

**Information Memorandum on Connected 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. 6/2011 held on 14 November 2011 passed a resolution granting approval for the Company to purchase the capital increase ordinary shares in CK Power Limited ("CKP"). Due to the fact that CKP is a connected person of the Company, the execution of such transaction is considered a connected transaction in accordance with the Notification of the Capital Market Supervisory Board No. ThorChor. 21/2551, Re: Rules on Entering into Connected Transaction, the Company hereby informs the details of such transaction as follows:

1. Transaction Date

After approval by the Shareholders' Meeting of the Company to execute the transaction.

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

Issuer : CK Power Limited

Buyer : Thai Tap Water Supply Public Company Limited

Number of Shares : 273,000,000 ordinary shares for capital increase

Relationship between Issuer and Buyer : The issuer is an associated company of the Buyer which currently holds 30.00 percent of shares and is a juristic person in which the major shareholder of the Buyer is the major shareholder and has common directors with the Buyer.

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3. Details of Connected Transaction

The Company purchased a total of 3,000,000 existing ordinary shares in CKP in August and September, or representing 30 percent of the total 10,000,000 paid-up registered shares, at the price of Baht 10 per share, equivalent to the par value. The total transaction volume was Baht 30,000,000.

On 1 November 2011, the Ordinary Shareholders' Meeting of CKP resolved to grant approval for capital increase from Baht 100 million to Baht 9,200 million, by granting the right to subscribe for capital increase shares to all existing shareholders per their shareholding percentage, comprising 38 percent held by CH. Karnchang Public Company Limited; 30 percent held by Bangkok Expressway Public Company Limited; 2 percent held by Bang Pa-in Land Development Co., Ltd.; and 30 percent held by the Company. Therefore, in order to maintain the shareholding percentage in CKP, the Company intends to purchase the capital increase ordinary shares in CKP on this occasion in a total of not exceeding 273,000,000 shares. Upon combination with 3,000,000 shares as previously acquired by the Company, the Company would hold a total of 276,000,000 shares, or representing 30.00 percent of the total 920,000,000 paid-up registered shares, at the price of Baht 10 per share, equivalent to the par value. As a result, the execution of the transaction for purchase of CKP's shares during the past six months represents a total transaction volume of Baht 2,760,000,000 by the calculation method of the transaction volume in accordance with the Stock Exchange of Thailand Notification, Re: Disclosure of Information and Acts of Listed Companies Concerning Acquisition or Disposition of Assets, B.E. 2547 (2004), which is less than 15.00 percent, therefore, the Company is not subject to the requirements under such Notification.

However, the execution of the transaction for purchase of CKP's shares is considered a transaction executed with the Company's connected person, concerning assets or service, under the Notification of the Capital Market Supervisory Board No. ThorChor. 21/2551, Re: Rules on Entering into Connected Transaction, based on the Notification of the Board of Governors of the Stock Exchange Of Thailand, Re: Disclosure of Information and Other Acts of Listed Companies Concerning Connected Transactions, B.E. 2546 (2003). The total transaction volume during the past six months is Baht 2,760,000,000, representing 28.57 percent of the Company's net tangible assets value, which is considered a substantially material transaction. Therefore, the Company

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is required to seek approval of its Shareholders' Meeting and disclose the Information Memorandum of the transaction to the Stock Exchange.

4. Details of Assets

A. Nature of Business

Name : CK Power Limited

Location : 587, Viriyathavorn Building, 19th Floor, Sutthisarnvinitchai Road, Dindaeng Subdistrict, Dindaeng District, Bangkok

Nature of Business : CKP operates its main business by holding shares in other companies (Holding Company), and was incorporated on 8 June 2011, with the objective for shareholding restructure of energy business sector under the shareholding of CH. Karnchang Public Company Limited ("CK") in order to accommodate the future expansion of the energy business. In this regard, CKP has entered into an agreement to purchase all 251,056,499 existing ordinary shares of SouthEast Asia Energy Limited ("SEAN") held by CK, at the price of Baht 25 per share, totaling Baht 6,276,412,475 (Six Thousand Two Hundred Seventy Six Million Four Hundred Twelve Thousand Four Hundred Seventy Five Baht Only). At present, CKP has already purchased 251,056,499 shares in SEAN.

CKP has its registered capital of Baht 100,000,000, divided into 10,000,000 ordinary shares, at the par value of Baht 10 per share. The shareholding structure comprises CK holding 38.00 percent; BECL holding 30.00 percent; the Company holding 30.00 percent; and BLDC holding 2.00 percent of the registered capital. At

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present, CKP is in the process of capital increase from Baht 100,000,000 to Baht 9,200,000,000, by issuing 910,000,000 ordinary shares for capital increase, at the par value of Baht 10 per share. The proceeds from the capital increase will be used for purchase of ordinary shares from other shareholders of SEAN which is pending negotiation. CKP's goal is to hold shares in SEAN at 55 percent of the paid-up capital. The remaining proceeds from the capital increase will be used as the Company's working capital.

SEAN operates the business of construction, design, control, consultation, operation, installation, repair, maintenance, inspection, testing, analysis and research concerning power production plant of all types. SEAN was incorporated on 10 May 2004 as a concessionaire for power production from the 615 MW Nam Ngum 2 Dam. On 14 March 2006, the Concession Agreement on the Nam Ngum 2 Hydroelectric Power Project was executed with the Government of the Lao PDR, on a BOOT (Build Own Operate and Transfer) basis, for a concession period of 25 years from the Commercial Operation Date. Upon expiration of the Concession Agreement, SEAN has the right under the Agreement to extend the term of the Agreement subject to the terms and conditions to be agreed upon.

Subsequently, on 21 April 2006, SEAN established Nam Ngum 2 Power Company Limited ("NN2") as a juristic person established under the law of the Lao People's Democratic Republic. In January 2008, NN2 accepted the transfer of all benefits and obligations

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under the main Agreement of the Nam Ngum 2 Hydroelectric Power Project from SEAN, and SEAN then sold a proportion of 25 percent of shares in NN2 to the Electricité du Laos. Therefore, SEAN holds 75 percent of shares in NN2 and the Electricité du Laos holds the remaining 25 percent. At present, the construction of the Nam Ngum 2 Hydroelectric Power Project was completed as planned and commenced to distribute electricity in early 2011.

