

Thai Tap Water Supply Public Company Limited
and its subsidiaries

Report and interim consolidated financial statements
For the three-month and nine-month periods ended
30 September 2011 and 2010

Review report of Independent Auditor

To the Shareholders of Thai Tap Water Supply Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Thai Tap Water Supply Public Company Limited and its subsidiaries as at 30 September 2011, the related consolidated statements of comprehensive income for the three-month and nine-month periods ended 30 September 2011 and 2010, changes in shareholders' equity, and cash flows for the nine-month periods ended 30 September 2011 and 2010, and the separate financial statements of Thai Tap Water Supply Public Company Limited for the same periods. These financial statements are the responsibility of the management of the Company and its subsidiaries as to their correctness and the completeness of the presentation. My responsibility is to issue a report on these financial statements based on my reviews.

I conducted my reviews in accordance with the auditing standard applicable to review engagements. This standard requires that I plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of the company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. I have not performed an audit and, accordingly, I do not express an audit opinion.

Based on my reviews, nothing has come to my attention that causes me to believe that the accompanying financial statements are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

I have previously audited the consolidated financial statements of Thai Tap Water Supply Public Company Limited and its subsidiaries and the separate financial statements of Thai Tap Water Supply Public Company Limited for the year ended 31 December 2010 in accordance with generally accepted auditing standards and expressed an unqualified opinion on those statements under my report dated 1 February 2011. The consolidated and separate statements of financial position as at 31 December 2010, as presented herein for comparative purposes, formed an integral part of the financial statements which I audited and reported on. I have not performed any other audit procedures subsequent to the date of the above report. In addition, as described in Note 1.4 to the financial statements, during the period, the Company adopted the revised and new accounting standards issued by the Federation of Accounting Professions, and applied these in its preparation and presentation of the interim financial statements.

Khitsada Lerdwana
Certified Public Accountant (Thailand) No. 4958

Ernst & Young Office Limited
Bangkok: 27 October 2011

Thai Tap Water Supply Public Company Limited and its subsidiaries
Statements of financial position

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2011	31 December 2010	30 September 2011	31 December 2010
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents		1,311,942	2,073,891	918,262	1,486,429
Current investments	5	2,924,086	1,909,341	2,924,086	1,909,341
Trade accounts receivable	6	418,273	401,443	279,489	272,715
Other receivable - related parties	4	208	10	208	10
Current portion of long-term loans to related party and interest receivable	4	-	-	310,341	310,579
Raw materials and supplies		21,676	23,669	12,766	14,295
Accounts receivable from securities trading		9,944	-	9,944	-
Advance payment for construction					
Related party	4	-	2,069	-	2,069
Unrelated party		6,726	8,873	6,726	8,873
Other current assets					
Interest receivable		15,615	9,536	15,615	9,536
Prepaid expenses		16,983	18,361	14,515	14,060
Withholding tax deducted at source		2,975	5,056	1,838	2,287
Others		4,389	19,568	2,132	16,549
Total current assets		4,732,817	4,471,817	4,495,922	4,046,743
Non-current assets					
Long-term loans to related party, net of current portion	4	-	-	2,170,000	2,402,500
Investments in subsidiaries	7	-	-	3,744,683	3,910,348
Investments in associated company	8	36,100	-	36,100	-
Property, plant and equipment, net	9	9,319,710	9,504,075	9,247,994	9,437,095
Assets for production of treated water that must be transferred at end of concession, net	10	3,438,756	3,620,886	-	-
Rights to produce and sell treated water and treat waste water, net	11	1,336,910	1,364,211	1,336,910	1,364,211
Rights to produce and sell treated water, net	12	2,348,923	2,494,246	-	-
Other non-current assets					
Withholding tax deducted at source		16,554	24,108	2,287	-
Others		19,866	8,935	6,427	6,429
Total non-current assets		16,516,819	17,016,461	16,544,401	17,120,583
Total assets		21,249,636	21,488,278	21,040,323	21,167,326

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

Thai Tap Water Supply Public Company Limited and its subsidiaries
Statements of financial position (continued)

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
	Note	30 September 2011	31 December 2010	30 September 2011	31 December 2010
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Trade accounts payable					
Related party	4	-	-	2,648	2,611
Unrelated parties		19,469	32,685	11,269	25,419
Amounts due to related parties	4	1,277	14,737	1,358	14,600
Amounts due to unrelated parties		1,478	3,067	-	-
Other payable					
Related party	4	-	214,000	-	214,000
Unrelated parties (construction payable)		57,775	59,251	57,775	59,251
Retention payable - unrelated parties		4,852	2,111	3,307	1,812
Accrued payable from securities trading		11,842	6,995	11,842	6,995
Current portion of long-term loans					
from financial institutions	13	465,000	450,000	465,000	450,000
Current portion of debentures	14	3,500,000	-	3,500,000	-
Other current liabilities					
Accrued interest		31,853	112,138	31,853	112,138
Accrued expenses		76,905	52,519	44,950	32,225
Unbilled output tax		27,690	26,618	18,304	17,848
Value added tax payable		23,290	19,351	15,543	12,650
Income tax payable		45,948	86,797	-	-
Others		1,669	6,151	1,106	3,500
Total current liabilities		4,269,048	1,086,420	4,164,955	953,049
Non-current liabilities					
Retention - subsidiary	4	-	-	5,000	5,000
Debentures, net of current portion	14	3,495,209	6,992,261	3,495,209	6,992,261
Long-term loans from financial institutions, net of current portion	13	3,787,500	3,926,000	3,787,500	3,926,000
Provision for long-term employee benefits	2	11,364	-	4,655	-
Total non-current liabilities		7,294,073	10,918,261	7,292,364	10,923,261
Total liabilities		11,563,121	12,004,681	11,457,319	11,876,310

