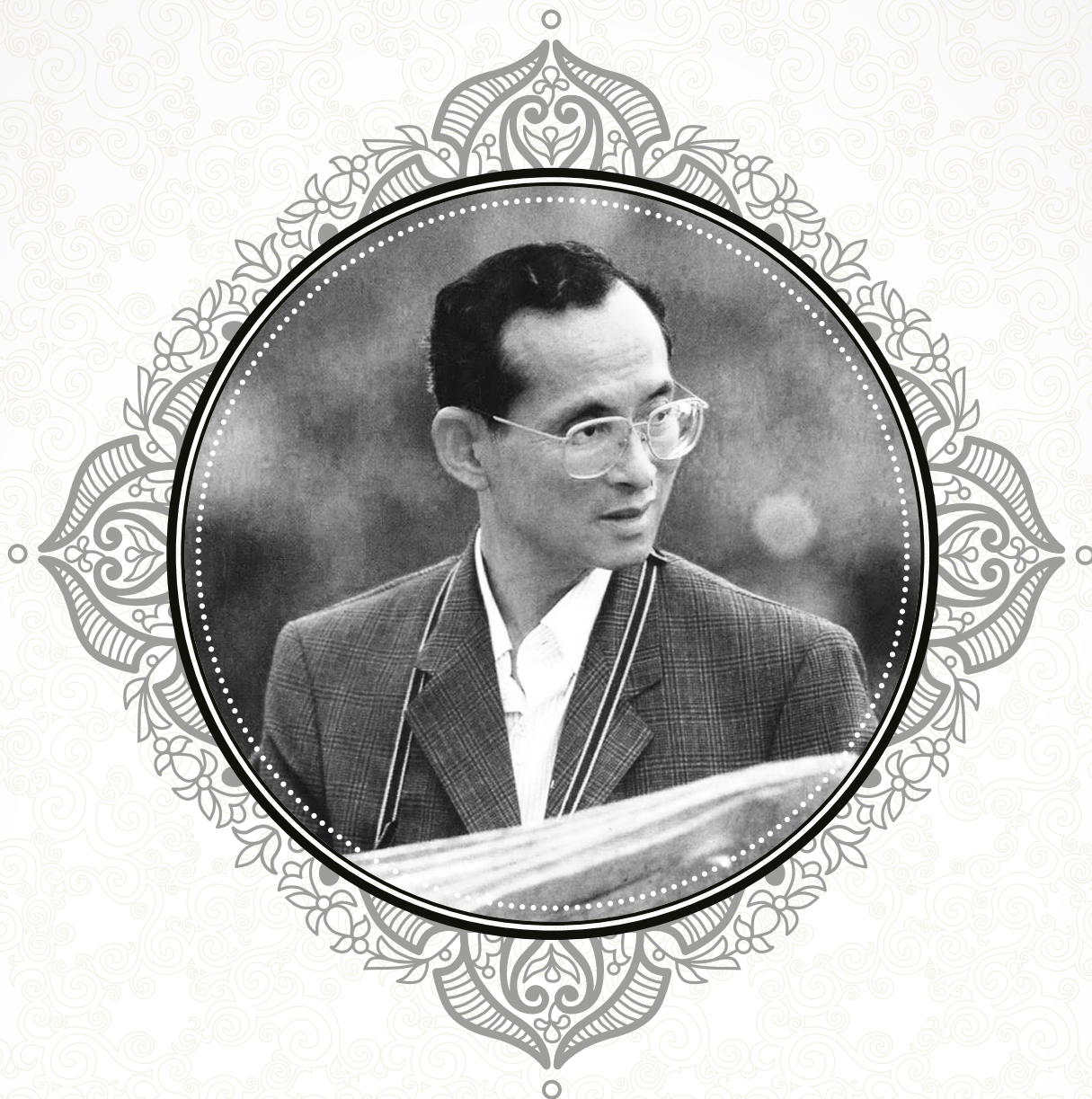


EASTERN WATER RESOURCES  
DEVELOPMENT AND MANAGEMENT PCL.

# ANNUAL REPORT 2016





Weaving, with deep love, weeping words;  
Praising with grateful minds though unheard,

Thou came like rain to salve dirt.  
Thou shines like star to brighten the earth.

The setting sun bewept Thy passing.

Celestial summoned, being sad,  
Tears flow like a torrent day and night.  
His Majesty, our Hope, our Guide.

Uniting our loyal, afflicting hearts,  
We bow with woe as Thou departs.

Thou art our rock, our stronghold.  
Alas, Thy parting kindles our sorrow.  
Foggy sky bemoaned Thy death.

Pour out tribute to Thy eternal rest.  
Pleading merciful heaven to embrace-  
Thou remains in Thai's hearts for all ages.

**With our deepest sincere gratitude to His Majesty the late King.**

Eastern Water Resources Development and Management Public Company Limited



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## VISION

**Being the leader in sustainable water management that grows in accordance with the country's economy and expands to ASEAN region**

# VISION & MISSION

---

## MISSION

**01**

To expand the investment and develop the water business as well as other relevant businesses for continuous and sustainable growth

**02**

To increase the competitiveness with the right and up-to-date technology and innovation

**03**

To develop the competency of the staff and improve its structure to be more appropriate

**04**

To manage the business with efficiency and transparency according to the good governance principles

**05**

To be responsible for communities, societies and environment and maintain good relationships with the stakeholders



---

# STRATEGIES

## STRATEGIES

### 01

Conducting business to achieve strong growth and create added product value;

### 02

Developing new business to support continued growth in the medium and long term;

### 03

Maintaining an efficient framework for financial management and business investment;

### 04

Developing human resources, knowledge management, and new technology and innovations;

### 05

Maintaining good corporate governance with a concern for communities, society and the environment.

# FINANCIAL HIGHLIGHTS

Unit : Million Baht

Statement of income	2012	2013	2014	2015	2016
Raw water revenue	2,612.22	2,694.30	2,768.38	2,898.67	2,696.43
Tap water revenue	841.60	876.38	988.74	1,160.24	1,392.87
Total revenue	3,725.95	3,816.14 <sup>1</sup>	4,035.84 <sup>1</sup>	4,563.14 <sup>1</sup>	4,295.73 <sup>1</sup>
EBITDA	2,079.04	2,196.13	2,288.42	2,444.71	2,404.24
Net profit (loss)	1,240.17	1,312.85	1,334.45	1,591.24	1,318.61
Net profit attributable to owners of the parent	1,239.74	1,312.94	1,334.21	1,584.94	1,299.71

Unit : Million Baht

Statement of financial position	2012	2013	2014	2015	2016
Total assets	12,440.09	13,480.45	15,243.45	19,627.46	19,860.40
Total liabilities	5,119.62	5,578.52	6,726.37	10,127.90	9,812.09
Total equity	7,320.46	7,901.93	8,517.07	9,499.56	10,048.30
Equity attributable to owners of the parent	7,316.94	7,872.13	8,487.56	9,294.69	9,841.76

Financial ratios	2012	2013	2014	2015	2016
Book value per share (Baht per share)	4.40	4.73	5.10	5.59	5.92
Earnings per share (Baht per share)	0.75	0.79	0.80	0.95	0.78
Dividend per share (Baht per share)	0.44	0.42	0.45	0.47	0.47 <sup>2</sup>
Net profit margin (%)	33.27	34.40	33.06	34.73	30.26
Return on Equity (ROE) (%)	17.40	17.31	16.31	17.83	13.58
Return on Assets (ROA) (%)	10.68	10.13	9.29	9.09	6.58
Debt to Equity ratio (D/E) (Times)	0.70	0.71	0.79	1.09	1.00

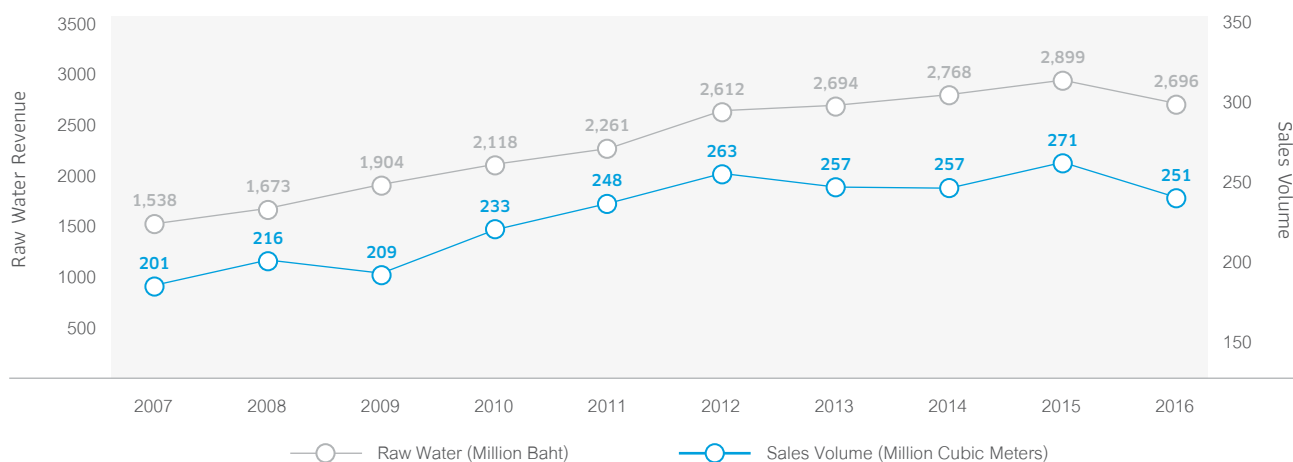
## Notes

<sup>1</sup> Total Revenues in 2013-2016 exclude "construction revenue under concession agreement", which is a newly classified revenue as a result of a new interpretation of financial reporting standards TFRIC12 (revised in 2014) under the topic of "Service concession arrangements".

<sup>2</sup> In 2016, interim dividends approved by the Board of Directors Meeting No.10/2016 held on 29 August 2016 was 0.20 Baht per share. On 18 April 2017, the Board of Directors will propose to shareholders at the 2016 Annual General Meeting to approve a dividend based on the operating result of the latter half of 2016.



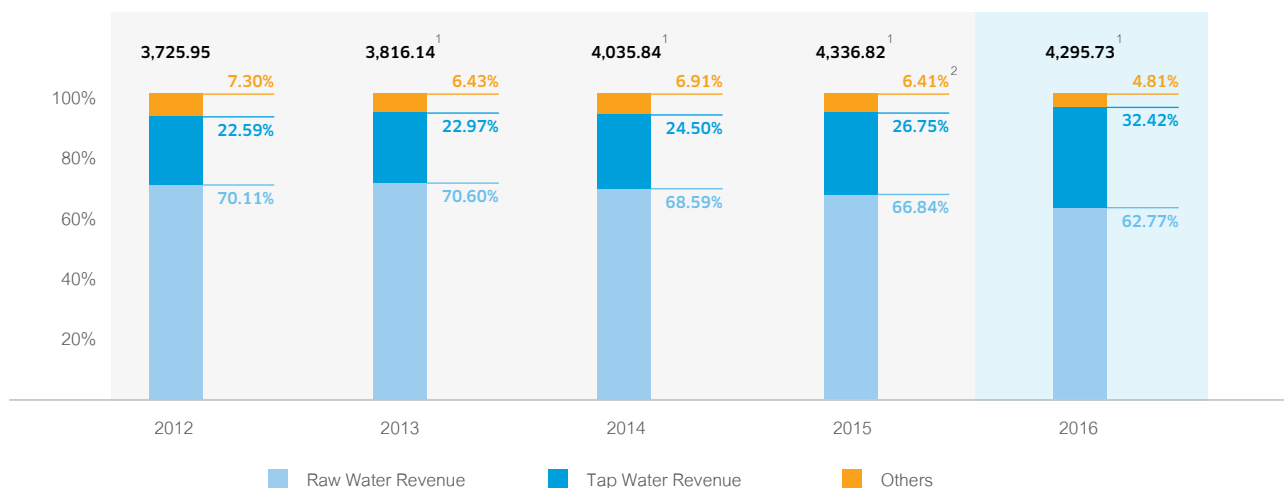
## Raw Water Sales Volume and Revenue



Note Excluding raw water distributed to the Company's tap water business and to subsidiary companies

## Sources of Income

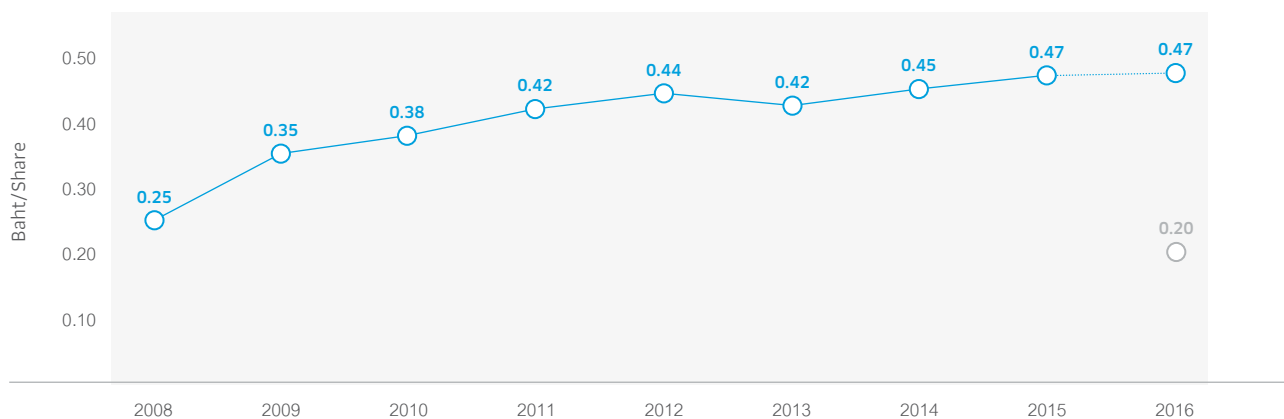
[Million Baht]



Notes <sup>1</sup> Total Revenues in 2013 and 2016 exclude "construction revenue under concession agreement", which is a newly classified revenue as a result of a new interpretation of financial reporting standards TFRIC12 (revised 2014) under the topic of "Service concession arrangements"

<sup>2</sup> In 2015, other incomes excluding the profits from measuring the fair value of the stakes of 15.88% held in Egcom Tara Co., Ltd., prior to acquisition was 226.32 million baht

## Dividend Payment History



Notes : In 2016, interim dividend payments for performance in the first half of the year were announced by the Board of Directors Meeting No.10/2016 held on 29 August 2016 at 0.2 baht. On 18 April 2016, The Board of Directors will propose to shareholders at the 2016 Annual General Meeting to approve a dividend of 0.27 baht per share base on the operating result for the six months ending December 2016.

# MESSAGE FROM CHAIRMAN



A stylized signature of Mr. Amorn Laohamontri.

**MR. AMORN LAOHAMONTRI**  
Chairman of The Board



## Dear Shareholders,

In 2016, the drought was still continuing to have an impact on our business operations. A combination of global warming and the El Nino phenomenon led to the stored water levels in all the large reservoirs in every region of Thailand to fall far below average. This caused a shortage of water for household, agricultural and industrial consumption. In the East Region reservoirs of Rayong, Chonburi and Chachoengsao Provinces, which represent the major water resources of the Company, the water levels were all below the average. This was especially so in the Chonburi area which recorded its lowest water levels for over 10 years since the previous drought in 2004 -2005. In addition to monitoring reservoir water levels very closely, we also implemented our Drought Protection Plan in 2015 to minimize the effects of water shortages. This has involved completing the Nong Pla Rai - Nong Khor Water Pipeline Route No. 2 Project, as well as acquiring raw water from private lakes, improving the reserve raw water lake in Samnak Bok, and coordinating with the Royal Irrigation Department to acquire an additional water allocation. We have also cooperated with the Provincial Waterworks Authority and major water users to better manage the balance between water demand and water supply in each area through the utilization of demand-side management. In this way, we have been able to maintain a sufficient supply of water to all users, while also recording a decrease in our water distribution volumes when compared to 2015.

However, under its Thailand 4.0 policy, the government aims to drive the economy through innovation. Achieving this objective relies to a large extent on encouraging more private investment. To build the confidence of private investors, the government plans to invest in the upgrading of transportation infrastructure, the development of the Eastern Economic Corridor (EEC), and the creation of a Special Economic Border Area. We anticipate that these developments and government initiatives could lead to the expansion of investment in the Eastern region for the next 3-5 years together with an increase in water consumption. This represents an opportunity for companies within the East Water Group to increase their revenues in the future. For this reason, we have reviewed our strategic plan to ensure that our water resource development and water pipeline system for the Eastern Region are able to meet the increased demand in the face of the changing environmental factors. In this way, we aim to ensure the security of our water resources and increase the effectiveness of our water pipeline system's water pumping capacity. Moreover, we also acknowledge the need for restructuring the Company and our subsidiaries to support the strategic plan. This will be achieved by setting up a Shared Service Center to provide a flexible management solution, streamline the operation process, and reduce expenses in the long term.

In addition to overseeing the Company's business operations, the Board of Directors has also continually paid attention to ensuring that the Company fulfils its responsibilities in adhering to the principles of Good Corporate Governance. In 2016, the Company approved a proposal to modify the criteria of Good Corporate Governance in the assessment of the Corporate Governance Report (CGR) of Thai Listed Companies conducted by the Thai Institute of Directors (IOD). Following the approval, revisions have already been made that include adding shareholders' right to propose items by E-mail to be included on the agenda, adding a conflict of interests protection policy, and restricting the term of membership of the Independent Committee to 6 years only, among other revisions. Moreover, the Company also approved a proposal to review the Code of Conduct for the Company Group's personnel by adding the claim process to be clear and to protect the whistle blower, prohibiting political issues, prohibiting insider information advantages in buying securities, improving the Anti-Corruption Policy by focusing on communication to all staff levels in the Companies Group and having activities to support this policy, as well as to society in the next year.

Maintaining the same determination to operate to the highest standards as we have always set ourselves, the Company remains committed to serving the best interests of our investors. This commitment can be evidenced through our A+ credit rating and the stable trend of our debentures as evaluated by TRIS Rating Company Limited (TRIS). In addition, the evaluation by the Thai Institute of Directories (IOD) for Corporate Governance by a Listed Company was 96%, which is classed as "excellent" – a level which we have maintained for the past 5 years. In addition, the quality evaluation conducted by the Thai Investors Association following the general shareholders meeting also returned a score of 100 for the second year. Also last year, we participated in the Sustainability Awards of 2016, arranged under cooperation between the Securities and Exchange Commission (SEC), the CSR Cub of the Thai Listed Companies Association, and Thaipat Institute. At the awards, we were selected to be included in the Thailand Sustainability Investment 2016 list under the "sustainability share" for the second year. Moreover, we received a special Recognition award due to the Company having conducted our operations with a strong focus on balancing environmental, social and corporate governance.

On behalf of the Company's Board of Directors, I would like to thank all of our stakeholders, both private and public sector, for your continued support of the Company's business operations and for enabling us to achieve the organization's goals together.

# REPORT OF AUDIT COMMITTEE

## Dear Shareholders,

The Board of Directors appointed the Audit Committee which consists of 3 independent directors whose qualifications meet the Stock Exchange of Thailand's requirements. The Board of Directors determined the required qualifications, directorship term, and duties of the Audit Committee in the charter of the Audit Committee. Currently, the Audit Committee includes Pol.Maj.Gen Vichai Sangparpai as the chairman, and Assoc.Prof.Dr.Chanin Thinnachote and Mrs.Tatchada Jitmahawong as committee members.

In 2016, the Audit Committee held 12 meetings, including a consultation meeting with internal auditors, executives, and auditors. The Audit Committee submitted a report on meeting results and its operation to the meeting of the Board of Directors on a quarterly basis. The Audit Committee was required to act in accordance with the charter of the Audit Committee. This charter was established to be consistent with the regulations set by the Securities and Exchange Commission and the Stock Exchange of Thailand. The Audit Committee performed the following duties:

### 1. Verifying financial reports

The Audit Committee, together with auditors and internal auditors, examined the Company's annual and quarterly financial statements and the consolidated financial statements. The Audit Committee also listened to the administrative department's explanation. The audit results indicated that these financial statements are accurate, credible, and sufficient and timely with regard to their information disclosure. The Audit Committee also made additional recommendations on issues believed to be beneficial to the Company. In addition, the Audit Committee held a meeting with the auditors without any involvement from the Company's administrative department to acknowledge independency and audit scope of the auditors.

### 2. Verifying the effectiveness of the internal control system

The Audit Committee considered the 2016 internal audit plan, including the audit scope, by looking at the Risk Based Internal Audit Plan, the control in all process of operations of the Company, the previous Company's internal audit, the data from the

Company's risk assessment for the year 2016, and the interview of the executives on the demands or concerning issues.

The Audit Committee verified the results of the efficiency and effectiveness of the Company's internal control system tested by the Audit Department. The test was carried out in accordance with international standards and on a quarterly basis. Emphasis was placed on every working procedure of the Company and its subsidiaries. The Audit Committee provided further recommendations that would be helpful for making the Company's operations more efficient and effective. A follow-up was also conducted on the administrative department's corrective actions suggested by the Audit Committee. In this regard, the administrative department was required to submit a progress report on its corrective actions to every meeting of the Audit Committee. In addition, relevant internal control departments assessed the internal control according to the Stock Exchange of Thailand's assessment form relating to the adequacy of internal control. The assessment results indicated that the Company's internal control system is adequate and appropriate.

### 3. Verifying regulatory compliance

The Audit Committee supervised the transparency of the information disclosure and conducted review to ensure compliance with related business operation laws, the Securities and Exchange Act, and the regulations of the Stock Exchange of Thailand. The Audit Committee also required the Audit Department to conduct an annual report on the results of the Company's regulatory compliance.

### 4. Supervising internal audit work

The Audit Committee considered and approved the action plan, annual budget, and manpower framework of the Audit Department, as well as provided support for the Audit Department to work independently. To enable the Audit Department to work more efficiently, the Audit Department is under the direct supervision of the Audit Committee.

The Audit Committee reviewed the manual and the charter of the Audit Department to ensure that they were on par with international standards and consistent with changing situations





## 5. Verifying auditor's operation and appointing the auditor for the year 2016

The Audit Committee held a confidential meeting with auditors to ensure their independency and to understand their work plan and scope of work. The Audit Committee considered the appointment criteria of the auditor in order to select the auditor for the Company and its subsidiaries for the year 2017. The Audit Committee then submitted a proposal to the Board of Directors for approval before submitting to the 2016 general meeting of shareholders for approval.

## 6. Self-assessing and reviewing manual and charter of the Audit Committee

The Audit Committee conducted a self-assessment of its performance by adhering to the principles of good corporate governance, and then submitted a report to be considered by the Board of Directors. The self-assessment results indicated "very good performance". In addition, it conducted a review on the charter and the manual of the Audit Committee in order to make them consistent with changing situations and ensure completion of the committee's assigned duties and consistency with good practices set by the Stock Exchange of Thailand. A report was then submitted to the Board of Directors for approval. In summary, the Audit Committee completed its duties that were stated in the charter of the Audit Committee approved by the Board of Directors. Its performance was also in compliance with regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand. The Audit Committee and the auditor agreed that the Company's financial reports were accurate and in accordance with the Generally Accepted Accounting Standards of Thailand. In addition, the Company set up the internal control system and the internal audit system that were appropriate and effective. Its operations throughout 2016 showed no significant issues or mistakes. Finally, the Company attempted to constantly improve its operations in order to make it consistent with and appropriate for the current context of business operations

**POL.MAJ.GEN VICHAI SANGPARPAI**  
Chairman of the Audit Committee

# REPORT OF EXECUTIVE AND INVESTMENT COMMITTEE

Dear Shareholders,

The Executive and Investment Committee performs its duties under the assigned authority from the Board of Directors and as defined in its charter by considering the project and guideline for operation before presenting the Board of Directors' approval to maintain the maximum benefit of the Company. A summary of the Executive and Investment Committee's important works in 2016 is as follows:

1. Consider the strategic plan, action plan, and budgets to be proposed to the Board of Directors in consistence with the vision, mission, and policies of the Company.
2. Consider and give advice on analysis of projects to be proposed to the Board of Directors, so that they may approve investment projects that fully benefit the efficiency of the Company's operations, in order to enhance the confidence among the Company's customers, the public, and businesses in the operating area.
3. Give comments to the executives in restructuring the organization of the Company and the subsidiaries, in consistence with the Company's strategies, to increase the efficiency in the operation.
4. Agree on the principles of debt management plan in order to reduce the financial cost and revise the budget of 2016, so that the Company can efficiently manage financial costs and plan investments with maximum efficiency.
5. Monitor the progress of operation and the management of the Company's investment project agreement, as well as give suggestions to the executives on various aspects, in order that the Company's investment objectives can be achieved, and to facilitate the efficient performance of the executives.
6. Acknowledge the financial statement and the Company's operating result as well as the status and results of investment projects, including projects to develop its business on a regular basis.

The Executive and Investment Committee gave the comments, monitored, and supervised the investment situations and performance to follow the defined objectives and goals as well as gave some opinions to improve the business management for the executive to perform operation as defined in investment plan to comply with the Company's strategies and vision. This agreed with the policies of the public sector and the investment of the private sector in the operating area which could enforce the business's strength and the sustainable finance.



**MR. NIPOL TANGJEERAWONG**  
Chairman of the Executive and Investment Committee





# REPORT OF CORPORATE GOVERNANCE AND NOMINATION COMMITTEE

## Dear Shareholders,

The Board of Directors has assigned the Corporate Governance and Nomination Committee which are the Independent Committee to screen and nominate the directors, top management, as well as to regulate and to monitor the corporate governance to comply with the Good Corporate Governance for Listed Company and also the Anti- Corruption Measurement of Securities Exchange of Thailand and ASEAN Corporate Governance Scorecard (ASEAN CG Scorecard).

In 2016, the Corporate Governance and Nomination Committee has arranged meetings to consider several topics prior to proposal to the Company's Board of Director for approval. The major topics could be summarized as follows:

1. Proposed to the Board of Directors to approve the modification of the Company's Good Corporate Governance Manual and the Company's Board of Directors Manual to comply with the criterion of Corporate Governance Report of Thai Listed Companies 2016 (CGR 2016) and criterion of Sustainability of Listed Company 2016 (SET Sustainability Awards 2016) of Securities Exchange of Thailand.
2. Acknowledged the criteria for Anti-Corruption Guidelines for business organizations by Thaipat Institute, which is supported by the Securities and Exchange Commission, Thailand, for evaluation of the development of listed companies for Anti-Corruption Protection by referring to the criteria and practices developed by the agreement of United Nations Global Compact and Transparency International. The Company has applied this aforementioned criteria for Anti-Corruption planning, management and promoting Anti-Corruption Policy, as well as setting it as one of the criterion for Corporate KPIs 2016 assessment.
3. Improved the nomination process and rating criteria for the applicant for President and chief Executive office in order to propose to the Board of Director for approval and further appointment.
4. Nominated appropriate persons to replace members whose terms were due as well as to fill any vacancies in the Committee, and proposed said persons to the Board of Directors and/or the shareholder's meeting for approval. The nominees were selected from multi-skilled and highly experienced personnel deemed beneficial to the Company's business operations.
5. Approved the working rules and regulations and reviewed Code of Conduct for personnel to comply with the standard and to be as guideline for good conduct for all levels, by disseminating said information and providing training to all levels of personnel, as well as organizing knowledge and comprehension tests.
6. Reviewed the Corporate Governance and Nomination Committee Charter by the Board of Directors by adding inspection role, qualification and nomination personnel in the Board of Director, sub - committee, Managing Director, and top management in subsidiary companies, including to regulate and to review the succession plan for top management in the Company and its subsidiaries. Moreover, also assigned the Company's Board of Directors to consider and approve the self - assessment of each director in accordance with the guideline of Securities Exchange of Thailand.
7. Approved Corporate Governance and Nomination Committee and Anti-Corruption Activities Plan, as well as followed up action plan by continually promoting good corporate governance, including be regularly reported on the progress of Good Corporate Governance activities.

The Corporate Governance and Nomination Committee is aware of the necessity of Good Corporate Governance as the basis for the Company's business operation. The Committee aims to continually update and comply with all related criteria.



**POLICE MAJOR GENERAL VICHAI SANGPARPAI**

Chairman of the Corporate Governance & Nomination Committee



# REPORT OF RISK MANAGEMENT COMMITTEE

Dear Shareholders,

The Board of Directors is aware of the necessity of risk management for business continuation, and thus has appointed the Risk Management Committee to consider review the major risks, including propose the appropriate response plan. The Risk Management Committee has roles and responsibilities to set up the risk management policy, risk management plan, Company's business risk assessment, including setting up prevention measurement and response plan, as well as continually follow up. For year 2016, the Risk Management Committee has considered major topics summarized as follows:

1. Reviewed and modified risk criteria and manual for the whole enterprise in order to comply with the business operation and international standard.
2. Considered and approved the annual risk management plan assessed by the management of all units, which included a response plan to mitigate the risks.
3. Provided recommendation to risk management plan to mitigate the risk level into acceptance level.
4. Followed up and assessed the Company's risk management in order to develop and to improve the risk management system's efficiency in accordance with risk management framework and policy.

The Risk Management Committee has aimed to develop and to improve the risk management system, as well as to continually regulate the business operation effectiveness, and to follow up the risk management result. Moreover, the Committee also conducts a self-assessment annually and utilizes the result to improve the Company's Risk Management in order to comply with the Strategic plan and further achieve the business goal.



**DR. CHAIPAT SAHASAKUL**  
Chairman of Risk Management  
Committee



# REPORT OF REMUNERATION COMMITTEE

## Dear Shareholders,

The Board of Directors appointed the Remuneration Committee according to the Principles of Good Corporate Governance for Listed Companies. The Board of Directors approved the charter of the Remuneration Committee that has been used as a framework for clearly determining the qualifications and duties of the Remuneration Committee.