At present, SEAN has its registered capital of Baht 6,606,750,000, divided into 660,675,000 ordinary shares, at the par value of Baht 10 per share. The shareholding structure comprises CKP holding 38 percent; Ratchaburi Electricity Generating Holding Public Company Limited holding 33 percent; BECL holding 17 percent; and other shareholders holding 12 percent of the registered capital.

B. Board of Directors of CKP

At present, the Board of Directors of CKP comprises 7 directors, per the list below:

- | | | |
|----|--------------------------------|------------------------------------|
| 1. | Mr. Plew Trivisvavet | Chairman of the Board of Directors |
| 2. | Mr. Supong Chayutsahakij | Director |
| 3. | Mr. Narong Sangsuriya | Director |
| 4. | Mr. Prasert Marittanaporn | Director |
| 5. | Mr. Sompodh Sripoom | Director |
| 6. | Mr. Somkiat Pattamamongkolchai | Director |
| 7. | Mr. Thanawat Trivisvavet | Director |

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C. Shareholding Structure

List of shareholders as at 14 September 2011 is as follows:

Shareholders	Number of Shares	%
1. CH. Karnchang Public Company Limited	3,800,000	38.00
2. Bangkok Expressway Public Company Limited	3,000,000	30.00
3. Thai Tap Water Supply Public Company Limited	3,000,000	30.00
4. Bang Pa-in Land Development Co., Ltd.	200,000	2.00
Total	10,000,000	100.00

After the issuance of the capital increase shares, should all shareholders of CKP exercise their rights to purchase shares per their shareholding percentage, the shareholding structure of CKP will be as follows:

Shareholders	Number of Shares	%
1. CH. Karnchang Public Company Limited	349,600,000	38.00
2. Bangkok Expressway Public Company Limited	276,000,000	30.00
3. Thai Tap Water Supply Public Company Limited	276,000,000	30.00
4. Bang Pa-in Land Development Co., Ltd.	18,400,000	2.00
Total	920,000,000	100.00

D. Summary of Financial Position

The financial position and the results of operations of CKP per the internal financial statements for the first nine-month period of 2011 are as follows:

Description	(Unit : Thousand Baht) 2011
Current assets	229,211
Fixed assets	6,447,925
Total assets	6,677,136
Current liabilities	6,436,479
Long-term liabilities	-

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Total liabilities	6,436,479
Paid-up registered capital	100,000
Shareholders' equity	240,658
Total revenues	171,403
Cost of sales	-
Operating expenses	849
Interest expenses	29,897
Net profit	140,657
Net profit per share (Baht)	14.07
Number of shares (thousand shares)	10,000

5. Total Value of the Transaction

Total value of the transaction : Baht 2,760,000,000 (total value for the transaction for purchase of CKP's shares during the past six months) representing 28.57 percent of the net tangible assets value of the Company under the consolidated financial statements of the Company and its subsidiaries as at 30 September 2011

Payment method : Cash or cheque or money transfer via bank

Source of fund : Loan from financial institutions and/or debentures and/or cash flow from operating activities of the Company

6. Basis for Determination of Value of Consideration

The Company calculates the value of consideration for CKP's shares based on the par value.

7. Details of Connected Person and Scope of Interest

The connected person with whom the Company will enter into the transaction is CKP, having the relationship with the Company, as follows:

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- (1) CKP is an associated company, in which the Company is currently holding 30.00 percent of the paid-up registered capital;
- (2) CKP has a common major shareholder with the Company, namely, CH. Karnchang Public Company Limited (“CK”). As at 14 September 2011, CK holds 38.00 percent of the paid-up registered capital of CKP and holds 30.04 percent of the paid-up registered capital of the Company. In this regard, CK has four common directors with the Company, namely, Mr. Plew Trivisvavet, Mr. Narong Sangsuriya, Mr. Prasert Marittanaporn and Mr. Sombat Kitjalaksana;
- (3) CKP has other major shareholder, namely, Bangkok Expressway Public Company Limited (“BECL”) as one of the Company’s shareholders. As at 14 September 2011, BECL holds 30.00 percent of the paid-up registered capital of CKP and holds 9.24 percent of the paid-up registered capital of the Company. In this regard, BECL has a common major shareholder with the Company, namely, CK. As at 29 September 2011, CK holds shares in BECL representing 15.15 percent of the paid-up registered capital and has one common director with the Company, namely, Mr. Plew Trivisvavet;
- (4) CKP has three common directors with the Company, namely, Mr. Plew Trivisvavet, Mr. Narong Sangsuriya and Mr. Prasert Marittanaporn.

Names and information of connected persons as at 14 November 2011 which is the date of approval of this transaction are as follows:

Names	Position in the Company	Position in CK	Position in BECL	Position in CKP	Amount of shares in the Company
Mr. Plew Trivisvavet	Vice Chairman of the Board of Directors	Director, Chairman of the Executive Board and Chief Executive Officer	Director and Chairman of the Executive Board	Director	2,997,000 shares

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Names	Position in the Company	Position in CK	Position in BECL	Position in CKP	Amount of shares in the Company
Mr. Narong Sangsuriya	Director and Chairman of the Executive Committee	Director	-	Director	2,000,100 shares
Mr. Prasert Marittanaporn	Director	Director	-	Director	1,000,100 shares
Mr. Sombat Kitjalaksana	Director	Director	-	-	3,000,100 shares
Mr. Suvich Pungchareon	Director*	-	-	-	- share

Remark: *He was an executive director of Bangkok Expressway Public Company Limited.

In the Board of Directors' Meeting No. 6/2011 held on 14 November 2011, directors who have interest and are connected persons did not attend nor vote on consideration of each agenda item to approve execution of the connected transaction of the Company.

8. Opinion of the Board of Directors regarding Execution of the Transaction

Having considered the matter, the Board of Directors is of the view that the purchase of CKP's shares is reasonable and consistent with the Company's vision to expand its business into other business besides tap water business, such as energy related-businesses, eco-friendly businesses like waste water treatment etc. and solid waste management. By holding stakes in 30 percent of CKP's paid-up capital, this will lead the company to acquire adequate veto right for passing the significant resolution in the shareholders meeting which needs to be approved by the shareholders meeting with the unique resolution like capital increase or decrease, merger and acquisition, dissolution of the company, the change into a public company etc. along with the right to have the company's representatives to be CKP's director according to the company's investment policy.

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

-None-

10. Summary Information of the Company and Business Operations

Thai Tap Water Supply Public Company Limited (the "Company") was incorporated on 11 September 2000, operating the main business to produce and distribute 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 Company and the PWA entered into a Water Purchase and Sale Agreement, which is a Build Own Operate (BOO) contract, namely, the Company carries out construction of the tap water production and distribution systems, and the Company is the owner of the tap water production and distribution systems and is under no obligation to transfer them to the PWA. The PWA agreed to purchase tap water from the Company for a period of 30 years from 21 July 2004, whereby the PWA would purchase the Minimum Off-take Quantity (MOQ) of tap water throughout the term of the Agreement, commencing at 200,000 cubic meters/day and increasing to 250,000 cubic meters/day from 21 July 2006 to reach the maximum MOQ at 300,000 cubic meters/day from 21 July 2008 onwards. Subsequently, on 29 December 2008, the Company executed the Amendment Agreement to the existing Water Purchase and Sale Agreement with the PWA, whereby the PWA agreed to purchase the additional MOQ as at the first commencement date of additional water purchase and sale equal to 9,000 cubic meters/day, which would be increased by 9,000 cubic meters/day each year to reach 54,000 cubic meters/day. Therefore, the total MOQ to be purchased by the PWA from the Company in 2011 would be 318,000 cubic meters/day which would be increased every year to reach the MOQ to be purchased by the PWA from the Company at 354,000 cubic meters/day. In this regard, the Company constructed the expanded water production and distribution capacity from 320,000 cubic meters/day to 440,000

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cubic meters/day. As at 1 September 2010, such project has been completed, as a result, the Company currently has the maximum production capacity at 440,000 cubic meters/day.

In 2007, the Company invested in ordinary shares in Pathum Thani Water Co., Ltd. (Pathum Thani Water) in the proportion of 98.0 percent of the paid-up registered capital. Pathum Thani Water entered into the Water Production and Distribution License Agreement with the PWA for a term of 25 years on a Build Own Transfer (BOT) basis, namely, Pathum Thani Water carries out construction of the tap water production and distribution systems, with the maximum production capacity of 388,000 cubic meters/day, and Pathum Thani Water is required to transfer the tap water production and distribution systems to the PWA upon expiration of the Agreement, whereby the PWA agreed to purchase tap water from Pathum Thani Water for 25 years starting from 15 October 1998. At present, the tap water production capacity of Pathum Thani Water is 388,000 cubic meters/day.

On 26 February 2009, the Company issued and offered for sale of unsubordinated and unsecured debentures, for a term of 3, 5 and 7 years, in the total amount of Baht 7,000 million, for the purpose of repayment of the long-term loan from financial institutions in full and expansion of the water production and distribution capacity of the Company. The details of the debentures are summarized as follows:

Debentures	Maturity Date	Interest Rate	Amount (Baht)
Tranche 1, 3-year term	26 Feb 2012	4.00% per annum	3,500,000,000
Tranche 2, 5-year term	26 Feb 2014	4.75% per annum	1,700,000,000
Tranche 3, 7-year term	26 Feb 2016	5.35% per annum	1,800,000,000

With respect to the issuance and offering for sale of debentures on this occasion, the Company was required to pay prepayment fee in the amount of Baht 116.8 million. However, the Company was able to minimize the potential risk from interest rate increase in the market in the future.

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On 7 August 2009, the Company purchased the right to manage tap water and wastewater in Bangpa-in Industrial Estate (operating right) from Bang Pa-in Land Development Co., Ltd. in the amount of Baht 1,400 million for a period of 30 years. The Company applied for a credit facility for a long-term loan from financial institutions for the whole amount for purchase of such operating right, subject to the interest rate at approximately MLR - 2.00-2.25 percent per annum, and due for repayment of the principal within 10 years.

On 30 October 2009, the Company restructured the long-term loan from financial institutions of Pathum Thani Water, whereby the Company borrowed a long-term loan from financial institutions in the amount of Baht 3,500 million, subject to the interest rate at approximately MLR - 2.00-2.25 percent, and due for repayment of the principal within 10 years. After the Company had received such loan, Pathum Thani Water borrowed Baht 3,100 million from the Company, subject to the interest rate higher than that borrowed by the Company from the financial institutions by approximately 0.125 percent per annum, and due for repayment of the principal within 10 years, for the purpose of repayment of the remaining loan with the financial institutions in full. Pathum Thani Water was then required to make the prepayment fee in the amount of Baht 60.7 million.

11. Lists of Executives and Top Ten Shareholders as at the Most Recent Record Date on 29 November 2011 for the Extraordinary General Meeting of Shareholders

No.	Directors	Position
1	Dr. Thanong Bidaya	Chairman of the Board of Directors
2	Mr. Plew Trivisvavet	Director
3	Mr. Narong Sangsuriya	Director / Chairman of the Executive Committee
4	Mr. Prasert Marittanaporn	Director / Member of the Nomination and Remuneration Committee / Member of the Risk Management Committee
5	Dr. Sombat Kitjalaksana	Director / Executive Director
6	Mr. Sompodh Sripoom	Director / Executive Director / Member of the Corporate Governance Committee / Member of the Risk Management Committee
7	Mr. Jun Aketa	Director / Member of the Nomination and Remuneration Committee

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No.	Directors	Position
8	Mr. Tomonori Suzuki	Director / Executive Director / Member of the Risk Management Committee
9	Mr. Phairuch Mekarporn	Director / Chairman of the Nomination and Remuneration Committee / Member of the Audit Committee / Member of the Corporate Governance Committee
10	Mr. Techapit Sangsingkeo	Director / Chairman of the Audit Committee / Chairman of the Risk Management Committee / Member of the Corporate Governance Committee
11	Mr. Somnuk Chaidejsuriya	Director / Chairman of the Corporate Governance Committee / Member of the Audit Committee
12	Mr. Suvich Pungchareon	Director / Executive Director

List of top ten shareholders as at 29 November 2011

Shareholders	Number of Shares	Shareholding Percentage
1. CH. Karnchang Public Company Limited	1,198,777,400	30.04%
2. Mitsui Water Holdings (Thailand) Co., Ltd.	1,036,500,000	25.98%
3. Bangkok Expressway Public Company Limited	368,750,000	9.24%
4. Thai NVDR Co., Ltd.	160,304,854	4.02%
5. Bangkok Life Assurance Public Company Limited	131,656,800	3.30%
6. Bangkok Bank Public Company Limited	73,895,000	1.85%
7. RBC DEXIA INVESTOR SERVICES BANK S.A.	61,333,700	1.54%
8. HSBC (SINGAPORE) NOMINEES PTE. LTD.	53,027,200	1.33%
9. Mr. Min Tieworn	50,000,000	1.25%
10. AMERICAN INTERNATIONAL ASSURANCE COMPANY, LIMITED-TIGER	40,500,000	1.02%

Remarks : The shareholders of Mitsui Water Holdings (Thailand) Limited includes Mitsui & Co.(Asia Pacific) PTE Ltd. holding 8,999,998 shares or 100.0%. Mitsui & Co.(Thailand) LTD. holding 1 shares or 0.00% and Mitsiam International Limited holding 1 shares or 0.00%

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12. Connected Transactions in 2010 and Third Quarter of 2011

Person/Juristic Person who may have conflict of interest	Relationship	Nature of Transaction	2010 (Thousand Baht)	Nine-Month Period of 2011 (Thousand Baht)	Necessity/Justification	Pricing Policy
1. CH. Karnchang Public Company Limited	<ul style="list-style-type: none"> - This is a related company. - This is a major shareholder of the Company, holding 1,198,777,400 shares, or representing 30.04 percent of its paid-up registered capital as at 29 November 2011. - Four directors who are executive directors of CH. Karnchang, namely, <ul style="list-style-type: none"> - 1) Mr. Plew Trivisvavet serves as director of the Company; and - 2) Mr. Narong Sangsuriya serves as director of the Company; and - 3) Dr. Sombat Kitjalaksana, serves as director of the Company; and - 4) Mr. Prasert Marittanaporn serves as director of the Company. 	<p><u>Transaction with CH. Karnchang Public Company Limited (CK)</u></p> <ul style="list-style-type: none"> - The Company entered into the civil work construction contract with CH. Karnchang Public Company Limited which is a major shareholder of the Company in the project for the tap water production capacity expansion from 320,000 cubic meters/day to 440,000 cubic meters/day. <p>The Board of Directors' Meeting No. 8/2008 held on 22 October 2008 and the Shareholders' Meeting No. 2/2008 held on 17 December 2008 resolved to grant approval for the Company to enter into the civil work construction contract with CH. Karnchang Public Company Limited which is a major shareholder of the Company. Such transaction was deemed a connected transaction in accordance with the principle of acquisition or disposition of assets.</p> <ul style="list-style-type: none"> 1. Other receivables 2. Advance payment for construction 3. Trade accounts payable 	-	27	<ul style="list-style-type: none"> - The Company would derive income from distribution of tap water in respect of the expansion of the production capacity in the amount not exceeding 100,000 cubic meters/day, ranging Baht 10,953.10-11,848.45 million. - The Company is able to maintain its leading position as the largest privately owned tap water producer in the country. - The Company would apply the efficient and advanced technologies to tap water production. <p><u>Advantages of the Connected Transaction</u></p> <ul style="list-style-type: none"> - CH. Karnchang is one of the major infrastructure construction contractors of the country, and is greatly experienced in a variety of construction works, both in the country and abroad. - CH. Karnchang carried out construction of the expansion of the tap water production plant with a capacity of 100,000 cubic meters/day for Pathum Thani Water Co., Ltd., and constructed the tap water production plant for the Company. - CH. Karnchang has a good financial standing and its previous operational results are strong with a low risk of inability to carry out construction and deliver the work according to the contract schedule. 	<p><u>Price Justification</u></p> <p>Price or budget control is done by the expert, i.e., Thai MM Co., Ltd., the project manager of the tap water production capacity expansion of 100,000 cubic meters/day, to design and estimate budget for the project, and serves as consultant of the Company. The Company negotiated on price with CH. Karnchang, and the final price in the contract is lower than Baht 36,078,000 initially quoted by CH. Karnchang, or representing 5.34 percent, and is also lower than the project budget of Baht 24,493,480 assessed and prepared by Thai MM Co., Ltd., or representing 3.69 percent.</p>

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Person/Juristic Person who may have conflict of interest	Relationship	Nature of Transaction	2010 (Thousand Baht)	Nine-Month Period of 2011 (Thousand Baht)	Necessity/Justification	Pricing Policy
2. Bangkok Expressway Public Company Limited	<ul style="list-style-type: none"> - This is a related company. - It has a common major shareholder with the Company, namely, CH. Karnchang Public Company Limited (CK), whereby CK holds 15.15 percent of the paid-up registered capital of BECL and holds 30.04 percent of shares in the Company. - It has a common director, namely, Mr. Plew Trivisvavet who serves as director of the Company and BECL. 	<p><u>Transaction with Bangkok Expressway Public Company Limited (BECL)</u></p> <p>Other receivables</p>	4	5	The Company provided tap water and waste water treatment services to all customers in Bangpa-In Industrial Estate. BECL is one of the customers.	<p><u>Price Justification</u></p> <p>The charges collected from BECL are at the rate charged to general customers.</p>
3. Bang Pa-in Land Development Co., Ltd.	<ul style="list-style-type: none"> - This is a related company. - It has a common major shareholder with the Company, namely, Mr. Plew Trivisvavet and his close relatives, holding shares directly and indirectly in CK, and are major shareholders in BLDC. - It has a common director, namely, Mr. Plew Trivisvavet who serves as director of the Company and BLDC. 	<p><u>Transaction with Bang Pa-in Land Development Co., Ltd. (BLDC)</u></p> <p>Other receivables</p> <p>Other payables</p> <p>Right to manage tap water and provide wastewater treatment service payables</p>	- 804 214,000	168 1,277 -	<ul style="list-style-type: none"> - The Company purchased the right to manage tap water and provide wastewater treatment service from Bang Pa-in Land Development Co., Ltd., therefore, the Company is obliged to distribute tap water and provide wastewater treatment service for all customers in Bangpa-in Industrial Estate. - According to the Agreement, the Company would make payment for the right to manage tap water and provide wastewater treatment service to Bang Pa-in Land Development Co., Ltd. in the amount of Baht 1,400 million, whereby the last installment in the amount of Baht 214 million including VAT was scheduled to be made in August 2011. <p><u>Advantages of the Connected Transaction</u></p> <p>The Company expands its business concerning tap water outside its current service areas and expands the wastewater treatment service business.</p>	<p><u>Price Justification</u></p> <p>The value of the right to manage tap water and provide wastewater treatment service is calculated by using the Discounted Cash Flow Approach.</p> <p>The charges collected from BDCL are at the rate charged to general customers.</p>

(Translation)

13. Summary of Financial Statement during the Previous Years and the Current Year Until the Third Quarter of 2011

Statement of financial position

Description	Consolidated financial statement							
	31 December 2008		31 December 2009		31 December 2010		30 September 2011	
	Baht Million	%	Baht Million	%	Baht Million	%	Baht Million	%
Assets								
Current assets								
Cash and cash equivalents	868.94	4.86	2,285.59	10.85	2,073.89	9.65	1,311.94	6.17
Current investments	281.65	1.57	1,084.84	5.15	1,909.34	8.89	2,924.09	13.76
Restricted bank deposits	257.68	1.44	-	-	-	-	-	-
Trade accounts receivable	346.80	1.94	384.02	1.82	401.44	1.87	418.27	1.97
Other current assets	185.95	1.04	193.00	0.92	87.14	0.41	78.52	0.37
Total current assets	1,941.02	10.85	3,947.45	18.74	4,471.81	20.82	4,732.82	22.27
Non-current assets								
Investments in associated company	-	-	-	-	-	-	36.10	0.17
Property, plant and equipment, net	8,925.50	49.88	9,125.40	43.32	9,504.08	44.23	9,319.71	43.86
Assets for production of treated water that must be transferred at end of concession, net	4,134.41	23.10	3,884.25	18.44	3,620.89	16.85	3,438.76	16.18
Rights to produce and sell treated water and treat waste water, net	-	-	1,400.32	6.65	1,364.21	6.35	1,336.91	6.29
Rights to produce and sell treated water, net	2,884.14	16.12	2,689.19	12.77	2,494.25	11.61	2,348.92	11.05
Other non-current assets	9.58	0.05	17.65	0.08	33.04	0.14	36.42	0.18
Total non-current assets	15,953.63	89.15	17,116.81	81.26	17,016.47	79.18	16,516.82	77.73
Total assets	17,894.65	100.00	21,064.26	100.00	21,488.28	100.00	21,249.64	100.00

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Statements of financial position (Continued)

Description	Consolidated financial statement							
	31 December 2008		31 December 2009		31 December 2010		30 September 2011	
	Baht Million	%	Baht Million	%	Baht Million	%	Baht Million	%
Liabilities and shareholder's equity								
Current liabilities								
Bank overdrafts	0.35	-	-	-	-	-	-	-
Trade accounts payable								
Unrelated parties	49.21	0.27	40.61	0.19	32.69	0.15	19.47	0.09
Current portion of long-term loans								
from financial institutions	1,103.96	6.17	420.00	1.99	450.00	2.09	465.00	2.19
Current portion of debentures	-	-	-	-	-	-	3,500.00	16.47
Other current liabilities	199.35	1.11	544.42	2.58	603.74	2.81	284.59	1.34
Total current liabilities	1,352.87	7.55	1,005.03	4.76	1,086.43	5.05	4,269.06	20.09
Non-current liabilities								
Other long-term payable								
Related party	-	-	214.00	1.02	-	-	-	-
Debentures, net of current portion	-	-	6,988.48	33.18	6,992.26	32.54	3,495.21	16.45
Long-term loans from financial institutions,								
net of current portion	8,205.39	45.85	4,162.00	19.76	3,926.00	18.27	3,787.50	17.82
Provision for long-term employee benefits	-	-	-	-	-	-	11.36	0.05
Total non-current liabilities	8,205.39	45.85	11,364.48	53.96	10,918.26	50.81	7,294.07	34.32
Total liabilities	9,558.26	53.40	12,369.51	58.72	12,004.69	55.86	11,563.13	54.41
Shareholders' equity								
Share capital								
Issued and fully paid up	3,990.00	22.30	3,990.00	18.94	3,990.00	18.57	3,990.00	18.78
Share premium	2,637.77	14.74	2,637.77	12.52	2,637.77	12.28	2,637.77	12.41
Retained earnings								
Appropriated - statutory reserve	399.00	2.23	399.00	1.89	399.00	1.86	399.00	1.88
Appropriated - other reserve	72.45	0.40	172.45	0.82	320.99	1.49	516.86	2.43
Unappropriated	1,811.24	10.12	2,067.97	9.82	2,706.58	12.60	2,715.70	12.78
Difference on reorganization of business								
of group companies	(600.36)	(3.35)	(600.36)	(2.85)	(600.36)	(2.79)	(600.36)	(2.83)
Non-controlling interests of the subsidiaries	26.29	0.16	27.92	0.14	29.61	0.13	27.54	0.14
Total shareholders' equity	8,336.39	46.60	8,694.75	41.28	9,483.59	44.14	9,686.51	45.59
Total liabilities and shareholder's equity	17,894.65	100.00	21,064.26	100.00	21,488.28	100.00	21,249.64	100.00

(Translation)

Statements of comprehensive income

Description	Consolidated financial statement							
	31 December 2008		31 December 2009		31 December 2010		9 months of 2011	
	Baht Million	%	Baht Million	%	Baht Million	%	Baht Million	%
Revenue								
Sales of treated water and service	3,605.27	99.08	4,048.46	99.54	4,394.92	99.44	3,410.32	98.79
Interest income	30.59	0.84	14.97	0.37	18.49	0.42	23.66	0.69
Other income	2.93	0.08	3.65	0.09	6.38	0.14	18.16	0.53
Total revenue	3,638.79	100.00	4,067.08	100.00	4,419.79	100.00	3,452.14	100.01
Expenses								
Cost of sales of treated water and service	1,176.90	32.34	1,198.56	29.47	1,293.97	29.28	957.25	27.73
Administrative expenses	168.24	4.62	207.58	5.10	196.94	4.46	155.55	4.51
Amortisation of rights to produce and sell treated water and treat waste water	-	-	9.76	0.24	36.11	0.82	27.30	0.79
Amortisation of rights to produce and sell treated water	195.48	5.37	194.95	4.79	194.95	4.41	145.32	4.21
Total expenses	1,540.62	42.33	1,610.85	39.60	1,721.97	38.97	1,285.42	37.24
Profit before finance cost and corporate income tax	2,098.17	57.67	2,456.23	60.40	2,697.81	61.03	2,166.71	62.77
Financial cost	(728.70)	(20.03)	(667.00)	(16.40)	(442.12)	(10.00)	(383.16)	(11.10)
Profit before corporate income tax	1,369.47	37.64	1,789.23	44.00	2,255.69	51.03	1,783.55	51.67
Corporate income tax	(2.13)	(0.06)	(187.98)	(4.62)	(181.72)	(4.11)	(164.09)	(4.75)
Profit minority interests of the subsidiaries	(8.93)	(0.25)	(7.63)	(0.19)	(11.07)	(0.25)	(8.75)	(0.25)
Profit for the period	1,358.41	37.33	1,593.62	39.19	2,062.90	46.67	1,610.71	46.67
Primary earning per share (Baht)	0.37		0.40		0.52		0.40	
Weighted average number of ordinary shares (shares)		3,718,415		3,990,000		3,990,000		3,990,000

Remark: The financial statements prior to 30 September 2011 have been reclassified in order to compare the financial statements as at 30 September 2011.

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Cash flow statement

Description	Consolidated financial statement			
	2008	2009	2010	9 months of 2011
Cash flows from operating activities				
Profit before tax	1,369.47	1,789.23	2,255.69	1,783.55
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	582.22	598.64	643.76	466.82
Amortisation of rights to produce and sell treated water	195.48	194.95	194.95	145.32
Amortisation of rights to produce and sell treated water and treat waste water	-	9.76	36.11	27.30
Reserve for long-term employee benefits	-	-	-	2.12
Loss (gain) on sales of equipment	(1.27)	(0.44)	0.18	(2.10)
Amortisation of withholding tax	-	-	2.79	-
Interest expenses	702.38	482.15	447.60	382.44
Income from operating activities before changes in operating assets and liabilities	2,848.28	3,074.29	3,581.08	2,805.45
Operating assets (increase) decrease				
Trade accounts receivable	(54.09)	(37.22)	(17.42)	(16.83)
Other receivable - related parties	(0.07)	0.07	0.01	(0.20)
Raw materials and supplies	(4.21)	(4.18)	(1.17)	1.99
Other current assets	34.95	(7.52)	26.51	11.31
Other non-current assets	(1.48)	(0.29)	(1.62)	(10.93)
Operating liabilities (increase) decrease				
Trade accounts payable - unrelated parties	(9.69)	(8.60)	(7.93)	(13.22)
Amounts due to related party	(105.71)	(102.07)	(28.86)	(13.46)
Other payable - related party	-	-	(214.00)	(214.00)
Other payable - unrelated party	6.70	(2.34)	(1.29)	(1.59)
Other current liabilities	7.01	11.18	9.46	24.44
Cash flows from operating activities	2,721.69	2,923.32	3,344.77	2,572.96
Cash paid for interest expenses	(714.87)	(368.56)	(443.77)	(459.78)
Cash paid for corporate income tax	(25.17)	(115.30)	(163.05)	(207.91)
Cash received from withholding tax receivable	-	-	-	12.61
Net cash flows from operating activities	1,981.65	2,439.46	2,737.95	1,917.88

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Cash flow statement (Continued)

Description	Consolidated financial statement			
	2008	2009	2010	9 months of 2011
Cash flows from investing activities				
Decrease (increase) in current investments - net	463.65	(803.19)	(817.50)	(1,019.84)
Decrease (increase) in restricted bank deposits	(73.19)	257.68	-	-
Decrease in advance payment for construction - related party	42.59	54.39	39.38	2.07
Decrease (increase) in advance payment for construction - unrelated party	-	(48.72)	39.85	2.15
Increase in investment in associated company	-	-	-	(36.10)
Increase in property, plant and equipment	(67.03)	(461.65)	(645.39)	(58.72)
Constructions payable	-	-	(14.50)	(15.13)
Decrease in assets for production of treated water that must be transferred at end of concession	(114.41)	(2.36)	(8.14)	(28.81)
Acquisition of rights to produce and sell of treated water and treated waste water	-	(1,010.07)	-	-
Interest expenses capitalised as part of assets	(30.37)	(37.18)	(40.53)	-
Proceeds from disposal equipment	3.71	1.05	3.07	2.19
Increase (decrease) in retention payable - related party	-	7.90	(7.90)	-
Increase (decrease) in retention payable - unrelated party	(0.53)	5.09	(6.87)	2.74
Net cash flows used in investing activities	224.42	(2,037.06)	(1,458.53)	(1,149.45)
Cash flows from financing activities				
Net cash received from issuance of additional ordinary shares	2,854.77	-	-	-
Decrease in Bank overdrafts	(3,004.48)	(0.35)	-	-
Increase in long-term loans from financial institutions	83.00	4,672.00	214.00	214.00
Decrease in long-term loans from financial institution	(1,446.77)	(9,399.35)	(420.00)	(337.50)
Net cash received from issuance of debentures	-	6,984.86	-	-
Dividend paid for minority interest	(2.00)	(6.02)	(9.37)	(10.79)
Dividend payment	(598.50)	(1,236.89)	(1,275.75)	(1,396.09)
Net cash flows used in financing activities	(2,113.98)	1,014.25	(1,491.12)	(1,530.38)
Net decrease in cash and cash equivalents	92.09	1,416.65	(211.70)	(761.95)
Cash and cash equivalents at beginning of period	776.85	868.40	2,285.59	2,073.89
Cash and cash equivalents at end of period	868.94	2,285.05	2,073.89	1,311.94

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Key Financial Ratios

Financial Ratios	2008	2009	2010	9 months of 2011
Liquidity ratio (Times)	1.43	3.93	4.12	1.11
Cash flow current ratio (Times)	0.89	2.07	2.62	0.58
Gross profit margin (%)	67.03%	69.99%	69.98%	71.37%
Operating profit margin (%)	58.78%	61.50%	62.59%	64.81%
Net profit margin (%)	37.58%	39.37%	46.92%	46.91%
Return on equity (%)	20.82%	18.80%	22.82%	22.24%
Return on asset (%)	7.43%	8.22%	9.75%	10.10%
Asset turnover (Times)	0.20	0.21	0.21	0.16
Debt to equity ratio (Times)	1.15	1.42	1.27	1.19

Management Discussion and Analysis of Financial Position and Results of Operations

Analysis of Financial Position

Total Assets

The total assets of the Company and its subsidiaries mainly comprised cash and cash equivalents, temporary investments, property, plant and equipment, assets for tap water production of its subsidiaries, the right to produce and distribute tap water and provide the wastewater treatment service, and the right to produce and distribute tap water.

As at 31 December 2009, the Company and its subsidiaries had the total assets amounting to Baht 21,064.2 million, representing an increase by Baht 3,169.6 million, as compared to that of 31 December 2008, since the Company purchased the operating right in the amount of Baht 1,400 million, and the Company and its subsidiaries had a net increase in cash and cash equivalents during the year by Baht 1,416.7 million.

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As at 31 December 2010, the Company and its subsidiaries had the total assets amounting to Baht 21,488.3 million, representing a net increase by Baht 424.1 million, as compared to that of 31 December 2009, since in 2010, the Company recorded the increased cost of expansion of production and distribution of tap water in the amount of Baht 568.1 million, and the Company and its subsidiaries had a net increase in cash and cash equivalents during the year by Baht 612.8 million.

As at 30 September 2011, the Company and its subsidiaries had the total assets amounting to Baht 21,249.6 million, representing a net decrease by Baht 238.7 million, as compared to that of 31 December 2010, since during the nine-month period of 2011, the Company paid for investments in associated companies, property, plant and equipment, and dividend payment which increased by Baht 215 million.

Total Liabilities

The total liabilities of the Company and its subsidiaries mainly comprised debentures and loans from financial institutions.

As at 31 December 2009, the Company and its subsidiaries had the total liabilities amounting to Baht 12,369.5 million, representing an increase by Baht 2,811.3 million, as compared to that of 31 December 2008, since 1) in February 2009, the Company issued and offered for sale of unsubordinated and unsecured debentures for a term of 3, 5 and 7 years in the total amount of Baht 7,000 million, with debentures of Baht 1,000 million intended to expand its production capacity and distribution of tap water of the Company; 2) the Company borrowed long-term loans from financial institutions for purchase of the operating right in the amount of Baht 1,072 million, and other accounts payable with related businesses in the amount of Baht 428 million; and 3) the Company received an excess amount of Baht 500 million from long-term loan restructuring from financial institutions of Pathum Thani Water Co., Ltd.

As at 31 December 2010, the Company and its subsidiaries had the total liabilities amounting to Baht 12,004.7 million, representing a decrease by Baht 364.8 million, as compared to that of 31 December 2009, since the Company made a

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repayment for long-term loans amounting to Baht 420 million and other accounts payables increased by Baht 44.8 million.

As at 30 September 2011, the Company and its subsidiaries had the total liabilities amounting to Baht 11,563.1 million, representing a decrease by Baht 441.6 million, as compared to that of 31 December 2010, since the Company's other current liabilities decreased by Baht 319.1 million and net loans decreased by Baht 123.5 million.

Shareholders' Equity

As at 31 December 2009, the Company had the shareholders' equity amounting to Baht 8,694.7 million, representing an increase by Baht 358.4 million, as compared to that of 31 December 2008, due to the fact that in 2009, the Company's net profit amounted to Baht 1,593.6 million and the dividend payment amounted to Baht 1,236.9 million.

As at 31 December 2010, the Company had the shareholders' equity amounting to Baht 9,483.6 million, representing an increase by Baht 788.9 million, as compared to that of 31 December 2009, since in 2010, the Company's net profit amounted to Baht 2,062.9 million and the dividend payment amounted to Baht 1,275.7 million.

As at 30 September 2011, the Company had the shareholders' equity amounting to Baht 9,686.5 million, representing an increase by Baht 202.9 million, as compared to that of 31 December 2010, since in the nine-month period of 2011, the Company's net profit amounted to Baht 1,610.7 million and the dividend payment amounted to Baht 1,396.1 million.

Analysis of Results of Operations

A. Total Revenue

In 2009, the Company and its subsidiaries had the total revenue amounting to Baht 4,067.1 million, representing an increase by Baht 428.3 million, as compared to that of 2008. The total revenue increased since the volume from sales of

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tap water of the Company and its subsidiaries increased by 3.1 million cubic meters and the selling price of tap water increased under the Agreement. Moreover, in August 2009, the Company purchased the right to manage the tap water and wastewater in the Bangpa-in Industrial Estate, thereby causing revenue therefrom amounting to Baht 67 million.

In 2010, the Company and its subsidiaries had the total revenue amounting to Baht 4,419.8 million, representing an increase by Baht 352.7 million, as compared to that of 2009. The total revenue increased since the volume for sales of tap water of the Company and its subsidiaries increased by 19.6 million cubic meters and the selling price of tap water increased under the Agreement. Moreover, the Company had revenue from management of tap water and wastewater in the Bangpa-in Industrial Estate, representing an increase from 2009 by Baht 93 million.

B. Costs of Sales of Tap Water and Service

In 2009, the Company and its subsidiaries had costs of sales of tap water and service totaling Baht 1,198.6 million, representing an increase by Baht 21.7 million as compared to that of 2008. The increased costs of sales of tap water and service were due to costs of management of tap water and wastewater in the Bangpa-in Industrial Estate amounting to Baht 12.6 million and the increased sales of tap water.

In 2010, the Company and its subsidiaries had costs of sales of tap water and service totaling Baht 1,294 million, representing an increase by Baht 95.4 million, as compared to that of 2009. The increased costs of sales of tap water and service were due to the Company's cost of relocation of pipes which increased by Baht 6 million and the increased sales of tap water.

C. Administrative Expenses

In 2009, the Company and its subsidiaries had administrative expenses totaling Baht 207.6 million, representing an increase by Baht 39.4 million as compared to that of 2008. The increased administrative expenses were due to expenses for public relations and advertisements, marketing activities amounting to Baht 14.6 million,

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expenses incurred in respect of employees and directors which increased by Baht 10 million.

In 2010, the Company and its subsidiaries had administrative expenses totaling Baht 196.9 million, representing a decrease by Baht 10.7 million, as compared to that of 2009. The decreased administrative expenses were due to expenses incurred in respect of legal consultations and bank fees which decreased by Baht 8.2 million.

D. Financing Costs

In 2009, the Company and its subsidiaries had financing costs totaling Baht 667 million, representing a decrease by Baht 61.7 million as compared to that of 2008. The decreased financing costs were due to the fact that in May 2008, the Company made a repayment for short-term loans of Baht 3,000 million, subject to the interest rate at MLR, and in February 2009, the Company issued debentures of Baht 7,000 million, at the average interest rate equal to 4.53 percent per annum, thereby causing the financing cost to reduce by approximately 1 percent per annum.

In 2010, the Company and its subsidiaries had the financing costs totaling Baht 442.1 million, representing a decrease by Baht 224.9 million, as compared to that of 2009. The decreased financing costs were due to the fact that in 2009, the Company and its subsidiaries recorded the prepayment fee in the amount of Baht 177.5 million (2010: None).

E. Corporate Income Tax

In 2009, the Company and its subsidiaries had the corporate income tax totaling Baht 188 million, representing an increase by Baht 185.9 million, as compared to that of 2008. The increased corporate income tax was due to the fact the Area Revenue Office assessed that Pathum Thani Water must pay corporate income tax since 2009 onwards. Therefore, to lessen any possible damage, Pathum Thani Water paid and recorded such corporate income tax.

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Analysis of Cash Flow

In 2009, the Company and its subsidiaries had cash flow from operating activities amounting to Baht 2,439.5 million; cash flow from investment activities amounting to Baht (2,037.1) million; and cash flow from financing activities amounting to Baht 1,014.3 million, whereby in 2009, the Company and its subsidiaries carried out the significant arrangements as follows:

1. In February 2009, the Company issued debentures for a term of 3, 5 and 7 years in the amount of Baht 7,000 million;
2. In August 2009, the Company purchased the right to manage tap water and wastewater in the Bangpa-in Industrial Estate;
3. In October 2009, the Company made a long-term loan restructuring from financial institutions of Pathum Thani Water Co., Ltd.;
4. During 2009, the Company carried out expansion of the production capacity from the Company's maximum production capacity of 320,000 cubic meters per day to 440,000 cubic meters per day, whereby payment for construction was made in the amount of Baht 537.1 million; and
5. During 2009, the Company made a dividend payment in the amount of Baht 1,236.9 million.

In 2010, the Company and its subsidiaries had cash flow from operating activities amounting to Baht 2,737.9 million; cash flow used in investment activities amounting to Baht (1,458.5) million; and cash flow used in financing activities amounting to Baht (1,491.1) million, whereby in 2010, the Company and its subsidiaries carried out the significant arrangements as follows:

1. The Company recorded costs for production capacity expansion and distribution of tap water which increased by Baht 568.1 million;

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2. The Company made a repayment of long-term loans in the amount of Baht 420 million;

3. The Company made a loan drawdown from banks for payment of the operating right in the amount of Baht 214 million; and

4. The Company made a dividend payment to shareholders in the amount of Baht 1,275.7 million.

In the nine-month period of 2011, the Company and its subsidiaries had cash flow from operating activities amounting to Baht 1,917.9 million; cash flow used in investment activities amounting to Baht (1,149.5) million; and cash flow used in financing activities amounting to Baht (1,530.4) million, whereby in the nine-month period of 2011, the Company and its subsidiaries carried out the significant arrangements as follows:

1. The Company recorded additional investments in associated companies, property, plant and equipment and improved assets for tap water production; costs for production capacity expansion and distribution of tap water which increased by Baht 124 million;

2. The Company made a repayment of long-term loans in the amount of Baht 338 million;

3. The Company made a loan drawdown from banks for payment of the operating right in the amount of Baht 214 million; and

4. The Company made a dividend payment to shareholders in the amount of Baht 1,396 million.

Analysis of Financial Ratios

Liquidity Ratios

The liquidity ratios of the Company and its subsidiaries as of 31 December continued to improve until 2010 since the remaining cash of the Company and its subsidiaries continually increased. However, the liquidity ratios of the Company

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and its subsidiaries as of 30 September 2011 decreased due to the Company's debentures in the amount of Baht 3,500 million which would become due in February 2012.

Profitability Ratios

The net profitability ratios of the Company and its subsidiaries continued to improve until 2010 due to the continued growth of the total revenues of the Company and its subsidiaries while the growth of the total expenses of the Company and its subsidiaries was slower than the revenue growth.

Efficiency Ratios

The rates of return on assets of the Company and its subsidiaries continued to grow due to the continued growth of net profits of the Company and its subsidiaries, as a result of the growth of revenues of the Company and its subsidiaries, as well as the financing cost restructuring of the Company and its subsidiaries.

Financial Policy Ratios

The debt to equity ratios of the Company and its subsidiaries as of 31 December 2009 were higher than that of other years since in 2009, the Company borrowed a loan of Baht 1,400 million from banks for purchase of the right to manage tap water and the wastewater treatment service in the Bangpa-in Industrial Estate, including issuance of debentures of Baht 1,000 million for use in expansion of the production and distribution capacity of tap water from 320,000 cubic meters/day to 440,000 cubic meters/day. After 2009, the debt to equity ratios of the Company and its subsidiaries decreased since the Company periodically made a repayment of long-term loans under the credit facilities agreement.