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

Thai Tap Water Supply Public Company Limited and its subsidiaries

Statements of financial position (continued)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
Note	30 September 2011	31 December 2010	30 September 2011	31 December 2010
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Shareholders' equity				
Share capital				
Registered				
3,990,000,000 ordinary shares of Baht 1 each	3,990,000	3,990,000	3,990,000	3,990,000
Issued and fully paid up				
3,990,000,000 ordinary shares of Baht 1 each	3,990,000	3,990,000	3,990,000	3,990,000
Share premium	2,637,770	2,637,770	2,637,770	2,637,770
Retained earnings				
Appropriated - statutory reserve	399,000	399,000	399,000	399,000
Appropriated - other reserve	15 516,860	320,985	516,860	320,985
Unappropriated	2,715,696	2,706,576	2,039,374	1,943,261
Difference on reorganization of business				
of group companies	(600,363)	(600,363)	-	-
Equity attributable to owners of the Company	9,658,963	9,453,968	9,583,004	9,291,016
Non-controlling interests of the subsidiaries	27,552	29,629	-	-
Total shareholders' equity	9,686,515	9,483,597	9,583,004	9,291,016
Total liabilities and shareholders' equity	21,249,636	21,488,278	21,040,323	21,167,326

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

Directors

(Unaudited but reviewed)

Thai Tap Water Supply Public Company Limited and its subsidiaries**Statements of comprehensive income****For the three-month periods ended 30 September 2011 and 2010**

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

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Profit or loss:					
Revenues					
Sales of treated water		1,140,809	1,093,037	762,116	744,492
Service income		25,546	24,100	9,953	8,079
Interest income		8,565	3,004	38,900	29,349
Dividend income		-	-	199,915	146,996
Other income		13,547	3,185	13,248	2,724
Total revenues		1,188,467	1,123,326	1,024,132	931,640
Expenses					
Cost of sales of treated water and service		328,644	350,729	180,494	209,352
Administrative expenses		46,579	46,139	35,130	32,076
Amortisation of investments in subsidiaries	7	-	-	55,828	55,828
Amortisation of rights to produce and sell treated water and treat waste water	11	9,274	9,306	9,274	9,306
Amortisation of rights to produce and sell treated water	12	48,650	49,136	-	-
Total expenses		433,147	455,310	280,726	306,562
Profit before finance cost and corporate income tax		755,320	668,016	743,406	625,078
Finance cost		(132,253)	(111,363)	(132,016)	(111,001)
Profit before corporate income tax		623,067	556,653	611,390	514,077
Corporate income tax	19	(66,992)	(45,082)	-	-
Profit for the period		556,075	511,571	611,390	514,077
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		556,075	511,571	611,390	514,077
Profit attributable to:					
Equity holders of the Company		553,313	508,792	611,390	514,077
Minority interests of the subsidiaries		2,762	2,779	-	-
		556,075	511,571		
Earnings per share					
Basic earnings per share	17				
Net income attributable to equity holders of the Company		0.14	0.13	0.15	0.13

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

(Unaudited but reviewed)

Thai Tap Water Supply Public Company Limited and its subsidiaries**Statements of comprehensive income****For the nine-month periods ended 30 September 2011 and 2010**

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

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Profit or loss:					
Revenues					
Sales of treated water		3,342,969	3,216,174	2,240,519	2,185,719
Service income		67,348	64,907	27,233	27,944
Interest income		23,662	12,588	109,640	91,946
Dividend income		-	-	528,600	458,629
Other income		18,155	4,137	15,312	2,891
Total revenues		3,452,134	3,297,806	2,921,304	2,767,129
Expenses					
Cost of sales of treated water and service		957,251	948,380	538,309	552,672
Administrative expenses		155,550	144,899	115,524	102,589
Amortisation of investments in subsidiaries	7	-	-	165,665	165,665
Amortisation of rights to produce and sell treated water and treat waste water	11	27,301	27,185	27,301	27,185
Amortisation of rights to produce and sell treated water	12	145,323	145,809	-	-
Total expenses		1,285,425	1,266,273	846,799	848,111
Profit before finance cost and corporate income tax		2,166,709	2,031,533	2,074,505	1,919,018
Finance cost		(383,155)	(319,181)	(382,394)	(318,011)
Profit before corporate income tax		1,783,554	1,712,352	1,692,111	1,601,007
Corporate income tax	19	(164,089)	(137,778)	-	-
Profit for the period		1,619,465	1,574,574	1,692,111	1,601,007
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		1,619,465	1,574,574	1,692,111	1,601,007
Profit attributable to:					
Equity holders of the Company		1,610,718	1,566,278	1,692,111	1,601,007
Minority interests of the subsidiaries		8,747	8,296	-	-
		1,619,465	1,574,574		
Earnings per share					
Basic earnings per share	17				
Net income attributable to equity holders of the Company		0.40	0.39	0.42	0.40

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

(Unaudited but reviewed)

Thai Tap Water Supply Public Company Limited and its subsidiaries**Cash flow statements****For the nine-month periods ended 30 September 2011 and 2010**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Cash flows from operating activities				
Profit before tax	1,783,554	1,712,352	1,692,111	1,601,007
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	466,819	482,875	251,628	275,626
Amortisation of investments in subsidiaries	-	-	165,665	165,665
Amortisation of rights to produce and sell treated water	145,323	145,809	-	-
Amortisation of rights to produce and sell treated water and treat waste water	27,301	27,185	27,301	27,185
Loss (gain) on sales of equipment	(2,108)	185	-	(151)
Dividend income from subsidiary	-	-	(528,600)	(458,629)
Reserve for long-term employee benefits	2,105	-	1,032	-
Interest expenses	<u>382,442</u>	<u>319,950</u>	<u>382,394</u>	<u>319,790</u>
Income from operating activities before changes in operating assets and liabilities	2,805,436	2,688,356	1,991,531	1,930,493
Operating assets (increase) decrease				
Trade accounts receivable	(16,830)	(9,539)	(6,774)	(11,487)
Other receivable - related parties	(198)	11	(198)	128
Raw materials and supplies	1,993	797	1,529	1,656
Other current assets	11,311	34,270	8,894	31,629
Other non-current assets	(10,931)	820	2	413
Operating liabilities increase (decrease)				
Trade accounts payable - related party	-	-	37	(814)
Trade accounts payable - unrelated parties	(13,216)	(1,138)	(14,150)	(2,841)
Amounts due to related party	(13,460)	(28,519)	(13,242)	(28,512)
Other payable - related party	(214,000)	(214,000)	(214,000)	(214,000)
Other payable - unrelated parties	(1,589)	(4,360)	-	-
Other current liabilities	<u>24,443</u>	<u>14,075</u>	<u>13,269</u>	<u>15,520</u>
Cash flows from operating activities	2,572,959	2,480,773	1,766,898	1,722,185
Cash paid for interest expenses	(459,779)	(397,487)	(459,730)	(397,327)
Cash paid for corporate income tax	(207,912)	(159,043)	(1,838)	(1,790)
Cash received from withholding tax receivable	<u>12,611</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash flows from operating activities	<u>1,917,879</u>	<u>1,924,243</u>	<u>1,305,330</u>	<u>1,323,068</u>

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

(Unaudited but reviewed)

Thai Tap Water Supply Public Company Limited and its subsidiaries

Cash flow statements (continued)

For the nine-month periods ended 30 September 2011 and 2010

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Cash flows from investing activities				
Increase in current investments - net	(1,019,842)	(476,715)	(1,019,842)	(476,715)
Decrease in advance payment for				
construction - related party	2,069	39,384	2,069	39,384
Decrease in advance payment				
for construction - unrelated party	2,147	38,905	2,147	38,905
Decrease in long-term loans to related party	-	-	232,500	232,500
Increase in investment in associated company	(36,100)	-	(36,100)	-
Increase in property, plant and equipment	(58,718)	(578,281)	(49,669)	(571,968)
Constructions payable	(15,132)	(12,972)	(15,132)	(14,501)
Decrease in assets for production of treated water				
that must be transferred at end of concession	(28,808)	(6,736)	-	-
Interest expenses capitalised as part of assets	-	(40,530)	-	(40,530)
Proceeds from disposal of equipment	2,193	3,070	25	380
Dividend income from subsidiary	-	-	528,600	458,629
Decrease in retention payable - related party	-	(5,421)	-	(5,421)
Increase (decrease) in retention payable - unrelated parties	2,741	(7,517)	1,495	(7,517)
Net cash flows used in investing activities	<u>(1,149,450)</u>	<u>(1,046,813)</u>	<u>(353,907)</u>	<u>(346,854)</u>
Cash flows from financing activities				
Increase in long-term loans from financial institutions	214,000	214,000	214,000	214,000
Decrease in long-term loans from financial institutions	(337,500)	(315,000)	(337,500)	(315,000)
Dividend paid for minority interest	(10,788)	(9,360)	-	-
Dividend payment	(1,396,090)	(1,275,747)	(1,396,090)	(1,275,747)
Net cash flows used in financing activities	<u>(1,530,378)</u>	<u>(1,386,107)</u>	<u>(1,519,590)</u>	<u>(1,376,747)</u>
Net decrease in cash and cash equivalents	<u>(761,949)</u>	<u>(508,677)</u>	<u>(568,167)</u>	<u>(400,533)</u>
Cash and cash equivalents at beginning of period	2,073,891	2,285,588	1,486,429	1,740,130
Cash and cash equivalents at end of period	<u>1,311,942</u>	<u>1,776,911</u>	<u>918,262</u>	<u>1,339,597</u>
	-	-	-	-
Supplemental cash flows information				
Non-cash transactions				
Increase in assets for water treatment from				
amounts due to related party and other payable	-	76,938	-	76,938
Increase in property, plant and equipment				
from constructions payable	12,883	-	12,883	-
Dividend payable	410	-	410	-

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

(Unaudited but reviewed)

Thai Tap Water Supply Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the nine-month periods ended 30 September 2011 and 2010

(Unit: Thousand Baht)

	Consolidated financial statements								
	Equity attributable to the parent's shareholders								
			Retained earnings			Difference on	Total equity	Equity attributable	
	Issued and paid up		Appropriated -	Appropriated -		reorganisation of	attributable to	to non-controlling	Total
	share capital	Share premium	statutory reserve	other reserve	Unappropriated	business of	shareholders	interests of	shareholders'
						group companies	of the Company	the subsidiaries	equity
Balance as at 31 December 2009	3,990,000	2,637,770	399,000	172,450	2,067,968	(600,363)	8,666,825	27,914	8,694,739
Appropriated to other reserve (Note 15)	-	-	-	148,535	(148,535)	-	-	-	-
Total comprehensive income for the period	-	-	-	-	1,566,278	-	1,566,278	8,296	1,574,574
Dividend paid (Note 18)	-	-	-	-	(1,275,747)	-	(1,275,747)	-	(1,275,747)
Decreased in non-controlling interests									
of the subsidiaries	-	-	-	-	-	-	-	(9,360)	(9,360)
Balance as at 30 September 2010	3,990,000	2,637,770	399,000	320,985	2,209,964	(600,363)	8,957,356	26,850	8,984,206
Balance as at 31 December 2010	3,990,000	2,637,770	399,000	320,985	2,706,576	(600,363)	9,453,968	29,629	9,483,597
Cumulative effect of change in accounting policy									
for employee benefits (Note 2)	-	-	-	-	(9,223)	-	(9,223)	(36)	(9,259)
Appropriated to other reserve (Note 15)	-	-	-	195,875	(195,875)	-	-	-	-
Total comprehensive income for the period	-	-	-	-	1,610,718	-	1,610,718	8,747	1,619,465
Dividend paid (Note 18)	-	-	-	-	(1,396,500)	-	(1,396,500)	-	(1,396,500)
Decreased in non-controlling interests									
of the subsidiaries	-	-	-	-	-	-	-	(10,788)	(10,788)
Balance as at 30 September 2011	3,990,000	2,637,770	399,000	516,860	2,715,696	(600,363)	9,658,963	27,552	9,686,515

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

(Unaudited but reviewed)

Thai Tap Water Supply Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the nine-month periods ended 30 September 2011 and 2010

(Unit: Thousand Baht)

	Separate financial statements					
			Retained earnings			Total
	Issued and paid up		Appropriated -	Appropriated -		shareholders'
	share capital	Share premium	statutory reserve	other reserve	Unappropriated	equity
Balance as at 31 December 2009	3,990,000	2,637,770	399,000	172,450	1,408,791	8,608,011
Appropriated to other reserve (Note 15)	-	-	-	148,535	(148,535)	-
Total comprehensive income for the period	-	-	-	-	1,601,007	1,601,007
Dividend paid (Note 18)	-	-	-	-	(1,275,747)	(1,275,747)
Balance as at 30 September 2010	3,990,000	2,637,770	399,000	320,985	1,585,516	8,933,271
Balance as at 31 December 2010	3,990,000	2,637,770	399,000	320,985	1,943,261	9,291,016
Cumulative effect of change in accounting policy						
for employee benefits (Note 2)	-	-	-	-	(3,623)	(3,623)
Appropriated to other reserve (Note 15)	-	-	-	195,875	(195,875)	-
Total comprehensive income for the period	-	-	-	-	1,692,111	1,692,111
Dividend paid (Note 18)	-	-	-	-	(1,396,500)	(1,396,500)
Balance as at 30 September 2011	3,990,000	2,637,770	399,000	516,860	2,039,374	9,583,004

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

Thai Tap Water Supply Public Company Limited and its subsidiaries

Notes to interim financial statements

For the three-month and nine-month periods ended 30 September 2011 and 2010

1. General information

1.1 Corporate information

Thai Tap Water Supply Public Company Limited (“the Company”) was incorporated as a limited company under the Civil and Commercial Code on 11 September 2000 and registered the change of its status to a public company limited under the Public Limited Companies Act B.E. 2535 on 6 July 2006. The Company operates in Thailand and its major shareholder is CH. Karnchang Public Company Limited, which was also incorporated in Thailand. The Company is principally engaged in the production and sale of treated water to the Provincial Waterworks Authority (PWA) in the Amphur Nakorn Chaisri, Amphur Sam Pran, and Amphur Budha Monthon areas of Nakhon Pathom and the Amphur Muang and Amphur Kratumban areas of Samut Sakhon, under the “Water Purchase Agreement” made with the PWA dated 21 September 2000 (An amendment agreement dated 29 December 2008), which covers a period of 30 years as from the Actual Commencement Date (21 July 2004), and under the Concession to operate treated water granted by the Ministry of Natural Resources and Environment (the Concessionaire) for a period of 25 years commencing on 11 March 2005. The Company has to comply with certain conditions as stipulated in the Water Purchase Agreement and the Concession.

The terms of the Concession include certain significant conditions, such as that when the Company has completed half of the concession period, if the government or the local government agency wish to purchase the water production business of the Company, the Concessionaire is entitled to cancel the concession in order to purchase it, or permit the relevant local government agency to purchase it, at market price. However, it must provide the Company with advance notice of six months of such action.

The Company’s registered address is 30/130 Moo 12, Budha Monthon 5 Road, RaiKhing, Sam Pran, Nakhon Pathom.

1.2 Basis for preparation of interim financial statements

These interim financial statements are prepared in accordance with Accounting Standard No. 34 (revised 2009) "Interim Financial Reporting", with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events, and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

The interim financial statements in Thai language are the official statutory financial statements of the Company. The interim financial statements in English language have been translated from the Thai language financial statements.

1.3 Basis of consolidation

These consolidated interim financial statements include the financial statements of Thai Tap Water Supply Public Company Limited and its subsidiaries and are prepared on the same basis as the consolidated financial statements for the year ended 31 December 2010, with no structural changes related to subsidiaries occurring during the current period.

1.4 Application of new accounting standards during the period

During the current period, the Company adopted a number of revised and new accounting standards, issued by the Federation of Accounting Professions, as listed below.

Accounting standards:

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue

TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property

Financial reporting standards:

TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources

Financial Reporting Interpretations Committee:

TFRIC 15	Agreements for the Construction of Real Estate
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Standing Interpretations Committee:

SIC 31	Revenue-Barter Transactions Involving Advertising Services
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These accounting standards will not have any significant impact on the financial statements for the current period, except for the following accounting standards.

TAS 19 Employee Benefits

This accounting standard requires employee benefits to be recognised as expense in the period in which the service is performed by the employee. In particular, an entity has to evaluate and make a provision for post-employment benefits using actuarial techniques. The Company and its subsidiaries previously accounted for such employee benefits when they were incurred.

The Company and its subsidiaries have changed this accounting policy in the current year and recognise the liability in the transition period through an adjustment to the beginning balance of retained earnings in the current year. The change will have the effect of decreasing the profit of the Company and its subsidiaries for the three-month and nine-month periods ended 30 September 2011 by Baht 0.7 million and Baht 2.1 million, respectively (Separate financial statements: decreasing profit by Baht 0.3 million and Baht 1.0 million, respectively). The cumulative effect of the changes in the accounting policy has been presented in Note 2 to the financial statements.

1.5 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2010, except for the changes in the following accounting policies due to the adoption of revised and new accounting standards.

Employee benefits

Post-employment benefits (Defined contribution plans)

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

Post-employment benefits (Defined benefit plans)

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary, using the projected unit credit method. Such determination is made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate, and disability rate.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in profit or loss.

For the first-time adoption of TAS 19 Employee Benefits, the Company elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, through an adjustment to the beginning balance of retained earnings in the current year.

2. Cumulative effect of changes in accounting policies due to the adoption of new accounting standards

During the period, the Company made the changes to its significant accounting policies described in Note 1.5 to the financial statements, as a result of the adoption of revised and new accounting standards. The cumulative effect of the changes in the accounting policies has been separately presented in the statements of changes in shareholders' equity.

The amounts of adjustments affecting the statement of financial position as at 30 September 2011 and the statements of comprehensive income for the three-month and nine-month periods ended 30 September 2011 are summarised below.

(Unit: Thousand Baht)

	30 September 2011	
	Consolidated financial statements	Separate financial statements
Statements of financial position		
Increase in provision for long-term employee benefits	11,364	4,655
Decrease in non-controlling interests of the subsidiaries	36	-
Decrease in unappropriated retained earnings	9,223	3,623

(Unit: Thousand Baht)

	For the three-month period ended 30 September 2011	
	Consolidated financial statements	Separate financial statements
Statements of comprehensive income		
Increase in employee expenses	702	345
Decrease in profit attributable to non-controlling interest of the subsidiaries	2	-
Decrease in profit attributable to equity holders of the Company	700	345
Decrease in basic earnings per share (Baht)	-	-

(Unaudited but reviewed)

(Unit: Thousand Baht)

For the nine-month period ended
30 September 2011

	Consolidated financial statements	Separate financial statements
Statements of comprehensive income		
Increase in employee expenses	2,105	1,032
Decrease in profit attributable to non-controlling interest of the subsidiaries	6	-
Decrease in profit attributable to equity holders of the Company	2,099	1,032
Decrease in basic earnings per share (Baht)	-	-

3. New accounting standards issued during the period but not yet effective

During the period, the Federation of Accounting Professions issued the below listed new accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

Standing Interpretations Committee:

SIC 10 Government Assistance - No Specific Relation to Operating Activities

SIC 21 Income Taxes - Recovery of Revalued Non-Depreciable Assets

SIC 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

4. Related party transactions

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

(Unit: Million Baht)

	For the three-month periods ended 30 September				
	Consolidated financial statements		Separate financial statements		Transfer Pricing Policy
	2011	2010	2011	2010	
<u>Transactions with subsidiaries</u>					
<u>companies</u>					
(eliminated from the consolidated financial statements)					
Other income	-	-	0.2	-	Based on contract
Cost of sales and services	-	-	7.3	3.4	Based on contract

(Unaudited but reviewed)

(Unit: Million Baht)

For the three-month periods ended 30 September

	Consolidated		Separate		Transfer Pricing Policy
	financial statements		financial statements		
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	
Interest income	-	-	31.5	27.1	Minimum Loan Rate minus stipulated margin per annum
<u>Transactions with related parties</u>					
Construction in progress	-	67.1	-	67.1	Based on contract
Cost of sales and services	0.2	3.1	0.2	3.1	Agreed between the parties
Service fee	-	0.2	-	-	Based on contract

(Unit: Million Baht)

For the nine-month periods ended 30 September

	Consolidated		Separate		Transfer Pricing Policy
	financial statements		financial statements		
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	
<u>Transactions with subsidiaries</u>					
<u>companies</u>					
(eliminated from the consolidated financial statements)					
Other income	-	-	0.2	-	Based on contract
Cost of sales and services	-	-	22.0	21.7	Based on contract
Interest income	-	-	89.1	80.9	Minimum Loan Rate minus stipulated margin per annum
<u>Transactions with related parties</u>					
Construction in progress	-	638.0	-	638.0	Based on contract
Cost of sales and services	1.9	3.7	1.9	3.7	Agreed between the parties
Service fee	0.3	0.6	-	-	Based on contract

(Unaudited but reviewed)

The balances of the accounts as at 30 September 2011 and 31 December 2010 between the Company and those related parties are as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	30 September	31 December	30 September	31 December
	2011	2010	2011	2010
		(Audited)		(Audited)
<u>Other receivable - related parties</u>				
<u>Related companies</u>				
- Bangkok Expressway Public Company Limited	5	4	5	4
- CH. Karnchang Public Company Limited	27	-	27	-
- Bangpa-in Land Development Company Limited	168	-	168	-
- Others	8	6	8	6
	208	10	208	10
<u>Long-term loans to related party and interest receivable</u>				
<u>Subsidiary</u>				
- Pathum Thani Water Company Limited				
Loan	-	-	2,480,000	2,712,500
Interest	-	-	341	579
Total	-	-	2,480,341	2,713,079
Less: current portion and interest receivable	-	-	(310,341)	(310,579)
Long-term loans to related party - net	-	-	2,170,000	2,402,500
<u>Advance payment for construction - related party</u>				
- CH. Karnchang Public Company Limited	-	2,069	-	2,069
	-	2,069	-	2,069
<u>Trade accounts payable - related party</u>				
<u>Subsidiary</u>				
- Thai Water Operations Company Limited	-	-	2,648	2,611
	-	-	2,648	2,611
<u>Amounts due to related parties</u>				
<u>Subsidiary</u>				
- Thai Water Operations Company Limited	-	-	81	-
	-	-	81	-
<u>Related companies</u>				
- CH. Karnchang Public Company Limited	-	13,933	-	13,796
- Bangpa-in Land Development Company Limited	1,277	804	1,277	804
	1,277	14,737	1,277	14,600
	1,277	14,737	1,358	14,600

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2011	2010	2011	2010
		(Audited)		(Audited)
<u>Other payable - related party</u>				
- Bangpa-in Land Development Company Limited	-	214,000	-	214,000
	-	214,000	-	214,000
<u>Retention - subsidiary</u>				
- Thai Water Operations Company Limited	-	-	5,000	5,000
	-	-	5,000	5,000

During the nine-month period ended 30 September 2011, movements of long-term loans to a related party were as follow:

(Unit: Thousand Baht)

	Separate financial statements		
	Balance as at	During the year	
	1 January 2011	Increase	Decrease
			30 September 2011
Long-term loans			
- Pathum Thani Water Company Limited			
Loan	2,712,500	-	(232,500)
Interest	579	89,125	(89,363)
	2,713,079	89,125	(321,863)

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

Directors and management's benefits

During the three-month and nine-month periods ended 30 September 2011, the Company and its subsidiaries had salaries, bonus, meeting allowances, gratuities and employee benefits to their directors and management recognized as expense totaling Baht 14.6 million and Baht 45.2 million, respectively (Separate financial statements: Baht 9.8 million and Baht 31.5 million, respectively) (2010: Baht 11.5 million and Baht 31.9 million, respectively, Separate financial statements: Baht 7.9 million and Baht 21.0 million, respectively).

5. Current investments

The balances of current investments represent investments in trading securities and the six-month period to twelve-month period fixed deposits, carrying interest between 1.25 and 5.25 percent per annum.

(Unit: Thousand Baht)

	Consolidated/ Separate financial statements	
	30 September 2011	31 December 2010
		(Audited)
<u>Fixed Deposit</u>	1,623,990	1,113,031
	1,623,990	1,113,031
<u>Investments in trading securities at fair value</u>		
Government and state enterprise bonds	683,985	596,379
State enterprise securities	30,012	24,806
Private sector debt securities	549,704	150,071
Marketable equity securities	36,395	25,054
	1,300,096	796,310
Total current investments	2,924,086	1,909,341

6. Trade accounts receivable

As at 30 September 2011 and 31 December 2010, the outstanding balances of trade accounts receivable were over due less than 3 months.

7. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		Investments at cost		(Unit: Thousand Baht) Dividend received during the period	
	30 September	31 December	30 September	31 December	30 September	31 December	30 September	31 December
	2011	2010	2011	2010	2011	2010	2011	2010
	Million Baht	Million Baht	Percent	Percent		(Audited)		(Audited)
Thai Water Operations								
Company Limited	60	60	68.5	68.5	700,000	700,000	-	-
Pathum Thani Water Company								
Limited	1,200	1,200	98	98	3,998,310	3,998,310	528,600	458,629
					4,698,310	4,698,310	528,600	458,629
Less: Accumulated amortisation of investments in subsidiaries					(933,627)	(767,962)	-	-
Less: Dividend received from income before purchase of shares					(20,000)	(20,000)	-	-
Total					3,744,683	3,910,348	528,600	458,629

During the first quarter of the year 2011, the Company received dividend from Pathum Thani Water Company Limited amounting to Baht 328.7 million, in accordance with a resolution of the Annual General Meeting of Pathum Thani Water Company Limited held on 4 March 2011.

During the third quarter of the year 2011, the Company received dividend from Pathum Thani Water Company Limited amounting to Baht 199.9 million, in accordance with a resolution of Board of Directors' meeting of Pathum Thani Water Company Limited held on 29 July 2011.

Thai Water Operations Company Limited did not paid dividend during the nine-month period ended 30 September 2011.

(Unaudited but reviewed)

8. Investments in associated company

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			30 September	31 December	30 September	31 December	30 September	31 December
			2011	2010	2011	2010	2011	2010
			(%)	(%)				
CK Power Limited	Holding Company	Thailand	30.00	-	36,100	-	36,100	-
Total					36,100	-	36,100	-

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements							
			Shareholding percentage		Cost		Allowance for loss on investment		Carrying amounts based on cost method - net	
			30 September	31 December	30 September	31 December	30 September	31 December	30 September	31 December
			2011	2010	2011	2010	2011	2010	2011	2010
			(%)	(%)						
CK Power Limited	Holding Company	Thailand	30.00	-	36,100	-	-	-	36,100	-
Total					36,100	-	-	-	36,100	-

(Unaudited but reviewed)

On 14 September 2011, the Company invested in CK Power Limited for a total of Baht 36.1 million. This represents 30 percent of the registered share capital of that company.

9. Property, plant and equipment

Movements of the property, plant and equipment account during the nine-month period ended 30 September 2011 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2011	9,504,075	9,437,095
Acquisitions during period - at cost	71,601	62,552
Depreciation for the period	(255,881)	(251,628)
Disposal during period - net book value at disposal date	(85)	(25)
Net book value as at 30 September 2011	9,319,710	9,247,994

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

Movements of assets for production of treated water account during nine-month period ended 30 September 2011 are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements
Net book value as at 1 January 2011	3,620,886
Acquisitions during period - at cost	28,808
Amortisation for period	(210,938)
Net book value as at 30 September 2011	3,438,756

Amortisation of assets for production of treated water has been included as part of cost of sales of treated water.

Assets for production of treated water of Pathum Thani Water Company Limited will be transferred to Provincial Waterworks Authority after the end of the 25-year concession to produce and sell treated water.

(Unaudited but reviewed)

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

	(Unit: Thousand Baht)	
	Consolidated / Separate	
	financial statements	
	30 September	31 December
	2011	2010
		(Audited)
Rights to produce and sell treated water and treat waste water	1,410,075	1,410,075
<u>Less:</u> Accumulated amortisation of rights to produce and sell treated water and treat waste water	(73,165)	(45,864)
Rights to produce and sell treated water and treat waste water, net	1,336,910	1,364,211

12. Rights to produce and sell treated water

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	30 September 2011	31 December 2010
		(Audited)
Rights to produce and sell treated water	3,169,109	3,169,109
<u>Less:</u> Accumulated amortisation of rights to produce and sell treated water	(820,186)	(674,863)
Rights to produce and sell treated water, net	2,348,923	2,494,246

13. Long-term loans from financial institutions

	(Unit: Thousand Baht)	
	Consolidated / Separate	
	financial statements	
	30 September 2011	31 December 2010
		(Audited)
Long-term loans	4,252,500	4,376,000
<u>Less:</u> Current portion	(465,000)	(450,000)
Long-term loans, net of current portion	3,787,500	3,926,000

(Unaudited but reviewed)

Movements in the long-term loans account during the nine-month period ended 30 September 2011 are summarised below.

	(Unit: Thousand Baht) Consolidated / Separate financial statements
Balance as at 1 January 2011	4,376,000
Add: Additional borrowings during the period	214,000
Less: Repayment	(337,500)
Balance as at 30 September 2011	4,252,500

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

14. Debentures

Movements in the debentures account during the nine-month period ended 30 September 2011 are summarised below:

	(Unit: Thousand Baht) Consolidated / Separate financial statements
Balance as at 1 January 2011	6,992,261
Less: Current portion of debentures	(3,500,000)
Add: Amortisation of deferred debentures issuing cost	2,948
Balance as at 30 September 2011	3,495,209

In issuing debentures, the Company is required to comply with certain covenants, such as, to maintain financial ratios.

15. Other reserve

According to the amendment of the concession to operate treated water dated 20 March 2008, prior to paying a dividend the Company is required to set aside 10 percent of its annual net income to other reserve.

16. Financial information by segment

The Company's and the subsidiaries' operations involve a single industry segment, the production and sell of treated water and are carried on in the single geographic area of Thailand. As a result, all of the revenues, operating profits and assets reflected in these financial statements pertain to the aforementioned industry segment and geographic area.

17. Earnings per share

Basic earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.

18. Dividend

<u>Dividends</u>	<u>Approved by</u>	<u>Total dividends</u> (Thousand Baht)	<u>Dividend per share</u> (Baht)
Dividends from the earnings of the promoted operations from July to December 2009 to the shareholders listed in the share register book as at 23 February 2010	Annual General Meeting of the Company's shareholders for the year 2010 on 2 April 2010	678,276	0.17
Interim dividends from the earnings of the promoted operations for January to June 2010 to the shareholders listed in the share register book as at 16 August 2010	Board of Directors Meeting No.3/2010 on 30 July 2010	597,471	0.15
Total dividends for 2010		<u>1,275,747</u>	<u>0.32</u>
Dividends from the earnings of the promoted operations for July to December 2010 to the shareholders listed in the share register book as at 16 February 2011	Annual General Meeting of the Company's shareholders for the year 2011 on 7 March 2011	798,000	0.20
Interim dividends from the earnings of the promoted operations for January to June 2011 to the shareholders listed in the share register book as at 16 August 2011	Board of Directors Meeting No.3/2011 on 29 July 2011	598,500	0.15
Total dividends for 2011		<u>1,396,500</u>	<u>0.35</u>

19. Corporate income tax

The Company had no corporate income tax payable on the net income from non-promoted operations for the three-month and nine-month periods ended 30 September 2011 and 2010, since the Company had tax loss brought forward from previous years over its income from the periods.

During the current period, the subsidiary received a notice of change in its net operating loss brought forward from the Area Revenue Office. Based on the assessment made by the Area Revenue Office, the subsidiary has additional corporate income tax obligations for 2008 of Baht 15.8 million and the subsidiary has already paid such additional corporate income tax.

20. Commitments and contingent liabilities

20.1 Capital commitment

As at 30 September 2011, the Company and its subsidiaries had capital commitments of approximately Baht 3.0 million, relating to the construction and furnishing of the office.

20.2 Service commitments and other commitments

- a) The Company has entered into operation and maintenance agreements with Thai Water Operations Company Limited, whereby the subsidiary is to manage and maintenance of production and supply of treated water system and to manage the waste water system. Under the conditions of the agreements, the Company is to pay service fees at a rate stipulated in the agreements.
- b) As at 30 September 2011, the Company had commitments totaling Baht 12.4 million under land lease agreement for a construction of the office.
- c) Pathum Thani Water Company Limited has entered into a maintenance agreement with Thai Water Operations Company Limited, whereby such company is to maintenance. Under the conditions of the agreement, Pathum Thani Water Company Limited is to pay service fees at a rate stipulated in the agreement.
- d) As at 30 September 2011, its subsidiaries had commitments totaling Baht 3.2 million under other service agreement.

20.3 Bank guarantees

As at 30 September 2011, there were outstanding bank guarantees of approximately Baht 264.5 million issued by banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of business. These included letters of guarantee amounting to Baht 211.4 million required under the Water Purchase Agreement with the Provincial Waterworks Authority, Baht 52.7 million to guarantee electricity use and Baht 0.4 million for others (Separate financial statements: Baht 51.8 million under the Water Purchase Agreement with the Provincial Waterworks Authority, Baht 34.1 million to guarantee electricity use and Baht 0.4 million for others).

20.4 Litigation

Pathum Thani Water Company Limited

In August 2004, a person filed submitted a dispute to the Thai Justice Arbitration Institute for a decision in relation to a complaint against Pathum Thani Water Company Limited (second defendant) and the Provincial Water Authority (first defendant), claiming compensation totaling approximately Baht 64.5 million for a tort against this person in the course of the construction of a water treatment plant. On 24 October 2006, the Arbitral Tribunal ordered the dismissal of the dispute.

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

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

21. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 27 October 2011.