In 2016, the Remuneration Committee performed important duties as summarized below:

1. Considered the 2016 Corporate KPIs (Key Performance Indication) of the Company in accordance with the Company's business policies, to be used by the executives and employees as a guideline in assessing performance at various levels.
2. Monitored and evaluated the Corporate KPIs quarterly and provided recommendations and guidelines for improvement of performance to be more effective to ensure that objectives and targets are met.
3. Considered the remuneration of directors before submitting for approval by the shareholders' meeting. The remuneration was comparable to the Directors Compensation Survey published by the Thai Institute of Directors Association (IOD) and similar businesses.
4. Considered the employment contract, remuneration and criteria for appraising performance of the CEO as well as make an appraisal of the CEO work performance to submit the overall results for the Board of Directors' consideration.
5. Considered the procedures for transferring employees to subsidiary and joint-venture companies in order to ensure the overall smooth supervision. This is an essential part which contributes to developing human resources, enhancing the learning process and giving opportunities for career growth.
6. Considered the salary and position structure of employees at all levels of companies in order to support a restructuring of the Company and subsidiaries as a Shared Service Center. In addition, it also complies with strategic partnership and enhances operational efficiency.

The Remuneration Committee performed its duties with consideration to the Company's operating results in 2016 and comparison to other similar businesses to ensure appropriate and fair remuneration that can motivate directors and employees at all levels to perform their duties to achieve targets according to the business direction set by the Board of Directors. This will ultimately create long-term benefits for the Company



**COLONEL PREMJIRAS TANATHAIPAKDEE**  
Chairman of Remuneration Committee

# BOARD OF DIRECTORS PROFILE

## ประวัติคณะกรรมการบริษัท



**MR. AMORN LAOHAMONTRI**

Independent director / Chairman

Age  
**66**

**Appointed as a director on** Dec 1, 2014

**Company Shareholdings** None

**Family relationship between director and executives** None

### Education

- Master of Public Administration, Pennsylvania State University
- Bachelor of Laws, Chulalongkorn University

### Training

- AACP 18/2015
- DCP 208/2015
- RCL 4/2016
- DAP 114/2015
- FSD 27/2015

### Work Experience

**May 23, 2016 - Present** Chairman  
Eastern Water Resources Development and Management Plc.

**Dec 1, 2014 - Present** Director  
Eastern Water Resources Development and Management Plc.

**2014 - Present** Working Group of Deputy Minister for  
Ministry of Interior  
Ministry of Interior

**2007 - 2010** Legal Advisor  
Office of the Permanent Secretary for  
Ministry of Interior

**Board of Directors meeting participation** 14/14  
**[no. of times]**



**MR. NIPOL TANGJEERAWONG**

Independent Director / Vice Chairman No.1 /  
Chairman of Executive and Investment Committee /  
Member of the Remuneration Committee

Age  
**65**

**Appointed as a director on** Feb 16, 2016

**Company Shareholdings** None

**Family relationship between director and executives** None

### Education

- Mini MBA, Thammasat University
- Bachelor of Science Program in Statistics, Thammasat University

### Training

- NDC 2005
- DCP 18/2002
- CMA 13
- DCP-Re 1/2008

### Work Experience

**Aug 9, 2016 - Present** Vice Chairman No.1  
Eastern Water Resources Development and Management Plc.

**Feb 16, 2016 - Present** Director  
Eastern Water Resources Development and Management Plc.

**2016 - Present** Director  
Faculty of Liberal Arts, Thammasat University

**1995 - Present** Director  
The Navakij Insurance Public Company Limited (A)

**2007 - 2013** Chairman of the Executive Board  
The Navakij Insurance Public Company Limited

**2006 - 2014** Advisor  
Folcon Insurance Public Company Limited

**1997 - 2013** President  
The Navakij Insurance Public Company Limited

**Board of Directors meeting participation** 11/14  
**[no. of times]**



**Dr. Verapong Chaiperm**

Director / Vice Chairman No.2

Age  
**50**

**Appointed as a director on** Apr 25, 2012

**Company Shareholdings** None

**Family relationship between director and executives** None

#### Education

- Doctor of Engineering in Environmental Engineering (Water and Wastewater Engineering), Aisan Institute of Technology (AIT)
- Master of Science in Civil Engineering (Environmental Engineering), University of Missouri-Rolla, U.S.A.
- Bachelor of Science in Engineering (Civil Engineering Engineering), Chulalongkorn University

#### Training

- IBID 1 - TEA 3 - DCP 161/2012
- KPI 15 : Advanced Certificate Course in Politics and Governance in Democratic Systems for Executives

#### Work Experience

- Aug 9, 2016 - Present** Vice Chairman No.2  
Eastern Water Resources Development and Management Plc.
- Apr 25, 2012 - Present** Director  
Eastern Water Resources Development and Management Plc.
- Mar 23, 2012 - Present** Governor  
Industrial Estate Authority of Thailand (IEAT)
- Jul 2011 - Mar 2012** Deputy Governor  
(Corporate Strategy and Finance)  
Industrial Estate Authority of Thailand (IEAT)
- Oct 2008 - Jun 2011** Deputy Governor (Industrial Port)  
Industrial Estate Authority of Thailand (IEAT)

**Board of Directors meeting participation** 7/14  
**[no. of times]**



**MR. WITTAYA CHAISUWAN**

Independent Director

Age  
**62**

**Appointed as a director on** Dec 1, 2014

**Company Shareholdings** None

**Family relationship between director and executives** None

#### Education

- Master of Arts (Social Development)  
National Institute of Development Administration (NIDA)
- Bachelor of Science (Agronomy), Kasetsart University

#### Training

- NDC 2007 - BYP 4 - RCP 36/2015
- TEPCOT 6 - RCL 3/2016

#### Work Experience

- Dec 1, 2014 - Present** Director  
Eastern Water Resources Development and Management Plc.
- 2014 - Present** Member  
The National Legislative Assembly
- Jan 2015 - Present** Chairman  
Bangpakong Water Supply Co.,Ltd.
- Jan 2015 - Present** Chairman  
Chachoengsao Water Supply Co.,Ltd.
- Jan 2015 - Present** Chairman  
Nakornsawan Water Supply Co.,Ltd.
- Oct 2015 - Present** Chairman  
EGCOM TARA Co.,Ltd.
- Mar 2015 - Present** Director  
Metropolitan Electricity Authority (MEA)
- May 2015 - Present** Director  
Islamic Bank of Thailand
- Jun 2015 - Present** Director  
Amanah Leasing Public Company Limited
- Dec 2014 - Apr 25, 2016** Chairman  
Eastern Water Resources Development and Management Plc.
- 2009 - 2014** Inspector  
General Ministry of Agricultural and Cooperative

**Board of Directors meeting participation** 6/14  
**[no. of times]**





### DR. CHAIPAT SAHASAKUL

Age  
**62**

Director / Chairman of the Risk Management Committee/  
Member of the Executive and Investment Committee/  
Member of the Remuneration Committee

**Appointed as a director on** Aug 9, 2016 (in replacement of  
Mr. Chanin Chaonirattisai)

**Company Shareholdings** None

**Family relationship between  
director and executives** None

#### Education

- Ph.D. in Economics, University of Rochester, USA
- Master of Arts in Economics Thammasat University
- Bachelor of Economics (First-class honors), Thammasat University

#### Training

- CMA 12 - JSP 21
- KPI 11 : Advanced Certificate Course in Politics and  
Governance in Democratic Systems for Executives
- DCP 21/2002 - MFR 12/2010 - ACP 33/2010
- MIR 10/2010 - MFM 4/2010 - MIA 10/2011

#### Work Experience

<b>Aug 9, 2016 - Present</b>	Director Eastern Water Resources Development and Management Plc.
<b>2010 - Present</b>	Independent Director / The Audit Committee Member Thai Vegetable Oil Plc.
<b>2005 - Present</b>	Independent Director / The Audit Committee Member / The Nomination and Remuneration Committee Member Pylon Plc.
<b>2014 - 2016</b>	Chairman The Agricultural Futures Exchange of Thailand
<b>2012 - 2016</b>	Director / Economics Committee National Research Council of Thailand
<b>2012 - 2016</b>	Director / Faculty of Economics Thammasat University
<b>2013 - 2015</b>	Independent Director / The Audit Committee Member Thai Capital Corporation Plc.

**Board of Directors meeting participation** 6/14  
[no. of times]



### POLICE MAJOR GENERAL VICHAI SANGPARPAI

Age  
**61**

Independent Director / Chairman of the Audit Committee /  
Chairman of the Corporate Governance and Nomination  
Committee

**Appointed as a director on** Dec 8, 2014

**Company Shareholdings** None

**Family relationship between  
director and executives** None

#### Education

- Master of Public Administration in Social Development,  
National Institute of Development Administration (NIDA)
- Bachelor of Laws, Sripatum University
- Cadet Training, Sampran Royal Police Cadet Academy class 25

#### Training

- KPI 6 : Advanced Certificate Course in Public Administration  
and Law for Executives
- Politics and Governance in Democratic Systems for Executives  
class 19
- The Rule of Law for Democracy Courses, class 4
- URB-GREEN 2 - RMP 6/2015 - DCP 224/2016
- RCC 21/2016 - RNG 8/2016
- Superintendent Training Course Class 35
- Senior Command Course Class 25

#### Work Experience

<b>Dec 8, 2014 - Present</b>	Director Eastern Water Resources Development and Management Plc.
<b>Jun 23, 2014</b>	Deputy Senior Inspector Office of Inspector General
<b>Dec 27, 2011</b>	General Deputy Commissioner Royal Thai Police

**Board of Directors meeting participation** 13/14  
[no. of times]



### MRS. TATCHADA JITMAHAWONG

Age  
**59**

Independent Director / Member of the Audit Committee /  
Member of the Corporate Governance and Nomination  
Committee

**Appointed as a director on** Dec 24, 2014

**Company Shareholdings** None

**Family relationship between  
director and executives** None

#### Education

- Master of Business Administration, Kasetsart University
- Bachelor of Arts (Accounting) (Second-class Honors),  
Chiangmai University

#### Training

- DCP 208/2015      - AACP 18/2015      - RCL 4/2016
- DAP 114/2015      - FSD 27/2015

#### Work Experience

<b>Dec 24, 2014 - Present</b>	Director Eastern Water Resources Development and Management Plc.
<b>Jul 26, 2016 - Present</b>	Director of Public Sector Receipt and Disbursement Administration Division The Comptroller General's Department Ministry of Finance
<b>2011 - 2016</b>	Director of Office of Government Fiscal Management Information System The Comptroller General's Department Ministry of Finance

**Board of Directors meeting participation** 13/14  
[no. of times]



### MR. EAKACHAI ATTAKANNA

Age  
**55**

Director /  
Member of the Executive and Investment Committee /  
Member of Risk Management Committee

**Appointed as a director on** Dec 1, 2015

**Company Shareholdings** None

**Family relationship between  
director and executives** None

#### Education

- Master of Public Administration,  
National Institute of Development Administration (NIDA)
- Bachelor of Engineering (Civil Engineering),  
Chiangmai University

#### Work Experience

<b>Dec 1, 2015 - Present</b>	Director Eastern Water Resources Development and Management Plc.
<b>Nov 27, 2015 - Present</b>	Deputy Governor (Operation 3) Provincial Waterworks Authority (PWA)
<b>Oct 1, 2013 - Nov 26, 2015</b>	Director Regional 1 Provincial Waterworks Authority (PWA)
<b>2011 - 2013</b>	Director Regional 3 Provincial Waterworks Authority (PWA)

**Board of Directors meeting participation** 10/14  
[no. of times]



## ASSOC. PROF. DR. CHANIN TINNACHOTE

Age  
**54**

Independent Director / Member of the Audit Committee /  
Member of Corporate Governance and Nomination Committee



## MR. PHAIBOON SIRIPANOOSATIEN

Age  
**53**

Independent Director / Member of the Remuneration Committee /  
Member of the Risk Management Committee

**Appointed as a director on** Dec 1, 2014

**Company Shareholdings** None

**Family relationship between  
director and executives** None

### Education

- Doctor of Engineering (Remote Sensing & Geographic Information System), Asian Institute of Technology (AIT)
- Master of Sciences (Integrated Map and Geo-Information Production), International Institute for Aerospace Survey and Earth Science (ITC), The Netherlands
- Bachelor of Engineering (Survey), Chulalongkorn University
- Post-Graduate Diploma (Cartography), International Institute for Aerospace Survey and Earth Science (ITC), The Netherlands

### Training

- AACP 18/2015 - RCL 1/2015 - EnGEO 4
- DAP 114/2015 - PDI 13/2015
- DCP 201/2015 - ITG 2/2016

### Work Experience

**Dec 1, 2014 - Present** Director  
Eastern Water Resources Development and Management Plc.

**Dec 9, 2014 - Present** Director  
Metropolitan Waterworks Authority (MWA)

**2013 - Present** Member of Board Director  
Geo-Informatics and Space Technology Development Agency (Public organization)

**2007 - Present** Associate Professor  
Department of Survey Engineering  
Faculty of Engineering  
Chulalongkorn University

**2014 - 2016** Head of department  
Department of Survey Engineering  
Faculty of Engineering  
Chulalongkorn University

**Board of Directors meeting participation** 12/14  
[no. of times]

**Appointed as a director on** Dec 1, 2014

**Company Shareholdings** None

**Family relationship between  
director and executives** None

### Education

- Master of Arts Program in Political Science, Sukhothai Thammathirat Open University
- Bachelor of Engineering, Chulalongkorn University

### Training

- DCP 105/2008 - SFE 13/2011 - CGI 5/2015
- ACP 28/2009 - HRP 4/2013

### Work Experience

**Dec 1, 2014 - Present** Director  
Eastern Water Resources Development and Management Plc.

**2008 - Present** Director  
Finansia Syrus Securities Plc.

**2014 - Present** Director  
Provincial Electricity Authority (PEA)

**2013 - Present** Director  
Amanah Leasing Plc.

**2008 - 2014** Independent Director  
The Electricity Generating Plc.

**Board of Directors meeting participation** 14/14  
[no. of times]





## COLONEL PREMJIRAS TANATHAI PAKDEE

Age  
**43**

Independent Director /  
Chairman of the Remuneration Committee /  
Member of the Corporate Governance and Nomination Committee

**Appointed as a director on** Dec 8, 2014

**Company Shareholdings** None

**Family relationship between director and executives** None

### Education

- Bachelor of Engineering (Industrial Engineering),  
Chulachomklao Royal Military Academy

### Work Experience

<b>Dec 8, 2014 - Present</b>	Director Eastern Water Resources Development and Management Plc.
<b>2015 - Present</b>	Director Universal Utilities Plc.
<b>2014</b>	Staff Sub-Division Royal Thai Army Headquarter

**Board of Directors meeting participation** 11/14  
**[no. of times]**



## MR. JIRAYUT RUNGSIRITHONG

Age  
**50**

Director /  
Member of the Executive and Investment Committee /  
Member of the Risk Management Committee

**Appointed as a director on** Apr 1, 2016

**Company Shareholdings** None

**Family relationship between director and executives** None

### Education

- M.S. in Operations Research, George Washington University, USA
- B.Eng in Computer Engineering,  
King Mongkut's Institute of Technology Ladkrabang

### Training

- DCP 60/2005 - FGP 4/2012

### Work Experience

<b>Apr 1, 2016 - Present</b>	Director, President & CEO Eastern Water Resources Development and Management Plc.
<b>2015</b>	Advisor to Deputy Minister of Transport Ministry of Transport
<b>2013 - 2015</b>	Independent Director Christiani & Nielsen (Thai) Plc.
<b>2009 - 2011</b>	Chief Executive Officer CAT Telecom Plc.

**Board of Directors meeting participation** 11/14  
**[no. of times]**

### Remark :

DAP : Director Accreditation Program	IBID : Executive Management with Business	PDI : Public Director Institute
AACP : Advanced Audit Committee Program	Development and Investment Course,	RCC : Role of the Compensation Committee
ACP : Audit Committee Program	Institute of Business and Industrial	RCL : Risk Management Program for Corporate
BYP : Training Course on Administrative Justice	Development	Leaders
for Executives, The Administrative Court	JSP : National Defense College, The Joint State	RCP : Role of the Chairman Program
CMA : Capital Market Academy	- Private Sector Course	RMP : Risk Management Committee Program
CGI : Corporate Governance for Capital Market	KPI : King Prajadhipok's Institute	RNG : Role of the Nomination & Governance
Intermediaries	ITG : Driving Company Success with	Committee
DCP : Director Certification Program	IT Governance	SFE : Successful Formulation & Execution the
DCP-Re : Director Certification Program Refresher	MFM : Monitoring Fraud Risk Management	Strategy
EnGEO : Environmental Governance for Executive	MFR : Monitoring the Quality of	TEA : Energy Literacy for A Sustainable Future,
Officer	Financial Reporting	Thailand Energy Academy
FGP : Financial Institution Governance Program	MIA : Monitoring the Internal Audit Function	TEPCOT : Top Executive Program in Commerce and
FSD : Financial Statement for Director	MIR : Monitoring the System of Internal Control	Trade
HRP : How to Develop a Risk Management Plan	and Risk Management	URB-GREEN : Urban Green Development Institute
	NDC : National Defense College, The National	Bangkok
	Defense Course	

# ADVISORY TO THE BOARD PROFILE



**Mr. Vicha Nilpetploy**

Advisor to the Board /  
Advisor to the Executive and Investment Committee

Age  
**67**

**Appointed as a director on** Jan 15, 2016

## Education

- Master of Political Science, Chulalongkorn University
- Bachelor of Laws, Ramkhamheang University

**Training** None

## Work Experience

<b>16 January 2016 - Present</b>	Advisor to the Board Eastern Water Resources Development and Management Plc.
<b>2014 - Present</b>	Working Group of Deputy Minister Ministry of Interior
<b>2008 - 2009</b>	Deputy Director Department of Lands
<b>2006</b>	Chief of Bangkok Metropolis Land Office Bangkok Metropolis Land Office
<b>2004</b>	Inspector General Department of Lands



**General Thanadol Paojinda**

Advisor to the Board /  
Advisor to the Remuneration Committee

Age  
**65**

**Appointed as a director on** Dec 24, 2014

## Education

- Bachelor of Science (ARMY)  
Chulachomklao Royal Military Academy

## Training

- Army War College 2000
- Army Command and General Staff College 1985
- DAP 119/2015

## Work Experience

<b>24 December 2014 - Present</b>	Advisor to the Board Eastern Water Resources Development and Management Plc.
<b>8 April 2015 - Present</b>	Director Universal Utilities Public Company Limited
<b>2011</b>	Senior Army Advisor Army
<b>2009 - 2011</b>	Commandant Territorial Defense Command
<b>1983</b>	Company Commander Chulachomklao Royal Military Academy



## ADMIRAL AMORNTEP NABANGCHANG

Advisor to the Board /  
Advisor to the Risk Management Committee

Age  
**62**

**Appointed as a director on** Dec 24, 2014

### Education

- Master of Public and Private Management (Honour),  
National Institute of Development Administration (NIDA)
- Bachelor of Business Administration  
Sukothai Thammathirat Open University
- JSP20
- Naval War College Class 30
- Naval Staff College Class 48
- Operations Officer Course Class 22
- International Surface Warfare Officers , US Navy
- German Naval Academy
- Royal Thai Naval Academy Class 70
- Pre-Cadet School Class 13

### Training

- CMA11                      - TEA Class 1                      - DAP 98/2012

### Work Experience

24 December 2014 - Present	Advisor to the Board Eastern Water Resources Development and Management Plc.
2015 - Present	Director Universal Utilities Public Company Limited
2014 - Present	Member The National Legislative Assembly
2011 - Present	Director Suvamabhum Airport Hotel Co.Ltd.
2013 - 2014	Deputy Chief of Defence Forces Royal Thai Armed Forces Headquarters
2014	Chairman of Subcommittee on Frequency Coordination for The Government Defence in Telecommunication Services Office of The National Broadcasting and Telecommunication : NBTC
2012	Independent Director STP&I Public Company Limited
2012	President of Advisory Group Royal Thai Navy
2011	Assistant Commander in Chief Royal Thai Navy
2001	Assistant Director General Joint Operations Department, Supreme Command
2000	Chief of Staff Institute of Naval Advanced Studies
1992 - 1996	Defense Attache' Royal Thai Embassy, Madrid, Spain Royal Thai Navy
1989	Staff officer to the Commander-in-Chief Royal Thai Navy
1986	Commanding Officer, H.T.M.S.Phuket Royal Thai Navy

# MANAGEMENT PROFILES



**MR. JIRAYUT RUNGSRITHONG**

President and Chief Executive Officer

Age  
**50**

**Appointed as a director on** April 1, 2016

**Company Shareholdings** None

**Family relationship between director and executives** None

## Education

- M.S. in Operations Research, George Washington University, USA
- B.Eng. in Computer Engineering, King Mongkut's Institute of Technology Ladkrabang

## Training

- DCP 60/2005
- FGP 4/2012

## Work Experience

<b>2016 - Present</b>	Director, President & CEO Eastern Water Resources Development and Management Plc.
<b>2015</b>	Advisor to Deputy Minister of Transport Deputy Minister of Ministry of Transport
<b>2013 - 2015</b>	Independent Director Christiani & Nielsen (Thai) Public Company Limited
<b>2009 - 2011</b>	Chief Executive Officer CAT Telecom Public Company Limited
<b>2006 - 2009</b>	Chief Financial Officer CAT Telecom Public Company Limited
<b>2005 - 2006</b>	Managing Director Bualuang Securities Public Company Limited
<b>2004 - 2005</b>	Managing Director United Securities Public Company Limited
<b>2002 - 2004</b>	President BT Securities Company Limited
<b>1998 - 2002</b>	Vice President Lehman Brothers
<b>1995-1998</b>	Associate Director UBS Warburg



**MR. JAROENSUK WORAPANSOPAK**

Executive Vice President, Operations

Age  
**53**

**Appointed as a director on** January 4, 2011

**Company Shareholdings** None

**Family relationship between director and executives** None

## Education

- M.Sc. Hydraulic Engineering International Institute for Hydraulic and Environmental Engineering (IHE), Delft, The Netherlands
- B.Eng. in Water Resources Kasetsart University

## Training

- SFE 2015
- Advanced Certificate Course in Public Administration and Law for Executives Class 14/2015, King Prajadhipok's Institute
- Leadership Development Workshop by Executive Coaching Institute Berkeley USA, 2012 & 2013 (Module 1 & 2)
- DCP 146/2011
- SEP 2010
- EDP 3/2009

## Work Experience

<b>2011 - Present</b>	Executive Vice President, Operations Eastern Water Resources Development and Management Plc.
<b>Mar - Dec 2010</b>	Acting Executive Vice President, Operations Eastern Water Resources Development and Management Plc.
<b>2009 - 2010</b>	Vice President, Customer Service Department and Acting Executive Vice President, Project Planning and Customer Service Eastern Water Resources Development and Management Plc.
<b>2002 - 2008</b>	Vice President, Project Planning Department Eastern Water Resources Development and Management Plc.
<b>2008 - 2009</b>	Director Egcom Tara Company Limited





### MR. CHERDCHAI PITIWACHARAKUL

Age  
**52**

Executive, President and CEO Office and Managing Director Universal Utilities Public Company Limited

**Appointed as a director on** October 1, 2016

**Company Shareholdings** None

**Family relationship between director and executives** None

#### Education

- M.S. (Information Technology), King Mongkut's Institute of Technology Ladkrabang
- B.Eng. Khon Kaen University

#### Training

- Strategic Marketing, Brand Building and Customer Relationship Management for Public & Private Enterprise Executives (SMART MARKETING) Class 4/2015
- Leadership Development Workshop by Executive Coaching Institute, Berkeley USA, 2012 & 2013 (Module 1 & 2)
- Executive Development Program (EDP) Class 3
- Integration Water Resources Management for Executives, Class 2
- DCP 132 /2010
- Mini MBA Kasetsart University Class 21 (2002)
- Mini MIS Kasetsart University Class 2 (1997)

#### Work Experience

<b>2016 - Present</b>	Executive, President and CEO Office Eastern Water Resources Development and Management Plc.
<b>2016 - Present</b>	Managing Director Universal Utilities Public Company Limited
<b>2015 - 2016</b>	Senior Vice President, President and CEO Office Eastern Water Resources Development and Management Plc.
<b>2015 - 2016</b>	Managing Director Universal Utilities Public Company Limited
<b>2013 - 2015</b>	Senior Vice President, Operations and Customer Service Department Eastern Water Resources Development and Management Plc.
<b>2010 - 2013</b>	Vice President, Operations and Customer Service Department Eastern Water Resources Development and Management Plc.
<b>2009 - 2010</b>	Vice President, Business Development Department Eastern Water Resources Development and Management Plc.
<b>2008 - 2009</b>	Acting Managing Director Universal Utilities Company Limited



### MRS. NAMPHON RASSADANUKUL

Age  
**54**

Senior Vice President, Business Development Department

**Appointed as a director on** July 21, 2015

**Company Shareholdings** 2,000 Shares

**Family relationship between director and executives** None

#### Education

- M. Pol. Sc. (Politics and Government) Sukhothai Thammathirath
- M.A. in Public Administration Glasgow College of Technology, UK
- B.A. in Political Science (Public Administration), Thammasat University

#### Training

- Certificate in Computer Programming and Information Processing London school, UK
- ASEAN/Thailand M&A 2016 : Legal, Tax & Business Strategies
- The Management of administrative for Executive class 5
- The Management of Sustainable Development Administrative class 1
- Leadership Development Workshop by Executive Coaching Institute, Berkeley USA, 2012 & 2013 (Module 1&2)
- SEP 2011
- Advanced Certificate, Politics and Governance in Democratic Systems for Executives, Class 11, (KP)
- Advanced Certificate, Public Administration and Law for Executives, Class 1, (KPI)
- DCP 4/2000

#### Work Experience

<b>2015 - Present</b>	Senior Vice President, Business Development Department Eastern Water Resources Development and Management Plc.
<b>Feb - July 2015</b>	Senior Vice President, Human Resources Department Eastern Water Resources Development and Management Plc.
<b>2007 - 2015</b>	Senior Vice President, President and CEO Office and Company Secretary Eastern Water Resources Development and Management Plc.
<b>2004 - 2007</b>	Senior Vice President, Audit Department and Company Secretary Eastern Water Resources Development and Management Plc.

**MRS. THIDARUT KRAIPRASIT**

Senior Vice President, Finance and Accounting Department

Age  
**53****Appointed as a director on** July 21, 2015**Company Shareholdings** 600,000 Shares**Family relationship between director and executives** None**Education**

- MBA Kasetsart University
- B.B.A (Accounting) Thammasat University
- Certified Public Accountant (CPA)

**Training**

- Strategic CFO in Capital Markets Program 2015
- Chief Financial Officer
- Certification Program Class 19/2015
- DCP 197/2014
- Leadership Development Workshop by Executive Coaching Institute, Berkeley USA, 2012 & 2013 (Module 1&2)
- ACP 26/2009
- EDP Class 4
- Advanced Certificate Course in Public Economics Management for Executives, Class 5

**Work Experience**

<b>2015 - Present</b>	Senior Vice President, Finance and Accounting Department Eastern Water Resources Development and Management Plc.
<b>2009 - 2015</b>	Senior Vice President, Audit Department Eastern Water Resources Development and Management Plc.
<b>2007 - 2008</b>	Senior Vice President, Finance and Accounting Department Eastern Water Resources Development and Management Plc.
<b>2004 - 2007</b>	Senior Vice President, Finance and Human Resources Department Eastern Water Resources Development and Management Plc.

**MRS. WIRAWAN THARANONT**

Vice President, President and CEO Office and Company Secretary

Age  
**58****Appointed as a director on** February 6, 2015**Company Shareholdings** None**Family relationship between director and executives** None**Education**

- MBA, Sasin Graduate Institute of Business Administration Chulalongkorn University
- B.Acc. Chulalongkorn University

**Training**

- Strategic Execution ,Strategy into Action, TMA 2016
- CSP 63/2015
- DCP 192/2014
- ACPG 8/2014
- Leadership Development Workshop by Executive Coaching Institute, Berkeley USA, 2012 & 2013 (Module 1&2)
- Public Service Provider Law, King Prajadhipok's Institute, 2010
- Management Development Program, Sasin 2008
- The Committee of Safety, Occupational Health and Work Environment
- Organizational Risk Management Program, Listed Companies Association (2/2004)

**Work Experience**

<b>2015 - Present</b>	Vice President, President and CEO Office and Company Secretary Eastern Water Resources Development and Management Plc.
<b>2013- 2015</b>	Vice President, Human Resource Department Eastern Water Resources Development and Management Plc.
<b>2009 - 2013</b>	Vice President, Corporate Affairs Department Eastern Water Resources Development and Management Plc.
<b>2007 - 2008</b>	Vice President, Audit Department Eastern Water Resources Development and Management Plc.



### MS. KANYANART VIRAPHANDU

Vice President, Corporate Communications Department

Age  
**47**

**Appointed as a director on** February 14, 2011

**Company Shareholdings** 220,000 Shares

**Family relationship between director and executives** None

#### Education

- B.B.A (Accounting) Assumption University

#### Training

- ACPG 27/2016
- Leadership Development Workshop by Executive Coaching Institute, Berkeley USA, 2012 & 2013 (Module 1&2)
- EDP Class 5/2010

#### Work Experience

<b>2011 - Present</b>	Vice President, Corporate Communications Department Eastern Water Resources Development and Management Plc.
<b>2007 - 2011</b>	Assistant Vice President, Corporate Communications Department Eastern Water Resources Development and Management Plc.
<b>2006 - 2007</b>	Public Relations Manager, President and CEO Office Eastern Water Resources Development and Management Plc.



### MR. SOKUL CHUEPAKDEE

Vice President,  
Operation and Customer Service Department

Age  
**52**

**Appointed as a director on** June 6, 2016

**Company Shareholdings** 250 Shares

**Family relationship between director and executives** None

#### Education

- MBA Thammasat University
- Bachelor of Civil Engineering Chulalongkorn University

#### Training

- Safety Officer for Management Level
- ACPG 13/2014

#### Work Experience

<b>2016 - Present</b>	Vice President, Operation and Customer Service Department Eastern Water Resources Development and Management Plc.
<b>2015 - 2016</b>	Vice President, Engineering Department Eastern Water Resources Development and Management Plc.
<b>2014 - 2015</b>	Vice President, Project Planning Department Eastern Water Resources Development and Management Plc.
<b>1998 - 2009</b>	Senior Manager, Business Development Department Eastern Water Resources Development and Management Plc.
<b>2011 - 2013</b>	Vice President, Engineering Department Wastewater Management Authority
<b>2009 - 2011</b>	Executive Vice President General Engineering Public Company Limited

**MS. CHINDA MAHAISAWARIYA**

Vice President, Corporate Affairs Department

Age  
**54****Appointed as a director on** July 1, 2015**Company Shareholdings** None**Family relationship between director and executives** None**Education**

- M.A. (Social Development), National Institute of Development Administration (NIDA)
- B.A. (General Management), Suan Dusit Rajabhat University

**Training**

- A New Management Team (GRID), 2016
- Modern Executive Micro MBA, 2015
- Train the trainer
- ACPG 13/2014
- Leadership Development Workshop by Executive Coaching Institute, Berkeley USA, 2012 & 2013 (Module 1&2)
- EDP 2011

**Work Experience**

**2015 - Present** Vice President, Corporate Affairs Department  
Eastern Water Resources Development and Management Plc.

**Feb - Jun 2015** Acting Vice President,  
Corporate Affairs Department  
Eastern Water Resources Development and Management Plc.

**2011 - 2015** Assistant Vice President,  
Corporate Affairs Department  
Eastern Water Resources Development and Management Plc.

**2009 - 2011** Procurement Manager,  
Corporate Affairs Department  
Eastern Water Resources Development and Management Plc.

**MS. SUWANNA KORCHAROENRAT**

Vice President, Audit Department

Age  
**47****Appointed as a director on** Mar 16, 2016**Company Shareholdings** 700 Shares**Family relationship between director and executives** None**Education**

- Master of Business Administration (Accounting), Ramkhamhaeng University
- Bachelor of Business Administration (Accounting, Ramkhamhaeng University

**Training**

- ACPG 30/2016
- Delving into the Issue Related to New Auditor Reporting Standards (2016)
- Strategic CFO in Capital Markets (2015)
- CFO class 17 (2555)
- Leadership Development Workshop by Executive Coaching Institute, Berkeley USA, 2012 & 2013 (Module 1 & 2)
- EDP 10/2012

**Work Experience**

**2016 - Present** Vice President of Audit Department  
Eastern Water Resources Development and Management Plc.

**2011 - 2015** Finance & Accounting Department  
Manager (Secondment UU)  
Universal Utilities Public Company Limited

**2005 - 2011** Budget & Finance Section Manager  
Eastern Water Resources Development and Management Plc.





### MS. DOUNGRAT PITAK

Assistant Vice President, Human Resources Department  
and Acting Vice President, Human Resources Department

Age  
**51**

**Appointed as a director on** July 21, 2015

**Company Shareholdings** None

**Family relationship between director and executives** None

#### Education

- M.Sc. (Industrial and Organizational Psychology), Kasetsart University
- B.A. (Sociology and Anthropology) Thammasat University

#### Training

- ACPG 28/2016
- Intermediate Certificate Course in Good Governance for Middle Level Executives (17/2015), King Prajadhipok's Institute
- Safety officer for Management level (2014)
- EDP 12/2013
- Leadership Development Workshop by Executive Coaching Institute Berkeley USA, 2012& 2013 (Module 1 & 2)

#### Work Experience

<b>2015 - Present</b>	Assistant Vice President, Human Resources Department and Acting Vice President, Human Resources Department Eastern Water Resources Development and Management Plc.
<b>2013 - 2015</b>	Assistant Vice President, Human Resources Department Eastern Water Resources Development and Management Plc.
<b>2012 - 2013</b>	Procurement Manager Human Resource Eastern Water Resources Development and Management Plc.
<b>2011 - 2012</b>	Development Manager Eastern Water Resources Development and Management Plc.
<b>2009 - 2011</b>	Human Resources Manager Eastern Water Resources Development and Management Plc.



### MR. CHAIPORN SUWAN

Assistant Vice President, Engineering Department  
and Acting Vice President, Engineering Department

Age  
**45**

**Appointed as a director on** Sep 1, 2016

**Company Shareholdings** None

**Family relationship between director and executives** None

#### Education

- Master of Engineering (Water Resources) Kasetsart University
- Bachelor of Engineering (Irrigation) Kasetsart University

#### Training

- Water Leadership Program 6 (2016)
- Strategic Human Resource Management of New Generation (2016)
- Safety Officer for Management Level (2011)
- Leadership Development Workshop by Executive Coaching Institute, Berkeley USA, 2012 & 2013 (Module 1&2)
- EDP 2011

#### Work Experience

<b>2016 - Present</b>	Assistant Vice President, Engineering Department and Acting Vice President, Engineering Department Eastern Water Resources Development and Management Plc.
<b>2015 - 2016</b>	Business Development and Engineering Manager Department Universal Utilities Public Company Limited
<b>2013 - 2015</b>	Assistant Vice President, Project Planning Division Eastern Water Resources Development and Management Plc.
<b>2011 - 2013</b>	Assistant Vice President, Project Planning Department Eastern Water Resources Development and Management Plc.



## MS. THARNTIP PHOTISON

Age  
**45**

Network Systems Manager, Information Technology Department and  
Acting Vice President, Information and Technology Department

**Appointed as a director on** October 1, 2015

**Company Shareholdings** None

**Family relationship between director and executives** None

### Education

- M.Sc. (Information Technology),  
King Mongkut's Institute of Technology Ladkrabang
- B.Sc. (Mathematics),  
King Mongkut's University of Technology Thonburi

### Training

- CIO Leaders Summit Thailand 2016
- ACPG 30/2016
- Thailand ICT Management Forum & Thailand ICT Excellence Award 2016
- Continuous Audit / Continuous
- Monitor / Cyber Security 2015
- CIO In Digital Economy Era (CIO16 Annual) 2015
- Professional (The Manager) Class 108/2014
- Going from Good to Great in IT / Governance and Outsourcing (2013)
- Leadership Development Workshop by Executive Coaching Institute Berkeley USA, 2012 & 2013 (Module 1&2)

### Work Experience

**2015 - Present**

Network Systems Manager,  
Information Technology Department and  
Acting Vice President,  
Information Technology Department  
Eastern Water Resources Development and  
Management Plc.

**2007 - 2015**

Network Systems Manager  
Eastern Water Resources Development and  
Management Plc.

### Remark :

ACP : Audit Committee Program

ACPG : Anti-Corruption : The Practical Guide

CFO : Chief Financial Officer

CSP : Company Secretary Program

DCP : Director Certification Program

EDP : Executive Development Program ,  
TLCA

FGP : Financial Institution Governance Program

SEP : Senior Executive Program

SFE : Successful Formulation & Execution the  
Strategy

# ORGANIZATION CHART

The Company's organizational structure is illustrated in diagram 1. The President & CEO holds the highest member position in the management, overseeing operations, finance & accounting, and supporting including 10 departments and 1 office.

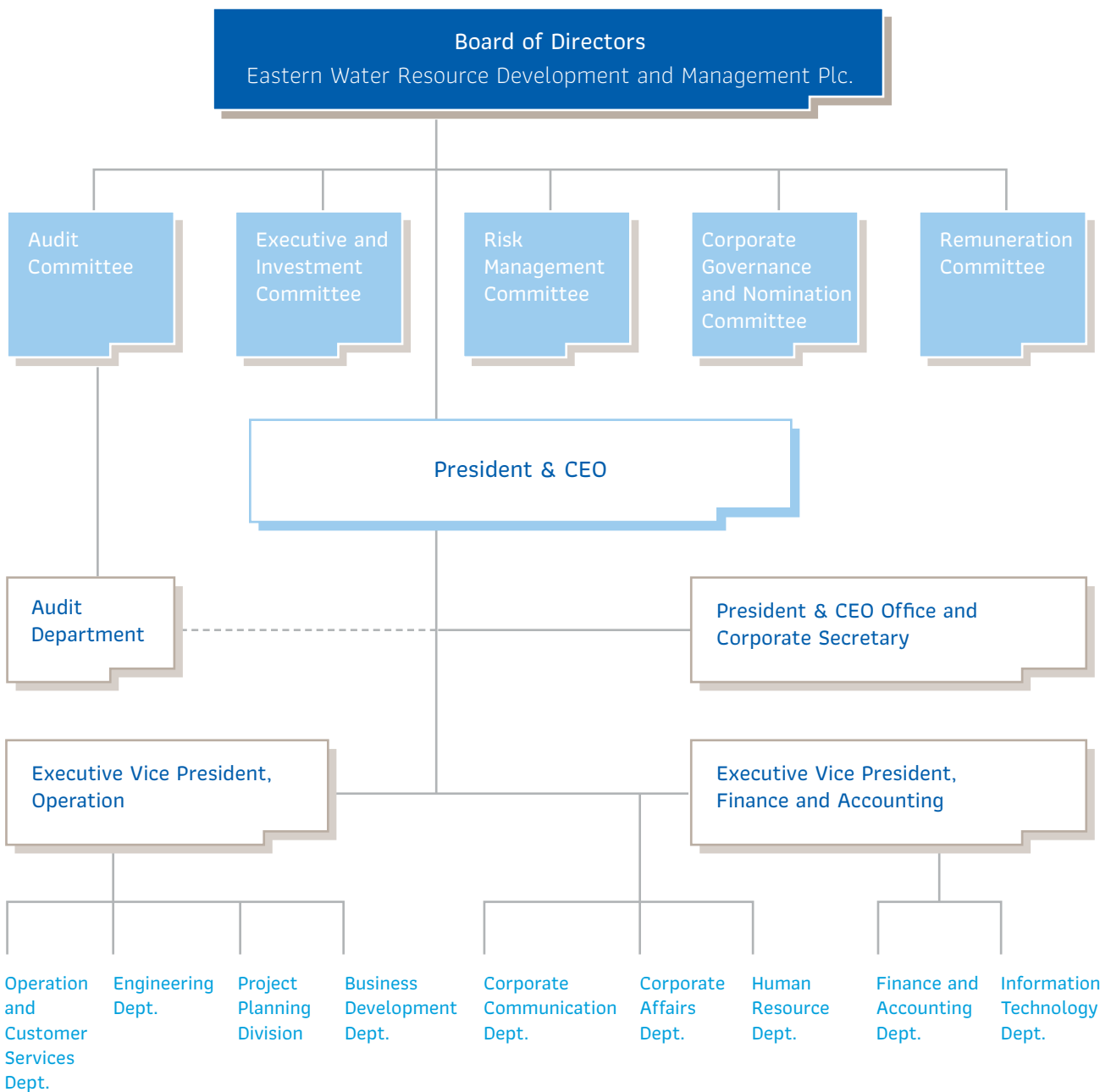


Diagram 1 Shows organizational structure

**MORE THAN 2 DECADES  
OF EXPERIENCE,  
EAST WATER HAS BECOME  
A MODEL OF COMPLETE  
WATER MANAGEMENT IN  
THAILAND AND IS READY TO  
BECOME LEADING WATER  
MANAGEMENT BUSINESS IN  
SOUTHEAST ASIA.**

QUALITY WATER MANAGEMENT  
FOR A BETTER TOMORROW









# COMPANY POLICY AND BUSINESS OVERVIEW

On September 12, 1992, the Provincial Water Authority [PWA] received an approval from the Cabinet to form a new company to be responsible for administering and managing the water pipeline system in the eastern seaboard area, so that water could be supplied to the developed area efficiently in accordance with government policy. PWA, therefore, founded the Eastern Water Resources Development and Management Co. Ltd. on October 15, 1992, with an initial registered capital of 10 million Baht. In 1996, the Eastern Water Resources Development and Management Co. Ltd. was transformed into Eastern Water Resources Development and Management Plc. [the Company] with Register No. Bor. Mor. Jor. 632. In 1997, the Company increased its registered capital to 1 billion Baht, and was listed in the Stock Exchange of Thailand [SET]. At present, the Company has a registered capital of 1.66 billion Baht.

The Company is allocated water from the Royal Irrigation Department (RID), and secures additional water from private water sources. Raw water service has been provided through a water pipeline network supplying customers in three provinces – Rayong, Chonburi and Chachoengsao. Our customers include the Industrial Estate Authority of Thailand, PWA and other industrial users. In 1998, the Company established Universal Utilities Co. Ltd. (UU) with the objectives of extending its business into tap water, waste water management and other water related businesses. UU has been transformed to a public company limited and is a holder of public water concessions in 11 locations: Nakhon Sawan, Bang Pakong, Chachoengsao, Sattahip, Koh Lan, Borwin-Nong Kham, Koh Samui, Rayong, Chonburi, Lakchai Muang Yang Industrial Estate and EGCOM TARA Co. Ltd.(Ratchaburi-Samutsongkram)

## 1. Vision, Objectives and Strategy

### Vision

Being the leader in sustainable water management that grows in accordance with the country's economy and expands to ASEAN region.

### Mission

1. To expand the investment and develop the water business as well as other relevant businesses for continuous and sustainable growth
2. To increase the competitiveness with the right and up-to-date technology and innovation
3. To develop the competency of the staff and improve its structure to be more appropriate
4. To manage the business with efficiency and transparency in accordance with the good governance principles
5. To be responsible for communities, societies and the environment, and maintain good relationships with the stakeholders

In 2016, the Company maintained its focus on security and sufficiency of its water supply, and on development of a management system that conforms to international-level standards. By conducting its business operations transparently, based on the principles of good governance and compliance, the Company set up its business plan under the five strategies outlined as follows:

1. Conducting business to achieve strong growth and create added product value;
2. Developing new business to support continued growth in the medium and long term;
3. Maintaining an efficient framework for financial management and business investment;
4. Developing human resources, knowledge management, and new technology and innovations;
5. Maintaining good corporate governance with a concern for communities, society and the environment.

## 2. Key Changes and Development

### In 2014

- In January 2014, the Company signed a 1.99-billion-Baht-agreement for the installation of raw water pipeline from the Prasae reservoir to Nong Pla Lai reservoir with the total project cost of 2.83 billion Baht. The Company signed a 10-year long-term loan agreement in amount of 2.99 billion Baht to finance the project.
- In March 2014, UU signed a sale&purchase agreement of tap water with the Administration of Hua Ror District in Phitsanulok. The Company is currently in the process of requesting a concession to operate local water supply.

### In 2015

- In February 2015, the Company signed a Memorandum of Understanding with RID and PWA to divert water from Prasae Reservoir to Khlong Yai Reservoir. The Company is now responsible for the entire diversion system. This initiative allows the Company to increase its supply of water by 20 million cubic meters in the first year and by 40 million cubic meters in years 2-5.
- The Company started the installation of the 407-million-Baht Nong Pla Lai-Nong Kho No.2 pipeline project in order to accommodate increasing water demands and solve water shortage problems. The capacity to supply water from the Nong Pla Lai Reservoir to Chonburi and Bowin-Pluak Daeng areas was increased by 180,000 cubic meters per day.
- In June 2015, the Company restructured its tap water business in the East Water Group by selling 5,479,140 common shares or 15.88% of the total shares of

EGCOM TARA Co. Ltd. to UU. The shares were sold at 58 Baht per share. The total total value of the sale was 317.99 million Baht.

- In August 2015, UU purchased 25,597,096 common shares, or 74.19%, of the total shares of EGCOM TARA Co. Ltd., from EGCO Engineering Co. Ltd. UU currently holds 31,076,236 shares or 90.07% of the total shares in EGCOM TARA Co. Ltd.,
- In September 2015, UU was registered as a public company limited with the Department of Business Development at the Ministry of Commerce.

### In 2016

- In April 2016, the Board of Directors of the Company approved the appointment of Mr. Jirayut Rungsrihong as President&CEO of the Company. The nomination and selection procedures were set and proposed for approval by the Corporate Governance and Nomination Committee.
- In May 2016, the Securities and Exchange Commission (SEC) approved the filling of an initial public offering (IPO) of UU, and the Stock Exchange of Thailand (SET) approved the registration of UU shares. UU is still considering the best timing to list the shares.
- In June 2016, TRIS Rating assigned a credit rating and unsecured bond rating of "A+" with a "Stable" outlook to the Company, which reflected the strong financial status of the Company and its low-risk nature of business operations. Additionally, TRIS Rating assigned a credit rating of "A-" with a "Stable" outlook to UU, which reflected UU's low-risk nature of business operations, a consistent demand growth of the tap water business and a consistent cash flow.
- In June 2016, the Company received a score of 100 points for a second consecutive year for the quality of the Annual General Meeting from the Thai Investors Association.
- In November 2016, the Company received a score of 96% (94% in the previous year) and was given an outstanding status in the 2016 Corporate Governance Report of Thai Listed Companies.
- In November 2016, the Company was selected as one of the 55 listed companies to be included in the Thailand Sustainability Investment (The 2016 "Sustainable Stock" list) compiled by the Stock Exchange of Thailand. The selection was based on the performance of listed companies with outstanding ratings in Environmental, Social and Governance (ESG) policy.
- In December 2016, the Company received a Recognition Award from the 2016 Sustainability Report Awards, organized by Thai CSR Club, SEC and Thaipat Institute.

### 3. Shareholding structure of the Group of Company

#### Policy on division of operations among subsidiaries

The Company is focused on raw water business for the industrial and consumer sectors while UU is focused on the tap water and other water-related businesses. In the case where the Company and UU have connected transactions or any other activities with one another, the Company's Board of Directors and UU's Board of Directors will consider the necessity of entering into such transactions and will do so on an arm's length basis on an arm's length basis. The Company and UU will perform with strict adherence to the principles and related rules and regulations as stipulated by SEC and SET.

The Company currently holds 510 million shares (100%) in UU. Details of business structure of UU is summarized in Diagram 2.

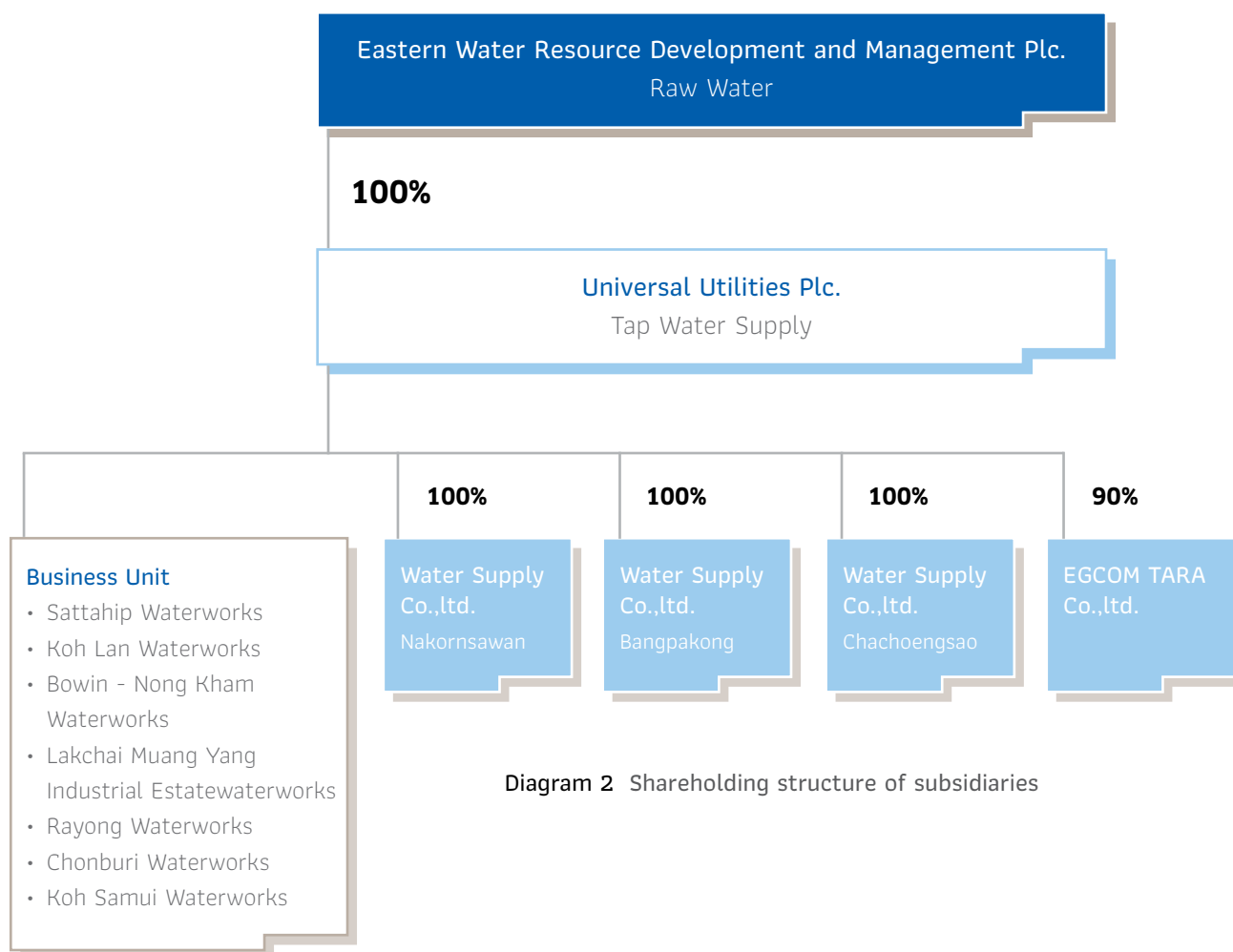


Diagram 2 Shareholding structure of subsidiaries



The tap water business of UU is in the format of concession agreements, management agreements, and agreements to manage tap water systems with PWA and local administrative organizations. UU owns four subsidiaries as outlined in Table 1:

**Table 1** Registered capital and shareholding percentage of UU.

Company	Registered Capital [millions of Baht]	Shareholding [%]
1. Nakhonsawan Water Supply Co. Ltd.	40	100.00
2. Bangpakong Water Supply Co. Ltd.	40	100.00
3. Chachoengsao Water Supply Co. Ltd.	100	100.00
4. Egcom Tara Co. Ltd.	345	90.07

UU also manages as business units additional seven tap water supply services, in Sattahip, Koh Lan, Bowin-Nong Kham, Koh Samui, Rayong, Chonburi and Lakchai Muang Yang Industrial Estate.



#### 4. Relationship with business groups of major shareholders.

PWA is a major shareholder of the Company, with 40.20% of shares, and is also a major customer, purchasing 30% of the Company's raw water. One representative from PWA sits on the Board of Directors of the Company. In any meeting where there exists an agenda that has a conflict of interest between PWA and the Company, or a connected transaction, the Company will proceed in accordance with the principles set out by SET to best service the interests of the Company and its shareholders as a whole. In such case, directors who have a conflict of interest will not participate in the decision-making process of such agenda.

# NATURE OF BUSINESS

**Table 2** Comparison of business earnings between 2015-2016

Product/Service	Operated by	Company shareholding [%]	2015 [thousands Baht]	%	2016 [thousands Baht]	%
1. Raw water revenue	Company	-	2,898,665	62.21	2,696,427	61.09
2. Tap water revenue	UU	100	1,379,739	29.61	1,593,967	36.11
3. Office rental revenue	Company	-	88,410	1.90	86,570	1.96
4. Other revenue	Company	-	292,012	6.27	37,025	0.83
Total			4,658,826	100.00	4,413,989	100.00

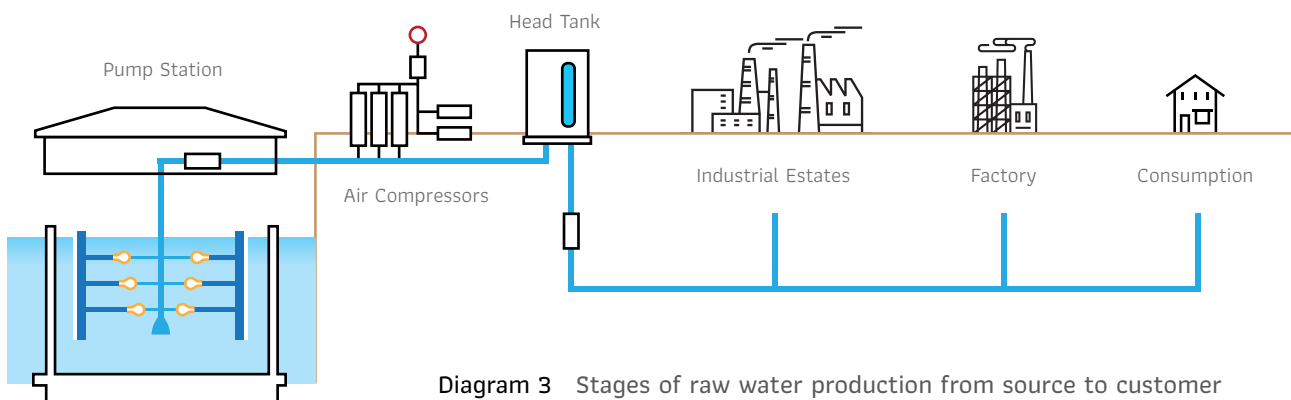
Reference : Note to Financial Statement No. 6

## 1. Nature of services

### 1.1 Raw water supply

Raw water is supplied to customers via the Company's main raw water pipeline system. Customers are responsible for installing a water receiving station and connecting a pipeline to the Company's main water pipeline system. The raw water provided by the Company can then be used in the production and distribution of tap water, or can be used for industrial purposes. The raw water supply process is explained in Diagram 2. Starting from a pumping station, raw water is pumped from its source (a reservoir or other reserved water source) and transported to a head tank located at a higher level than the receiving station. The head tank controls the pressure of the water transported by gravity through the pipeline towards the water receiving station of the customer.

#### Process of Water Distribution



**Diagram 3** Stages of raw water production from source to customer

## 1.2 Production and distribution of tap water

The Company mandates UU to be responsible for tap water business of East Water Group. The tap water production process is explained in diagram 3. Water pumped from the source by a pumping station is filtered to remove any weeds, plant matter or other floating debris before being transformed to the tap water production process. Coagulants are then added to the water so that any remaining sediment binds together and sinks more quickly to the bottom of the tank. Other chemicals are also added to regulate the pH level of the water, and finally chlorine is added to disinfect any bacterial diseases that may be present in the water. The water is then subject to a quality assessment before being transferred onwards as tap water.

UU also has a facility to treat sea water to fresh water using Reverse Osmosis process at Koh Samui. The treated water is sold to PWA to distribute to its customers.

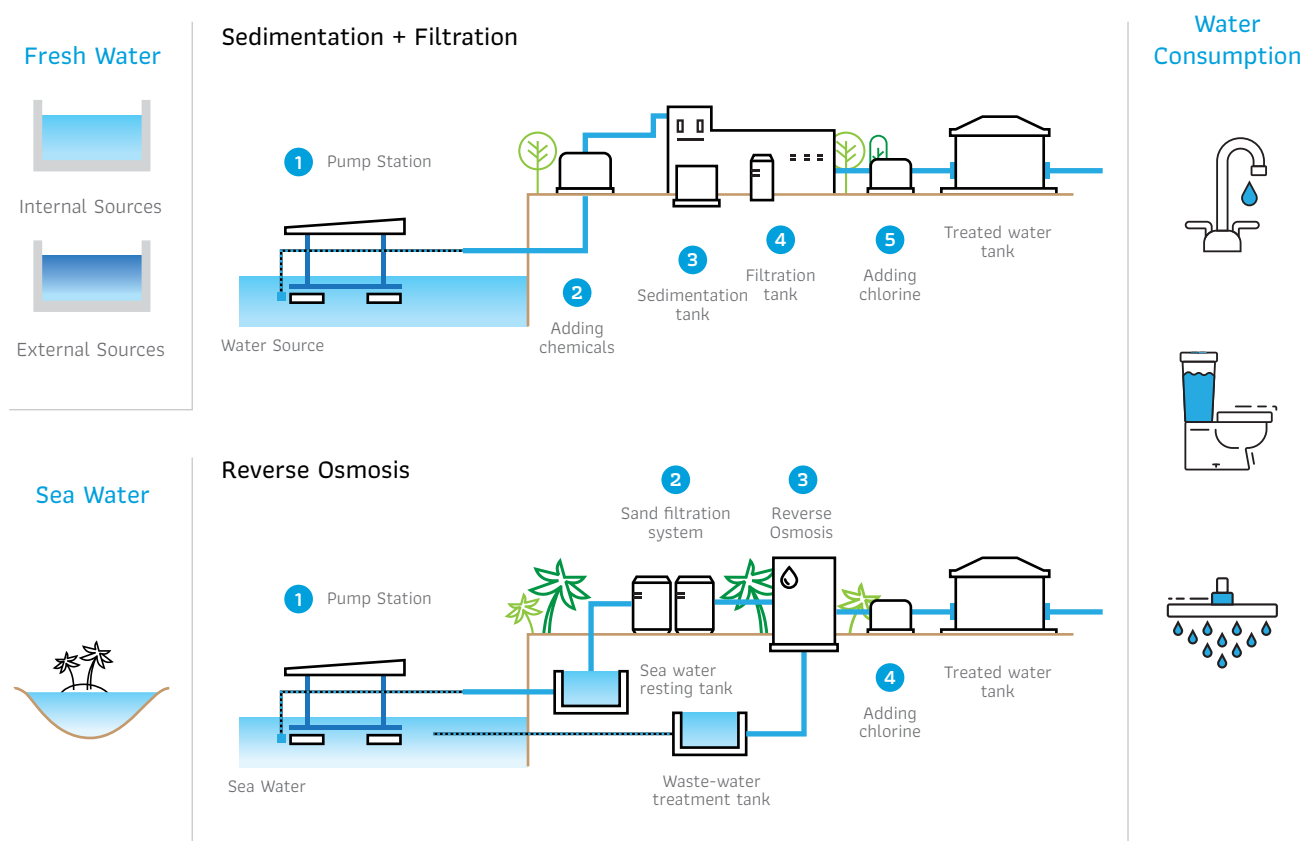


Diagram 4 Stages of tap water production and distribution through the filtration system and reverse osmosis system

## 1.3 Property rental services

The Company rents out 80% of the total area of the East Water Building, its Bangkok headquarters. The Company is responsible for managing all rental properties and public areas in the East Water Building.

## Environmental impact and related laws

As part of its commitment to sustainability of operation, the Company takes into consideration the protection of the environment, and exercises precaution and restraint when conducting business activities that may affect local communities or society as a whole. Details of such activities can be found in the Company's Sustainability Report, which can be accessed on the Company's website: [www.eastwater.com](http://www.eastwater.com). The Company operates in strict adherence to environmental laws, including health and safety laws, and other related regulations and business standards. In this way, the Company's production process has no negative impact on the environment.

## 2. Marketing and competition

At present, the Company has no direct competition in the water pipeline development and raw water distribution business in the eastern seaboard area. One of the Company's strengths is that it has invested extensively in its main water supply system and its water pumping system, which connects the key water sources in the eastern seaboard area. This system is up-to-date, standardized and highly efficient, covering service areas that span three provinces in the area. This is in contrast to some private companies, also providers of raw water services, who are still limited by the fact that their services do not extend to all three provinces. Additionally, among such companies, the size of their water sources and the stability of their supply is still not sufficient to keep up with rising demand, while the Company's overall supply capabilities can deliver over 390 million cubic meters of water per year.

### Types of customer group and channels of raw water distribution

The Company divides its customers into the following four categories:

**Type 1 :** For consumption, i.e., an enterprise that uses raw water to produce tap water for distribution to the consumer sector.

**Type 2 :** State industrial estates, i.e., industrial estates operated by the Industrial Estate Authority of Thailand (IEAT) or other government agencies.

**Type 3 :** Private industrial estates, i.e., industrial estates or zones operated by private enterprises.

**Type 4 :** General factories and other plants, i.e., industrial plants and other businesses that do not fall into any of the above-mentioned categories.

The Company has only one channel for the distribution of raw water. This refers to the Company's main pipeline system, through which it distributes raw water as a wholesaler. Industrial estates purchase raw water from the pipeline system, and sell the water on to individual industrial plants in those estates. For type 1 customer, PWA purchases raw water from the Company, and then converts it into tap water to be distributed to public.

### Trends in raw water distribution and future competition

There is an uptrend in raw water business in the eastern seaboard area as a result of the ongoing expansion of the industrial sector in the area, as well as the government's policy in promoting the three provinces – Rayong, Chonburi and Chachoengsao – to be the center of high-technology industry. Through the establishment of the Eastern Economic Corridor (EEC), it is hoped that this initiative will help increase

the competitiveness of the Thai industrial sector as a whole. Compared with its competitors, the Company is well-prepared for these developments, both in terms of stability and investment potential, given its access to key water sources and its covering all three provinces. Due to high investment cost in developing pipeline network, pumping stations, and water supply sources, the barrier to entry for new competitors is considered high. Additionally, the installation of water pipelines for providing services to consumers through public areas requires close cooperation with pertinent government agencies. The Company has been in good relationship and cooperation with various government agencies, which is one of the Company's key advantages.

## 3. Products and service procurement

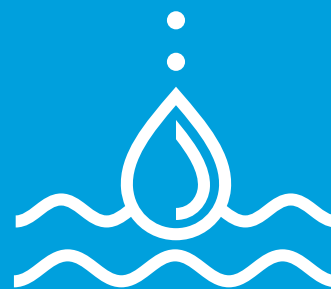
The Company has 16 water pumping stations and a network of 490 km water pipeline. The main supplier of the Company's raw water is the Royal Irrigation Department (RID), which is responsible for regulating the water supply of the country's reservoirs. The Company procures raw water from reservoirs controlled by RID, namely the Nong Kor Reservoir, Dok Krai Reservoir, Nong Pla Lai Reservoir and Prasae Reservoir. The Company requires permission from RID to use raw water from each of these reservoirs on an annual basis.

For investments in expanding pumping capacity, the Company will select and mandate contractor(s) to be responsible for procuring the land, requesting permission from the relevant state agencies, building the water pumping stations, laying water supply pipelines, and installing electrical systems and the Supervisory Control and Data Acquisition (SCADA) system.



# RISK FACTORS

The Company placed high importance on risk analysis and management in order to ensure confidence of stakeholders that the Company has made effective the risk management process. The Board of Directors mandated the Risk Management Committee to set out and regulate the policy to manage the corporate risks. Management is required to report to the Risk Management Committee and the Board of Directors on a regular basis. In 2016, the Company has the following major risks and mitigation plans:



## 1. Drought Condition

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The El Nino effect had an impact on the rain quantity in 2016, causing lower than average rain quantity and in turn lowering the water quantity in water resources. The Company closely monitored water conditions in the eastern seaboard area, especially in the main reservoirs. Furthermore, the projects according to the drought response plan were accelerated in order to manage risks from insufficient water quantity. The Company coordinated closely with the Royal Irrigation Department and water users on water consumption planning and water supplying to ensure that the required demand of water be sufficiently met by the Company's water supply.

## 2. Electricity Outage

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The Company has continually supplied water to customers on a 24-hour basis. In case of electricity outage, it would interrupt and could impact customers' production process. Therefore, having adequate reserved water supply is necessary for emergency cases. The Company has reserved reservoirs in several areas to supply raw water to customers in the area where there is electricity outage. At present, the Company has sufficient reserved water supply in Rayong Province area in case of emergency.

## 3. Natural Disasters

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Natural disasters such as flood, fire, earthquake, earth collapse would cause potential damages to person, property, environment, business operations and the Company's image. The Company has a Business Continuity Plan (BCP) to respond to the impact of natural disasters. The Company conducts emergency drills annually in accordance to the BCP for preparedness of the employees in order for all staffs to be ready.

## 4. Conflict with community related to the Company's operations.

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Each year, the Company uses a significant volume of water from key water reservoirs in the eastern seaboard area. Potential conflicts with the local community, where the pipeline route passes right through, may arise if the Company fails to adequately provide information and understanding to the community. Such conflict would potentially have a negative impact on the Company's image and the on-going construction of the Company's projects. The Company is committed to build good rapport with local community in the areas where the Company has operations in. The Company is determined to create understanding for the local community by providing environmental development, promoting a good image and correct understanding about the Company's operations. The Company also supports local development projects, job creation, and sufficiency of water supply for consumption and agriculture.





# GENERAL INFORMATION

<b>Name of the Company</b>	Eastern Water Resources Development and Management Public Company Limited
<b>Business Type</b>	To develop and to manage raw water supply system in the Eastern Seaboard areas
<b>Head Office</b>	1 Soi Vibhavadi Rangsit 5, Vibhavadi Rangsit Road, Jomphol, Jatujak, Bangkok 10900
<b>Registration Number</b>	0107539000316 (Former number: Bor Mor Jor. 632)
<b>Website</b>	www.eastwater.com
<b>Phone</b>	(662) 272-1600
<b>FAX</b>	(662) 272-1601-3
<b>Ordinary Shares</b>	As of December 31, 2016, the company's registered and paid-up capital can be summarized as follows
<b>Registered Capital</b>	1,663,725,149 shares, each of which is worth 1 Baht, with a total value of 1,663,725,149 Baht.
<b>Paid-up Capital</b>	1,663,725,149 shares, each of which is worth 1 Baht, with a total value of 1,663,725,149 Baht

## List of companies in which the Company holds more than 10% of shares

<b>Company Name</b>	Universal Utilities Public Company Limited (UU)
<b>Business Type</b>	Operating tap water and wastewater treatment systems businesses in the form of concession contracts, hired management contracts, and rental management contracts
<b>Head Office</b>	1 Soi Vibhavadi Rangsit 5, Vibhavadi Rangsit Road, Jomphol, Jatujak, Bangkok 10900
<b>Phone</b>	(662) 272-1688
<b>FAX</b>	(662) 272-1690-2
<b>Type of Share</b>	Ordinary Shares
<b>Registered Capital</b>	930 million Baht
<b>Paid-up Share</b>	510 million Shares

## Referees

### Securities Registrar

Thailand Securities Depository Co., Ltd  
93 Ratchadaphisek Road, Dindaeng, Dindaeng,  
Bangkok 104000

**Phone** (662) 009-9000

**Fax** (662) 009-9991

### Auditor

PricewaterhouseCoopers ABAS Company Limited  
179/74-80 15th Floor, Bangkok City Tower,  
South Sathorn Road, Thung Maha Mek, Sathorn Bangkok 10120

**Phone** (662) 286-9999

**Fax** (662) 286-5050

## Other Significant Information

None

# SHAREHOLDERS

## 1. Registered and Paid-up capital stocks

As of December 31, 2016, the Company has a registered and paid up capital of 1,663.73 million Baht comprising 1,663.73 million shares at 1 Baht per par value.

## 2. List of Major shareholders

The first 10 of the Company's major shareholders as at the Book-Closing Date of December 30, 2016 are listed in Table 3. The shareholders, who have authorities and marked influence on the Company's policy and strategy, are the first, the second and the fourth shareholder. The first and the fourth shareholders are state-owned enterprises. The second shareholder is a publicly-listed company. The aforementioned shareholders have their representatives in the Board of Directors of the Company.

**Table 3** First 10 Shareholders as of December 30, 2016

Rank	Shareholder Name	Number of shares	Proportion [%]
1.	Provincial Waterworks Authority	668,800,000	40.20
2.	Electricity Generating Public Company Limited	311,443,190	18.72
3.	Norbax Inc.,13	84,949,600	5.11
4.	Industrial Estate Authority of Thailand (IEAT)	76,000,000	4.57
5.	Nortrust Nominees, Ltd	41,932,285	2.52
6.	Thai NVDR Company Limited (Thai NVDR) *	32,826,249	1.97
7.	BNP Paribas Securities Services, London branch	29,812,100	1.79
8.	Aberdeen Long Term Equity Fund	27,465,700	1.65
9.	Aberdeen Growth Fund	24,419,200	1.47
10.	Aberdeen Small Cap Fund	23,699,300	1.42
	Other shareholders	342,377,525	20.58
	Total	1,663,725,149	100.00

**Remark :**

\* Thai NVDR is a subsidiary of the Stock Exchange of Thailand (SET) responsible for issuing and selling Non-Voting Depository Receipts (NVDRs) to investors. NVDR holders receive the same full financial benefits as they would receive as common shareholders (i.e. dividends, rights, and warrants) but there are no voting rights for NVDR holders. Further information regarding Thai NVDR can be found on [www.set.or.th](http://www.set.or.th).



# DIVIDEND POLICY

The Company has a dividend payout policy to shareholders at the rate of no less than 30% of the net profit attributable to shareholders of the Company of the consolidated net profit after the required annual legal reserves. The Company, however, will take into consideration the necessity and other appropriate measures when setting dividend payout policy.



UU has a dividend payout policy to shareholders at the rate of no less than 30% of its net profit after the required annual legal reserves. UU's dividend payout policy may change as necessary and as appropriate according to UU's policy.



# GOOD CORPORATE GOVERNANCE

## 1. Corporate Governance Policy

The Company's Board of Directors has established the Good Corporate Governance Policy in writing since August 1, 2003. The Corporate Governance and Nomination Committee has been assigned to review the policy and all practices related to good corporate governance at least once a year in order to ensure its compliance with the regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission (SEC). This review is presented to the Board of Directors of the Company for approval.

The Company has developed and disseminated its Good Corporate Governance Policy and Code of Conduct for employees in electronic format via the official company website at [www.eastwater.com](http://www.eastwater.com) and via the Internal Web of the Company in order to facilitate study and greater understanding of the policies therein. New employees also sign the Code of Conduct form on their orientation day in order to help them understand the importance of conducting themselves according to this code which is a key point laid out in the principles of Good Corporate Governance that must be implemented consistently. Similarly, each member of the Board of Directors will sign and acknowledge the Board of Directors' Handbook on their orientation day. This handbook likewise adheres to the principles of good corporate governance.

## 2. Subcommittees

The Company currently has 5 subcommittees. These are the

1. Audit Committee,
2. Executive and Investment Committee,
3. Corporate Governance and Nomination Committee,
4. Risk Management Committee, and
5. Remuneration Committee.

Details of these committees are as follows:

### 2.1 Audit Committee

Scope of authority can be summarized as follows:

1. Review financial reports to ensure they are accurate and provide adequate disclosure.
2. Review the Company's internal control system and internal audit system to ensure these are both appropriate and effective.

3. Review compliance with the Securities and Exchange Act, as well as with other laws related to the Company's business operations and ethics.
4. Examine adherence to relevant laws and regulations in cases of connected transactions or transactions involving possible conflict of interest, and ensure conformance to all laws and regulations of the Stock Exchange of Thailand in order to ensure that all said transactions are reasonable and also provide maximum benefit to the Company.
5. Supervise the performance of auditors and internal auditors.
6. Ensure complete accuracy of Company disclosure in cases of connected transactions or transactions involving possible conflict of interest.
7. Prepare the report of the Audit Committee for publication in the Company's annual report.
8. In case of findings or suspicion of any conflict of interest, fraud or deficiencies in internal controls, report these to the Company's Board of Directors for improvement and rectification within the timeframe deemed appropriate.
9. Provide regular performance reports to the Company's Board of Directors.
10. At least once a year, review/assess the Audit Committee's Manual to be appropriate and up-to-date, in order to then summarize and present findings to the Audit Committee for consideration of revision and approval of said manual, or to receive approval for continued use of the original manual for another year.
11. Review and oversee the channels for receiving complaints.
12. Perform other duties as assigned by the Board of Directors and as required by law and/or as shall be determined in the future.

As of December 31, 2016, the Company's Audit Committee consists of 3 members, all of whom are Independent Director, including Mrs. Tatchada Jitmahawong, who is an Audit Committee member with extensive knowledge and experience in the auditing of financial statements.

### 2.2 Executive and Investment Committee

Scope of authority can be summarized as follows:

1. Scrutinize all matters to be presented for the consideration of the Board of Directors as assigned by the Chairman of the Board or the Board of Directors.
2. Follow and ensure the performance progress of the executive department per designation and assignments by the Board of Directors.

3. Provide advice and recommendations regarding executive management and investment to the executive department and the Board of Directors.
4. Has the authority to approve investment-related procurements in accordance with the Company's procurement regulations within their jurisdictional limit of authorization starting at 20 million Baht but not exceeding 200 million Baht.
5. Appoint working groups as deemed appropriate.
6. Has the authority to be granted access to documents or individuals for clarification and for additional information for consideration.
7. Provide monthly performance reports to the Board of Directors.
8. Perform other duties as assigned by the Board of Directors.

### 2.3 Corporate Governance and Nomination Committee

Scope of authority can be summarized as follows:

1. Corporate Governance
  - 1) Consider Good Corporate Governance Policies and Guidelines, the Board of Directors' Manual and the employees' Code of Conduct, to ensure they are in accordance with the requirements of SET and SEC, and present these to the Board of Directors for consideration and approval.
  - 2) At least once a year, review the Good Corporate Governance Policies and Guidelines, the Board of Directors' Manual and the employees' Code of Conduct to ensure they are continually up-to-date, using comparison with current laws, international business practices and practices of other leading companies, as well as recommendations from various institutions. Present these to the Board of Directors for consideration and approval of any updates.
  - 3) Assign relevant departments to disseminate the Good Corporate Governance Policies and Guidelines to both Company directors and employees for their use as work and operational guidelines.
  - 4) In case of necessity, the Corporate Governance and Nomination committee may invite the executive or other relevant individuals to attend their meetings in order to provide clarification or explanation, or they may send relevant documents as well.
  - 5) Oversee the implementation of both legally-binding and non-legally-binding requirements.
  - 6) Consider and provide approval for the Performance Evaluation Form of the Board of Directors and of subcommittees.

### 2. Nominations

- 1) Nominate and select qualified candidates in accordance with relevant laws and regulations and carry out examination and consideration of diversity of skills, knowledge and expertise for presentation of these to the Board of Directors to consider the appointments for various positions as follows:
  - (1) Company Board of Directors
  - (2) Company Subcommittee Members
  - (3) Advisors to the Board of Directors
  - (4) Advisors to the Subcommittees
  - (5) President & CEO
  - (6) Top Executive of Subsidiaries
- 2) Examine the qualifications of individuals holding positions per items (1) – (5) and present these to the Board of Directors for consideration of appointment.
- 3) Examine the qualifications of individuals holding positions per item (6) and propose these to the Board of Directors of subsidiaries for consideration of appointment.
- 4) Consider the structure, guidelines and configuration of Subcommittees and present these to the Board of Directors for consideration of approval.
- 5) Supervise and review the succession plan for Chief Executive Officers of the Company and subsidiaries.

3. Board members provide performance reports or other reports containing clear summarization or items that the Board of Directors should be aware of in the meeting of the Board of Directors.
4. Perform other duties as assigned by the Board of Directors.

### 2.4 Risk Management Committee

Scope of authority can be summarized as follows:

1. Approve and present the general Risk Management Policy to the Board of Directors of the Company for their information, ensuring it covers the major risk categories, including strategic risks, operational risks, investment risks, marketing risks, risks affecting business reputation, and risks with regard to the prevention of fraud and corruption.
2. Consider risk assessment measures and approve the Risk Management Plan (RMP) to be in accordance with defined risk management policies. This process would include analysis, assessment, measurement, effective monitoring of the risk assessment process and presentation of the above to the Board of Directors for their information.
3. Supervise, review and follow up on the Risk Management Plan (RMP), and provide recommendations about the Risk Management Policy to the Board of Directors in order to ensure that risk management is being properly



implemented and that it can be managed to fully meet the objectives.

4. Consider and advise regarding Risk Appetite levels and the standard deviation levels for Risk Tolerance.
5. Consider approval of revisions to the risk management manual at least once a year before proposing these to the Board of Directors for their information (if any).
6. Present the annual Risk Management Plan (RMP) and report operational performance results to the Board of Directors for their knowledge of the Company's performance per the RMP at least twice a year.
7. Perform other duties as assigned by the Board of Directors.

## 2.5 Remuneration Committee

Scope of authority can be summarized as follows:

1. Company Performance Evaluation
  - 1) Consider the criteria for the Company's annual performance evaluation to ensure it is in accordance with the business policies of the Company and the duties assigned by the Board of Directors, and present to the Board of Directors for their consideration and approval.
  - 2) Monitor and evaluate the performance of the Company according to the evaluation criteria, propose procedures and measures to improve the quality and efficiency of the Company's operations and present at the end of the year results to the Board of Directors for approval.
  - 3) Review and/or advice for the improvement of criteria for Corporate KPIs according to current situational needs and policies that improve the development of the Company.
  - 4) Consider the criteria for the performance evaluation of the Board of Directors and President & CEO for consideration of adjustments to annual remuneration, taking into account their roles, responsibilities, assigned duties, as well as shareholder's equity, and present these to the Board of Directors for consideration of continued approval.
  - 5) Consider approval of updates, edits and review of the Performance Evaluation Criteria Manual of the Company at least once per year before presenting these to the Board of Directors for their information (if any changes are made).
2. Consideration of Remunerations
  - 1) Consider the framework for remuneration policies and all other benefits, both monetary and non-monetary, of the Board of Directors and the Subcommittees of the Company, and present these to the Board of Directors for consideration of preliminary approval and then

propose them to the shareholders for final approval.

- 2) Examine the framework for remunerations policies and all other benefits, both monetary and non-monetary, for the Boards of Directors of subsidiaries, subcommittees of subsidiaries, Advisors to the Board of Directors of the Company, Advisors to the subcommittees of the Company, Advisors to the Boards of Directors of subsidiaries, and Managing Director of subsidiaries. Present these to the Board of Directors of the Company for their consent and then propose these to the Boards of Directors of subsidiaries for continued proceedings and resolution.
- 3) Consider the framework for bonus rates and annual salary increase rates based on consideration of Company performance.
3. Provide Performance Reports to the Company's Board of Directors for their awareness of the performance of Corporate KPIs at least twice a year.
4. Perform other duties as assigned by the Board of Directors.

## 3. Nomination and Appointment of Directors and Executives

### 3.1 Independent Directors

The Company has defined "independent directors" in accordance with the principles of good corporate governance and more strictly than the Notification of the Capital Market Supervisory Board<sup>1</sup> as follows:

1. They must be Non-Executive Directors and not involved in the Company's day-to-day management; not being shareholders in the Company, parent company, subsidiary companies or affiliated companies; and not being directors that are representatives of any major shareholders; and they must possess all qualifications in accordance the law.
2. They must be a person not related by blood or legally registered as father, mother, spouse, sibling, son or daughter, or a spouse of a son or daughter, either of any other directors, executives, major shareholders, controlling persons, persons to be nominated as executives or controlling persons of the Company or its subsidiaries.
3. They must not be involved in conducting any similar business that presents a significant competition to the business of the Company or its subsidiaries; must not be a significant partner in any partnerships; and must not be an executive director, employee, member of staff or an advisor who receives a company salary or holds more than 1% of shares with voting rights of other companies that conduct a similar business that presents a significant competition to the business of the Company or its subsidiaries.

<sup>1</sup> Notification of the Capital Market Supervisory Board: Number Tor Jor 39/2559 Re: Requesting and granting permission of initial public sale of newly issued shares

4. They must not have any business relationship with the Company, parent company, subsidiary companies, affiliated companies, or any juristic persons with possible conflicts of interest that may interfere with his/her independent judgment.

a) Relationship Characteristics

Relationship Characteristics of Professional Service Providers

- 1) Auditors and persons providing professional services such as legal advisors, financial advisors, and property appraisers.
- 2) Significant levels that indicate non-independence
  - Auditors: Prohibited in all cases.
  - Persons providing other professional services: Transaction value exceeds 2 million Baht per year.

Commercial or Business Relationship (Uses the same guidelines as the Stock Exchange of Thailand's regulations pertaining to connected transactions.)

- 1) Relationship Characteristics: Covering all types of business transactions, including normal business transactions, real estate rental/lease transactions, transactions relating to properties/services, and transactions for providing or receiving financial assistance.
- 2) Significant levels that indicate non-independence: Transaction value equal to or exceeding 20 million Baht, or exceeding or equal to 3% of the Company's net tangible assets (NTA), whichever is lower. In considering the value of the transaction, transactions occurring throughout the 6 months prior to the current transaction date must also be included.
- b) In cases with relationship characteristics per (a), i.e., with juristic persons or persons of non-independency including major shareholders and directors (excluding Independent Directors/Audit Committee members).
- c) Designate the time period by which the relationship specified per (a) and (b) is not allowed at present and for two years before the appointment.

5. Must not be a director who is appointed as a representative of the Company's directors, a major shareholder or any shareholder related to major shareholders of the Company.
6. Must not have any characteristics that might prevent their independent opinions.
7. Independent directors having qualifications per items 1-6 may be authorized by the Board of Directors to make decisions relating to the business operations of the Company, parent company, subsidiary companies, affiliated companies, associated subsidiaries, or juristic

persons with possible conflicts of interest, whereby the decision and decision-making process must be carried out collectively.

8. The term of Independent Directors should not exceed 6 consecutive years, starting from the date of their appointment to the position of Independent Director for the first time<sup>2</sup>.

In the nomination of Independent Directors, executive management will coordinate with qualified experts for an examination of nominees' profile and their basic qualifications. If nominees meet the qualifications, they will then be presented to the Corporate Governance and Nomination Committee for further scrutiny and preliminary approval of said qualifications before being presented to the Board of Directors for approval of appointment.

Throughout the previous accounting periods, there have been no independent directors of the Company who have had a business relationship with or provided any professional services to the Company exceeding the values defined in the above criteria<sup>3</sup>.

### 3.2 Nomination of Directors and Executives

In the nomination of Directors, the Company shall determine the qualifications of the directors to be nominated in accordance with business strategies and shall consider the variety of skills in various fields as well, for example, knowledge of industrial business, finance and accounting, management, etc. In the nomination of a Chief Executive Officer, the Company employs the help of consultants to prepare executive testing formats. If the candidate possesses the desired qualifications, he or she will then be presented to the Corporate Governance and Nomination Committee for further scrutiny and preliminary approval before being presented to the Board of Directors for approval of appointment.

The Company has a number of directors from each major shareholder group, including the Provincial Waterworks Authority, Electricity Generating Public Co. Ltd. and the Industrial Estate Authority of Thailand. Additionally, The appointment of each director according to their term must receive a favorable vote from more than half of the total number of shareholders attending the meeting and who retain voting rights. In the year 2016, there were no Independent Directors having a business relationship with or providing any professional services to the Company.

<sup>2</sup> Resolution of the Corporate Governance and Nomination Committee (1/2015, held on January 8, 2015)

<sup>3</sup> In accordance with the regulations prescribed in the Notification of the Capital Market Supervisory Board regarding requesting and granting permission of initial public sale of newly issued shares

## 4. Supervision of Subsidiary Company Operations

The Company's Board of Directors has a supervisory mechanism that allows them to retain control of the management and supervision and to take responsibility for the operations of subsidiary companies in order to preserve the interests of the Company's investment. For example, the Company appoints senior management of the Company to be directors or executives in subsidiary companies in order to take part in the management of subsidiary companies, both at policy-making and operational levels. The appointment of said senior management of the company is required to receive approval in the Board of Directors' meeting.

The Company has a supervisory mechanism for subsidiary companies which involves the setting of management policies. These can be summarized as follows:

### 4.1 Investment Policies

1. Subsidiary companies must perform their duties responsibly, upholding the interests of the Company and its shareholders, considering investment returns that are appropriate and fair, as well as maintaining a stable financial status beneficial to the continuity and growth of the company as priority.
2. Once the Board of Directors of subsidiary companies has approved any business operations, the Board of Directors of subsidiary companies must notify the Board of Directors of the Company every time.
3. If a subsidiary company has any business that is considered to be a connected transaction or an acquisition/disposition which includes any significant assets or transactions, such as approval of capital increase or capital reduction, dissolution of a subsidiary company in order to comply with the Notification of the Securities and Exchange Commission, the subsidiary company must seek the consideration and approval of the Board of Directors of the Company. Any major investments must first be approved by the Board of Directors of subsidiary companies with a representative of the Company joining the committee to consider the project before presenting it to the Board of Directors of the Company for further consideration.
4. Subsidiary companies must provide reports of their operating results and key business operations, along with a business sensitivity analysis and evaluation using comparison to business targets and goals. These must also include any comments or suggestions on the business administration approach in policy formulation or in improvement of the business of subsidiary companies for their continued development and growth.

### 4.2 Central Administration Policies

1. The Company will appoint executive management to help in the management of subsidiary companies, both at policy and operational levels, to ensure that the business operations of subsidiary companies are moving in a direction consistent with that of the core business, ensuring maximum overall benefit, providing a connection both in terms of policy and strategy, as well as generating continued profits for subsidiary companies into the future.
2. Internal controls are employed, whereby subsidiary companies place a focus on risk management and solving issues addressed in evaluations of the effectiveness of internal controls by the examining parties in a timely manner. Subsidiary companies also regularly review work systems in order to control risks at an acceptable level. Additionally, employee regulations and the procurement of supplies must be carried out with efficiency, speed, flexibility and with the same standard of performance as the employee regulations and procurement procedures of the Company. This will be determined by consideration of the financial budget for human resource management and employee welfare to ensure it is consistent with the Company's policies as outlined in the Employee and Procurement Handbook, and which must be consistent with and proportionate to the performance of the subsidiary company.

### 4.3 Finance and Accounting Policies for Subsidiary Companies

1. Financial Management and Administration
  - 1) In financial sourcing, subsidiary companies must provide notification of information regarding loans required, by demonstrating the source of the need in the form of investment projects to the Finance and Accounting Department of the Company at least 6 months prior to starting said investment projects. This is in order to provide sufficient time to consider the financing source options that offer suitable proposals.
  - 2) Declaration of dividend payments of not less than 30% of the consolidated net profit for each accounting period, unless there is a justifiable reason for using cash dividends instead.
  - 3) Maintenance of significant financial ratios under the terms of the loan agreement must be strictly implemented and relevant information must be reported to the Finance and Accounting Department of the company on a monthly basis.

2. Budgeting
  - 1) Preparation and implementation of investment budgets must be in accordance with the budgetary regulations of each individual company and consistent with the Company's budgetary regulations.
  - 2) Budget preparation and review must be carried out within the given timeframes and information must be delivered in accordance with Company operations.
  - 3) Provide budgetary monitoring and evaluation in all areas of investment, and take appropriate actions.
3. Accounting
  - 1) Accounting procedures must comply with accounting policies, which are in accordance with the accounting standards of Thailand and under the regulations for subsidiary, which is a listed company of the Stock Exchange of Thailand.
  - 2) Submission of financial statements to the Company for consolidated financial statements must be reviewed by an auditor of the group of Company who has been appointed by approval of the Company's Board of Directors and has to be approved by resolution at the Annual General Meeting of Shareholders.
  - 3) Submission of financial statements to the Company for consolidated financial statements must be carried out within the time period announced to subsidiary companies by the Finance and Accounting Department of the Company in each quarter.
  - 4) Accounting for subsidiary companies must use the chart of accounts in the general ledger system and the same accounting software as the Company.
4. Taxes
  - 1) Preparation and submission of taxes must be according to the law.
  - 2) In the case of significant tax risk issues, subsidiary companies must inform the Finance and Accounting Department of the Company immediately in urgent cases, and must provide a summarized progress report of any related actions on a quarterly basis.
  - 3) The Finance and Accounting Department is directly responsible for the tax plan of the Company in order to ensure that the Company's taxes are paid correctly and completely and to provide regular and consistent monitoring of new tax-related laws.

The Company does not have a shareholders' agreement in the management of subsidiary companies, and the Company does not engage in any holding company business activities.

## 5. Control of Use of Internal Information

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The Company has in place a set of policies relating to the use of internal information. These policies are specified in the good corporate governance principles of the Group of Company to be used as a code of conduct for directors, executives, and employees as follows:

### 5.1 Policy for Prevention of Use of Internal Information

Company executives and employees, including their spouses and minor children, are prohibited from using the Company's material and important, unpublished internal information for their own benefits in the speculative trading of securities or to create any advantage for a person or any group of persons.

### 5.2 Policy on Trading of the Company's Securities

Company executives and employees, including their spouses and minor children, must abstain from the purchase, sale or transfer of Company shares for a period of 1 full month prior to disclosure of the Company's financial statements to the Stock Exchange of Thailand and for 3 full days after the disclosure of the Company's financial statements to the Stock Exchange of Thailand. This is in order to provide sufficient time for shareholders and investors to access and understand the substance of the Company's information/news or financial statements as disclosed to the Stock Exchange of Thailand.

### 5.3 Policy on Business Information of the Company Group

Those holding the position of directors, members of the executive department, employees, outsourcers of the Company Group and its subsidiaries have a responsibility to accept legal obligations and codes of conduct for the non-disclosure of confidential documents and information or trade secrets.

## 6. Auditor Remuneration

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In 2016, the Company paid remuneration in the amount totaling 2,520,000 Baht to PricewaterhouseCoopers ABAS Ltd. (PwC) in audit fees for its auditing of the Company and its subsidiaries. The audit fees for the Company totaled 890,000 Baht. Also in 2016, the Company paid other non-audit fees totaling 4,400,000 Baht as compensation for organizational structure design project consultancy to PricewaterhouseCoopers Consulting (Thailand) Ltd., which is in the same company group as PwC. Also, subsidiary companies paid other service fees, including for preparation of pro forma financial information and consultancy fees for company listing on the Stock Exchange

of Thailand, to PricewaterhouseCoopers ABAS Ltd. (PwC) to the amount of 250,000 Baht for the year 2016. The Company and its subsidiary companies have no other remaining fees that must be paid in future due to agreements made for services that were provided and completed in the previous fiscal year.

## 7. Other Areas of Compliance with Good Corporate Governance Principles

On April 3, 2015, the Company was recognized as a member of Thailand's Private Sector Collective Action Coalition Against Corruption. Guidelines for the Board of Directors, executive department and employees of the Company has been established for proper conduct in matters of fraud or corruption within the organization, as outlined in the anti-corruption policy of the organization. The Company shall regularly and consistently review policy compliance. Details of the policy can be viewed at [http://eastwth.listedcompany.com/anti\\_corruption.html](http://eastwth.listedcompany.com/anti_corruption.html).

In 2016, the Company attended a number of anti-corruption related seminars and activities. For example, the Company joined the "Corruption in Organizations-a Dark Threat that can be Prevented and Controlled" seminar on August 24, 2016, and also joined the panel discussion on "Ethical Leadership: Combating Corruption Together" in Thailand's 7th National Conference on Collective Action against Corruption event on October 18, 2016. In addition, on October 12, 2016, the Company organized the CG Day and invited guest speakers to share their knowledge regarding CG and anti-corruption to executives, employees of group of company and other office building tenants. Moreover, the Company has determined that the issue of corruption and related activity arrangements are an integral part of the criteria for evaluating company performance as well.

Additionally, in order to demonstrate intention to conduct business operations under the principles of good corporate governance, the Company's Board of Directors has established the promulgation and use of the Company's "Good Corporate Governance Principles", "Board of Directors' Manual", "Independent Board of Directors Manual" and the employees' Code of Conduct. These have been revised and updated to be appropriate and fitting with continuously changing guidelines, in order to provide a standard for good corporate governance practices. All members of the Board of Directors were required to sign the Board of Directors' Manual. For employees of companies within the Group of Company, a program was established for the continued promotion of knowledge and understanding of good governance to employees. Additionally, new employees will receive this training during their orientation,

along with a test that has been prepared covering knowledge of the business operations of the Company. The abovementioned documents are also published on the Company's official website at [www.eastwater.com](http://www.eastwater.com).

## 8. Company Secretary

The Board of Directors Meeting No. 2/2015, held February 16, 2015, approved the appointment of Mrs. Wirawan Tharanont as a Company Secretary. The background in brief is as follows:

**Age** 57 years

### Position

- Vice President, President & CEO office

### Education

- MBA, Sasin Graduate Institute of Business Administration of Chulalongkorn University
- B.Acc. Chulalongkorn University

### Special Courses

- Director Certificate Program (DCP 192/2014) Thai Institute of Directors (IOD)
- Anti-Corruption: The Practical Guide (ACPG 8/2014), Thai Institute of Directors (IOD)
- Management Development Program, Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Organization Risk Management Program, Thai Listed Companies Association
- Company Secretary Program, Thai Institute of Directors (IOD)
- Laws for Managing Public Service Business Program, King Prajadhipok's Institute

### Work Experience

#### Eastern Water Resources Development and Management Public Company Limited

February 2015 - Present	Vice President, Human Resource Department
September 2013 - February 2015	Vice President, President & CEO Office

It is the Company Secretary's duty to work in accordance with Section 89/15 and Section 89/16 of the Securities and Exchange Act (No. 4) B.E.2551, effective from 31st August 2008, with responsibility, care, and integrity, while abiding by the law, the Company's Objectives, Articles of Association, Board Resolutions, and Shareholders' Meeting Resolutions.



The legal obligations that the Company Secretary must abide by are as follows:

1. Prepare and keep the following documents:
  - a) Registration of Directors
  - b) Notice of the Board of Directors' Meetings, Minutes of the Board of Directors' Meetings, and the Company's Annual Reports
  - c) Notice of the Shareholders' Meetings, and Minutes of the Shareholders' Meetings
2. Keep the report of interests of Directors, Executives and Related Persons in accordance with Section 89/14, and provide a copy of such report to the Chairman of the Board and the Chairman of the Audit Committee within 7 days of receipt of the report
3. Perform any other acts as specified in the notification of the Capital Market Supervisory Board.

Furthermore, the Company Secretary has the following additional duties as assigned by the Company or Board of Directors:

- Take up the position of Secretary of any Subcommittee as assigned by the Company's Board of Directors
- Provide any relevant legal and regulatory advice and code of conduct oversight in respect to the Board of Directors' activities, ensuring they comply with the law
- Hold the Board of Directors' Meetings and Shareholders' Meetings
- Liaise with divisions within the Company in order to operate according to the Board Resolutions and Shareholders' Meeting Resolutions
- Liaise with the oversight divisions, such as the Ministry of Commerce, the Stock Exchange of Thailand, and the Securities and Exchange Commission; and take care of information disclosure and the reporting of data to the oversight divisions and the public to ensure complete legal compliance
- Provide orientation and advice to new directors
- Other duties as assigned by the Company

## 9. Remuneration for Directors and Top Executives

The Remuneration Committee evaluates the remuneration for the Company's directors and sub-committee members and presents their considerations at the Annual General Shareholders' Meeting for approval. The Chief Executive Officer's remuneration will also be presented to the Board of Directors for approval. In setting appropriate remuneration, the Remuneration Committee takes into consideration the Company's operating results. The Company also refers to the

Director's Compensation Survey report of the Thai Institute of Directors (IOD) for comparable remuneration for directors of companies in similar industries.

### 9.1 Monetary remuneration

The 2016 Annual General Shareholders' Meeting (25 April 2016) approved the remuneration for the Company's directors and sub-committee members in 2016 as follows:

#### 1. Board of Directors

Monthly remuneration of 30,000 Baht/person

Meeting allowance of 10,000 Baht/person/meeting attended. If more than one meeting is held in any one month, only 1 meeting allowance is paid. The Chairman, however, will receive an additional 25% of the allowance on top of the normal rate.e.

#### 2. Committees

No monthly remuneration

Meeting allowance of 10,000 Baht/person/meeting attended. If more than one committee meeting is held in any one month, only 2 meeting allowances are paid.

#### 3. Bonus for the Board of Directors

The bonus for the Board of Directors remains as it was for 2015, at a rate of 486,066 Baht per person. The Chairman will receive an additional 25% of the bonus rate. The bonus for a director is calculated based on the period of time such director held his position in that year.

**Table 6** Remunerations of directors and executives for the year 2016

Name of Directors	Meeting Allowance 2016 [Baht]						Monthly remuneration for Directors 2016 [Baht]	Directors' Performance Bonus 2015 [Baht]	Total [Baht]
	Board of Directors	Audit Committee	Corporate Governance and Nomination Committee	Remuneration Committee	Executive and Investment Committee	Risk Management Committee			
1. Mr. Amorn Laohmontri	137,500	70,000	60,000	-	-	-	412,500	486,066	1,166,066
2. Mr. Nipol Tangjeerawong	90,000	-	-	40,000	90,000	20,000	300,000	-	540,000
3. Dr. Verapong Chaiperm	70,000	-	-	-	-	-	360,000	486,066	916,066
4. Mr. Wittaya Chaisuwan	60,000	-	-	-	-	-	397,500	607,582.50	1,065,082.50
5. Dr. Chaipat Sahasakul Appointed as a Director on 9 Aug 2016	50,000	-	-	20,000	50,000	40,000	150,000	-	310,000
6. Pol.Maj.Gen Vichai Sangparpai	110,000	70,000	100,000	30,000	-	20,000	360,000	486,066	1,176,066
7. Mrs. Tatchada Jitmahawong	110,000	140,000	100,000	-	-	-	360,000	486,066	1,196,066
8. Mr. Eakachai Attakanna	80,000	-	-	-	40,000	20,000	360,000	40,505.50	540,505.50
9. Assoc.Prof.Dr. Chanin Tinnachote	100,000	140,000	100,000	-	-	20,000	360,000	486,066	1,206,066
10.Mr. Phaiboon Siripanoosatie	120,000	-	-	90,000	70,000	40,000	360,000	486,066	1,166,066
11.Col. Premjiras Tanathaipakdee	110,000	-	10,000	90,000	60,000	10,000	360,000	486,066	1,126,066
12.Mr. Jirayut Rungsritthong Appointed as a Director on 1 Apr 2016	90,000	-	-	-	80,000	50,000	270,000	-	490,000
13.Mr. Chanin Chaonirattisai Resigned as Director on 6 Jul 2016	50,000	-	-	-	-	-	210,000	121,516.50	381,516.50

**Top Executives' Remuneration**

The total remuneration in 2016 for 14 executives amounted to 41.461 million Baht comprising 29.253 million Baht of salaries and 12.208 million Baht of bonuses.

**9.2 Other Remuneration**

**Other remuneration of Committee Members** None

**Other remuneration of Executives**

2.265 Million Baht of Provident fund

## 10. Personnel

The Company has a total number of 168 employees, comprising 84 operational staff and 84 supporting staff. In 2016, remuneration was paid in the form of salaries in the amount of 70.492 million Baht, and in the form of bonuses in the amount of 28.849 million Baht, totaling 99.342 million Baht. In addition, the Company made contributions of 5.615 million Baht (at a rate of 8-10% of salaries) to the provident fund of the employees of the Company.

### 10.1 Employee Development Policies

Employee development is one of the duties which the Company values greatly. Various training plans and annual employee development programs are organized to support the core competency of the Company. These programs are offered according to staff levels through the Personnel Development Plan Process, and serve as a means to analyze training planning and personnel development. Members of staff receive training programs consistent with their Individual Development Plan (IDP) targets, both in terms of their Soft Skills and Technical Skills.

Furthermore, the Company has also set personnel development (according to IDP) as a performance measurement factor for Department KPI and Individual KPI. In addition to this, when considering a training program, institute, or lecturer, the Company will only consider reputable institutes and/or lecturers with the requisite skills, knowledge, and abilities. Training programs are as follows:

- **Programs for executive level** are focused on developing management and supervision, Anti-Corruption, and building strong relationships between the public and private sectors. Such programs include those of King Prajadhikok's Institute, the Thai Institute of Directors (IOD), the Thailand Securities Institute (TSI), and the Federation of Thai Industries, among others.
- **Programs for supervisor level** are aimed at developing various skills in management. Such programs include 'The Manager', 'HR for Non-HR', and 'Productivity Excellence', as well as programs on finance and position specific skills, etc.
- **Programs for operational level** are focused on developing position specific skills, including both Soft Skill programs, like the 'Six Thinking Hats & Lateral Thinking' program, and Technical Skill programs, such as the workings and maintenance of various types of water valve, the maintain

of online measurement tools for water quality, and the hydraulic model of water pipeline systems.

- **Other important programs/projects** include Workshop for Risk Management and the Rolling Corporate Plan, which are available for supervisor levels and above. As a result, action planning and budgeting for the organization are conducted in both short and long term. In addition, the Company has sent executive level staff and staff of various other levels to participate in the 'Anti-Corruption - The Practical Guide' program, organized by the Thai Institute of Directors (IOD). The Company also continues to promote the English language skills of employees through online systems, and offers practical learning visits (domestically and overseas) in relation to operations systems and water management in order to support business growth for the future. Finally, the Company has organized EW Team Building activities to encourage team skills, engagement, and develop communication within the team (Charismatic Talk).
- **Energy conservation and working environment programs** are offered to new employees throughout each year to build knowledge about the environment and energy conservation. The programs are as follows:
  1. Occupational health & safety and the working environment for general employees and new employees
  2. Energy conservation, both for the Bangkok Office and the Rayong Operations Center
  3. Dealing with earthquakes and learning about their causes; fire and evacuation drills for staff and building tenants on a yearly basis

### 10.2 Communicating and knowledge management

Communicating the knowledge from top-level executives, management, and staff are achieved through the Company's knowledge and experience sharing programs. Such programs include:

- **In-House Executive Sharing Program**  
All executives become lecturers as part of the in-house knowledge sharing and experience exchange program. Areas covered include strategy, engineering, investment & finance, management, and practical learning visits within Thailand. Furthermore, this program is considered one step of personnel development and progressing along the Career Path.

- **Finance for Non-Finance Program**

This program correctly applies financial knowledge in project analysis and the Company's financial statement analysis.

- **Maintenance Program**

This program reviews the maintenance of machinery, as well as internal Document Control systems for staff in the Operation Department.

- **Document Management System Program**

This program is intended to supply staff with knowledge and understanding of the Document Management System, effectively storing documents and making them easier to track, recover and inspect, and also to be used as a knowledge base.

- **Internal Web Program**

The Internal Web Program were trained to new staff on how to use and access the Company's internal website, and allows authorized staff members to become administrators. The site also stores all the Company's training information, so that any interested staff members may study of their own accord.





# CORPORATE SOCIAL RESPONSIBILITY

The Company has an awareness of and adherence to good morals and ethics in its business dealings, as well as having a sense of corporate social responsibility and preserving the interests of every group of stakeholders as per the principles of good corporate governance. Both the principles and practices of these are defined in the Code of Conduct in order to support the sustainable growth of the Company. Details of operations in this regard can be found in the Company's Sustainability Report, which has been published on the Company's official website at: [www.eastwater.com](http://www.eastwater.com)







# INTERNAL CONTROL AND RISK MANAGEMENT

## Internal Control System Sufficiency Evaluation

The board of Directors already assessed the internal control system from the Assessment Report by the Audit Committee, which already assessed the internal control system of the Company consisting of 5 factors;

1. Control Environment,
2. Risk Assessment,
3. Control Activities,
4. Information and Communication, and
5. Monitoring Activities.

The details are described as follows:

### 1. Control Environment

The Board of Directors announced “Good Corporate Governance for the Group of Company of Eastern Water Resources Development and Management PCL, which is the policy and discipline for personnel in the group of company to be always aware, understand and comply with these policy and ethics related to the daily operation work, concern decisions including any conduct with business partners, customers, and external providers. The Company has already announced Code of Conduct under the Companies Group’s Good Corporate Governance. If a case of failure to comply with this ethics or any violation is discovered, the Company shall take disciplinary and/or legal action, as appropriate.

The Company has assigned the Company’s Board of Directors and Management Team to be a clear segregation between their roles and responsibilities. The Company’s Board of Directors will not be involved in the management roles in order to balance the management and corporate governance, and also to monitor the management’s performance in order to ensure that all appropriate policies and processes are utilized in practice effectively. The Company’s Board of Directors has selected and appointed the appropriate personnel to be in top level management and also appointed other Subcommittees to comply with the Company’s regulations and those of the Stock Exchange of Thailand. They have a vital role in setting up the Company’s mission, its 3-year strategic plan and annual action plans that comply with the long-term strategic plan, which they must implement while taking into consideration the goals, objectives, budget and risk factors for major activities in each

period, while also being able to gauge the expected benefits in order to achieve the overall goal.

The Company has a clear structure that helps facilitate achievement of its goals, while also providing effective internal control by separating roles and responsibilities for operation department and supporting department, including having mechanisms to balance the power between the Company’s Board of Directors, Management Team and shareholders, as well as to communicate with the investors to convey company’s information to the general public on a regular basis.

Moreover, the company has devoted itself to motivating, developing, and retaining the skilled and capable personnel by setting up Individual Development Plan (IDP), as well as the professional career management policy and succession plan for management and in the group of company, including personnel performance appraisal by using key performance indicators in order to assess each performance

### 2. Risk Assessment

The Audit Committee has the duty to review the financial report together with the auditor and internal audit department to ensure that the accuracy and reliability comply with the general accounting system standard while adequate disclosure of the information is achieved.

The Company utilizes the Enterprise Risk Management by having the Management team and staffs concerned identify the risk and conduct a risk analysis to judge the likelihood of impact and risks in order to set up a control measure. The Company has set up the Risk Management section to provide the risk management plan, and to follow up the response plan to mitigate the risk level in the acceptable level. Risk factors are reviewed and submitted to the Risk Management Committee before submitting to the Company’s Board of Directors in every quarter so that they can assess the situation and find a solution in order to facilitate the continuity of the Company’s risk management process. The risk management policy and procedures are communicated to all personnel so that they can conduct themselves in accordance with the organization’s culture which deems everyone responsible for the organization through the mutual understanding of the risk management process. Moreover, the Company also has the Business Continuities Plan: BCP to ensure that the Company could further continue the business without interruption if any crisis occurs.

### 3. Control Activities

The Company announces rules, regulations and several practices, such as procurement, budgeting, investment and project management, financial and accounting, etc., and also sets up the scope, duties and responsibilities and financial amount limit for management to comply with the good internal control system. Roles and responsibilities are clearly assigned and internal checks and balances provided by separating the approval roles, accounting roles, information system roles and asset management roles. Moreover, the Company is ISO9001:2008 and ISO 14001:2004 certified which stipulates that the Company must have manual and procedure for reference when operating, including provide personnel training to understand and to operate properly and comply with procedures and Company's rule and regulations.

If there are connected transactions between the Company and its subsidiaries, including stakeholders, it shall have the clear approval process for significance in the connected transactions, the Internal Control Department, Audit Committee, Management Committee, and Auditor shall carefully review and perform according to Stock Exchange of Thailand's regulation, as well as to disclose in the Notes of financial statement and report to Securities and Exchange Commission, also for any voting in related items, the related director shall not exercise vote in that resolution.

The Company shall continuously and regularly monitor operation work of the subsidiary by reporting the performance of each subsidiary to the Company's Board of Directors and to assign the specific unit to follow up the performance of each according to the Company's Board of Directors' resolution and suggestion. The policy must be communicated to all subsidiaries to have the same direction and comply with Company's policy. Moreover, the Company's also appointed Company Secretary to handle legal issues including corporate governance in order to conduct operation to comply with the related rules and regulation.

### 4. Information and Communication

The Company has provided appropriate and necessary information through any channels prior to the Company's Board of Directors Meeting for the Company's Board of Directors to make any decision.

The Company has set up the Complaint Center in order to receive any complaint from external providers and also having the Investor Relation Officer to be responsible to communicate and arrange activities among shareholders and investors. Also there are the special communication channels for staffs and external authorities to contact or to complain through:

**Company's Website :** [www.eastwater.com](http://www.eastwater.com)  
**E-mail :** [CEO@eastwater.com](mailto:CEO@eastwater.com)  
[AC\\_EW@eastwater.com](mailto:AC_EW@eastwater.com)  
**Suggestion Box :** Human Resources Department  
**Mailing :**

The Audit Committee  
 Eastern Water Resources Development and Management PCL.  
 East Water Building, Floor 23-28,  
 1 Vipavadeerangsit Soi 5, Vipavadeerangsit Road, Jomphol,  
 Chatutthak, Bangkok 10900

Moreover, Company also continuously applied and developed Information System and Internal Database System by setting up policy of using information technology and communication within the Company's Good Corporate Governance Principles in order that all staff can understand from several internal media under the internal control system such as internet, intranet, e-mail and other communication devices such as telephone, fax, intercom between head office and branch office, etc. The Company also communicates to all company's staff to understand any practice to comply with information technology legal such as Computer - Related Crime Act B.E. 2550 in order not to violate the law

### 5. Monitoring Activities

Management Team has set up the corrective action when having any non-conformance performance as plan and reported to the Board of Directors for any corrective action and schedule to complete in order that the Board of Directors can consider and provide any additional comments. Internal Audit Department has to monitor this corrective action of each department to perform according to plan and Audit Committee's resolution as per schedule set by the Management Team. The monitoring activities report will be submitted each month to Audit Committee and be reported to the Board of Directors for information in every quarter

The Company recognizes that the internal audit can add more value to the Company's organization by utilizing data of risk assessment for audit planning. The Company also delegates the Internal Audit Department to review the efficiency and effectiveness of internal control system of each working processes and report to Management Committee and the Audit Team every every quarter, so the Company's Board of Directors, as well as Management Team, can ensure the efficiency and effectiveness of the Company's Internal Control System, including the reliability of the various information data, financial and accounting data, and operation data. The Internal Audit Department has monitored and followed up the corrective issues and suggestion by the Audit Committee and report to Audit Committee on a regular basis. However, there are also

the monitoring activities through the quality and environmental audit within the company according to International Standard: ISO 9001:2008 and ISO 14001 : 2004 certified by the accredited company.

From the above Assessment of the adequacy of the Internal Control System, the Board of Directors has agreed with the Audit Committee and Auditor that the Company's Internal Control System is adequate and appropriate with the business operation. The Company will provide appropriate personnel to maintain this system, including the efficiency and effectiveness in the monitoring system of subsidiaries for the sustainable growth of the group of company.

## Head of Internal Audit and Head of Corporate Compliance

### Head of Internal Audit

The Company's structure has set up the Internal Audit Department which directly reports to the Audit Committee. The Head of Internal Audit Department is selected by the Audit Committee, which takes into consideration the candidate's educational background, experience, training and understanding of the Company's activities and operations. The Audit Committee also approves the appointment, transferral, termination and performance appraisal of the candidate. The present Head of Internal Audit's credentials are as follows:

**Name** Ms. Suwanna Korcharoenrat

**Position** Vice President, Audit Department

#### Education

- Master of Business Administration (Accounting)  
Ramkhamhaeng University
- Bachelor of Business Administration (Accounting)  
Ramkhamhaeng University

#### Work Experience

2016 - Present	Vice President of Audit Department
2015 - 2016	Finance & Accounting Department Manager, Eastern Water Resources Development and Management Public Company Limited
2011 - 2015	Finance & Accounting Department Manager, Universal Utilities Public Company Limited

#### Training

- Anti-Corruption: The Practical Guide, Thai Institute of Director (IOD) ACPG 30/2016
- Delving into the Issues Related to New Auditor Reporting Standards (2016)

- Strategic CFO in Capital Markets (2015)
- CFO, Class 17 (2012)
- Leadership Development Workshop by Executive Coaching Institute, Berkeley USA., 2012 & 2013 (Module 1 & 2)
- Executive Development Program (EDP) 10/2012 by the Thai Listed Companies Association

### Head of Corporate Compliance

The head of corporate compliance is Mrs. Wirawan Tharanont, Vice President of the President & CEO Office and Company Secretary. As detailed under section 7.3 Company Secretary, pages 41-42, it is the Company Secretary's duty to oversee the Company's operations and ensure compliance with laws and regulations.



# RELATED PARTIES TRANSACTIONS

## Details of the Related Party Transactions

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The Company and its subsidiaries are engaged in related party transactions with entities with possible conflicts of interest. The Company's auditor has disclosed the related party transactions in the Notes to the Financial Statements for the year ended 31 December 2016, the details of which are shown in the following table:



**Table 7** Revenue from sales of raw water and tap water between East Water Group and major shareholders, with sales quantity and pricing policy as follows:

Juristic persons with possible conflicts of interest	Nature of Relationship	Nature of Transaction	Amount and value of Transaction	Necessity/Notes	Pricing Policy
1. Provincial Waterworks Authority (PWA)	<ul style="list-style-type: none"> <li>PWA is a major shareholder of the Company. On 31 December 2016, PWA holds 40.20% of the Company's registered and paid-up share capital.</li> <li>Mr. Eakachai Attakanna, PWA Deputy Governor (Operation 3), is also the Company's Director</li> </ul>	<u>Transaction Amount</u> Quantity of raw water sales (million cubic meters) Value of raw water sales (million Baht)	61.34  607.25	The Company sells raw water to PWA in the Nong Kho-Laem Chabang – Pattaya – Bang Phra area and DokKrai-Map Ta Phut - Sattahip area.	<ul style="list-style-type: none"> <li>The company sells raw water to PWA in the same price as sold to other water consumers. There is also a clear written contract regarding the price. In this regard, directors with vested interests have no right to vote on the resolution relating to water tariffs.</li> </ul>
	<ul style="list-style-type: none"> <li>PWA is a major shareholder of the Company. On 31 December 2016, PWA holds 40.20% of the Company's registered and paid-up share capital.</li> <li>Mr. Eakachai Attakanna, PWA Deputy Governor (Operation 3), is also the Company's Director</li> </ul>	<u>Transaction Amount</u> Quantity of tap water sales (million cubic meters) Value of tap water sales (million Baht)	0.99  62.78  7.81  126.27	The Company sells tap water to PWA in Koh Samui.  The Company sells tap water to PWA in Pattaya.	<ul style="list-style-type: none"> <li>The Company sells tap water to PWA according to the price jointly agreed in the contract, and which is adjusted according to the terms of the concession.</li> </ul>



Juristic persons with possible conflicts of interest	Nature of Relationship	Nature of Transaction	Amount and value of Transaction	Necessity/Notes	Pricing Policy
3. Industrial Estate Authority of Thailand(IEAT)	<ul style="list-style-type: none"> <li>IEAT is a shareholder of the Company. On 31 December 2016, IEAT holds 4.57% of the Company's registered and paid-up share capital.</li> <li>Mr. Verapong Chaiperm, IEAT Governor, is also the Company's Director.</li> </ul>	<u>Transaction Amount</u> Quantity of raw water sales (million cubic meters) Value of raw water sales (million Baht)	85.69  942.62	The Company sells raw water to IEAT in the Nong Kho-Laem Chabang – Pattaya – BangPhra area and DokKrai-Map Ta Phut-Sattahip area.	<ul style="list-style-type: none"> <li>The company sells raw water to IEAT in the same price as sold to other industrial estate groups. There is a clear written contract regarding the price. In this regard, directors with vested interests have no right to vote on the resolution relating to water tariffs.</li> </ul>
4. Universal Utilities Public Company Limited (UU)	<ul style="list-style-type: none"> <li>The Company has a 100% shareholding and has shared directors.</li> </ul>	<u>Transaction Amount</u> Quantity of raw water sales (million cubic meters) Value of raw water sales (million Baht)	8.72  59.05	The Company sold raw water to Universal Utilities Public Company Limited (Chonburi Project)in the Chachoengsao - Chonburi area.	<ul style="list-style-type: none"> <li>The price of raw water sold to Universal Utilities Public Company Limited is the same price as sold to other water consumers. There is a clear written contract regarding the price. Directors with possible conflicts of interest have no right to vote on the resolution relating to water tariffs or changes of water tariff for Universal Utilities Public Company Limited.</li> </ul>

Juristic persons with possible conflicts of interest	Nature of Relationship	Nature of Transaction	Amount and value of Transaction	Necessity/Notes	Pricing Policy
5. Provincial Waterworks Authority (PWA) and Universal Utilities Public Company Limited (UU)	<ul style="list-style-type: none"> <li>UU is a subsidiary of the Company. The Company holds 100% of UU's registered and paid-up share capital.</li> </ul>	<b>Transaction Amount</b> Revenue from Bangkokong Water Supply - million cubic meters - million Baht	12.19 138.49	These transactions were tap water sales between UU and PWA, according to the concession contracts of Bangkokong Water Supply, Chachoengsao Water Supply, Nakornsawan Water Supply and EGCOT TARA Company Limited.	<ul style="list-style-type: none"> <li>UU sold tap water to PWA at the price and water tariff adjustment method according to terms and conditions of the concession.</li> </ul>
		Chachoengsao Water Supply - million cubic meters - million Baht	13.26 155.82		
		Nakornawan Water Supply - million cubic meters - million Baht	4.24 51.29		
		Rayong Water Supply - million cubic meters - million Baht	20.58 236.94		
		Chonburi Water Supply - million cubic meters - million Baht	8.92 98.76		
		Ratchaburi Water Supply - million cubic meters - million Baht	12.92 328.96		

**Table 8** The Company has the following Related Party Transactions with Shareholders and Subsidiaries comparative over 3 years [2014 – 2016]:

Company	Relationship	Connected Transactions	As of 31 December 2016 [Baht]	As of 31 December 2015 [Baht]	As of 31 December 2014 [Baht]
PWA.	Major Shareholder	<ul style="list-style-type: none"> <li>- Construction Revenue</li> <li>- Rental and Service Income</li> <li>- Water loss treatment service income</li> <li>- Accounts Receivable</li> <li>- Other Receivable</li> <li>- Accounts Payable</li> </ul>	118,258,238 27,712,704 3,910,708 197,960,845 16,285 30,144,731	95,684,584 24,230,754 4,440,444 203,568,533 20,660 24,682,385	268,923,208 29,706,329 5,507,372 183,637,386 18,969 18,125,257
IEAT	Major Shareholder	<ul style="list-style-type: none"> <li>- Accounts Receivable</li> </ul>	86,540,032	87,823,162	80,338,818
Electricity Generating Public Company Limited	Major Shareholder	<ul style="list-style-type: none"> <li>- Accounts Receivable</li> </ul>	-	-	1,095
Universal Utilities Public Company Limited (UU)	Subsidiary (The Company has a 100% shareholding and has shared directors)	<ul style="list-style-type: none"> <li>- Rental and Service Income</li> <li>- Interest Income***</li> <li>- Dividends</li> <li>- Other Revenue</li> <li>- Sales and Service Costs</li> <li>- Accounts Receivable</li> <li>- Other Receivable</li> <li>- Accounts Payable</li> </ul>	8,649,206 - 108,629,985 11,626,811 217,841,080 5,196,817 1,012,183 20,408,855	4,471,084 4,878,521 35,699,995 5,322,083 224,891,600 1,583,562 650,947 20,576,632	4,822,826 - 23,969,997 5,713,807 206,434,679 5,414,539 582,516 21,161,289

\*\*\* Loans to related parties

On 20 March 2015, the Company issued a loan to Universal Utilities Public Company Limited with a credit facility of 800 million Baht, and bears a fixed interest rate per annum as stipulated in the agreement. The principal is repayable in 5 annual installments, at a rate of 160 million Baht each. UU has made a drawdown equal to 644 million Baht within the period.

On 10 June 2015, Universal Utilities Public Company Limited made a full repayment to the Company of the drawdown, in the amount of 644 million Baht.

## Measures and Procedure for Approving Related Party Transactions

Related party transactions between the Company and persons with a possible conflict of interest may occur during the course of the Company's business activities. To protect investors, the Company has set a policy and approval procedure for these types of transactions according to the Board of Directors' Meeting Resolution. The Audit Committee and independent directors participate in this meeting, and will consider and assure any transactions with a possible conflict of interest according to the following procedure:

- In accordance with SET regulations, related party transactions must proceed completely, and correctly, as prescribed by SET and the Capital Market Supervisory Board. In cases where the Board's consideration is required, these must also pass audit from the Audit Committee
- In cases of approval of connected transactions with the same commercial terms as those that would be agreed upon with any unrelated counterparty under the same circumstances on the basis of commercial negotiation and without any dependent interest resulting from the status of the director, executive or related person, by executive management or the Investment Committee as authorized by the Board of Directors, in these cases, executive management must summarize all related party transactions for proposal to the Audit Committee and the Company's Board of Directors to ensure that all such transactions are reasonable, are in the best interests of the Company, and are carried out per the proper procedures.
- When the value of related party transactions qualifies for shareholder approval, major shareholders with vested interest may join the meeting as quorum, but without voting rights. As the basis for counting approval votes for the related party transaction does not include the stakeholders, there is no issue with the quorum or the vote
- Directors or executives with vested interests in any particular matter do not have voting rights, and are not permitted to attend those meetings or approve those transactions
- In cases where the Company enters into any contract or related party transactions with subsidiary companies, juristic persons and/or connected persons, the Company will consider the necessity, importance and appropriateness of such a contract, taking into account the benefits to and interests of the Company as priority. Pricing in such cases will be subject to the same commercial terms as general clients, according to fair market prices. Prices and terms will be set commensurate to transactions made with parties outside the Company or subsidiary companies. If such figures are not available, the Company will compare the prices of goods or services with those of third parties under the same or similar circumstances, or the Company may use reports by independent appraisers employed by the company to compare prices for major transactions in order to ensure such prices are appropriate and in the best interests of the Company.





# IMPORTANT FINANCIAL INFORMATION

## Financial Statements

### Summary of Audit Reports

#### 1. Summary of Audit Reports from the Certified Public Account for the past 3 years

It is the opinion of the Auditor that the consolidated financial statements and financial statements of the Company fairly represent the consolidated financial position and financial position of the Company, total results of operations and results of operations of the Company, and the total cash flow and the cash flow of the Company, to the extent practicable, in conformity with generally accepted financial reporting standards.

#### 2. Summary of 3-Year Comparative Statement of Financial Position and Results of Operations (2014-2016)

Because the Company is a listed company on the Stock Exchange of Thailand, all investors can view the latest financial statements of the Company on the official website of the Securities and Exchange Commission (SEC), Thailand ([www.sec.or.th](http://www.sec.or.th)) or of the Stock Exchange of Thailand ([www.set.or.th](http://www.set.or.th)) or on the official Company website ([www.eastwater.com](http://www.eastwater.com)).

A detailed summary of the financial position and results of operations can be viewed in the following tables:

**Table 9 Statement of Financial Position**

Unit : Thousand Baht

Statement of Financial Position	2016	%	2015	%	2014	%
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalent	185,531	0.93	311,218	1.59	112,860	0.74
Short-term investments	736,499	3.71	862,598	4.39	55,070	0.36
Trade and other receivables	420,745	2.12	447,164	2.28	420,588	2.76
Inventories	10,587	0.05	9,381	0.05	9,232	0.06
Other Current assets	31,034	0.16	33,849	0.17	61,063	0.40
Non-current assets held for sale-net	-	-	-	-	57,678	0.38
<b>Total current assets</b>	<b>1,384,396</b>	<b>6.97</b>	<b>1,664,210</b>	<b>8.48</b>	<b>716,491</b>	<b>4.70</b>



Statement of Financial Position [Cont'd]	2016	%	2015	%	2014	%
<b>Non-current assets</b>						
Investment in subsidiary	-	-	-	-	91,470	0.60
Investment property - net	193,923	0.98	216,902	1.11	224,621	1.47
Property, plant and equipment - net	14,062,211	70.81	13,265,976	67.58	11,747,778	77.07
Goodwill	103,283	0.52	103,283	0.53	-	-
Intangible assets – net	3,692,725	18.59	3,831,897	19.52	1,725,359	11.32
Deferred tax assets	24,051	0.12	23,288	0.12	12,693	0.08
Other non-current assets	399,806	2.01	521,907	2.66	725,033	4.76
<b>Total non-current assets</b>	<b>18,475,999</b>	<b>93.03</b>	<b>17,963,253</b>	<b>91.52</b>	<b>14,526,954</b>	<b>95.30</b>
<b>Total assets</b>	<b>19,860,395</b>	<b>100.00</b>	<b>19,627,463</b>	<b>100.00</b>	<b>15,243,445</b>	<b>100.00</b>
<b>Liabilities and equity</b>						
<b>Current liability</b>						
Short-term borrowing from financial institutions.	1,600,000	8.06	1,600,000	8.16	233,000	1.53
Trade accounts payable	133,254	0.67	133,931	0.68	130,003	0.85
Payable for purchase of fixed assets	117,997	0.59	63,579	0.32	479,050	3.14
Current portion of long-term liabilities under finance lease agreements	1,407	0.01	2,856	0.01	2,008	0.01
Current portion of long-term borrowings from financial institutions.	808,200	4.07	752,200	3.84	563,280	3.70
Corporate income tax payable	129,308	0.65	149,495	0.76	129,535	0.85
Accrued expenses	176,960	0.89	175,191	0.89	155,043	1.02
Other current liabilities	59,394	0.30	60,958	0.31	49,156	0.32
Liabilities directly associated with non-current assets held for sale	-	-	-	-	269	-
<b>Total current liabilities</b>	<b>3,026,520</b>	<b>15.24</b>	<b>2,938,210</b>	<b>14.97</b>	<b>1,741,344</b>	<b>11.42</b>
<b>Non-current liabilities</b>						
Long-term liabilities under finance lease agreements	435	-	1,842	0.01	3,136	0.02
Long-term borrowings from financial institutions	3,200,600	16.12	4,008,800	20.42	4,648,721	30.50
Debentures	2,397,185	12.07	2,396,822	12.21	-	-
Deferred tax liabilities	410,098	2.06	421,234	2.15	42,448	0.28
Employee benefit obligations	129,087	0.65	119,687	0.61	104,433	0.68
Long-term provisions	20,670	0.10	26,881	0.14	13,240	0.09
Other non-currents liabilities	627,499	3.16	214,424	1.09	173,053	1.13
<b>Total non-current liabilities</b>	<b>6,785,574</b>	<b>34.16</b>	<b>7,189,690</b>	<b>36.63</b>	<b>4,985,031</b>	<b>32.70</b>
<b>Total liabilities</b>	<b>9,812,094</b>	<b>49.40</b>	<b>10,127,900</b>	<b>51.60</b>	<b>6,726,375</b>	<b>44.12</b>

Statement of Financial Position [Cont'd]	2016	%	2015	%	2014	%
<b>Equity</b>						
Registered share capital	1,663,725	8.38	1,663,725	8.48	1,663,725	10.91
Issued and paid-up share capital	1,663,725	8.38	1,663,725	8.48	1,663,725	10.91
Share premium	2,138,522	10.77	2,138,522	10.89	2,138,522	14.03
Retained earnings						
Appropriated-legal reserve	166,500	0.84	166,500	0.85	166,500	1.09
Unappropriated	5,854,314	29.48	5,303,277	27.02	4,493,850	29.48
Other components of equity	18,696	0.09	22,669	0.12	24,960	0.17
Non-controlling interests	206,544	1.04	204,870	1.04	29,513	0.20
<b>Total equity</b>	<b>10,048,301</b>	<b>50.60</b>	<b>9,499,563</b>	<b>48.40</b>	<b>8,517,070</b>	<b>55.88</b>
<b>Total liabilities and equity</b>	<b>19,860,395</b>	<b>100.00</b>	<b>19,627,463</b>	<b>100.00</b>	<b>15,243,445</b>	<b>100.00</b>
Book value per share (Baht/Share)	6.04		5.71		5.12	
Par value (Baht/share)	1.00		1.00		1.00	
Number of common shares outstanding at the end of the period (shares)	1,663,725,149		1,663,725,149		1,663,725,149	

**Table 10 Statement of Comprehensive Income**

Unit : Thousand Baht

Statement of Comprehensive Income	2016	%	2015	%	2014	%
<b>Revenues</b>						
Sales – raw water	2,696,427	61.09	2,898,665	62.22	2,768,376	64.31
Sales – tap water	1,392,873	31.56	1,160,235	24.90	988,739	22.97
Construction revenue under concession agreements	118,258	2.68	95,685	2.05	268,923	6.25
Rental and service income	169,405	3.84	212,229	4.56	216,202	5.02
Other income	37,026	0.83	292,012	6.27	62,520	1.45
<b>Total revenues</b>	<b>4,413,989</b>	<b>100.00</b>	<b>4,658,826</b>	<b>100.00</b>	<b>4,304,760</b>	<b>100.00</b>
<b>Expenses</b>						
Costs of sales – raw water	1,150,387	26.06	1,134,874	24.36	1,039,691	24.15
Costs of sales – tap water	824,580	18.68	707,276	15.18	590,123	13.71
Construction cost under concession agreements	118,258	2.68	95,685	2.05	268,923	6.25
Costs of rental and services	138,797	3.14	171,185	3.68	198,915	4.62
Selling and Administrative expenses	417,147	9.45	458,611	9.84	412,234	9.58
Finance costs	119,556	2.72	114,181	2.45	121,226	2.82
Income tax expense	326,656	7.40	385,775	8.28	339,198	7.87
<b>Total Cost</b>	<b>3,095,381</b>	<b>70.13</b>	<b>3,067,587</b>	<b>65.84</b>	<b>2,970,310</b>	<b>69.00</b>
<b>Net profit for the year</b>	<b>1,318,608</b>	<b>29.87</b>	<b>1,591,239</b>	<b>34.16</b>	<b>1,334,450</b>	<b>31.00</b>

Statement of Comprehensive Income [Cont'd]	2016	%	2015	%	2014	%
Other comprehensive income :						
<u>Items that will not be reclassified to profit or loss</u>						
Remeasurements of post-employment benefit obligations	-		(14,078)		-	
Income tax on items that will not be reclassified to profit or loss	-		2,816		-	
<b>Total items that will not be reclassified to profit or loss</b>	<b>-</b>		<b>(11,262)</b>		<b>-</b>	
<u>Items that will be reclassified to profit or loss</u>						
Assets transferred from customers	(3,398)		(3,398)		(3,398)	
Fair value of available-for-sale investments recycled to profit or loss	(719)		1,383		-	
Income tax relating to items that will be reclassified to profit or loss	144		(277)		-	
<b>Total items that will be reclassified subsequently to profit or loss</b>	<b>(3,973)</b>		<b>(2,292)</b>		<b>(3,398)</b>	
Other comprehensive income for the year, net of tax	(3,973)		(13,554)		(3,398)	
<b>Total comprehensive income for the year</b>	<b>1,314,635</b>		<b>1,577,685</b>		<b>1,331,052</b>	
Profit attributable to						
Owner of the parent	1,299,713		1,584,940		1,334,205	
Non-controlling interests	18,895		6,299		245	
<b>Net profit for the year</b>	<b>1,318,608</b>		<b>1,591,239</b>		<b>1,334,450</b>	
Total comprehensive income attributable to						
Owners of the parent	1,295,740		1,571,386		1,330,808	
Non-controlling interests	18,895		6,299		245	
<b>Total comprehensive income for the year</b>	<b>1,314,635</b>		<b>1,577,685</b>		<b>1,331,053</b>	

Statement of Comprehensive Income [Cont'd]	2559	%	2558	%	2557	%
Unappropriated retained earnings brought forward	5,303,276		4,493,850		3,875,025	
<u>Subtract</u> Impact of change in accounting policies	-		-		-	
Dividends paid	(748,676)		(765,290)		(715,380)	
Total	4,554,600		3,728,560		3,159,645	
<u>Add</u> Annual net profit	1,299,713		1,573,677		1,334,205	
Changes in equity interest of subsidiaries	-		1,039		-	
Unappropriated retained earnings carried forward	5,854,313		5,303,276		4,493,850	
Appropriated-statutory reserve	166,500		166,500		166,500	
<b>Retained earnings</b>	<b>6,020,813</b>		<b>5,469,776</b>		<b>4,660,350</b>	
Earnings per share	0.78		0.95		0.80	
Par value (Baht/share)	1.00		1.00		1.00	
<b>Number of common shares</b>	<b>1,663,725,149</b>		<b>1,663,725,149</b>		<b>1,663,725,149</b>	

Table 11 Statement of Cash Flows

Unit : Thousand Baht

Statement of Cash Flows	2016	2015	2014
Cash flows from operating activities			
Profit before income tax	1,645,264	1,977,015	1,673,648
Adjustments to reconcile profit before			
Income tax to net cash provided by (paid from) operating activities			
Depreciation	379,473	372,374	373,967
Amortisation	263,346	181,678	116,646
Income from amortization of assets transferred from customers	(3,398)	(3,398)	(3,398)
Write-off equipment	7,874	22,959	-
Doubtful accounts	-	32,802	-
Losses (gains) on disposals/written off of plant and equipment	19	(3,825)	5,024
Impairment losses on concession right	3,320	720	1,310
Gains on disposals/written off of subsidiaries	-	(518)	-
Gain on fair value measurement of equity interest held before the business combination	-	(226,320)	-
Gain on sales of short-term investments	(3,173)	(114)	-
Long-term provisions	4,211	9,991	3,059
Employee benefit obligations	15,764	12,718	13,767
Dividend income	-	(23,670)	(24,486)
Interest income	(9,557)	(8,770)	(6,365)
Interest expenses	118,260	112,938	120,066
<b>Income from operating activities before</b>	<b>2,421,403</b>	<b>2,456,580</b>	<b>2,273,238</b>

Statement of Cash Flows [Cont'd]	2016	2015	2014
Changes in operating assets and liabilities			
Trade and other accounts receivables	26,576	(22,482)	(7,002)
Inventories	(1,206)	(149)	1,305
Other current assets	2,908	15,906	(16,330)
Other non-current assets	(1,249)	(5,441)	11,141
Change in operating liabilities increase (decrease)			
Trade accounts payable	(677)	(7,570)	(14,101)
Accrued expenses	2,000	27,319	15,330
Other current liabilities	(4,405)	36,486	(8,417)
Employee benefit obligations-paid	(6,363)	(11,543)	(757)
Long-term provisions-paid	(12,469)	(5,706)	(14,442)
Other non-current liabilities	41,339	41,371	42,160
Cash provided by operation	2,467,857	2,524,771	2,282,125
Income tax paid	(358,599)	(386,646)	(337,127)
<b>Net cash provided by operating activities</b>	<b>2,109,258</b>	<b>2,138,125</b>	<b>1,944,998</b>
Cash flows from investing activities			
Purchases of short-term investments	(1,139,876)	(1,324,914)	(109,368)
Proceeds from disposals of short-term investments	1,268,429	553,884	141,177
Acquisition of a subsidiary, net of cash acquired	-	(1,456,221)	-
Proceeds from disposal of a subsidiary classified as non-current asset held for sales	-	32,010	-
Interest received	9,307	8,386	7,271
Dividend received from a related party and subsidiaries	-	23,670	24,486
Proceeds from disposals of equipment	180	17,333	11,754
Purchases of intangible assets	(101,777)	(103,743)	(299,316)
Purchases of investment property	(393)	(1,535)	-
Purchases of plant and equipment and advance construction payment	(873,108)	(1,956,826)	(1,797,740)
Proceeds from bank guarantee	371,735	-	-
Interest paid capitalised in qualifying assets	(132,523)	(65,165)	(103,175)
<b>Net cash used in investing activities</b>	<b>[598,026]</b>	<b>[4,273,121]</b>	<b>[2,124,911]</b>



Statement of Cash Flows [Cont'd]	2016	2015	2014
<b>Cash flows from financing activities</b>			
Proceeds from short-term borrowing from financial institutions	155,000	4,067,000	3,816,000
Payment on short-term borrowings from financial institutions	(155,000)	(2,700,000)	(3,739,000)
Proceeds from long-term borrowings	-	2,773,000	1,384,000
Payment on long-term borrowing	(752,200)	(3,224,001)	(582,360)
Payment on liabilities under finance lease agreements	(2,856)	(447)	(1,818)
Proceeds from issuance of debentures	-	2,400,000	-
Transaction cost of debentures	-	(3,369)	-
Proceeds from capital increase of subsidiaries	-	-	-
Additional purchase of interests in a subsidiaries	-	(2,779)	-
Dividends paid	(762,656)	(792,409)	(715,748)
Interest paid	(119,207)	(183,640)	(111,607)
<b>Net cash generated from/ [used in] financing activities</b>	<b>[1,636,919]</b>	<b>2,333,355</b>	<b>49,467</b>
Net increase (decrease) in cash and cash equivalents	(125,687)	198,359	(130,446)
Cash and cash equivalents at beginning of the year	311,218	112,860	243,306
<b>Cash and cash equivalents at ending of the year</b>	<b>185,531</b>	<b>311,218</b>	<b>112,860</b>
<b>Supplemental cash flow information</b>			
<u>Non-cash related transactions:</u>			
Purchases of fixed assets and intangible assets on payable	59,575	63,168	455,121
Refinance of long-term borrowings	-	2,000,000	-

# MANAGEMENT DISCUSSION AND ANALYSIS

## 1. Overview

### 1.1 Analysis of Financial Performance

In 2016, East Water Group had total consolidated sales and services income of 4,376.96 million Baht, increased by 10.15 million Baht or 0.23% and Net profit attributable to Equity holders of the parent company was 1,299.71 million Baht, decreased by 285.23 million Baht or 18.00% YoY. Nevertheless, net profit for the year 2015 was included gain from measuring fair value of equity interest in Egcom Tara Company Limited held before the business combination amounted to 183.32 million Baht. Excluding this gain, net profit attributable to Equity holders of the parent company would decrease by Baht 101.39 million or 7.23% compared to the previous year.

**Table 12** Comparative Income Statement for 2015-2016

Income statement [MB]	2015	2016	+ / [-]	%
<b>Total Sales and services revenue</b>	<b>4,366.81</b>	<b>4,376.96</b>	<b>10.15</b>	<b>0.23%</b>
Raw water revenue	2,898.67	2,696.43	(202.24)	(6.98%)
Tap water revenue	1,160.24	1,392.87	232.64	20.05%
Rental and services revenue	212.23	169.41	(42.82)	(20.18%)
Construction revenue under Concession Agreements <sup>(1)</sup>	95.69	118.26	22.57	23.59%
<b>ต้นทุนขายและบริการ</b>	<b>2,109.02</b>	<b>2,232.02</b>	<b>123.00</b>	<b>5.83%</b>
Raw water cost	1,134.87	1,150.39	15.51	1.37%
Tap water cost	707.28	824.58	117.30	16.59%
Rental and services cost	171.19	138.80	(32.39)	(18.92%)
Construction cost under Concession Agreements <sup>(1)</sup>	95.69	118.26	22.57	23.59%
<b>Gross profit</b>	<b>2,257.79</b>	<b>2,144.94</b>	<b>[112.85]</b>	<b>[5.00%]</b>
Other income	65.69	37.03	(28.67)	(43.64%)
Selling and administrative expenses	458.61	417.15	(41.46)	(9.04%)

**Table 12** Comparative Income Statement for 2015-2016 [Cont'd]

Income statement [MB]	2015	2016	+ / [-]	%
<b>Operating profit</b>	<b>1,864.88</b>	<b>1,764.82</b>	<b>[100.06]</b>	<b>[5.37%]</b>
Finance cost	114.18	119.56	5.38	4.71%
Income tax expenses	342.77	326.66	(16.12)	(4.70%)
<b>Net profit from Normal Operation</b>	<b>1,407.92</b>	<b>1,318.61</b>	<b>[89.31]</b>	<b>[6.34%]</b>
Net profit from measuring fair value <sup>(2)</sup>	183.32	0.00	(183.32)	(100.00%)
<b>Net profit</b>	<b>1,591.24</b>	<b>1,318.61</b>	<b>[272.63]</b>	<b>[17.13%]</b>
Net profit attributable to owner of the parent	1,584.94	1,299.71	(285.23)	(18.00%)
Earnings per share (EPS)	0.95	0.78	(0.17)	(18.00%)
<b>EBITDA</b>	<b>3,177.13</b>	<b>2,619.10</b>	<b>[558.03]</b>	<b>[17.56%]</b>

**Remarks :**

(1) Revenue and Cost that was recognized when there is construction under concession agreements for tap water according to accounting standard TFRIC12

(2) Gain from measuring fair value of 15.88% equity interest in Egcom Tara Company Limited held before the business combination

**1.2 Economic Situation**

For the Industry and competition conditions in the Eastern region, the economy in 2016 was gradually expanded. Some areas are facing drought situation while the industrial sector growth fell slightly to 0.6%, down from 0.8% in 2015. However, there was a good sign of the expansion from the automotive industry, chemical products and petroleum, since the Cabinet has approved a policy to support the investment under the Eastern Economics Corridor Development (EEC), which was in the 3 Eastern Seaboard provinces; Rayong, Chonburi, and Chachoengsao, where the usage of raw water and tap water per year were 250 and 70 million cubic meters respectively. This will magnify a chance for industry sector in the Eastern region. Furthermore, there will be the investment policy following the strategic plan for development of the nation, including infrastructure for transportation, Double-track railway project, the construction of 3 routes of the motorway, and water management. These investments will be the factors resulting in higher demand for raw water and tap water in 2017 and contributing to the improved long-term growth compared to the year 2016.

**Water Resources**

Despite a drought in 2016 that caused the water in reservoirs in the Eastern area, which are the main water supply sources of the Company in Rayong, Chonburi, and Chachoengsao, to fall below average, especially those in Chonburi area which is facing the lowest water level in the last 11 years. However, because of the systematic and integrated water management by 'East Water model', whose pipeline network has been developed by connecting the "Water Grid System" to the main raw water sources in the Eastern area covering the length of over 491.8 kilometers, we still have enough water supply to meet the demands from all sectors in Eastern part. The Company has been monitoring the water situation closely and making action plans to prevent drought since 2015, including accelerating the construction of Nongplalai - Nongkor 2 pipeline project, sourcing water supply from private ponds, improving Sam-Nak-Bok reserve pond, coordinating with the Irrigation Department to allocate additional water, and cooperating with the Provincial Waterworks Authority and the major users to manage water demand to align with each area's pumping capacity (Demand Management). As a result, the Company was able to continue supplying raw water adequately in the service areas.

As of 3 February 2017, the water supply situation in Chonburi province improved, compared to the beginning of the year 2016, because the area saw higher rainfall since July 2016, and additional raw water was pumped from the Bangpakong River into the Bangphra reservoir. In contrast, the water in Nongplalai reservoir was lower compared to the year 2016, and, as a result, the Company has been pumping water from Prasae reservoir into Nongplalai reservoir continuously. The average water in the reservoirs in Chonburi and Rayong were 72% and 71% of total capacity respectively.

**Table 13 Water Volume by Area**

Water Volume [M.Cu.M]	Chonburi		Rayong			
	Bangpra	Nongkho	Dokkrai	Nongplalai	Klongyai	Prasae
Water reserve	86.86	12.77	66.55	109.90	25.32	174.70
Percentage of total capacity	74%	60%	84%	67%	63%	70%
Average (2004-2016)	60.48	12.77	53.19	134.06	29.80	210.75
Above/(below) average (2004-2016)	26.38	(0.00)	13.36	(24.16)	(4.48)	(36.05)

#### Significant issues affecting to tap water business

1. On May 18, 2016, The Securities and Exchange Commission of Thailand (SEC) had approved the request application for Initial Public Offering (IPO) of the Company's subsidiary, Universal Utilities Public Company Limited (UU) and the Stock Exchange of Thailand (SET) also approved the request for listing stock by May 30, 2016. However, UU has not launched the IPO yet since it is still in the process of considering the most appropriate time for selling.
2. On August 25, 2016, Universal Utilities Public Company Limited (UU) signed a loan agreement with a financial institution amounting to 1,600 million Bath, with the objective to refinance existing loans of the Company that had been used for acquiring Egcom Tara shares (UU had purchased common stocks of Egcom Tara Co.,Ltd for 25,597,096 shares or 74.19% from EGCO Engineering and Service Co.,Ltd. In an amount of 1,600 million Bath)

#### Other issues

1. On June 14, 2016, TRIS Rating Co.,Ltd. affirmed the company rating and senior unsecured debenture rating of Eastern Water Resources Development and Management PLC at "A+" with "Stable" outlook, which reflects the company's financial strength and low operating risks. In addition, TRIS Rating assigned the company rating of Universal Utilities PLC. (UU) at "A-" with "stable" outlook, which reflects UU's low operating risk, growing demand for tap water, and reliable stream of cash.
2. The Annual General Shareholders Meeting for the year 2015 had a resolution to pay dividend for the year 2015 at 0.47 Baht per share, comprising interim dividend (January-June 2015) at 0.22 Baht per share and dividend for the second half operating results (July-December 2015) at 0.25 Baht per share. Furthermore, the Board of Directors Meeting No. 10/2016, held on August 29, 2016, had a resolution on the interim dividend payment, based on the operating result of six months ended June 30, 2016, at 0.20 Bath per share.

### 1.3 Raw Water Business

Raw water revenue in 2016 was 2,696.43 million Baht, decreased by 202.24 million Baht or 6.98%. Total water sales volume amounted to 250.66 million Cu.M., decreased by 20.03 million Cu.M., or 7.40% YoY. A drop in sales volume was caused by limited water reserve in Chonburi and Chachoengsao which induced the Company to limit the water supply to the customer in Chonburi, so that there will be sufficient amount of water throughout the year. The average raw water tariff stayed at 10.76 Baht per Cu.M., increased by 0.05 Baht per Cu.M., or 0.46% compared to the previous year, due to declining raw water sales volume of household customers, who pay lower tariffs than other customer groups.

Table 14 Comparative Water Sales Volume for 2015 - 2016

Raw Water Volume [Million Cu.M]	2015	2016	+ / [-]	%
Total distribution volume	296.44	282.16	(14.29)	(4.82%)
Internal usage for tap water	25.76	31.50	5.74	22.28%
<b>Net Raw Water Sales Volume</b>	<b>270.68</b>	<b>250.66</b>	<b>[20.03]</b>	<b>[7.40%]</b>

Note : Raw Water Sales Volume = Total Distribution Volume – Internal usage for tap water production

### Raw Water Distribution by Customer Group [Internal usage for tap water production is included]

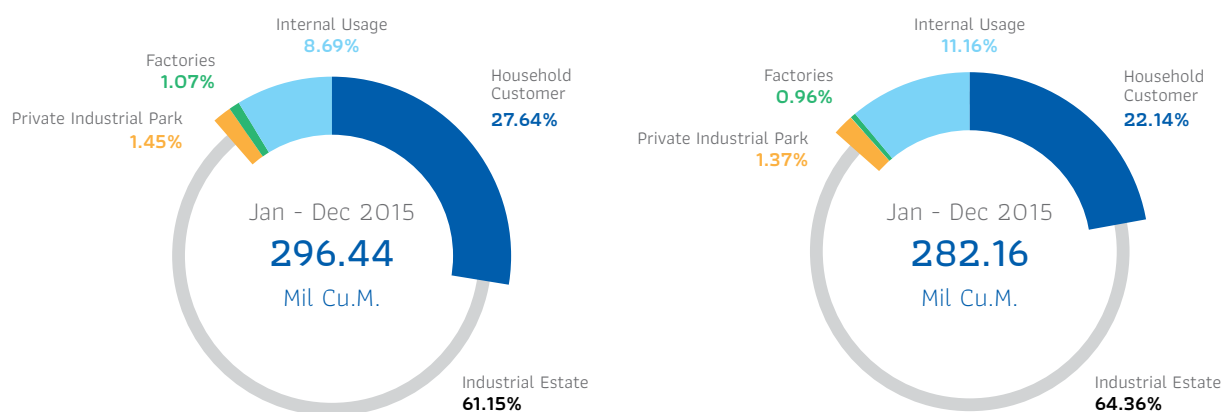


Diagram 5 Raw Water Distribution by Customer Group

### Raw Water Distribution by Area [Internal usage for tap water production is included]

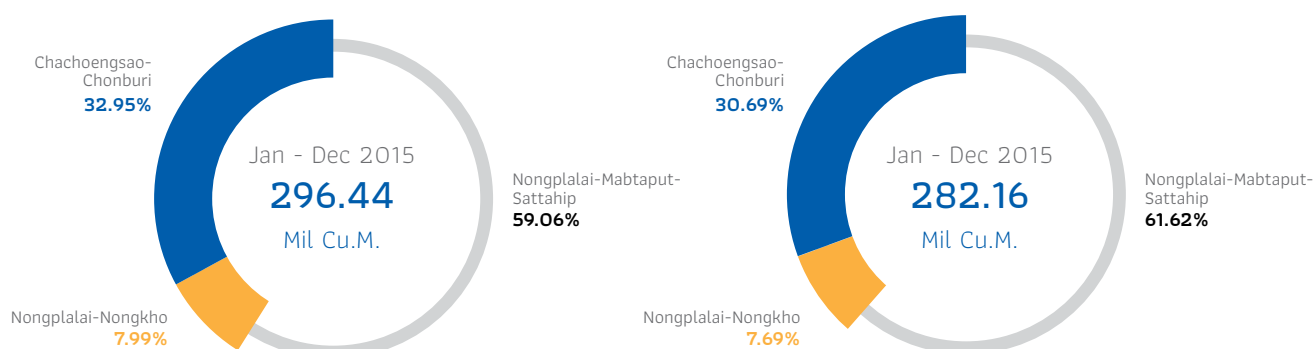


Diagram 6 Raw Water Distribution by Area



**Table 15 Comparative Raw Water Gross Profit for 2015-2016**

	2015	2016	+ / [-]	%
Raw Water Revenue	2,898.67	2,696.43	(202.24)	(6.98%)
COGS	1,134.87	1,150.39	15.51	1.37%
<b>Gross Profit</b>	<b>1,763.79</b>	<b>1,546.04</b>	<b>[217.75]</b>	<b>[12.35%]</b>

**Gross Profit of Raw Water Business** for the year 2016 was 1,546.04 million Baht, decreased by 217.75 million Baht or 12.35% as compared to the year 2015. The gross profit margin was 57.34% of raw water revenue due to an increase in cost of sales to 1,150.39 million Baht, with an increase of 15.51 million Baht or 1.37% as compared to the year 2015. This was primarily due to the rising of raw water from private water sources by 23.21 million Baht, as well as from the expenses of water pumped from Bangpra reservoir during the drought crisis which exceeded the quota permitted through an agreement with the Royal Irrigation Department by 27.74 million Baht. Electricity costs decreased, however, as the Company received compensation for the diversion of water from the Prasae Reservoir in 2015 from customers who paid in 2016 totalling 21.86 million Baht. Maintenance costs also decreased by 18.19 million Baht due to the reduction of broken pipelines.

#### 1.4 Tap Water Business

Total tap water revenue in 2016 was 1,392.87 million Baht, increased by 232.64 million Baht or 20.05%. Total tap water sales volume was 93.07 million Cu.M., increased by 9.18 million Cu.M. or 10.94% compared to the year 2015. A surge in sales volume was primarily due to sales volume of 8.59 million Cu.M. from Egcom Tara Co.,Ltd. (Ratchaburi-Samutsongkram waterworks). If excluding the sales volume from Egcom Tara, tap water sales volume would be 80.15 million Cu.M., increased by 0.59 million Cu.M. or 0.74%. The average tap water tariff was 14.97 Baht per Cu.M., rose by 1.14 Baht per Cu.M. or 8.21% as a result of the high average tariff of Ratchaburi-Samutsongkram waterworks at 25.47 Baht per Cu.M.

**Table 16 Comparative Tap Water Sales Volume for 2015-2016**

Tap Water Volume [Million Cu.M]	2015	2016	+ / [-]	%
Sales Volume excluding the sales volume from Egcom Tara	79.56	80.15	0.59	0.74%
Sales Volume from Egcom Tara	4.33	12.92	8.59	198.45%
<b>Net Tap Water Sales Volume</b>	<b>83.88</b>	<b>93.07</b>	<b>9.18</b>	<b>10.94%</b>

**Note :** The Company started to recognize Egcom Tara's performance since 31 August 2015 of 90.08%

**Table 17 Comparative Tap Water Gross Profit for 2015-2016**

Major Costs of Tap Water Business [Million Baht]	2015	2016	+ / [-]	%
Tap Water Revenue	1,160.24	1,392.87	232.64	20.05%
Costs of Tap Water	707.28	824.58	117.31	16.59%
<b>Gross Profit</b>	<b>452.96</b>	<b>568.29</b>	<b>115.33</b>	<b>25.46%</b>

**Gross Profit of Tap Water Business** in 2016 was 568.29 million Baht, increased by 115.33 million Baht or 25.46%, representing a gross profit margin of 40.80% due to higher average prices than the previous year. Cost of sales of tap water for the year 2016 was 824.58 million Baht, representing an increase of 117.31 million Baht or 16.59% as compared to 2015. This was mainly due to an increase of depreciation and amortization by 77.35 million Baht from intangible assets of Egcom Tara. The employee and outsource expenses also increased by 20.83 million Baht due to additional personnel expense from Egcom Tara.

### 1.5 Rental and Services Income

Rental and services income in 2016 was 169.41 million Baht, decreased by 42.82 million Baht or 20.18%, mainly from a decrease in service income. The reason was Universal Utilities Public Company Limited (UU) used to receive service income from operating waterworks for Egcom Tara in the previous year, but after UU acquired 90.08% shares of Egcom Tara on 31 August 2015, Egcom Tara has become UU's subsidiary and, thus, the service income from Egcom Tara has not been recognized since.

### 1.6 Selling and Administrative Expenses

Selling and administrative expenses in 2016 was 417.15 million Baht, decreased by 41.46 million Baht or 9.04% compared to the year 2015. The reasons were due to high consulting expenses for acquiring Egcom Tara in 2015, as well as the minimizing of administrative expenses and no addition of allowances for doubtful accounts in 2016.

## 2. Financial Position and Profitability

**Table 18** Comparative Statement of Financial Position for 2015-2016

Items	As of 31 Dec 2015	As of 31 Dec 2016	+ / [-]	%
Total Assets	19,627.46	19,860.40	232.93	1.19%
Total Liabilities	10,127.90	9,812.09	(315.81)	(3.12%)
Equity	9,499.56	10,048.30	548.74	5.78%
<b>Equity attributable to owners of the parents</b>	<b>9,294.69</b>	<b>9,841.76</b>	<b>547.07</b>	<b>5.89%</b>

### 2.1 Financial Analysis

1. **Assets** At the end of December 2016, total assets were 19,860.40 million Baht, increased by 232.93 million Baht or 1.19% from the end of the year 2015 due to changes in the following items:

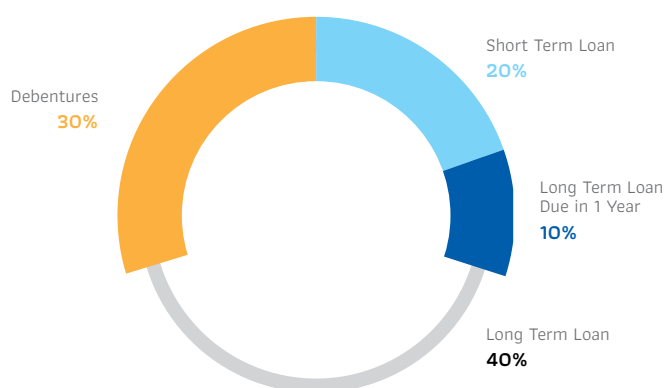
- Cash and short term investment was 322.03 million Baht, decreased by 251.79 million Baht due to loan repayment of 752.20 million Baht in March and June 2016, as well as dividend payment for six months operating performance of 415.93 million Baht in May 2016 and the interim dividend payment of 332.75 million Baht in September 2016, offset by cash received from operations during the year 2016.
- Property, plant and equipment was 14,062.21 million Baht, increased by 796.23 million Baht, mainly from the investment of projects under construction, including Prasae-Nongplalai pipeline project and Nongplalai-Nongkho 2 pipeline project after netting off depreciation.
- Intangible assets was 3,692.73 million Baht, decreased by 139.17 million Baht due to the recognition of amortization of intangible assets of Egcom Tara Co.,Ltd
- Other Non-current assets were 399.81 million Baht, declined by 122.10 million Baht from the end of the year 2015, mainly due to the decrease in advance payment for Tarma project

2. **Liabilities** At the end of December 2016, total liabilities were 9,812.09 million Baht, decreased by 315.81 million Baht or 3.12% from the end of the year 2015 due to changes in the following items:

- Long-term loan from financial institutions was 3,200.60 million Baht, decreased by 808.20 million Baht due to loan repayment in March and June 2016.
- Other Non-current liabilities was 627.50 million Baht, increased by 413.08 million Baht because of the receiving of guarantee payment for Tabma project which the Company had collected based on the collateral amount from the bank.
- Interest Bearing Debt comprised 1,600 million Baht in short-term loans, 808.20 million Baht in long-term loans due within 1 year, 3,200.60 million Baht in long-term loans, and 2,397.19 million Baht in debentures. According to debentures and long-term loans agreements, the Company was required to maintain its D/E ratio of not higher than 2 times and a DSCR of not less than 1.1 times. The Company was able to maintain these ratios per the terms and conditions of the agreements, as shown in Section 2.3.

### Interest Bearing Debt

Diagram 7 Interest Bearing Debt



3. **Shareholder's Equity** As of December 2016, Shareholders' equity attributable to owners of the parent was Baht 9,841.76 million, increased by 547.07 million Baht or 5.89% from the end of the year 2015, basically from the net profit of the year after dividend payment.

## 2.2 Liquidity Analysis

In 2016, the Company had cash and cash equivalents of 311.22 million Baht at the beginning of the period, whereby during the financial period, net cash was decreased by 125.69 million Baht. This comprised the following items:

1. **Net cash received from Operating Activities** totaling Baht 2,109.26 million Baht. The main causes were:
  - Net income before corporate income tax of 1,645.26 million Baht, which was a decrease from the previous year due to the recognition of the gain from fair value of owner's equity in EGCOM TARA in 2015, being adjusted with the significant non-cash expenses including 642.8 million Baht for depreciation and amortization, which was increased due to the amortization of concession rights.
  - Changes in assets and liabilities from operations resulting in a decrease of net cash by 35.10 million Baht.
2. **Net cash used in Investment Activities** amounting to 598.03 million Baht. This was mainly due to:
  - 873.11 million Baht in property, plant and equipment investment and advance payments for construction, mainly for Nongplalai pipeline project and the Nongplalai-Nongkho pipeline project 2.
3. **Net cash used in Financing Activities** amounting to 1,636.92 million Baht, mainly due to:
  - 907.2 million Baht repayment for short and long-term loans, 762.66 million Baht in dividend payments, and 119.21 million Baht in interest payments.

## 2.3 Key Financial Ratios

**Table 19** Comparative Financial Ratios for 2015 - 2016

Items	As of 31 Dec 2015	As of 31 Dec 2016
<b>Liquidity Ratio</b>		
Working capital ratio (times)	0.57	0.46
Quick working capital ratio (times)	0.55	0.44
Cash flow ratio (times)	0.91	0.71
<b>Profitability Ratio</b>		
Gross profit/ total sales and services income (%)	52.86%	50.37%
Net profit/ total sales and services income (%)	32.96%	30.96%
<b>Performance Ratio</b>		
Return on Equity (ROE) (%)	15.76%	13.58%
Return on Assets (ROA) (%)	8.04%	6.58%
Asset turnover (times)	0.24	0.22
<b>Capital Structure and Debt Ratio</b>		
Debt to Equity ratio (time)	1.09	1.00
Debt Service Coverage ratio (DSCR) (time)	2.63	2.27
Dividend payout ratio	0.49	0.60

**Note :**

1. Construction revenue under concession agreement and other income are excluded.
2. Construction revenue, cost under concession agreement and profit from measuring fair value of Egcom Tara before the acquisition are excluded.
3. Net Profit in 2015 is calculated excluding capital gain tax incurred from selling EW's 15.88% shares of Egcom Tara to UU

In conclusion, at the end of December 2016, East Water Group reported slightly lower gross profit and net profit margin at 50.37% and 30.96%, from the reducing gross profit of the raw water business, but still demonstrates the satisfactory level of profitability. Return on equity (ROE) was 13.58% and return on asset (ROA) was 6.58% respectively which declined from the year 2015 since the Company has been continually investing in huge projects in order to meet long-term future demand. Debt to equity ratio rose to 1.00 times due to an increase in subsidiary's debt financing for acquisition of Egcom Tara. However, the net debt to equity ratio (debt after deduction of cash and short-term investment) was 0.90 times and the debt service coverage ratio (DSCR) remains strong at 2.27 times, showing the company's ability to repay its debts.

**Remarks :**

1. This Management Discussion and Analysis Report has been prepared by Company's management in order to provide information about the financial position and results of operations of the Company. Readers can also study of the details in the financial statement and auditor's report for the year 2016, which are also shown in the Annual Report for 2016.
2. Investors can find more information on the Company's annual disclosure form (Form 56 - 1) disclosed on the official website of the Securities and Exchange Commission (SEC), Thailand [www.sec.co.th](http://www.sec.co.th) or on the Company's website [www.eastwater.com](http://www.eastwater.com).

31 DECEMBER 2016

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# FINANCIAL STATEMENT

EASTERN WATER RESOURCES DEVELOPMENT AND MANAGEMENT  
PUBLIC COMPANY LIMITED

## Independent Auditor's Report

To the shareholders Eastern Water Resources Development and Management Public Company Limited

### My opinion

In my opinion, the consolidated financial statements of Eastern Water Resources Development and Management Public Company Limited (the Company) and its subsidiaries (the Group) and the separate financial statements of the Company present fairly, in all material respects, the consolidated and separate financial position of the Group and of the Company as at 31 December 2016, and consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

### What I have audited

I have audited the accompanying consolidated and separate financial statements of the Group and the Company, which comprise the consolidated and separate statements of financial position as at 31 December 2016, and the related consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

### Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of my report. I am independent of the Group and the Company in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Emphasis of Matter

I draw your attention to Note 35.2 to the financial statements regarding the litigation of Tubma reservoir development project, which the contractor cannot complete the construction in time. The Company and the contractor are in dispute. I also draw your attention to Note 36 regarding compensation for the Company's pipeline connecting projects. Currently, the Company pays compensation at a preliminary rate because the government agency is considering a deal in which the Company will rent or manage connecting projects. As a result, the government agency is reviewing the compensation rate and it may be subject to change. My opinion is not qualified in respect of this matter.



## Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. I determine one key audit matter: Assessment of the recoverable amount of goodwill. The matter was addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on the matter.

Key audit matter	How my audit addressed the key audit matter
<b>Assessment of the recoverable amount of goodwill</b> <p>The Group had goodwill presented as an asset in the consolidated financial statements at Baht 103.3 million. The goodwill is from a subsidiary acquired equity interest in a private company and has gained control over that company since then.</p> <p>The goodwill relates to operating results under an operating agreement of 15 years. Therefore, future operating results and the remaining agreement period have a direct impact on impairment of the goodwill. Goodwill arising from the business combination was tested for impairment annually, by determining the recoverable amount of an asset or a cash-generating unit, which was the higher of its fair value less costs to disposal and its value in use. From the testing result, the management believed that the goodwill was not impaired.</p> <p>An assessment of the recoverable amount of goodwill was determined to be a key audit matter because the amount of goodwill is material to the financial statements. The recoverable amount depends on various assumptions which involve significant management's judgement. These assumptions relate to future event, such as an estimate of the future cash flows the Group expects to derive from the asset, expectations about possible variations in an amount or timing of those future cash flows, the time value of money, and the appropriate discount rates.</p>	<p>I assessed the management's assumptions for determining the recoverable amount, which based on value-in-use calculation. These assumptions have been disclosed in Note 14, Goodwill.</p> <p>I challenged management about their assessment of the impairment test and future operations plans. I checked the reasonableness of discounted cash flows over the remaining agreement period, including a comparison between actual and forecasted operating results, a comparison between selling price and sales volume which stated in the operation agreement. I also checked the reasonableness of future selling price adjustment, cost analysis and growth rate of cost, discount rates and sensitivity analysis.</p> <p>From the procedures performed above, I found that the assumptions used in the management's assessment of the recoverable amount of goodwill were reasonable.</p>

## Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

## Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee assists the directors in discharging their responsibilities for overseeing the Group and the Company's financial reporting process.

## Auditor's responsibilities for the audit of the consolidated and separate financial statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

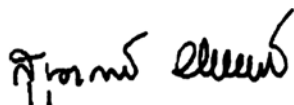
- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the audit committee with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers ABAS Ltd.



**Sukhumaporn Wong-ariyaporn**  
 Certified Public Accountant (Thailand) No. 4843  
 Bangkok  
 15 February 2017

Eastern Water Resources Development and Management Public Company Limited

Statement of Financial Position

As at 31 December 2016

		(Unit: Baht)			
		Consolidated financial statements		Separate financial statements	
	Notes	2016	2015	2016	2015
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	185,531,101	311,218,269	96,868,747	249,113,610
Short-term investments	8	736,498,606	862,597,548	366,752,447	546,522,937
Trade and other receivables	9	420,745,598	447,163,960	281,657,954	282,813,930
Inventories	10	10,586,982	9,380,954	-	-
Other current assets		31,033,975	33,849,439	19,114,571	13,644,864
<b>Total current assets</b>		<b>1,384,396,262</b>	<b>1,664,210,170</b>	<b>764,393,719</b>	<b>1,092,095,341</b>
<b>Non-current assets</b>					
Investment in subsidiary	11	-	-	510,000,000	510,000,000
Investment property - net	12	193,922,764	216,901,860	221,689,767	231,204,029
Property, plant and equipment - net	13	14,062,211,360	13,265,976,381	13,822,750,998	13,066,999,015
Goodwill	14	103,283,004	103,283,004	-	-
Intangible assets - net	15	3,692,725,386	3,831,896,900	38,584,587	36,075,087
Deferred tax assets	16	24,050,515	23,287,820	-	-
Other non-current assets	17	399,805,735	521,907,368	367,530,558	488,272,036
<b>Total non-current assets</b>		<b>18,475,998,764</b>	<b>17,963,253,333</b>	<b>14,960,555,910</b>	<b>14,332,550,167</b>
<b>Total assets</b>		<b>19,860,395,026</b>	<b>19,627,463,503</b>	<b>15,724,949,629</b>	<b>15,424,645,508</b>

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The accompanying notes on pages 97 to 147 are an integral part of these consolidated and separate financial statements.

Eastern Water Resources Development and Management Public Company Limited

Statement of Financial Position (Cont'd)

As at 31 December 2016

		(Unit: Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
	Notes	2016	2015	2016	2015
<b>Liabilities and equity</b>					
<b>Current liabilities</b>					
Short-term borrowings from					
financial institutions	18	1,600,000,000	1,600,000,000	-	-
Trade accounts payable	19	133,253,559	133,930,355	101,747,154	104,880,884
Payable for purchase of fixed assets		117,996,918	63,579,191	85,962,622	58,418,193
Current portion of long-term liabilities					
under finance lease agreements	20	1,407,257	2,856,313	1,407,257	2,856,313
Current portion of long-term borrowings					
from financial institutions	18	808,200,000	752,200,000	616,000,000	560,000,000
Corporate income tax payable		129,307,584	149,494,958	98,814,617	111,844,526
Accrued expenses	21	176,960,271	175,190,960	116,241,055	118,264,607
Other current liabilities		59,394,910	60,958,337	28,437,416	34,569,583
<b>Total current liabilities</b>		<b>3,026,520,499</b>	<b>2,938,210,114</b>	<b>1,048,610,121</b>	<b>990,834,106</b>
<b>Non-current liabilities</b>					
Long-term liabilities under					
finance lease agreements	20	434,965	1,842,223	434,965	1,842,223
Long-term borrowings from					
financial institutions	18	3,200,600,000	4,008,800,000	2,624,000,000	3,240,000,000
Debentures	18	2,397,185,473	2,396,822,358	2,397,185,473	2,396,822,358
Deferred tax liabilities	16	410,097,410	421,233,790	38,406,226	24,797,641
Employee benefit obligations	22	129,087,287	119,686,982	76,704,818	73,360,526
Long-term provisions	23	20,670,053	26,881,034	-	-
Other non-current liabilities	24	627,498,747	214,424,014	595,592,572	184,212,408
<b>Total non-current liabilities</b>		<b>6,785,573,935</b>	<b>7,189,690,401</b>	<b>5,732,324,054</b>	<b>5,921,035,156</b>
<b>Total liabilities</b>		<b>9,812,094,434</b>	<b>10,127,900,515</b>	<b>6,780,934,175</b>	<b>6,911,869,262</b>

The accompanying notes on pages 97 to 147 are an integral part of these consolidated and separate financial statements.

Eastern Water Resources Development and Management Public Company Limited

Statement of Financial Position (Cont'd)

As at 31 December 2016

		(Unit: Baht)			
		Consolidated financial statements		Separate financial statements	
	Notes	2016	2015	2016	2015
<b>Liabilities and equity (Cont'd)</b>					
<b>Equity</b>					
Share capital	25				
Registered share capital					
Ordinary shares, 1,663,725,149 shares of par Baht 1 each		1,663,725,149	1,663,725,149	1,663,725,149	1,663,725,149
Issued and paid-up share capital					
Ordinary shares, 1,663,725,149 shares of par Baht 1 each		1,663,725,149	1,663,725,149	1,663,725,149	1,663,725,149
Share premium	25	2,138,522,279	2,138,522,279	2,138,522,279	2,138,522,279
Retained earnings					
Appropriated - legal reserve	26	166,500,000	166,500,000	166,500,000	166,500,000
Unappropriated		5,854,313,668	5,303,276,782	4,956,572,298	4,521,360,412
Other components of equity	27	18,695,728	22,668,406	18,695,728	22,668,406
Equity attributable to owners of the parent		9,841,756,824	9,294,692,616	8,944,015,454	8,512,776,246
Non-controlling interests		206,543,768	204,870,372	-	-
<b>Total equity</b>		<b>10,048,300,592</b>	<b>9,499,562,988</b>	<b>8,944,015,454</b>	<b>8,512,776,246</b>
<b>Total liabilities and equity</b>		<b>19,860,395,026</b>	<b>19,627,463,503</b>	<b>15,724,949,629</b>	<b>15,424,645,508</b>

The accompanying notes on pages 97 to 147 are an integral part of these consolidated and separate financial statements.



**Eastern Water Resources Development and Management Public Company Limited**  
**Statement of Comprehensive Income**  
**For the year ended 31 December 2016**

					(Unit: Baht)
	Notes	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<b>Revenues</b>	33				
Sales - raw water		2,696,427,042	2,898,665,222	2,759,807,142	2,927,586,675
Sales - tap water		1,392,873,167	1,160,235,181	378,125,765	363,987,505
Construction revenue under concession agreements		118,258,238	95,684,548	-	-
Rental and service income		169,405,399	212,228,991	95,219,384	92,881,473
<b>Total sales and service income</b>		<b>4,376,963,846</b>	<b>4,366,813,942</b>	<b>3,233,152,291</b>	<b>3,384,455,653</b>
Other income	29	37,025,541	292,011,900	142,083,766	307,051,878
<b>Total revenues</b>		<b>4,413,989,387</b>	<b>4,658,825,842</b>	<b>3,375,236,057</b>	<b>3,691,507,531</b>
<b>Expenses</b>	33				
Costs of sales - raw water		1,150,386,711	1,134,873,809	1,193,500,929	1,154,494,116
Costs of sales - tap water		824,579,757	707,275,881	323,464,215	310,468,841
Construction cost under concession agreements		118,258,238	95,684,548	-	-
Costs of rental and services		138,797,205	171,185,488	67,611,534	68,702,409
<b>Total costs of sales and services</b>		<b>2,232,021,911</b>	<b>2,109,019,726</b>	<b>1,584,576,678</b>	<b>1,533,665,366</b>
Selling expenses		16,179,212	19,627,895	10,485,597	16,168,292
Administrative expenses		400,967,829	438,982,686	264,438,739	283,477,025
Finance costs		119,556,066	114,180,633	62,745,098	80,047,215
<b>Total expenses</b>	30	<b>2,768,725,018</b>	<b>2,681,810,940</b>	<b>1,922,246,112</b>	<b>1,913,357,898</b>
<b>Profit before income tax</b>		<b>1,645,264,369</b>	<b>1,977,014,902</b>	<b>1,452,989,945</b>	<b>1,778,149,633</b>
Income tax expense	31	(326,656,267)	(385,775,393)	(269,101,917)	(339,225,662)
<b>Net profit for the year</b>		<b>1,318,608,102</b>	<b>1,591,239,509</b>	<b>1,183,888,028</b>	<b>1,438,923,971</b>
<b>Other comprehensive income :</b>					
<i>Items that will not be reclassified to profit or loss</i>					
Remeasurements of post-employment benefit obligations	22	-	(14,078,675)	-	1,159,635
Income tax on items that will not be reclassified to profit or loss	31	-	2,815,735	-	(231,927)
Total items that will not be reclassified to profit or loss		-	(11,262,940)	-	927,708
<i>Items that will be reclassified to profit or loss</i>					
Asset transferred from customers		(3,397,523)	(3,397,523)	(3,397,523)	(3,397,523)
Fair value of available-for-sale investments recycled to profit or loss		(718,944)	1,382,938	(718,944)	1,382,938
Income tax relating to items that will be reclassified to profit or loss	31	143,789	(276,587)	143,789	(276,587)
Total items that will be reclassified subsequently to profit or loss		(3,972,678)	(2,291,172)	(3,972,678)	(2,291,172)
<b>Other comprehensive income for the year, net of tax</b>		<b>(3,972,678)</b>	<b>(13,554,112)</b>	<b>(3,972,678)</b>	<b>(1,363,464)</b>
<b>Total comprehensive income for the year</b>		<b>1,314,635,424</b>	<b>1,577,685,397</b>	<b>1,179,915,350</b>	<b>1,437,560,507</b>

The accompanying notes on pages 97 to 147 are an integral part of these consolidated and separate financial statements.

Eastern Water Resources Development and Management Public Company Limited  
Statement of Comprehensive Income (Cont'd)  
For the year ended 31 December 2016

(Unit: Baht)				
Note	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Profit attributable to</b>				
Owners of the parent	1,299,713,028	1,584,940,253	1,183,888,028	1,438,923,971
Non-controlling interests	18,895,074	6,299,256	-	-
	<u>1,318,608,102</u>	<u>1,591,239,509</u>	<u>1,183,888,028</u>	<u>1,438,923,971</u>
<b>Total comprehensive income attributable to</b>				
Owners of the parent	1,295,740,350	1,571,386,141	1,179,915,350	1,437,560,507
Non-controlling interests	18,895,074	6,299,256	-	-
	<u>1,314,635,424</u>	<u>1,577,685,397</u>	<u>1,179,915,350</u>	<u>1,437,560,507</u>
<b>Earnings per share for profit attributable to owners of the parent</b>				
Basic earnings per share	32			
	<u>0.78</u>	<u>0.95</u>	<u>0.71</u>	<u>0.86</u>

The accompanying notes on pages 97 to 147 are an integral part of these consolidated and separate financial statements.

**Eastern Water Resources Development and Management Public Company Limited**  
**Statement of Changes in Equity**  
**For the year ended 31 December 2016**

Consolidated financial statements											(Unit: Baht)	
Attributable to owners of the parent												
	Notes	Issued and paid-up share capital	Premium on share capital	Retained earnings		Assets transferred from customers-net	Other components of equity			Total owners of the parent	Non-controlling interests	Total equity
				Appropriated - legal reserve	Unappropriated		available-for-sale investments	Total other component of equity				
Opening balance as at 1 January 2015		1,663,725,149	2,138,522,279	166,500,000	4,493,850,084	24,959,578 -	-	24,959,578 -	8,487,557,090 -	29,513,158 -	8,517,070,248	
Comprehensive income for the year		-	-	-	1,573,677,313	(3,397,523)	1,106,351	(2,291,172)	1,571,386,141	6,299,266	1,577,685,397	
Dividend paid	28	-	-	-	(765,289,747)	-	-	-	(765,289,747)	(1,266,970)	(766,556,717)	
Changes in ownership interests in subsidiaries		-	-	-	-	-	-	-	-	-	-	
Sale of a subsidiary		-	-	-	1,039,132	-	-	-	1,039,132	(3,819,085)	(2,779,953)	
Non-controlling interests arising on business combination		-	-	-	-	-	-	-	-	(25,765,788)	(25,765,788)	
Closing balance as at 31 December 2015		1,663,725,149	2,138,522,279	166,500,000	5,303,276,782	21,562,055	1,106,351	22,668,406	9,294,692,616	204,870,372	9,499,562,988	
Opening balance as at 1 January 2016		1,663,725,149	2,138,522,279	166,500,000	5,303,276,782	21,562,055	1,106,351	22,668,406	9,294,692,616	204,870,372 -	9,499,562,988	
Comprehensive income for the year		-	-	-	1,298,713,028	(3,397,523)	(575,155)	(3,972,678)	1,295,740,350	18,895,074	1,314,635,424	
Dividend paid	28	-	-	-	(748,676,142)	-	-	-	(748,676,142)	(17,221,678)	(765,897,820)	
Closing balance as at 31 December 2016		1,663,725,149	2,138,522,279	166,500,000	5,854,313,668	18,164,532	531,196	18,695,728	9,841,756,824	206,543,768	10,048,300,592	

The accompanying notes on pages 97 to 147 are an integral part of these consolidated and separate financial statements.

## Eastern Water Resources Development and Management Public Company Limited

## Statement of Changes in Equity (Cont'd)

For the year ended 31 December 2016

Separate financial statements										(Unit: Baht)
	Notes	Issued and paid-up share capital	Premium on share capital	Retained earnings		Assets transferred from customers-net	Other components of equity		Total equity	
				Appropriated - legal reserve	Unappropriated		available-for-sale investments	Total other component of equity		
<b>Opening balance as at 1 January 2015</b>										
Comprehensive income for the year		1,663,725,149	2,138,522,279	166,500,000	3,846,798,981	24,959,578	-	-	24,959,578	7,840,505,987
Dividend paid	28	-	-	-	1,439,851,679	(3,397,523)	1,106,351	-	(2,291,172)	1,437,560,507
		-	-	-	(765,290,248)	-	-	-	-	(765,290,248)
<b>Closing balance as at 31 December 2015</b>										
		1,663,725,149	2,138,522,279	166,500,000	4,521,360,412	21,562,055	1,106,351	-	22,668,406	8,512,776,246
<b>Opening balance as at 1 January 2016</b>										
Comprehensive income for the year		1,663,725,149	2,138,522,279	166,500,000	4,521,360,412	21,562,055	1,106,351	-	22,668,406	8,512,776,246
Dividend paid	28	-	-	-	1,183,888,028	(3,397,523)	(575,155)	-	(3,972,678)	1,179,915,350
		-	-	-	(748,676,142)	-	-	-	-	(748,676,142)
<b>Closing balance as at 31 December 2016</b>										
		1,663,725,149	2,138,522,279	166,500,000	4,956,572,298	18,164,532	531,196	-	18,695,728	8,944,015,454

The accompanying notes on pages 97 to 147 are an integral part of these consolidated and separate financial statements.

**Eastern Water Resources Development and Management Public Company Limited**  
**Statement of Cash Flows**  
**For the year ended 31 December 2016**

(Unit: Baht)					
		Consolidated financial statements		Separate financial statements	
	Notes	2016	2015	2016	2015
<b>Cash flows from operating activities</b>					
Profit before income tax		1,645,264,369	1,977,014,902	1,452,989,945	1,778,149,633
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities					
Depreciation	12,13	379,473,112	372,373,173	361,251,643	356,152,182
Amortisation	15	263,346,290	181,677,184	6,727,040	6,208,229
Income from amortisation of assets transferred from customers		(3,397,523)	(3,397,523)	(3,397,523)	(3,397,523)
Write-off equipment		7,874,595	22,959,241	7,874,595	22,959,241
Doubtful accounts	17	-	32,802,184	-	-
Losses (gains) on disposals/written off of plant and equipment		18,853	(3,824,583)	-	(310,280)
Impairment losses on concession right	15	3,320,000	720,000	-	-
Gains on disposals/written off of subsidiaries		-	(518,482)	-	-
Gain on disposals of other long-term investments	29	-	-	-	(226,319,820)
Gain on fair value measurement of equity interest held before the business combination	29	-	(226,319,820)	-	-
Gain on sales of short-term investments		(3,173,211)	(114,747)	(3,173,211)	(114,747)
Long-term provisions	23	4,210,563	9,991,131	-	-
Employee benefit obligations		15,763,539	12,718,434	9,107,479	7,707,993
Dividend income	29	-	(23,669,885)	(108,629,985)	(48,247,226)
Interest income	29	(9,557,141)	(8,769,306)	(3,146,929)	(10,392,443)
Interest expenses		118,259,708	112,938,254	61,448,740	78,950,730
<b>Income from operating activities before changes in operating assets and liabilities</b>					
		2,421,403,154	2,456,580,157	1,781,051,794	1,961,345,969
Change in operating assets (increase) decrease					
Trade and other accounts receivables		26,575,960	(22,481,877)	1,155,976	7,538,783
Inventories		(1,206,028)	(149,314)	-	-
Other current assets		2,907,969	15,906,196	(5,377,202)	26,358,990
Other non-current assets		(1,249,495)	(5,440,715)	(2,609,650)	202,851
Change in operating liabilities increase (decrease)					
Trade accounts payable		(676,796)	(7,570,497)	(3,133,730)	(6,719,082)
Accrued expenses		1,999,886	27,318,736	(1,792,977)	26,461,052
Other current liabilities		(4,405,158)	36,485,962	(6,224,416)	7,287,829
Employee benefit obligations - paid		(6,363,234)	(11,543,325)	(5,763,187)	(1,479,925)
Long-term provisions - paid	23	(12,468,873)	(5,705,719)	-	-
Other non-current liabilities		41,339,587	41,370,913	39,645,018	40,224,170
Cash provided by operation		2,467,856,972	2,524,770,517	1,796,951,626	2,061,220,637
Income tax paid		(358,598,929)	(386,645,544)	(268,379,453)	(340,743,430)
<b>Net cash provided by operating activities</b>		2,109,258,043	2,138,124,973	1,528,572,173	1,720,477,207

The accompanying notes on pages 97 to 147 are an integral part of these consolidated and separate financial statements.

Eastern Water Resources Development and Management Public Company Limited

Statement of Cash Flows (Cont'd)

For the year ended 31 December 2016

					(Unit: Baht)
Notes	Consolidated financial statements		Separate financial statements		
	2016	2015	2016	2015	
<b>Cash flows from investing activities</b>					
Purchases of short-term investments	(1,139,876,293)	(1,324,914,033)	(420,948,454)	(945,140,000)	
Proceeds from disposals of short-term investments	1,268,429,501	553,883,952	603,173,211	400,114,747	
Acquisition of a subsidiary, net of cash acquired	-	(1,456,220,816)	-	-	
Proceeds from disposal of a subsidiary classified as non-current asset held for sales	-	32,009,985	-	32,009,985	
Payment on loans to a subsidiary	-	-	-	(644,000,000)	
Proceeds from loans to a subsidiary	-	-	-	644,000,000	
Interest received	9,307,038	8,386,027	3,054,424	10,163,046	
Proceeds from disposal of other long-term investments	-	-	-	317,790,120	
Dividend received from a related party and subsidiaries	-	23,669,885	108,629,985	48,247,226	
Proceeds from disposals of equipments	180,000	17,333,329	180,000	333,328	
Purchase of intangible assets	(101,776,800)	(103,742,862)	(9,236,539)	(1,250,600)	
Purchases of investment property	(393,451)	(1,535,582)	(455,831)	(1,646,440)	
Purchases of plant and equipment and advance for construction	(873,108,282)	(1,956,825,984)	(828,966,032)	(1,928,236,490)	
Proceeds from bank guarantee	371,735,146	-	371,735,146	-	
Interest paid capitalised in qualifying assets	(132,522,915)	(65,164,948)	(132,322,581)	(65,164,948)	
<b>Net cash used in investing activities</b>	<b>(598,026,056)</b>	<b>(4,273,121,047)</b>	<b>(305,156,651)</b>	<b>(2,132,780,026)</b>	
<b>Cash flows from financing activities</b>					
Proceeds from short-term borrowings from financial institutions	155,000,000	4,067,000,000	130,000,000	2,142,000,000	
Payment on short-term borrowings from financial institutions	(155,000,000)	(2,700,000,000)	(130,000,000)	(2,281,000,000)	
Proceeds from long-term borrowings	-	2,773,000,000	-	1,812,000,000	
Payment on long-term borrowings	(752,200,000)	(3,224,001,206)	(560,000,000)	(2,580,000,000)	
Payment on liabilities under finance lease agreements	(2,856,314)	(446,199)	(2,856,314)	(446,199)	
Proceeds from issuance of debentures	-	2,400,000,000	-	2,400,000,000	
Transaction cost of debentures	-	(3,369,072)	-	(3,369,072)	
Additional purchase of interests in a subsidiary	-	(2,779,953)	-	-	
Dividends paid	(762,655,711)	(792,409,091)	(748,583,893)	(765,499,016)	
Interest paid	(119,207,130)	(183,639,883)	(64,220,178)	(152,733,406)	
<b>Net cash generated from/ (used in) financing activities</b>	<b>(1,636,919,155)</b>	<b>2,333,354,596</b>	<b>(1,375,660,385)</b>	<b>570,952,307</b>	
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(125,687,168)</b>	<b>198,358,522</b>	<b>(152,244,863)</b>	<b>158,649,488</b>	
Cash and cash equivalents at beginning of the year	311,218,269	112,859,747	249,113,610	90,464,122	
<b>Cash and cash equivalents at ending of the year</b>	<b>7 185,531,101</b>	<b>311,218,269</b>	<b>96,868,747</b>	<b>249,113,610</b>	
<b>Supplemental cash flow information</b>					
Non-cash related transactions:					
Purchases of fixed assets and intangible assets on payable	59,574,628	63,168,190	27,544,429	58,418,192	
Refinance of long-term borrowings	-	2,000,000,000	-	2,000,000,000	

The accompanying notes on pages 97 to 147 are an integral part of these consolidated and separate financial statements.



**Eastern Water Resources Development and Management Public Company Limited**  
**Notes to the Consolidated and Separate financial statements**  
**For the year ended 31 December 2016**

**1 General information**

Eastern Water Resources Development and Management Public Company Limited ("the Company") is a public limited company incorporated and resident in Thailand. The address of the Company's registered office is as follows:

23rd - 26th Floors, East Water Building, No. 1 Soi Vipavadeerangsit 5, Vipavadeerangsit Road, Jomphol Sub-district, Chatujak District, Bangkok.

The Company is listed on the Stock Exchange of Thailand. For reporting purposes, the Company and its subsidiaries are referred to as the Group.

The principal business operations of the Company are development and management of the major water distribution pipeline systems in the Eastern Seaboard area of Thailand, supply of raw water, produce and supply of tap water.

The consolidated financial statements include the financial statements for the years ended 31 December 2016 and 2015 of the Company and the following subsidiaries:

Company's name	Nature of business	Country of incorporation	Percentage of Shareholding	
			2016 %	2015 %
<u>Subsidiary held directly by the Company</u>				
Universal Utilities Public Company Limited	Production and supply of tap water, water loss treatment and investment in four tap water supply companies	Thailand	100	100
<u>Subsidiaries held by Universal Utilities Public Company Limited</u>				
Chachoengsao Water Supply Company Limited	Production and supply of tap water	Thailand	100	100
Bangpakong Water Supply Company Limited	Production and supply of tap water	Thailand	100	100
Nakornsawan Water Supply Company Limited	Production and supply of tap water	Thailand	100	100
Egom Tara Company Limited	Production and supply of tap water	Thailand	90.07	90.07

These financial statements were authorised for issue on 15 February 2017 by the Audit Committee of the Company under authority delegated by the Company's Board of Directors.

**2 Accounting policies**

The principal accounting policies adopted in the preparation of these financial statements are set out below.

**2.1 Basis of preparation of financial statements**

The consolidated and separate financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Professions Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

The consolidated and separate financial statements have been prepared under the historical cost convention except the topics which were explained in the accounting policy of investments for available for sale investments.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

An English version of the consolidated and separate financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

## **2 Accounting policies (Cont'd)**

### **2.2 New financial reporting standards and revised financial reporting standards and interpretations**

- 2.2.1 New financial reporting standards and revised accounting standards, revised financial reporting standards are effective on 1 January 2016. These standards are relevant to the Group.

TAS 19 (revised 2015), 'Employee benefits' is amended to apply to contributions from employees or third parties to defined benefit plans and to clarify the accounting treatment of such contributions. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period.

TAS 24 (revised 2015), 'Related party disclosures' includes as a related party an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the 'management entity'). Disclosure of the amounts charged to the reporting entity is required.

TAS 36 (revised 2015), 'Impairment of assets' is amended to provide additional disclosure requirement when the recoverable amount of the assets is measured at fair value less costs of disposal. The disclosures include 1) the level of fair value hierarchy and 2) when fair value measurement categorised within level 2 and level 3, disclosures is required for valuation technique and key assumption.

TFRS 8 (revised 2015), 'Operating segments' requires disclosure of the judgements made by management in aggregating operating segments. It is also amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported to chief operating decision maker.

The above revised standards have no material impact to the Group.

- 2.2.2 New financial reporting standards, revised accounting standards and revised financial reporting standards are effective on 1 January 2017. The Group has not yet early adopted these revised standards.

- a) Financial reporting standards, which have a significant change and are relevant to the Group:

TAS 27 (revised 2016)                      Separate financial statements

TAS 27 (revised 2016), the amendments allow an entity a policy choice to account for investments in subsidiaries, joint ventures and associates in its separate financial statements using the equity method as described in TAS 28. While current TAS 27 allows entities to measure their investments in subsidiaries, joint ventures and associates either at cost or at fair value (when announced). The election can be made independently for each category of investment (subsidiaries, joint ventures and associates). Entities wishing to change to the equity method must do so retrospectively. The management of the Group is currently in process of consideration the accounting policy choice.

## **2 Accounting policies (Cont'd)**

### **2.3 Group Accounting**

#### **(1) Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurements are recognised in profit or loss.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intercompany transactions, balances and unrealised gains or loss on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the separated financial statements, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

#### **(2) Transactions and non-controlling interests**

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

## **2 Accounting policies (Cont'd)**

### **2.4 Foreign currency translation**

#### **(a) Functional and presentation currency**

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Baht, which is the Company's functional and the Group's presentation currency.

#### **(b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit and loss, any exchange component of that gain or loss is recognised in profit and loss.

### **2.5 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, deposits held at call with banks and fixed deposit with are held to maturity three months or less, and other short-term highly liquid investments with maturities of three months or less from the date of acquisition.

### **2.6 Trade accounts receivable**

Trade accounts receivable is carried at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the year end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written off during the year in which they are identified and recognised in profit or loss within administrative expense.

### **2.7 Inventories**

Inventories are stated at the lower of cost or net realisable value. Cost is determined by moving average basis. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts or rebates. Net realisable value is the estimate of the selling price in the ordinary course of business, less applicable variable selling expenses. Allowance is made, where necessary, for obsolete, slow moving and defective inventories.

## **2 Accounting policies (Cont'd)**

### **2.8 Investments**

Investments other than investments in subsidiaries, associates and interests in joint ventures are classified into four categories. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

- (1) Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments and included in current assets.
- (2) Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, except for maturities within 12 months from the statement of financial position date which are classified as current assets.
- (3) Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, are classified as available-for-sale; and are included in non-current assets unless management has expressed the intention of holding the investment for less than 12 months from the statement of financial position date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.
- (4) Investments in non-marketable equity securities are classified as general investments.

All categories of investment are initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost. Currently, the Group has investments with fixed maturity, available for sale investments and investments in non-marketable equity.

Held-to-maturity investments are carried at amortised cost using the effective yield method less impairment loss.

Available for sale investments are subsequently measured at fair value. The fair value of investments is based on quoted bid price at the close of business on the statement of financial position date by reference to the Stock Exchange of Thailand. The unrealised gains and losses of trading investments are recognised in income statement. The unrealised gains and losses of available for sale investments are recognised in other comprehensive income.

Investment in non-marketable equity security held as other investment is determined at cost less allowance for impairment.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to the profit or loss.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss.

## **2 Accounting policies (Cont'd)**

### **2.9 Investment property**

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property is measured initially at its cost, including related transaction costs and borrowing costs. Borrowing costs are incurred for the purpose of acquiring, constructing or producing a qualifying investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway and cease once the asset is substantially complete, or suspended if the development of the asset is suspended.

After initial recognition, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses.

Land is not depreciated. Depreciation on other investment properties is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Building	20 and 35 years
Building improvement	10 years

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

### **2.10 Property, plant and equipment**

Land is stated at cost less allowance for impairment (if any). Plant and equipment are stated at cost less accumulated depreciation and allowance for impairment (if any). Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Pumping plants	20, 35 years
Building	20, 35 years
Leasehold and building improvements	5, 10 years but not more than leased term
Machinery and equipment	
- Machinery	30, 40 years
- Tap water production system	5, 15, 20 years
- Tools and equipment	5 years
Office equipment	3, 5 years
Vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.



## **2 Accounting policies (Cont'd)**

### **2.11 Goodwill**

Goodwill represents the excess of the consideration transferred over the fair value of the Group's share of the net identifiable assets, liabilities and contingent liability of the acquired subsidiary and the fair value of the non-controlling interest in the acquired subsidiary undertaking at the date of acquisition. Goodwill on acquisitions of subsidiaries is separately reported in the consolidated statement of financial position.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

### **2.12 Service concession arrangements**

Service concession arrangements are arrangements between government (the grantor) and a private sector entity (an operator) which involve the operator constructing the infrastructure used to provide the public service or upgrading it and operating and maintaining that infrastructure for a specified period of time. The operator is paid for its services over the period of the arrangement. The grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price and the grantor control-through ownership, beneficial entitlement or otherwise - any significant residual interest in the infrastructure at the end of the term of the arrangement.

If the Group as the operator provides construction or upgrade services, revenue and costs relating to construction or upgrade services shall be accounted for based on the stage of completion on the construction contract. The consideration received or receivable by the operator shall be recognised at its fair value of a financial asset or an intangible asset.

The Group shall recognise a financial asset to extent that it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services and recognise an intangible asset to the extent that it receives a right (a licence) to charge users of the public service. A right to charge users of the public service is not an unconditional right to receive cash because the amounts are contingent on the extent that the public uses the service. If the operator is paid for the construction services partly by a financial asset and partly by an intangible asset it is necessary to account separately for each component of the operator's consideration. Revenue and costs relating to operation services shall be recognised when service is provided by reference to the contract term.

Contractual obligations to maintain or restore infrastructure, except for any upgrade element shall be recognised and measured at the best estimate of the expenditure that would be required to settle the present obligation at the end of the reporting period.

### **2.13 Intangible assets**

#### **Rights from service concession arrangements**

Rights from service concession arrangements is the right from service concession arrangements to produce and supply tap water with the government as described in the accounting policies in Note 2.12. Rights from service concession arrangements are amortised using the straight-line method over concession period and recorded as expense in profit and loss.

#### **Computer software**

Expenditure on acquired computer software is capitalised on the basis of the costs incurred to acquire and amortised using the straight-line method over its estimated useful lives of 10 years.

## 2 Accounting policies (Cont'd)

### 2.14 Impairment of assets

Assets that have an indefinite useful life, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

### 2.15 Deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising from investments in subsidiaries, associates and joint arrangements, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### 2.16 Borrowings

Borrowings are recognised initially at the fair value of proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in profit and loss over the period of the borrowings. Interest expenses are recognised as expenses on an accrual basis by using the effective interest method.

Borrowings are classified as current liabilities unless the Group has right to defer settlement of the liability for at least 12 months after the end of reporting date.

#### (a) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

## **2 Accounting policies (Cont'd)**

### **2.17 Leases**

#### **Where a Group company is the lessee**

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Leases of property, plant or equipment which substantially transfer all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of income over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the shorter period of the useful life of the asset or the lease term.

#### **Where a Group company is the lessor**

Assets leased out under operating leases are included in property, plant and equipment and investment property in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with other similar property, plant and equipment owned by the Group. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

### **2.18 Employee benefits**

The Group has employee benefits consist of post-employment benefits and other long-term benefits. The post-employment benefits consist of defined benefit plan and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. Other long-term benefit is the benefit which the Group will be paid to employees up to the completion of service period.

#### **2.18.1 Post-employment benefits**

- **Defined contribution plan**

##### Provident fund

The Group operates a provident fund, being a defined contribution plan, the assets for which are held in a separate trust fund. The provident fund is funded by payments from employees and by the Group. The Group pays contributions to a separate fund which is managed by an external fund manager in accordance with the provident fund Act. B.E. 2530. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

## 2 Accounting policies (Cont'd)

### 2.18 Employee benefits (Cont'd)

#### 2.18.1 Post-employment benefits (Cont'd)

- **Defined benefit plan**

##### Retirement benefit

Under Labour Laws applicable in Thailand and Group's employment policy, the severance pay will be at the rate according to salary and number of years of service which will happen in the future. The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using government bond interest rate that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. They are included in retained earnings in the statements of changes in equity.

Past-service costs are recognised immediately in profit or loss

#### 2.18.2 Other long-term benefits

The Group operates and other long-term benefit for employees who complete the service year according to the Group's policy. The liability recognised in the statement of financial position in respect of other long-term benefit is present value of the other long-term benefit obligation at the end of the reporting period. The other long-term benefit is calculated by independent actuaries using the projected unit credit method.

Actuarial gains and losses and past-service costs are recognised immediately in profit or loss.

### 2.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events. It is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

### 2.20 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and service after eliminating sales within the Group. The revenue recognition policy of each type of revenue, as follows:

#### (a) Sales

Sales of goods are recognised as revenue when significant risks and reward of ownership of goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting goods returns and discounts.

#### (b) Rental and service income

Rental income is recognised as revenue on a straight-line basis over the rental period.

Service income is recognised as revenue by the amount excluding value added tax when services have been rendered with reference to the stage of completion.

#### (c) Construction revenue is recognised by reference to the stage of completion

## **2 Accounting policies (Cont'd)**

### **2.20 Revenue recognition (Cont'd)**

#### **(d) Interest and dividend income**

Interest income is recognised on an accrual basis. Dividend income is recognised when rights to receive dividends are established.

#### **(e) Other income**

Other income is recognised on an accrual basis.

### **2.21 Dividends distribution**

Dividend distribution to the Company's shareholders is recorded in the Group's financial statements in the period in which they are approved by the Company's shareholders or the Board of Directors in case of interim dividend.

### **2.22 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Chief Executive Officer (CEO) that makes strategic decisions.

## **3 Financial risk management**

### **3.1 Financial risk management**

The Group's activities expose it to a variety of financial risks: credit risk and interest rates risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The financial risk management is discussed below.

#### **3.1.1 Credit risk**

The Group are exposed to credit risk primarily with respect to trade accounts receivable and other receivable. The Group manage the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Although the Group may expose to concentration risk due to their having a few large customers, those customers are in government sector. The management believes that such risk is therefore low. The maximum exposure to credit risk is limited to the carrying amounts of trade accounts receivables and other receivable as stated in the statement of financial position.

#### **3.1.2 Interest rate risk**

The Group's exposure to interest rate risk relate primarily to their deposits with financial institutions and short-term and long-term loans arising from future movements in market interest rates will affect the results of the Group's operations and its cash flows. Most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the current market rate. The Group does not use the financial instruments which is derivative to manage exposure from fluctuation in interest rate

### **3 Financial risk management (Cont'd)**

#### **3.2 Fair value estimation**

The different levels of fair value estimation have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Group discloses the fair value measurement in related notes to financial statement.

### **4 Critical accounting estimates, judgments and assumptions**

Estimates, judgments and assumptions are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Significant accounting judgments and estimates are as follows:

#### **4.1 Allowance for doubtful accounts**

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

#### **4.2 Value in use**

Value in use is the present value of the future cash flows expected to be derived from assets, discounted by discount rates, determined by the management of the Company and its subsidiaries. The cash flow projections based on financial forecasts for the remaining useful lives of assets or concession periods and approved by the management of the Company and its subsidiaries are calculated based on estimated growth rates, which do not exceed their capacity and customers' usage demand. Key assumptions used for value-in-use calculations are growth rates, expense to revenue ratios and gross margin rate. Management determines such rates based on their past performance, their expectations for market development, and business plan. The discount rates used are pre-tax and reflect specific risks relating to the business after considered the remaining useful lives.

The value derived from the afore-mentioned method may vary due to changes in revenue structure, cost structure, discount rate, industrial conditions and economic conditions.

The Group assesses for impairment loss of right from service concession arrangements at the cash-generating unit level being the concession contracts of each location. The recoverable amount is determined by the value in use method. The discounted net cash flows from continuing use of assets is calculated over the remaining concession period of each contract. The revenues are calculated from tap water volume usages which do not exceed their capacity and estimated growth rate based on customers' demands at each location. The tap water rate charge is based on an agreed price as stipulated in the contract. The Group applies a discount rate by pre-tax weighted average cost of capital at 8.87% per annum.

In addition, the Group tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates as described in Note 14.

#### **4 Critical accounting estimates, judgments and assumptions (Cont'd)**

##### **4.3 Employee Benefits**

The present value of defined benefit obligations and other long-term benefits depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for obligations include inflation rate, future salary increases and the discount rate. Any changes in these assumptions will have an impact on the carrying amount of defined benefit obligations and other long-term benefits. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the obligations. In determining the appropriate discount rate, the Group considers the appropriated rate by using government bond interest rate that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.

The key assumptions for defined benefit obligations and other long-term benefits are based in part on current market conditions is disclosed in Note 22.

##### **4.4 Contingent liabilities**

The Group has contingent liabilities as a regarding of litigation. The Group's management has used judgement to assess of the results of the litigation and believes that no significant loss will result apart from provision for liabilities which has no recorded in financial statement.

##### **4.5 Significant uncertainty**

The Group has an uncertainty regarding to a deal for the Company to rent or manage the two pipeline connecting projects which disclosed the information in Note 36. Based on the Group's management judgement, the projected compensation was recorded in the financial statements using the best estimation of compensation rate based on the current information.

#### **5 Capital risk management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.



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**6 Segment information**

The principal business operations of the Group are development and management of the major water distribution pipeline systems in the Eastern Seaboard area of Thailand. The reportable segment based on business activities which comprised the supply of raw water, production and supply of tap water, waterworks management, and engineering services. Other business activities, such as office building rental, were aggregated under the segment "Others".

These business operations are only conducted Thailand. Therefore, no geographic information is presented.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. The Group accounts for intersegment sales and transfers between segment as if the sales or transfers were made to third parties. For resource management and evaluation of operating segments, the chief operating decision maker evaluates performance by segment operating profit.

The segment information for the year ended 31 December 2016 and 2015 is summarised as follows:

Consolidated financial statements							(Unit: Baht'000)
2016							
Sales		Service income			Elimination	Total	
Supply of raw water business	Supply of Tap water business	Waterworks management business	Engineering services	Others			
Revenue							
Revenue from third parties	2,696,427	1,452,395	60,475	81,097	86,570	-	4,376,964
Revenue from inter-segment	63,380	-	217,841	7,020	8,649	(296,890)	-
Total revenue	2,759,807	1,452,395	278,316	88,117	95,219	(296,890)	4,376,964
Cost of sales and services	(1,193,501)	(977,695)	(211,554)	(77,319)	(68,843)	296,890	(2,232,022)
Segment operating profit	1,566,306	474,700	66,762	10,798	26,376	-	2,144,942
Unallocated revenue (expenses)							
Other income							37,025
Selling expenses							(16,179)
Administrative expenses							(400,968)
Finance costs							(119,556)
Income tax							(326,656)
Net profit							1,318,608

Consolidated financial statements							(Unit: Baht'000)
2015							
Sales		Service income			Elimination	Total	
Supply of raw water business	Supply of Tap water business	Waterworks management business	Engineering services	Others			
Revenue							
Revenue from third parties	2,898,665	1,203,623	96,603	79,513	88,410	-	4,366,814
Revenue from inter-segment	28,921	-	217,932	6,960	4,470	(258,283)	-
Total revenue	2,927,586	1,203,623	314,535	86,473	92,880	(258,283)	4,366,814
Cost of sales and services	(1,154,494)	(825,298)	(239,706)	(79,005)	(68,800)	258,283	(2,109,020)
Segment operating profit	1,773,092	378,325	74,829	7,468	24,080	-	2,257,794
Unallocated revenue (expenses)							
Other income							292,012
Selling expenses							(19,628)
Administrative expenses							(438,983)
Finance costs							(114,181)
Income tax							(385,775)
Net profit							1,591,239

**Information about major customer**

The Group had major revenues from entities under the control of a government for supply of raw water, supply of tap water and engineering services segments. The revenues for the year ended 31 December 2016 represent approximately Baht 2,776.9 million (2015: Baht 2,740.8 million).

**7 Cash and cash equivalents**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Cash on hand	566,909	635,627	62,909	131,626
Deposits with banks - current accounts	53,392	1,390,035	22,280	1,385,035
- savings accounts	134,907,968	159,189,798	46,780,726	97,594,140
- fixed accounts	50,002,832	125,002,809	50,002,832	125,002,809
Securities under repurchase agreement	-	25,000,000	-	25,000,000
	<b>185,531,101</b>	<b>311,218,269</b>	<b>96,868,747</b>	<b>249,113,610</b>

As at 31 December 2016, the interest rate of savings deposits with banks was 0.35% - 1.65% per annum (2015: 0.35% - 1.65% per annum). The fixed deposits with banks have maturity date within three months and interest rate at 0.80% - 1.80% per annum (2015: 1.30% - 1.80% per annum).

**8 Short-term investments**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Fixed deposits	395,834,613	316,074,611	26,088,454	-
Available for sale investments	340,663,993	546,522,937	340,663,993	546,522,937
Total	<b>736,498,606</b>	<b>862,597,548</b>	<b>366,752,447</b>	<b>546,522,937</b>

**8.1 Fixed deposits**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Opening net book amount	316,074,611	55,069,783	-	-
Business acquisition	-	35,000,000	-	-
Additions during the year	740,016,292	379,774,033	26,088,454	-
Redeem during the year	(660,256,290)	(153,769,205)	-	-
Closing net book amount	<b>395,834,613</b>	<b>316,074,611</b>	<b>26,088,454</b>	<b>-</b>

As at 31 December 2016, fixed deposits with financial institutions in consolidated financial statement have maturity date more than three months but within one year and interest rate of 1.35% - 2.30% per annum (2015 : 1.90% - 3.15% per annum).

**8.2 Available for sale investments**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Opening net book amount	546,522,937	-	546,522,937	-
Additions	394,860,000	945,140,000	394,860,000	945,140,000
Disposals	(601,382,937)	(400,000,000)	(601,382,937)	(400,000,000)
Re-measuring of fair value	663,993	1,382,937	663,993	1,382,937
Closing net book amount	<b>340,663,993</b>	<b>546,522,937</b>	<b>340,663,993</b>	<b>546,522,937</b>

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**8 Short-term investments (Cont'd)**

**8.2 Available for sale investments (Cont'd)**

The fair values of the investments are as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Cost as at 31 December	340,000,000	545,140,000	340,000,000	545,140,000
Unrealised gain	663,993	1,382,937	663,993	1,382,937
Fair value as at 31 December	<u>340,663,993</u>	<u>546,522,937</u>	<u>340,663,993</u>	<u>546,522,937</u>

Available-for-sale investments are open-ended funds in deposit at financial institutions, government debt and private debt. Available-for-sale investments are carried at fair value at quoted prices in active markets (Level 1) for identical assets (Note 3.2).

**9 Trade and other receivables**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Trade receivables	395,718,436	394,769,548	264,555,192	260,330,609
Others receivables	256,998	18,700,336	1,256,730	727,473
Water loss treatment service income receivable - related party (Note 33.2)	3,910,708	4,440,444	-	-
Prepayments	20,830,000	23,495,717	15,816,576	17,189,760
Others	29,456	5,757,915	29,456	4,556,088
	<u>420,745,598</u>	<u>447,163,960</u>	<u>281,657,954</u>	<u>282,813,930</u>

The detail of trade account receivables as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Trade accounts receivable - billed				
- