li>● This is an associated company.</li> <li>● This was a major shareholder of Pathum Thani Water, holding 30.52 percent of shares prior to 29 June 2007. After 29 June 2007, Mahasiri Siam Co., Ltd. sold all shares held in Pathum Thani Water to the Company.</li> <li>● This is a major shareholder of CH. Kamchang, holding 19.24 percent of shares as of 27 August 2007.</li> <li>● CH. Kamchang is a major shareholder of the Company, holding 47.69 percent of shares.</li> <li>● A director of Maharisi Siam Co., Ltd., namely, Mr. Plew Trivisvavet, serves as the Chairman of the Board of Directors of the Company.</li> </ul> | <p><u>5.1 Transactions with the Company</u></p> <ul style="list-style-type: none"> <li>- The Company purchased ordinary shares held by Mahasiri Siam Co., Ltd. in Pathum Thani Water.</li> </ul> | 1,245,259,520                 | -   | <ul style="list-style-type: none"> <li>- The Company purchased 3,662,528 ordinary shares held by Mahasiri Siam Co., Ltd. in Pathum Thani Water at the price of Baht 340 per share, totaling Baht 1,245,259,520 on 29 June 2007. Such purchase of ordinary shares in Pathum Thani Water is intended to minimize conflict of interest which may arise since the Company's major shareholder, namely, CH. Kamchang Group, which formerly was a major shareholder of Pathum Thani Water operates the same business as the Company.</li> </ul> | <ul style="list-style-type: none"> <li>- The purchase of ordinary shares in Pathum Thani Water is intended to minimize conflict of interest. In addition, the trading price is in the range of the prices as assessed by SCMB Co., Ltd. and Seamico Securities Public Company Limited as engaged by the Company to assess the value of shares in Pathum Thani Water. SCMB Co., Ltd. assessed that the fair price of Pathum Thani Water is in the range of Baht 314.58-378.29 per share and Seamico Securities Public Company Limited assessed that the fair price of Pathum Thani Water is in the range of Baht 389.78-466.35 per share. In this regard, the Board of Directors' Meeting No. 8/2550 on 8 June 2007 and the Extraordinary General Meeting of Shareholders No. 1/2550 on 25 June 2007 unanimously resolved to approve such transaction, whereby the interested shareholders without the right to vote on such transaction of the Company included CH. Kamchang and TMB Bank Public Company Limited. In addition, the</li> </ul> |

(Translation)

| Person/Juristic Person who may have conflict of interest | Relationship | Nature of Transaction | 2007 Transaction Value (Baht) | 2008 Nine-Month Period Transaction Value (Baht) | Necessity/Justification | Pricing Policy  |
|--|--------------|-----------------------|-------------------------------|---|-------------------------|---|
|  |              |                       |                               |   |                         | Board of Directors Meeting of CH. Kamchang No. 3/2007 on 26 March 2007 and the 2007 Annual Ordinary General Meeting of Shareholders of CH. Kamchang on 30 April 2007 unanimously resolved to approve such transaction, whereby the interested shareholders without the right to vote on such transaction of CH. Kamchang included Mahasiri Siam Co., Ltd., CH. Kamchang Holding Co., Ltd., CK. Office Tower Co., Ltd., Bang Pa-in Land Development Co., Ltd., Mr. Plew Trivisvavet, Mr. Thavorn Trivisvavet and Mr. Kamthorn Trivisvavet. |

(Translation)

| Person/Juristic Person who may have conflict of interest | Relationship | Nature of Transaction   | 2007 Transaction Value (Baht)  | 2008 Nine-Month Period Transaction Value (Baht)  | Necessity/Justification  | Pricing Policy  |
|--|--------------|---|--|--|--|---|
|  |              | <ul style="list-style-type: none"> <li>- Provision of bridge financing support to lenders for the short-term loan repayment should the Company be unable to list the ordinary shares as listed securities within one year from the loan drawdown date or in case the proceeds from offering for sale of shares for capital increase on the Stock Exchange are insufficient to repay the short-term loan.</li> <li><u>5.2 Transactions with Pathum Thani Water which is the Company's subsidiary</u></li> <li>- Interest expenses</li> <li>- Long-term loan and accrued interests</li> </ul> | <p style="text-align: center;">Up to<br/>393,900,000</p> <p style="text-align: center;">1,679,618</p> <p style="text-align: center;">-</p> | <p style="text-align: center;">-</p> <p style="text-align: center;">-</p> <p style="text-align: center;">-</p> | <ul style="list-style-type: none"> <li>- The Company executed a loan agreement with two financial institutions on 27 June 2007 for purchase of Pathum Thani Water, divided into a short-term loan of Baht 3,000 Million due for repayment within one year and a long-term loan of Baht 1,000 Million due for repayment within July 2013. According to such loan agreement, Mahasiri Siam Co., Ltd., as the Company's major shareholder, shall be one of the sponsors accounting for 13.13 percent of the short-term loan should the Company be unable to list the ordinary shares as listed securities within one year from the loan drawdown date or in case the proceeds from offering for sale of shares for capital increase on the Stock Exchange are insufficient to repay the short-term loan. In this regard, Mahasiri Siam Co., Ltd. did not charge any guarantee fees.</li> <li>- According to the conditions of the long-term loan agreement between Pathum Thani Water and a group of financial institutions dated 21 January 1998, Mahasiri Siam Co., Ltd., as Pathum Thani Water's major shareholder, shall extend the sponsor support in the form of a long-term loan to Pathum Thani Water in case of any cash shortfall, at the interest rate of MLR+0.125% per annum which was changed to MLR-0.5% per annum since October 2006. The repayment shall be in accordance with the conditions as specified in the loan agreement, whereby Pathum Thani Water shall first repay the loan to the financial institution lenders prior to using excess cash to repay the sponsors. Such sponsors did not require any security against such lending.</li> </ul> | <ul style="list-style-type: none"> <li>- Such support is in accordance with the sponsor support agreement and is made for the best interest of the Company.</li> <li>- Such support is in accordance with the sponsor support agreement.</li> </ul> |

## (Translation)

| Person/Juristic Person who may have conflict of interest | Relationship   | Nature of Transaction  | 2007 Transaction Value (Baht) | 2008 Nine-Month Period Transaction Value (Baht) | Necessity/Justification   | Pricing Policy   |
|--|--|--|-------------------------------|---|---|--|
| 6. CH. Karnchang Holding Co., Ltd.                       | <ul style="list-style-type: none"> <li>● This is an associated company.</li> <li>● This is a major shareholder of CH. Karnchang, holding 19.24 percent of shares as of 9 April 2007.</li> <li>● CH. Karnchang is a major shareholder of the Company, holding 47.69 percent of shares.</li> <li>● Prior to 29 June 2007, this was a shareholder of Pathum Thani Water, holding 2.18 percent of shares. After 29 June 2007, CH. Karnchang Holding Co., Ltd. sold all shares held by it to the Company.</li> <li>● A director of CH. Karnchang Holding Co., Ltd., namely, Mr. Plew Trivisvavet, serves as the Chairman of the Board of Directors of the Company.</li> </ul> | <p><u>6.1 Transactions with the Company</u></p> <ul style="list-style-type: none"> <li>- The Company purchased ordinary shares held by CH. Karnchang Holding Co., Ltd. in Pathum Thani Water.</li> </ul> | 88,910,680                    | -   | <p>– The Company purchased 261,502 ordinary shares held by CH. Karnchang Holding Co., Ltd. in Pathum Thani Water at the price of Baht 340 per share, totaling Baht 88,910,680 on 29 June 2007. Such purchase of ordinary shares in Pathum Thani Water is intended to minimize conflict of interest which may arise since the Company's major shareholder, namely, CH. Karnchang Group, which formerly was a major shareholder of Pathum Thani Water, operates the same business as the Company.</p> | <p>- The purchase of ordinary shares in Pathum Thani Water is intended to minimize conflict of interest. In addition, the trading price is in the range of the prices as assessed by SCMB Co., Ltd. and Seamico Securities Public Company Limited as engaged by the Company to assess the value of shares in Pathum Thani Water. SCMB Co., Ltd. assessed that the fair price of Pathum Thani Water is in the range of Baht 314.58-378.29 per share and Seamico Securities Public Company Limited assessed that the fair price of Pathum Thani Water is in the range of Baht 389.78-466.35 per share. In this regard, the Board of Directors' Meeting No. 8/2550 on 8 June 2007 and the Extraordinary General Meeting of Shareholders No. 1/2550 on 25 June 2007 unanimously resolved to approve such transaction, whereby the interested shareholders without the right to vote on such transaction of the Company included CH. Karnchang and TMB Bank Public Company Limited. Furthermore, the Board of Directors' Meeting of CH.</p> |



## (Translation)

| Person/Juristic Person who may have conflict of interest | Relationship | Nature of Transaction  | 2007 Transaction Value (Baht) | 2008 Nine-Month Period Transaction Value (Baht) | Necessity/Justification  | Pricing Policy  |
|--|--------------|--|-------------------------------|---|--|---|
|  |              | <p><u>6.2 Transactions with Pathum Thani Water which is the Company's subsidiary</u></p> <p>- Interest expenses</p> <p>-Long-term loan and accrued interests</p> | <p>116,977</p> <p>-</p>       | <p>-</p> <p>-</p>                               | <p>- According to the conditions of the long-term loan agreement between Pathum Thani Water and a group of financial institutions dated 21 January 1998, CH. Karnchang Holding Co., Ltd., as Pathum Thani Water's major shareholder, shall extend the sponsor support in the form of a long-term loan to Pathum Thani Water Co., Ltd. in case of any cash shortfall, at the interest rate of MLR+0.125% per annum which was changed to MLR-0.5% per annum since October 2006. The repayment shall be in accordance with the conditions as specified in the loan agreement, whereby Pathum Thani Water shall first repay the loan to the financial institution lenders prior to using excess cash to repay the sponsors. In</p> | <p>Karnchang No. 3/2007 on 26 March 2007 and the 2007 Annual Ordinary General Meeting of Shareholders of CH. Karnchang on 30 April 2007 unanimously resolved to approve such transaction, whereby the interested shareholders without the right to vote on such transaction of CH. Karnchang included Mahasiri Siam Co., Ltd., CH. Karnchang Holding Co., Ltd., CK. Office Tower Co., Ltd., Bang Pa-in Land Development Co., Ltd., Mr. Plew Trivisvavet, Mr. Thavorn Trivisvavet and Mr. Kamthorn Trivisvavet.</p> <p>- Such support is in accordance with the sponsor support agreement.</p> |

(Translation)

| Person/Juristic Person who may have conflict of interest | Relationship | Nature of Transaction | 2007 Transaction Value (Baht) | 2008 Nine-Month Period Transaction Value (Baht) | Necessity/Justification   | Pricing Policy |
|--|--------------|-----------------------|-------------------------------|---|---|----------------|
|  |              |                       |                               |   | this regard, such sponsors did not require any security against such lending. |                |

## (Translation)

| Person/Juristic Person who may have conflict of interest | Relationship   | Nature of Transaction  | 2007 Transaction Value (Baht) | 2008 Nine-Month Period Transaction Value (Baht) | Necessity/Justification  | Pricing Policy  |
|--|--|--|-------------------------------|---|--|---|
| 7. Capital Rice Co., Ltd.                                | <ul style="list-style-type: none"> <li>● This is an associated company.</li> <li>● Prior to 24 May 2007, this was a major shareholder of Pathum Thani Water, holding 15.74 percent of shares. After 24 May 2007, Capital Rice Co., Ltd. sold its shares in Pathum Thani Water to STC Capital Holding Co., Ltd. representing 11.02 percent.</li> <li>● STC Capital Holding Co., Ltd. is a major shareholder of Capital Rice Co., Ltd., holding 40 percent of shares as of 30 April 2007. Moreover, three directors of Capital Rice Co., Ltd. serve as directors of STC Capital Holding Co., Ltd., namely, 1) Mr. Nati Sirawat, 2) Mr. Worapong Pitchpongsa, and 3) Mr. Wichien Wanichakwong.</li> </ul> | <p><u>7.1 Transaction with the Company</u></p> <ul style="list-style-type: none"> <li>- The Company purchased ordinary shares held by Capital Rice Co., Ltd. in Pathum Thani Water.</li> </ul> | 190,894,360                   | -   | <ul style="list-style-type: none"> <li>- On 14 December 2007, the Company purchased 561,454 ordinary shares in Pathum Thani Water at the price of Baht 340 per share, totaling Baht 190,894,360. Such purchase of ordinary shares in Pathum Thani Water is intended to minimize conflict of interest which may arise since the Company's major shareholder, namely, CH. Karnchang Group, which previously was a major shareholder of Pathum Thani Water, operates the same business as the Company.</li> </ul> | <ul style="list-style-type: none"> <li>- The purchase of ordinary shares in Pathum Thani Water is intended to minimize conflict of interest. In addition, the trading price is in the range of the prices as assessed by SCMB Co., Ltd. and Seamico Securities Public Company Limited as engaged by the Company to assess the value of shares in Pathum Thani Water. SCMB Co., Ltd. assessed that the fair price of Pathum Thani Water is in the range of Baht 314.58-378.29 per share and Seamico Securities Public Company Limited assessed that the fair price of Pathum Thani Water is in the range of Baht 389.78-466.35 per share. In this regard, the Board of Directors' Meeting No. 8/2550 on 8 June 2007 and the Extraordinary General Meeting of Shareholders No. 1/2550 on 25 June 2007 unanimously resolved to approve such transaction, whereby the interested shareholders without the right to vote on such transaction of the Company included CH. Karnchang and TMB Bank Public Company Limited. Furthermore, the Board of Directors' Meeting of CH.</li> </ul> |

## (Translation)

| Person/Juristic Person who may have conflict of interest | Relationship | Nature of Transaction  | 2007 Transaction Value (Baht) | 2008 Nine-Month Period Transaction Value (Baht) | Necessity/Justification   | Pricing Policy   |
|--|--------------|--|-------------------------------|---|---|--|
|  |              | <p><u>7.2 Transactions with Pathum Thani Water which is the Company's subsidiary</u></p> <ul style="list-style-type: none"> <li>- Interest expenses</li> <li>- Long-term loan and accrued interests</li> </ul> | <p>226,463</p> <p>-</p>       | <p>-</p> <p>-</p>                               | <ul style="list-style-type: none"> <li>- According to the conditions of the long-term loan agreement between Pathum Thani Water and a group of financial institutions dated 21 January 1998, Capital Rice Co., Ltd., as Pathum Thani Water's major shareholder, shall extend the sponsor support in the form of a long-term loan to Pathum Thani Water in case of any cash shortfall, at the interest rate of MLR+0.125% per annum which was changed to MLR-0.5% per annum since October 2006. The repayment shall be in accordance with the conditions as specified in the loan agreement, whereby Pathum Thani Water shall first repay the loan to the financial institution lenders prior to using excess cash to repay the sponsors.</li> </ul> | <p>Karnchang No. 3/2007 on 26 March 2007 and the 2007 Annual Ordinary General Meeting of Shareholders of CH. Karnchang on 30 April 2007 unanimously resolved to approve such transaction, whereby the interested shareholders without the right to vote on such transaction of CH. Karnchang included Mahasiri Siam Co., Ltd., CH. Karnchang Holding Co., Ltd., CK. Office Tower Co., Ltd., Bang Pa-in Land Development Co., Ltd., Mr. Plew Trivisvavet, Mr. Thavorn Trivisvavet and Mr. Kamthorn Trivisvavet.</p> <ul style="list-style-type: none"> <li>- Such support is in accordance with the sponsor support agreement.</li> </ul> |

(Translation)

| Person/Juristic Person who may have conflict of interest | Relationship | Nature of Transaction | 2007 Transaction Value (Baht) | 2008 Nine-Month Period Transaction Value (Baht) | Necessity/Justification  | Pricing Policy |
|--|--------------|-----------------------|-------------------------------|---|--|----------------|
|  |              |                       |                               |   | Such sponsors did not require any security against such lending. |                |

## (Translation)

| Person/Juristic Person who may have conflict of interest | Relationship  | Nature of Transaction  | 2007 Transaction Value (Baht) | 2008 Nine-Month Period Transaction Value (Baht) | Necessity/Justification  | Pricing Policy   |
|--|---|--|-------------------------------|---|--|--|
| 8. STC Capital Holding Co., Ltd.                         | <ul style="list-style-type: none"> <li>● This is an associated company.</li> <li>● Prior to 29 June 2007, this was a major shareholder of Pathum Thani Water, holding 11.02 percent of shares. After 29 June 2007, STC Capital Holding Co., Ltd. sold all shares held in Pathum Thani Water to the Company.</li> <li>● STC Capital Holding Co., Ltd. is a major shareholder of Capital Rice Co., Ltd., holding 40 percent of shares as of 30 April 2007. Moreover, three directors of Capital Rice Co., Ltd. serve as directors of STC Capital Holding Co., Ltd., namely, 1) Mr. Nati Sirawat, 2) Mr. Worapong Pitchpongsa, and 3) Mr. Wichien Wanichakwong.</li> </ul> | <u>Transaction with the Company</u> <ul style="list-style-type: none"> <li>- The Company purchased ordinary shares held by STC Capital Holding Co., Ltd. in Pathum Thani Water.</li> </ul> | 449,637,760                   | -   | <ul style="list-style-type: none"> <li>- The Company purchased 1,322,464 ordinary shares previously held by STC Capital Holding Co., Ltd. in Pathum Thani Water at the price of Baht 340 per share, totaling Baht 449,637,760 on 29 June 2007. Such purchase of ordinary shares in Pathum Thani Water is intended to minimize conflict of interest which may arise since the Company's major shareholder, namely, CH. Karnchang Group, which previously was a major shareholder of Pathum Thani Water, operates the same business as the Company.</li> </ul> | <ul style="list-style-type: none"> <li>- The purchase of ordinary shares in Pathum Thani Water is intended to minimize conflict of interest. In addition, the trading price is in the range of the prices as assessed by SCMB Co., Ltd. and Seamico Securities Public Company Limited as engaged by the Company to assess the value of shares in Pathum Thani Water. SCMB Co., Ltd. assessed that the fair price of Pathum Thani Water is in the range of Baht 314.58-378.29 per share and Seamico Securities Public Company Limited assessed that the fair price of Pathum Thani Water is in the range of Baht 389.78-466.35 per share. In this regard, the Board of Directors' Meeting No. 8/2550 on 8 June 2007 and the Extraordinary General Meeting of Shareholders No. 1/2550 on 25 June 2007 unanimously resolved to approve such transaction, whereby the interested shareholders without the right to vote on such transaction of the Company included CH. Karnchang and TMB Bank Public Company Limited. Furthermore, the Board of Directors' Meeting of CH. Karnchang No. 3/2007 on 26 March</li> </ul> |

(Translation)

| Person/Juristic Person who may have conflict of interest | Relationship | Nature of Transaction | 2007 Transaction Value (Baht) | 2008 Nine-Month Period Transaction Value (Baht) | Necessity/Justification | Pricing Policy   |
|--|--------------|-----------------------|-------------------------------|---|-------------------------|--|
|  |              |                       |                               |   |                         | 2007 and the 2007 Annual Ordinary General Meeting of Shareholders of CH. Karnchang on 30 April 2007 unanimously resolved to approve such transaction, whereby the interested shareholders without the right to vote on such transaction of CH. Karnchang included Mahasiri Siam Co., Ltd., CH. Karnchang Holding Co., Ltd., CK. Office Tower Co., Ltd., Bang Pa-in Land Development Co., Ltd., Mr. Plew Trivisvavet, Mr. Thavorn Trivisvavet and Mr. Kamthorn Trivisvavet. |

(Translation)

| Person/Juristic Person who may have conflict of interest | Relationship   | Nature of Transaction  | 2007 Transaction Value (Baht) | 2008 Nine-Month Period Transaction Value (Baht) | Necessity/Justification  | Pricing Policy  |
|--|--|--|-------------------------------|---|--|---|
| 9. Pathum Thani Water                                    | <ul style="list-style-type: none"> <li>● This is a subsidiary.</li> <li>● The Company is a major shareholder of Pathum Thani Water, holding 98.0 percent of shares as of 31 December 2007.</li> <li>● Five directors of Pathum Thani Water, namely, 1) Mr. Sompodh Sripoom serves as director and Managing Director of the Company, 2) Mr. Techapit Sangsingkeo serves as member and Chairman of the Audit Committee of the Company, 3) Mr. Phairuch Mekarporn serves as member of the Audit Committee of the Company, 4) Mr. Tomoaki Matsumoto serves as director of the Company, and 5) Mr. Somkiat Pattamamongkolchai serves as the Company's executive.</li> </ul> | <u>Transaction with the Company</u> <ul style="list-style-type: none"> <li>- Provision of sponsor support to the Company for the business operation should the Company face any cash shortfall.</li> </ul> | Up to 162,000,000             | Up to 162,000,000                               | <ul style="list-style-type: none"> <li>- Pathum Thani Water executed a long-term loan agreement with a group of financial institutions on 21 January 1998, with the total outstanding loan as of 30 June 2007 in the amount of Baht 3,126,688,231, due for repayment every six months until the year 2015, for construction of all water production plants and water distribution systems of Pathum Thani Water. As of 31 December 2007, the Company held 98.0 percent of shares in Pathum Thani Water. According to the loan agreement, the Company, as Pathum Thani Water's major shareholder, shall extend the sponsor support amounting to Baht 162 Million in case of any cash shortfall. In this regard, the Company did not charge any guarantee fees.</li> </ul> | <ul style="list-style-type: none"> <li>- Such support is in accordance with the sponsor support agreement.</li> </ul> |



## (Translation)

| Person/Juristic Person who may have conflict of interest | Relationship   | Nature of Transaction  | 2007 Transaction Value (Baht) | 2008 Nine-Month Period Transaction Value (Baht) | Necessity/Justification   | Pricing Policy   |
|--|--|--|-------------------------------|---|---|--|
| 10. Mitsui & Co Ltd.                                     | <ul style="list-style-type: none"> <li>● This is an associated company.</li> <li>● This is a major shareholder of Mitsui, holding 99.9 percent of shares as of 8 March 2007, and Mitsui is a major shareholder of the Company, holding 25.9 percent of shares as of 30 June 2007.</li> <li>● Two directors of Mitsui, namely, 1) Mr. Yoshio Kometani, and 2) Mr. Tomoaki Matsumoto, serve as the Company's directors.</li> </ul> | <p><u>Transaction with the Company</u></p> <ul style="list-style-type: none"> <li>- Provision of bridge financing support to lenders for the short-term loan repayment should the Company be unable to list the ordinary shares as listed securities within one year from the loan drawdown date or in case the proceeds from offering for sale of shares for capital increase on the Stock Exchange are insufficient to repay the short-term loan.</li> </ul> | Up to 1,103,100,000           | -   | <ul style="list-style-type: none"> <li>- The Company executed a loan agreement with two financial institutions on 27 June 2007 for purchase of ordinary shares in Pathum Thani Water, divided into a short-term loan of Baht 3,000 Million due for repayment within one year and a long-term loan of Baht 1,000 Million due for repayment within July 2013. According to such loan agreement, Mitsui &amp; Co Ltd., as a major shareholder of Mitsui which is the Company's major shareholder, shall be one of the financial sponsors accounting for 36.77 percent of the short-term loan should the Company be unable to list the ordinary shares as listed securities within one year from the loan drawdown date or in case the proceeds from offering for sale of shares for capital increase on the Stock Exchange are insufficient to repay the short-term loan. In this regard, Mitsui &amp; Co Ltd. did not charge any guarantee fees.</li> <li>- In May 2008, the Company has already repaid the short-term loan in full.</li> </ul> | <ul style="list-style-type: none"> <li>- Such support is in accordance with the sponsor support agreement and for the best interest of the Company.</li> </ul> |

(Translation)

| Person/Juristic Person who may have conflict of interest | Relationship  | Nature of Transaction   | 2007 Transaction Value (Baht)                            | 2008 Nine-Month Period Transaction Value (Baht) | Necessity/Justification  | Pricing Policy   |
|--|---|---|--|---|--|--|
| 11. CK. Office Tower Co., Ltd.                           | <ul style="list-style-type: none"> <li>This is an associated company.</li> <li>Its major shareholder, namely, Mahasiri Siam Co., Ltd., holding 25 percent of shares, which is a major shareholder of CH. Karnchang, and CH. Karnchang is a major shareholder of the Company.</li> <li>The Chairman of the Board of Directors, namely, Mr. Plew Trivisvavet, serves as director of CK. Office Tower Co., Ltd.</li> </ul> | <u>Transactions with BJT Water</u> <ul style="list-style-type: none"> <li>Office rental</li> <li>Trade accounts payable</li> </ul>  | <p>981,503<br/>(January – October 2007)</p> <p>6,361</p> | <p>-</p> <p>-</p>                               | <ul style="list-style-type: none"> <li>BJT Water took on lease of an office space from CK. Office Tower Co., Ltd. for use as its office, with a three-year lease term from 4 August 2005, covering a total area of 186.28 square meters, at the rental rate of Baht 140 per square meter for 1 January - 31 August 2006, amounting to Baht 26,079 per month, and Baht 128 per square meter per month or amounting to Baht 27,178 per month for 1 September 2006 onwards, respectively. Other than the office rental, BJT Water shall also be liable for various public utility charges.</li> <li>Since November 2007, CK. Office Tower Co., Ltd. sold certain assets to CH. Karnchang, including the office leased out to BJT Water by CK. Office Tower Co., Ltd. Therefore, since November 2007, BJT Water took on lease of the office space from CH. Karnchang.</li> </ul> | <ul style="list-style-type: none"> <li>Such rental rate is lower than the market price as compared to that of adjacent areas.</li> </ul> |
| 12. Thai Pracha Construction Limited Partnership         | <ul style="list-style-type: none"> <li>This was an associated company.</li> <li>Its partner, namely, Mrs. Piyaphon SETHA-OLAN, serves as director and major shareholder of Rayong Real Estate Co., Ltd.</li> <li>From 12 July 2006 to 25 January 2007, Rayong Real Estate Co., Ltd. was a major shareholder of BJT Water, holding 90.1 percent of shares.</li> </ul>  | <u>Transactions with BJT Water</u> <ul style="list-style-type: none"> <li>Fees for transporting sediments from tap water production</li> <li>Accrued fees for transporting sediments from tap water production</li> </ul> | <p>5,205,760<br/>(January - August 2007)</p> <p>-</p>    | <p>-</p> <p>-</p>                               | <ul style="list-style-type: none"> <li>BJT Water engaged Thai Pracha Construction Limited Partnership to transport sediments from tap water production since 1 January 2006, with the contract value of Baht 196 per cubic meter.</li> <li>BJT Water terminated the agreement engaging Thai Pracha Construction Limited Partnership for transporting sediments and instead engaged another company for such service since September 2007.</li> </ul>   | <ul style="list-style-type: none"> <li>Such rate is comparable to the market price.</li> </ul>   |

(Translation)

| Person/Juristic Person who may have conflict of interest | Relationship  | Nature of Transaction   | 2007 Transaction Value (Baht) | 2008 Nine-Month Period Transaction Value (Baht) | Necessity/Justification  | Pricing Policy  |
|--|---|---|-------------------------------|---|--|---|
| 13. Mr. Narong Sangsuriya                                | <ul style="list-style-type: none"> <li>• He is a director of the Company.</li> <li>• He is a director of CH. Karnchang which is the Company's major shareholder, holding 35.3 percent of shares in the Company.</li> <li>• He is a shareholder of the Company, holding shares representing 0 percent (2.0 million shares).</li> <li>• He was a director of Pathum Thani Water prior to 1 October 2006.</li> </ul> | <u>Transaction with Pathum Thani Water which is the Company's subsidiary</u> <ul style="list-style-type: none"> <li>- Consulting fees for operations of Pathum Thani Water</li> </ul> | 60,000                        | -   | <ul style="list-style-type: none"> <li>- This represents the consulting fees for contact and coordination with banks and planning for the restructuring of Pathum Thani Water for the year 2007, whereby Pathum Thani Water terminated such consultation service on 24 July 2007.</li> </ul> | <ul style="list-style-type: none"> <li>- Mr. Narong Sangsuriya has experience, knowledge and capacities and has served as the Chairman of the Board of Directors of Pathum Thani Water for a long time. He therefore is very well informed of all matters of Pathum Thani Water.</li> </ul> |
| 14. Mr. Sombat Kitjalaksana                              | <ul style="list-style-type: none"> <li>• He is a director of the Company.</li> <li>• He is a director of CH. Karnchang which is the Company's major shareholder, holding 35.3 percent of shares in the Company.</li> <li>• He is a shareholder of the Company, holding shares representing 0 percent (2.0 million shares).</li> <li>• He was a director of Pathum Thani Water prior to 1 October 2006.</li> </ul> | <u>Transaction with Pathum Thani Water which is the Company's subsidiary</u> <ul style="list-style-type: none"> <li>- Consulting fees for operations of Pathum Thani Water</li> </ul> | 60,000                        | -   | <ul style="list-style-type: none"> <li>- This represents the consulting fees for contact and coordination with banks and planning for the restructuring of Pathum Thani Water for the year 2007, whereby Pathum Thani Water terminated such consultation service on 24 July 2007.</li> </ul> | <ul style="list-style-type: none"> <li>- Pathum Thani Water has no personnel with know-how in business restructuring. In addition, Mr. Sombat Kitjalaksana has knowledge, experience and know-how in terms of business restructuring.</li> </ul>  |

## (Translation)

| Person/Juristic Person who may have conflict of interest | Relationship  | Nature of Transaction   | 2007 Transaction Value (Baht) | 2008 Nine-Month Period Transaction Value (Baht) | Necessity/Justification  | Pricing Policy   |
|--|---|---|-------------------------------|---|--|--|
| 15. Mr. Prasert Marittanaporn                            | <ul style="list-style-type: none"> <li>● He is a director of the Company.</li> <li>● He is a director of CH. Karnchang which is the Company's major shareholder, holding 35.3 percent of shares in the Company.</li> <li>● He is a shareholder of the Company, holding shares representing 0 percent (2.0 million shares).</li> <li>● He was a director of Pathum Thani Water prior to 1 October 2006.</li> </ul> | <u>Transaction with Pathum Thani Water which is the Company's subsidiary</u> <ul style="list-style-type: none"> <li>- Consulting fees for operations of Pathum Thani Water</li> </ul> | 60,000                        | -   | <ul style="list-style-type: none"> <li>- This represents the consulting fees for contact and coordination with banks and planning for the restructuring of Pathum Thani Water for the year 2007, whereby Pathum Thani Water terminated such consultation service on 24 July 2007.</li> </ul> | <ul style="list-style-type: none"> <li>- Pathum Thani Water has no personnel with know-how in business restructuring. In addition, Mr. Prasert Marittanaporn has knowledge, experience and know-how in terms of business restructuring.</li> </ul> |

(Translation)

14. Summary of Financial Statements during the Past 3 years and the Current Year Until the Third Quarter of 2008

Balance sheets

| Description  | Separate financial statements |               | Consolidated financial statements |               |                   |               |                   |               |
|--|-------------------------------|---------------|-----------------------------------|---------------|-------------------|---------------|-------------------|---------------|
|  | 31 December 2005              |               | 31 December 2006                  |               | 31 December 2007  |               | 30 September 2008 |               |
|  | Baht<br>Thousand              | %             | Baht<br>Thousand                  | %             | Baht<br>Thousand  | %             | Baht<br>Thousand  | %             |
| <b>CURRENT ASSETS</b>                              |                               |               |                                   |               |                   |               |                   |               |
| Cash and deposits at financial institutions        | 387,595                       | 3.74          | 356,130                           | 3.33          | 674,895           | 3.61          | 1,079,737         | 5.85          |
| Current investments                                | 285,000                       | 2.75          | 695,000                           | 51.6          | 847,258           | 4.54          | 594,982           | 3.23          |
| Trade accounts receivable                          | 126,433                       | 1.22          | 217,596                           | 2.04          | 292,704           | 1.57          | 330,490           | 1.79          |
| Raw materials and supplies                         | -                             | -             | 6,685                             | 0.06          | 14,117            | 0.08          | 17,246            | 0.09          |
| Advance payment for construction – related parties | -                             | -             | -                                 | -             | 42,592            | 0.23          | 13,354            | 0.07          |
| Other receivable - related parties                 | 10,285                        | 0.10          | -                                 | -             | 16                | 0.00          | 535               | 0.00          |
| Other current assets                               |                               |               |                                   |               |                   |               |                   |               |
| Interest receivable                                | 4,542                         | 0.04          | 10,223                            | 0.10          | 8,172             | 0.04          | 2,834             | 0.02          |
| Prepaid insurance premium                          | 1,663                         | 0.02          | -                                 | -             | -                 | -             | -                 | -             |
| Prepaid expenses                                   | 2,709                         | 0.03          | 18,004                            | 17.0          | 33,768            | 0.18          | 23,123            | 0.13          |
| Prepaid interest expenses                          | -                             | -             | -                                 | -             | 1,672             | 0.01          | -                 | -             |
| Others   | 2,216                         | 0.02          | 3,023                             | 0.03          | 42,553            | 0.23          | 31,930            | 0.17          |
| TOTAL CURRENT ASSETS                               | 820,443                       | 7.92          | 1,306,661                         | 12.23         | 1,957,747         | 10.48         | 2,094,231         | 11.35         |
| <b>NON-CURRENT ASSETS</b>                          |                               |               |                                   |               |                   |               |                   |               |
| Restricted bank deposits                           | -                             | -             | -                                 | -             | 184,483           | 0.99          | 256,005           | 1.39          |
| Property, plant and equipment – net                | 9,536,450                     | 92.04         | 9,355,964                         | 87.59         | 9,196,857         | 49.23         | 8,992,348         | 48.73         |
| Assets for production of tap water – net           | -                             | -             | -                                 | -             | 4,258,205         | 22.79         | 4,168,549         | 22.59         |
| Right to produce and distribute tap water – net    | -                             | -             | -                                 | -             | 3,079,619         | 16.49         | 2,933,276         | 15.90         |
| Withholding income tax                             | 4,035                         | 0.04          | 4,272                             | 0.04          | 3,634             | 0.02          | 2,560             | 0.01          |
| Other non-current assets                           | 36                            | 0.00          | 15,048                            | 0.14          | 604               | 0.00          | 5,339             | 0.03          |
| TOTAL NON-CURRENT ASSETS                           | 9,540,521                     | 92.08         | 9,375,284                         | 87.77         | 16,723,402        | 89.52         | 16,358,077        | 88.65         |
| <b>TOTAL ASSETS</b>                                | <b>10,360,964</b>             | <b>100.00</b> | <b>10,681,945</b>                 | <b>100.00</b> | <b>18,681,149</b> | <b>100.00</b> | <b>18,452,308</b> | <b>100.00</b> |

(Translation)

## Balance Sheets (continued)

| Description  | Separate financial statements |               | Consolidated financial statements |               |                   |               |                   |               |
|--|-------------------------------|---------------|-----------------------------------|---------------|-------------------|---------------|-------------------|---------------|
|  | 31 December 2005              |               | 31 December 2006                  |               | 31 December 2007  |               | 30 September 2008 |               |
|  | Baht<br>Thousand              | %             | Baht<br>Thousand                  | %             | Baht<br>Thousand  | %             | Baht<br>Thousand  | %             |
| <b>CURRENT LIABILITIES</b>   |                               |               |                                   |               |                   |               |                   |               |
| Overdrafts and short-term loans from financial institutions                      | -                             | -             | -                                 | -             | 3,004,836         | 16.08         | 14,899            | 0.08          |
| Trade accounts payables  |                               |               |                                   |               |                   |               |                   |               |
| Related parties  | 85,610                        | 0.83          | 260                               | 0.00          | -                 | -             | -                 | -             |
| Unrelated parties  | 10,506                        | 0.10          | 31,503                            | 0.29          | 58,897            | 0.32          | 44,791            | 0.24          |
| Payables to related parties  | -                             | -             | -                                 | -             | 137,340           | 0.74          | 18                | 0.00          |
| Retention payable  |                               |               |                                   |               |                   |               |                   |               |
| Related parties  | 6,600                         | 0.06          | -                                 | -             | 1,251             | 0.01          | 1,193             | 0.01          |
| Unrelated parties  | 2,080                         | 0.02          | 2,150                             | 0.02          | 3,177             | 0.02          | 3,819             | 0.02          |
| Long-term loans from financial institutions due in one year                      | 140,000                       | 1.35          | 700,000                           | 6.55          | 1,411,800         | 7.56          | 1,547,631         | 8.39          |
| Other current liabilities  |                               |               |                                   |               |                   |               |                   |               |
| Accrued expenses   | 31,943                        | 0.31          | 18,428                            | 0.17          | 47,440            | 0.25          | 37,614            | 0.20          |
| Unbilled output tax  | 8,944                         | 0.09          | 9,940                             | 0.09          | 20,339            | 0.11          | 21,818            | 0.12          |
| Accrued value added tax  | 6,387                         | 0.06          | 8,145                             | 0.08          | 10,606            | 0.05          | 16,492            | 0.09          |
| Others   | 1,077                         | 0.01          | 1,659                             | 0.02          | 9,378             | 0.05          | 2,708             | 0.01          |
| TOTAL CURRENT LIABILITIES  | 293,147                       | 2.83          | 772,085                           | 7.22          | 4,705,064         | 25.19         | 1,690,983         | 9.16          |
| <b>NON-CURRENT LIABILITIES</b>   |                               |               |                                   |               |                   |               |                   |               |
| Long-term loans from financial institutions – net of portions due in one year    | 6,720,000                     | 64.86         | 6,020,000                         | 56.36         | 9,261,312         | 49.58         | 8,218,122         | 44.54         |
| TOTAL NON-CURRENT LIABILITIES  | 6,720,000                     | 64.86         | 6,020,000                         | 56.36         | 9,261,312         | 49.58         | 8,218,122         | 44.54         |
| <b>TOTAL LIABILITIES</b>   | <b>7,013,147</b>              | <b>67.69</b>  | <b>6,792,085</b>                  | <b>63.58</b>  | <b>13,966,376</b> | <b>74.76</b>  | <b>9,909,105</b>  | <b>53.70</b>  |
| <b>SHAREHOLDERS' EQUITY</b>  |                               |               |                                   |               |                   |               |                   |               |
| Issued and fully paid-up shares  | 3,000,000                     | 28.96         | 3,250,000                         | 30.43         | 3,290,000         | 17.61         | 3,990,000         | 21.62         |
| Premium on shares  | -                             | -             | 475,000                           | 4.45          | 483,000           | 2.59          | 2,637,770         | 14.30         |
| Retained earnings  |                               |               |                                   |               |                   |               |                   |               |
| Appropriated for statutory reserve   | 17,882                        | 0.16          | 51,602                            | 0.48          | 399,000           | 2.14          | 399,000           | 2.16          |
| Unappropriated   | 329,935                       | 3.18          | 713,621                           | 6.68          | 1,123,775         | 6.02          | 2,092,619         | 11.34         |
| Difference on reorganisation of business of the Group                            | -                             | -             | (600,363)                         | (5.62)        | (600,363)         | (3.21)        | (600,363)         | (3.25)        |
| Minority interest – equity attributable to minority shareholders of subsidiaries | -                             | -             | -                                 | -             | 19,361            | 0.10          | 24,177            | 0.13          |
| TOTAL SHAREHOLDERS' EQUITY   | 3,347,817                     | 32.31         | 3,889,860                         | 36.42         | 4,714,773         | 25.24         | 8,543,203         | 46.30         |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>                                | <b>10,360,964</b>             | <b>100.00</b> | <b>10,681,945</b>                 | <b>100.00</b> | <b>18,681,149</b> | <b>100.00</b> | <b>18,452,308</b> | <b>100.00</b> |

(Translation)

## Income Statements

| Description   | Separate financial statements |               | Consolidated financial statements |               |                  |               |                  |               |
|---|-------------------------------|---------------|-----------------------------------|---------------|------------------|---------------|------------------|---------------|
|   | 2005                          |               | 2006                              |               | 2007             |               | 9 months of 2008 |               |
|   | Baht<br>Thousand              | %             | Baht<br>Thousand                  | %             | Baht<br>Thousand | %             | Baht<br>Thousand | %             |
| <b>REVENUES</b>   |                               |               |                                   |               |                  |               |                  |               |
| Revenue from sales of tap water                               | 1,356,031                     | 99.69         | 1,697,802                         | 98.58         | 2,567,034        | 97.88         | 2,620,362        | 98.16         |
| Service income  | -                             | -             | -                                 | -             | 23,037           | 0.88          | 25,907           | 0.97          |
| Interest income   | 4,217                         | 0.31          | 24,385                            | 1.42          | 32,895           | 1.25          | 21,289           | 0.80          |
| Other income  | -                             | -             | -                                 | -             | 266              | 0.01          | 1,993            | 0.07          |
| <b>TOTAL REVENUES</b>   | <b>1,360,248</b>              | <b>100.00</b> | <b>1,722,187</b>                  | <b>100.00</b> | <b>2,623,232</b> | <b>100.00</b> | <b>2,669,551</b> | <b>100.00</b> |
| <b>EXPENSES</b>   |                               |               |                                   |               |                  |               |                  |               |
| Cost of sales of tap water                                    | 628,130                       | 46.18         | 496,142                           | 28.80         | 780,802          | 29.76         | 867,266          | 32.49         |
| Selling and administrative expenses                           | 52,186                        | 3.83          | 105,062                           | 6.10          | 158,048          | 6.02          | 133,592          | 5.00          |
| Amortization of the right to produce and distribute tap water | -                             | -             | -                                 | -             | 89,490           | 3.41          | 146,343          | 5.48          |
| <b>TOTAL EXPENSES</b>   | <b>680,316</b>                | <b>50.01</b>  | <b>601,204</b>                    | <b>34.91</b>  | <b>1,028,340</b> | <b>39.20</b>  | <b>1,147,201</b> | <b>42.97</b>  |
| Earnings before interest and tax                              | 679,932                       | 49.99         | 1,120,983                         | 65.09         | 1,594,892        | 60.80         | 1,522,350        | 57.03         |
| Interest expense  | (344,895)                     | 25.36         | (437,016)                         | 25.38         | (637,644)        | 24.31         | (542,129)        | 20.31         |
| Corporate income tax  | -                             | -             | (2,071)                           | 0.12          | (14,037)         | 0.54          | (4,560)          | 0.17          |
| Earnings after corporate income tax                           | 335,037                       | 24.63         | 681,896                           | 39.59         | 943,211          | 35.96         | 975,661          | 36.55         |
| Net profit attributable to existing shareholders              | -                             | -             | (7,490)                           | 0.43          | -                | -             | -                | -             |
| Net profit of minority interest in subsidiaries               | -                             | -             | -                                 | -             | (23,160)         | 0.88          | (6,817)          | 0.26          |
| Net income for the period                                     | 335,037                       | 24.63         | 674,406                           | 39.16         | 920,051          | 35.07         | 968,844          | 36.29         |
| Primary earnings per share (Baht)                             |                               | 0.11          |                                   | 0.21          |                  | 0.28          |                  | 0.27          |
| Weighted average number of ordinary shares (shares)           | 3,000,000,000                 |               | 3,211,482,384                     |               | 3,253,015,421    |               | 3,627,226,277    |               |

(Translation)

Cash Flow Statements

| Description   | Separate<br>financial<br>statements | Consolidated financial statements |           |                     |
|---|-------------------------------------|-----------------------------------|-----------|---------------------|
|   | 2005                                | 2006                              | 2007      | 9 months of<br>2008 |
| <u>Cash Flow from Operating Activities</u>  |                                     |                                   |           |                     |
| Net Profit  | 335,037                             | 674,406                           | 920,051   | 968,844             |
| Adjustment to reconcile net income to net cash derived from (used in)<br>operating activities |                                     |                                   |           |                     |
| Depreciation and amortization   | 223,767                             | 255,555                           | 401,269   | 428,361             |
| Amortization of cost of the right to produce and distribute tap water                         | -                                   | -                                 | 89,490    | 146,343             |
| Loss from written off of equipment  | 4                                   | 772                               | 8         | (343)               |
| Unrealised profit (loss) from foreign exchange  | -                                   | (184)                             | -         | -                   |
| Net profit of minority interest in subsidiaries   | -                                   | -                                 | 23,160    | 6,817               |
| Operating profit before change in operating assets and liabilities                            |                                     |                                   |           |                     |
| (Increase) decrease in operating assets   | 558,808                             | 930,549                           | 1,433,978 | 1,550,022           |
| Trade accounts receivable   | (45,055)                            | (91,163)                          | 40,609    | (37,770)            |
| Accrued revenues  | 196,347                             | -                                 | -         | -                   |
| Other receivable – related parties  | (4,092)                             | 34,090                            | (16)      | (519)               |
| Raw materials and supplies  | -                                   | (3,669)                           | 1,914     | (3,129)             |
| Other current assets  | 1,923                               | (18,805)                          | (23,220)  | 28,262              |
| Other non-current assets  | (4,047)                             | (215)                             | 2,620     | (3,661)             |
| Increase (decrease) in operating liabilities  |                                     |                                   |           |                     |
| Trade accounts payable – related parties  | 31,526                              | (96,824)                          | (260)     | -                   |
| Trade accounts payable – unrelated parties  | 10,506                              | 5,067                             | 8,520     | (14,106)            |
| Accounts payable - related parties  | -                                   | -                                 | (495,047) | (137,322)           |
| Other current liabilities   | 15,049                              | (18,782)                          | 14,726    | (9,131)             |
| Net cash from operating activities  | 760,965                             | 740,248                           | 983,824   | 1,372,646           |



(Translation)

Cash Flow Statements (continued)

| Description  | Separate<br>financial<br>statements | Consolidated financial statements |             |                     |
|--|-------------------------------------|-----------------------------------|-------------|---------------------|
|  | 2005                                | 2006                              | 2007        | 9 months of<br>2008 |
| <u>Cash flow from (used in) Investment Activities</u>                                      |                                     |                                   |             |                     |
| Current investments  | (285,000)                           | (410,000)                         | (101,759)   | 252,276             |
| Restricted bank deposits   | -                                   | -                                 | 19,485      | (71,522)            |
| Advance payment for construction fees – related parties                                    | -                                   | -                                 | (42,592)    | 29,239              |
| Net cash payments for acquisition of investment in subsidiaries                            | -                                   | (660,539)                         | (3,498,488) | -                   |
| Net cash payments for acquisition of investment in subsidiaries from minority shareholders | -                                   | -                                 | (360,894)   | -                   |
| property, plant and equipment  | (6,541)                             | (9,363)                           | (101,426)   | (46,425)            |
| Assets for tap water production that must be transferred at end of concession              | -                                   | -                                 | (276,843)   | (87,778)            |
| Proceeds from disposal equipment   | 258                                 | 1,535                             | -           | 350                 |
| Deposits for land purchase   | -                                   | (15,000)                          | -           | -                   |
| Retention payable  | 99                                  | (6,345)                           | 1,642       | 583                 |
| Net cash from (used in) investment activities  | (291,184)                           | (1,099,712)                       | (4,360,875) | 76,723              |
| <u>Cash flow derived from (used in) financing activities</u>                               |                                     |                                   |             |                     |
| Bank overdrafts and short-term loans from financial institutions                           | -                                   | -                                 | 2,983,891   | (2,989,937)         |
| Cash receipts from issuance of additional new shares                                       | -                                   | 725,000                           | 48,000      | 2,854,770           |
| Long-term loans from financial institutions  | (140,000)                           | (140,000)                         | 826,424     | (907,359)           |
| Dividend payment   | (105,000)                           | (257,000)                         | (162,500)   | (2,001)             |
| Net cash derived from (used in) financing activities                                       | (245,000)                           | 328,000                           | 3,695,815   | (1,044,527)         |
| Cash and cash equivalents - net  | 224,781                             | (31,464)                          | 318,764     | 404,842             |
| Cash and cash equivalents at the beginning of period                                       | 162,814                             | 387,594                           | 356,130     | 674,895             |
| Cash and cash equivalents at the end of period   | 387,595                             | 356,130                           | 674,895     | 1,079,737           |
| <u>Supplemental cash flows information</u>   |                                     |                                   |             |                     |
| Interest expenses  | 344,650                             | 435,402                           | 633,773     | 555,625             |
| Interest expenses recorded as part of assets for production of tap water                   | -                                   | -                                 | 15,995      | 30,368              |
| Withholding tax  | 290                                 | 7,450                             | 15,292      | 19,501              |

## (Translation)

Key Financial Ratios

| Financial Ratios                           | Unit  | 2005    | 2006   | 2007   | 9 months of<br>2008 |
|--|-------|---------|--------|--------|---------------------|
| <u>Liquidity Ratios</u>                    |       |         |        |        |                     |
| Liquidity ratio                            | Times | 2.80    | 1.69   | 0.42   | 1.24                |
| Quick ratio                                | Times | 2.73    | 1.64   | 0.39   | 1.19                |
| Cash flow current ratio                    | Times | 2.88    | 1.39   | 0.36   | 0.42                |
| Trade accounts receivable turnover         | Times | 13.05   | 9.87   | 10.15  | 8.34                |
| Raw materials and supplies turnover        | Times | -       | 148.43 | 75.07  | 54.51               |
| Trade accounts payable turnover            | Times | 8.36    | 7.76   | 17.22  | 21.30               |
| Average collection period                  | Days  | 27.97   | 36.98  | 35.96  | 32.85               |
| Raw materials and supplies turnover period | Days  | -       | 2.46   | 4.86   | 5.03                |
| Average debt servicing period              | Days  | 43.64   | 47.04  | 21.19  | 12.86               |
| Cash turnover                              | Days  | (15.67) | (7.60) | 19.63  | 25.01               |
| <u>Profitability Ratios</u>                |       |         |        |        |                     |
| Gross profit margin                        | %     | 53.68%  | 70.78% | 69.85% | 67.23%              |
| Operating profit margin                    | %     | 49.99%  | 65.09% | 60.80% | 57.03%              |
| Cash to profitability ratio                | %     | 111.92% | 66.04% | 61.69% | 91.60%              |
| Net profit margin                          | %     | 24.63%  | 39.16% | 35.07% | 36.29%              |
| Return on equity                           | %     | 10.36%  | 18.64% | 21.39% | 15.13%              |
| <u>Efficiency Ratios</u>                   |       |         |        |        |                     |
| Return on assets                           | %     | 3.26%   | 6.41%  | 6.27%  | 7.06%               |
| Return on fixed assets                     | %     | 5.79%   | 9.84%  | 11.58% | 14.05%              |
| Assets turnover                            | Times | 0.13    | 0.16   | 0.18   | 0.19                |
| <u>Financial Policy Ratios</u>             |       |         |        |        |                     |
| Debt to equity ratio                       | Times | 2.09    | 1.75   | 2.96   | 1.16                |
| Interest serviceability ratio              | Times | 3.21    | 2.70   | 2.51   | 3.36                |
| Debt service ratio (cash basis)            | Times | 1.42    | 0.49   | 0.18   | 1.20                |
| Dividend payment ratio                     | %     | 31.34%  | 38.11% | 17.66% | n/a                 |

(Translation)

## Management Discussion and Analysis

### Overview of Operations in the Past

In 2006, the Company invested in 100 percent of ordinary shares in WaterFlow Co., Ltd. (“WaterFlow”) and amended the Operation & Maintenance Agreement (O&M) with WaterFlow in April 2006, by reducing service fee from Baht 3.56 per cubic meter which included the costs of labor, electricity, chemical substances and supplies for tap water production to Baht 0.25 per cubic meter, covering the costs of labor and supplies for tap water production only, whereby the Company would be responsible for the costs of electricity and chemical substances in the production. In this regard, the Company prepared the consolidated financial statements of the Company and WaterFlow from 1 March 2006 onwards.

In June and December 2007, the Company invested in ordinary shares in Pathum Thani Water Co., Ltd. (“Pathum Thani Water”) with the shareholding ratio of 98.0 percent, totaling Baht 3,998.4 million, by borrowing loans from financial institutions in full. After the restructuring, from 1 July 2007, the Company had a duty to prepare the consolidated financial statements that included the operation results of Pathum Thani Water and BJT Water Co., Ltd. (“BJT”), a subsidiary of Pathum Thani Water.

Based on the Company’s business restructuring, the operation results of the Company and its subsidiaries improved consistently. Only during 2005, the Company’s gross profit margin and net profit margin were low because of a one-time expense for termination of a Technical Service Agreement with Thames Water International Service Ltd. and a Local Co-ordination Agreement with CH. Karnchang Public Company Limited, in a total of Baht 126 million.

### Analysis of Operation Results

#### A. Revenue from Sales of Tap Water

In 2007, the Company and its subsidiaries had revenue from sales of tap water totaling Baht 2,567.03 million, representing an increase by Baht 869.23 million or 51.20 percent as compared to that of 2006. The increased revenue from sales of tap water was from the increasing in the Company’s total sales volume of tap water and the increasing in the tap water charge rates to Baht 21.48 per cubic meter. Moreover, the revenue of 2007 also includes the revenue from of Pathum Thani Water from July 2007 to December 2007.

During nine-month period of 2008, the Company and its subsidiaries had revenue from sales of tap water in total of Baht 2,620.36 million, representing an increase by Baht 854.15 million or 48.36 percent as compared to that of the same period in previous year, which can be explained as follows:

- 1) During nine-month period of 2007, the Company included sales revenue of Pathum Thani Water in the consolidated financial statements for three months from July 2007 to September 2007, amounting to Baht 295.13 million.
- 2) The tap water sale volume of the Company increased by 12.81 million cubic meters or 18.96 percent as compared to that of the nine-month period in the previous year.
- 3) The tap water sales volume of Pathum Thani Water in the third quarter 2008 increased by 1.0 million cubic meters or 3.19 percent as compared to that of the same period in the previous year.

(Translation)

4) Tap water charge rates of the Company and Pathum Thani Water increased as compared to those in the previous year.

B. Costs of Sales of tap water and Costs of Service

The cost of sales of tap water of the Company and its subsidiaries mainly comprised depreciation, amortization of assets used in the tap water production and distribution, and expenses in tap water production and distribution which are costs of electricity, chemical substances and supplies.

In 2007, the Company and its subsidiaries had costs of sales of tap water and costs of service in total of Baht 780.80 million, representing an increase by 284.66 million or 57.37 percent as compared to that in 2006. The entire amounts of the increased were from Pathum Thani Water's and BJT Water's costs of sales of tap water and costs of service from July 2007 to December 2007.

During the nine-month period of 2008, the Company and its subsidiaries recorded the costs of sales of tap water and costs of service amounting to Baht 867.27 million, representing an increase by Baht 358.69 million or 70.53 percent as compared to that of the same period in the previous year, which can be explained as follows:

1) During the nine-month period of 2007, the Company recorded Pathum Thani Water's costs of sales of tap water and costs of service in the consolidated financial statements for three months from July 2007 to September 2007, amounting to Baht 119.60 million.

2) The total tap water sales volume of the Company increased by 12.81 million cubic meters or 18.96 percent as compared to same period in the previous year, resulting to an increase in cost of tap water production.

3) The total tap water sales volume of Pathum Thani Water increased by 1.0 million cubic meters or 3.19 percent as compared to that of the third quarter in the previous year, resulting to an increase in cost of tap water production.

4) The maintenance fee of the Company and its subsidiaries increased by Baht 42 million due to relocation of pipe alignment and adjustment of basic infrastructure.

C. Selling and Administrative Expenses

In 2007, the Company and its subsidiaries had selling and administrative expenses totaling Baht 158.05 million, representing an increase by Baht 52.99 million or 50.44 percent as compared to that in 2006. The entire amount of the increase was from Pathum Thani Water's and BJT Water's selling and administrative expenses from July 2007 to December 2007.

During the nine-month period of 2008, the Company and its subsidiaries recorded the selling and administrative expenses amounting to Baht 133.59 million, representing an increase by Baht 19.66 million or 17.26 percent as compared to that of the same period of the previous year, which can be explained as follows:

1) During the nine-month period of 2007, the Company recorded and included Pathum Thani Water's selling and administrative expenses in the selling and administrative expenses in the consolidated

(Translation)

financial statements for merely three months from July 2007 to September 2007, amounting to merely Baht 22.09 million.

2) During the nine-month period of 2007, the Company had fees from loans for purchase of ordinary shares in Pathum Thani Water amounting to Baht 16.0 million.

3) During the nine-month period of 2007, Pathum Thani Water had fees from loans for construction of a new water treatment plant amounting to Baht 4 million.

D. Amortization of the Right to Produce and Distribute Tap Water

In 2007, the Company and its subsidiaries had amortization of the right to produce and distribute tap water amounting to Baht 89.49 million, representing an increase by 100 percent as compared to that of 2006. The entire increased amortization was a result of the Company's payment for purchase of ordinary shares in Pathum Thani Water at the price higher than the fair value of the assets used in Pathum Thani Water's tap water production. Such right would be amortized by Baht 197 million per year commencing from the year 2007 onwards.

During the nine-month period of 2008, the Company and its subsidiaries recorded the amortization of the right to produce and distribute tap water amounting to Baht 146.34 million, representing an increase by Baht 101.59 million or 227.02 percent as compared to that of the same period of the previous year, since the Company started amortizing such right in July 2007 by Baht 49.1 million per quarter.

E. Interest Expenses

In 2007, the Company and its subsidiaries had interest expenses totaling Baht 637.64 million, representing an increase by Baht 200.62 million or 45.91 percent as compared to that of 2006. The entire amount of increased interest expenses was Pathum Thani Water's interest expenses from July 2007 to December 2007.

During the nine-month period of 2008, the Company and its subsidiaries recorded the interest expenses amounting to Baht 542.13 million, representing an increase by Baht 113.40 million or 26.45 percent as compared to that of the same period of the previous year, which can be explained as follows:

1) During the nine-month period of 2007, the Company recorded Pathum Thani Water's interest expenses in the consolidated financial statements for three months from July 2007 to September 2007, amounting to Baht 54.82 million.

2) The Company made a repayment for short-term loan amounting to Baht 3,000 million and long-term loan amounting to Baht 753.0 million.

3) Pathum Thani Water made a repayment for long-term loan amounting to Baht 226.51 million.

F. Corporate Income Tax

In 2007, the subsidiaries had corporate income tax totaling Baht 14.04 million, representing an increase by Baht 11.97 million or 578.26 percent as compared to that of 2006. The entire amount of the increase was from BJT corporate income tax from July 2007 to December 2007.

During the nine-month period of 2008, the subsidiaries recorded the corporate income tax amounting to Baht 4.56 million, representing a decrease by Baht 7.74 million or 62.93 percent as compared to that

(Translation)

of the same period in the previous year. This due to a decrease of BJT's revenue from service derived from Pathum Thani Water as compared to that of the same period in the previous year.

G. Total Net Profit

In 2007, the Company and its subsidiaries had total net profit amounting to Baht 920.05 million, representing an increase by Baht 245.64 million or 36.42 percent as compared to that of 2006. The entire amount of the increase in net profit was from the inclusion of the operation results of Pathum Thani Water and BJT from July 2007 to December 2007.

During the nine-month period of 2008, the Company and its subsidiaries recorded a total net profit of Baht 968.84 million, representing an increase by Baht 285.44 million or 41.77 percent as compared to that of the same period in the previous year, since the increase in total revenue of the Company and its subsidiaries was more than the increase of the total expenses as compared to that of the same period in the previous year.

**Analysis of Financial Position**

**Total Assets**

The total assets of the Company and its subsidiaries mainly comprised cash and cash equivalents and temporary investments, trade accounts receivable, property, plant and equipment, assets for production of treated water of its subsidiary and the right to produce and distribute tap water. On 31 December 2007 and 30 September 2008, the Company and its subsidiaries had the total assets amounting to Baht 18,681.15 million and Baht 18,452.31 million, respectively.

A. Cash and Cash Equivalents and Temporary Investments

As of 31 December 2007, the Company and its subsidiaries had the cash and cash equivalents and temporary investments amounting to Baht 1,522.15 million, representing an increase by Baht 471.02 million or 44.81 percent, as compared to that of 31 December 2006, due to an increase in the cash balance from the Company's operation in 2007. The Company also included such item of Pathum Thani Water and BJT amounting to Baht 228.92 million in the consolidated financial statements.

As of 30 September 2008, the Company and its subsidiaries had the cash and cash equivalents and temporary investments amounting to Baht 1,674.72 million, representing an increase by Baht 152.56 million or 10.02 percent, as compared to that of 31 December 2007, due to an increase in the cash balance from operations of the Company and its subsidiaries.

B. Trade Accounts Receivable

As of 31 December 2007, the Company and its subsidiaries had a trade accounts receivable amounting to Baht 292.70 million, representing an increase by Baht 75.1 million or 34.51 percent, as compared to that of 31 December 2006, due to the fact that the Company included trade accounts receivable of Pathum Thani Water and BJT amounting to Baht 106.76 million in the consolidated financial statements, and the total distributed tap water and tap water charge rates of the Company increased.

However, if compared the Company's trade accounts receivable as of 31 December 2007 and 2006, the trade accounts receivable decreased by Baht 31.66 million. That was because, as of 31 December 2006,

(Translation)

the Company recorded compensation from the PWA's purchase of tap water less than the designated minimum quantity amounting to Baht 69.3 million, while as of 31 December 2007, the Company did not record such compensation. Should such item be excluded, the Company would have had a trade accounts receivable amounting to Baht 148.26 million as of 31 December 2006.

As of 30 September 2008, the Company and its subsidiaries had the trade accounts receivable amounting to Baht 330.49 million, representing an increase by Baht 37.79 million or 12.91 percent, as compared to that of 31 December 2007, due to the fact that the Company and Pathum Thani Water had an increase in the total tap water sale volume, and also the tap water charge rates had increased from that in the previous year.

C. Property, Plant and Equipment

As of 31 December 2007, the Company and its subsidiaries had the net property, plant and equipment amounting to Baht 9,196.86 million, representing a decrease by Baht 159.10 million or 1.70 percent, as compared to that of 31 December 2006, mainly due to depreciation of the Company and its subsidiaries amounting to Baht 288.89 million and additional purchase of property, work under construction and equipment amounting to Baht 116.43 million.

As of 30 September 2008, the Company and its subsidiaries had net property, plant and equipment amounting to Baht 8,992.35 million, representing a decrease by Baht 204.51 million or 2.22 percent, as compared to that of 31 December 2007, due to depreciation of the Company and its subsidiaries amounting to Baht 250.92 million and additional purchase of equipment and work under construction amounting to Baht 46.43 million.

D. Assets for Tap Water Production of Pathum Thani Water

As of 31 December 2007, the net assets for tap water production amounted to Baht 4,258.20 million, representing an increase by 100 percent, as compared to that of 31 December 2006, due to the Company's investment in ordinary shares in Pathum Thani Water, representing 98 percent, thereby causing the Company to include the assets for tap water production of Pathum Thani Water amounting to Baht 4,189.09 million in the consolidated financial statements.

As of 30 September 2008, the net assets for tap water production amounted to Baht 4,168.55 million, representing a decrease by Baht 89.66 million or 2.11 percent, as compared to that of 31 December 2007, due to amortization of assets for tap water production of Pathum Thani Water amounting to Baht 174.15 million and an increase in work under construction of Pathum Thani Water by Baht 87.78 million.

E. Right to Produce and Distribute Tap Water

As of 31 December 2007, the Company had the net right to produce and distribute tap water amounting to Baht 3,079.62 million, representing an increase by 100 percent, as compared to that of 31 December 2006. Such increase was a result of the Company's purchasing of ordinary shares in Pathum Thani Water at the higher price than the fair value of the assets used in Pathum Thani Water's tap water production. Such right would be amortized by Baht 197 million per year commencing from July 2007 onwards.

As of 30 September 2008, the Company had the net right amounting to Baht 2,933.28 million, representing a decrease by Baht 146.34 million or 4.75 percent, as compared to that of 31 December 2007, due to

(Translation)

the fact that the Company recorded the amortization of such right as expense amounting to Baht 146.34 million, whereby such right would be amortized as expense throughout the remaining term of the agreement between Pathum Thani Water and the PWA, or amounting to Baht 195 million per year.

#### **Total Liabilities**

The total liabilities of the Company and its subsidiaries as of 31 December 2007 and 30 September 2008 mainly comprised bank overdrafts, short-term loans and long-term loans from financial institutions, representing 97.93 percent and 98.70 percent, respectively.

As of 31 December 2007, the Company and its subsidiaries had the short-term loans and long-term loans totaling Baht 13,677.95 million, representing an increase by Baht 6,957.95 million or 103.54 percent, as compared to that of 31 December 2006, due to the fact that the Company borrowed loans from financial institutions amounting to Baht 3,998.4 million and made a loan repayment amounting to Baht 700 million, and the Company included the loan of Pathum Thani Water amounting to Baht 3,659.64 million in the consolidated financial statements.

As of 30 September 2008, the Company and its subsidiaries had the short-term loans and long-term loans from financial institutions amounting to Baht 9,780.65 million, representing 98.70 percent of the total liabilities. As of 30 September 2008, the loans from financial institutions decreased by Baht 3,897.30 million or representing a decrease by 28.49 percent due to the fact that the Company repaid the short-term loan and long-term loan amounting to Baht 3,000 million and Baht 753 million, respectively, and Pathum Thani Water made a loan repayment amounting to Baht 226.51 million and made a loan drawdown amounting to Baht 82.21 million.

#### **Shareholders' Equity**

As of 31 December 2007, the Company and its subsidiaries had the shareholders' equity amounting to Baht 4,714.77 million, representing an increase by Baht 824.91 million or 21.21 percent, as compared to that of 31 December 2006, due to the fact that cash received from offering for sale of 40 million ordinary shares at the price of Baht 1.20 per share amounted to Baht 48.0 million, the net profits of the Company and its subsidiaries amounted to Baht 920.05 million, the dividend payment amounted to Baht 162.50 million, and the minority shareholders' equity increased by Baht 19.36 million.

As of 30 September 2008, the Company and its subsidiaries had the shareholders' equity amounting to Baht 8,543.20 million, representing an increase by Baht 3,828.43 million or 81.20 percent, as compared to that of 31 December 2007, due to the fact that in May 2008, the Company offered for sale 700 million new ordinary shares at the price of Baht 4.20 per share, thereby rendering the net proceeds received, after deduction of the underwriting fee, amounting to Baht 2,854.77 million, and during the period, the Company and its subsidiaries had the net profit amounting to Baht 975.66 million.

#### **Analysis of Cash Flow**

##### **Cash Flow from Operating Activities**

In 2007, the Company and its subsidiaries had cash flow from operating activities amounting to Baht 983.82 million, representing an increase by Baht 243.57 million or 32.90 percent, as compared to that of 31 December 2006, due to improved results of operations, namely, the total distributed tap water increased, tap water



(Translation)

charge rates increased from those of the previous year, and the results of operations of Pathum Thani Water and BJT from July 2007 to December 2007 were included in the consolidated financial statements.

In the nine-month period of 2008, the Company and its subsidiaries had cash flow from operating activities amounting to Baht 1,394.49 million, representing an increase by Baht 803.73 million, as compared to that of the same period of the previous year, due to 1) an increase of the total distributed tap water and tap water charge rates from those of the previous year and 2) inclusion of Pathum Thani Water's cash flow from operating activities in which the Company started investing in June 2007 for the full period, while during the nine-month period of 2007, the Company included Pathum Thani Water's cash flow from operating activities for the third quarter of 2007 only.

#### **Cash Flow from (used in) Investing Activities**

In 2007, the Company and its subsidiaries had cash flow from investing activities amounting to Baht 4,360.87 million, representing an increase by Baht 3,261.16 million or 296.55 percent, as compared to that of 2006, mainly due to the fact that in 2007, the Company invested in ordinary shares in Pathum Thani Water amounting to Baht 3,998.4 million, property and equipment increased by Baht 101.43 million, assets for tap water production increased by Baht 276.84 million. In 2006, most of the investment capital was used for investment in ordinary shares in WaterFlow amounting to Baht 660.54 million and deposit for land purchase amounting to Baht 15 million.

In the nine-month period of 2008, the Company and its subsidiaries had cash flow from investing activities amounting to Baht 54.88 million or representing an increase by Baht 3,972.03 million, due to the fact that in June 2007, the Company invested in Pathum Thani Water, with the cash value payable totaling Baht 3,498.49 million, representing 89.31 percent of the cash flow used in investing activities in the nine-month period of 2007.

#### **Cash Flow from (used in) Financing Activities**

In 2007, the Company and its subsidiaries had cash flow from financing activities amounting to Baht 3,695.82 million, representing an increase by Baht 3,367.82 million or 1,026.77 percent, due to the fact that the Company borrowed the loans amounting to Baht 3,998.4 million for purchase of ordinary shares in Pathum Thani Water, cash received from offering for sale of shares to employees amounted to Baht 48 million, and loan repayment amounted to Baht 700 million.

In the nine-month period of 2008, the Company and its subsidiaries had cash flow used in financing activities amounting to Baht 1,044.53 million, mainly comprising the net cash received from issuance of ordinary shares for capital increase amounting to Baht 2,854.77 million, loan drawdown by Pathum Thani Water amounting to Baht 82.21 million, short-term loan repayments by the Company amounting to Baht 3,000 million, long-term loan repayments by the Company and Pathum Thani Water amounting to Baht 979.51 million and dividend payment to the minority shareholders amounting to Baht 2.0 million.

#### **Key Financial Ratio**

##### **Current Ratio**

Current ratio of the Company and its subsidiaries as of 31 December 2007 decreased as compared to that of 31 December 2006, due to the fact that during the year 2007, the Company borrowed short-term loan from financial institutions amounting to Baht 3,000 million, with the interest rate of MLR-0.5 percent, thereby causing the

(Translation)

Company to incur interest expenses of Baht 16 million per month since July 2007 onwards. However, during the year 2008, the Company and Pathum Thani Water had increased revenue from sales of tap water, and the Company repaid such short-term loans in full in May 2008, thereby rendering the current ratio of the Company and its subsidiaries as of 30 September 2008 to gradually improve.

**Profitability Ratio**

The total profitability ratio of the Company and its subsidiaries in 2007 was less than that of 2006 since the Company was liable to interest expense burden of short-term loans and amortization of the right to produce and distribute tap water. However, upon the Company's short-term loan repayment and the Company's and Pathum Thani Water's long-term loan repayments during the year 2007, together with an increase in the total distributed tap water of the Company and its subsidiaries and an increase in tap water charge rates from the previous year, the profitability ratio as a whole would recover.

**Efficiency Ratio**

The rate of return on assets for the year 2007 was less than that for the year 2006 since the Company invested in ordinary shares in Pathum Thani Water during the mid-year 2007, and recognized the results of operations of Pathum Thani Water and BJT during the second half of 2007, thereby resulting in decrease of the rate of return on assets in 2007. However, the rate of return on assets for the nine-month period of 2008 improved since the Company recognized the results of operations of Pathum Thani Water and BJT throughout the full year.

**Financial Policy Ratio**

The debt to equity ratio of the Company and its subsidiaries as of 31 December 2007 was higher than that of 31 December 2006 since during the year 2007, the Company borrowed the short-term loan from financial institutions amounting to Baht 3,000 million. However, in May 2008, the Company already repaid such short-term loan. Also, the Company and Pathum Thani Water made the long-term loan repayments amounting to Baht 979.51 million, thereby rendering the debt to equity ratio of the Company and its subsidiaries as of 30 September 2008 to be better than that at the end of 2007

15. Other information which may materially affect investors' decisions

-None-

16. The latest list of connected persons and interested shareholders without the right to vote as of 20 November 2008 which is the record date, is as follows:

|   | Name                                      | Relationship   | Number of Shares | Shareholding (%) |
|---|---|--|------------------|------------------|
| 1 | CH. Karnchang Public Company Limited      | Major shareholder of the Company                           | 1,408,777,400    | 35.31%           |
| 2 | Bangkok Expressway Public Company Limited | CH. Karnchang is a major shareholder holding 15.32% shares | 368,750,000      | 9.24%            |

(Translation)

|   | Name                      | Relationship                                 | Number of Shares | Shareholding (%) |
|---|---------------------------|--|------------------|------------------|
| 3 | Mr. Plew Trivisvavet      | Director of the Company and CH.<br>Karnchang | 2,997,000        | 0.08%            |
| 4 | Mr. Narong Sangsuriya     | Director of the Company and CH.<br>Karnchang | 2,000,100        | 0.05%            |
| 5 | Mr. Prasert Marittanaporn | Director of the Company and CH.<br>Karnchang | 2,000,100        | 0.05%            |
| 6 | Dr. Sombat Kitjalaksana   | Director of the Company and CH.<br>Karnchang | 2,000,100        | 0.05%            |

#### 17. Appraisal of Assets

The Company has approved the appointment of Thai MM Co., Ltd. ("Thai MM") to be the project manager and appraise the civil work construction of the project for the production capacity expansion in the amount of not exceeding Baht 640 million. Thai MM has its registered capital of Baht 5 million and is a well-known construction consultant. Furthermore, Thai MM previously involved in the MRT Blue Line Project, Minburi Water Transmission Tunnel Project of the Metropolitan Waterworks Authority, project for expansion of the tap water production system in Nakhon Ratchasima Municipality, and served as construction consultant of the Department of Public Works and Town & Country Planning, the Bureau of Location and Design, the Department of Highways, etc.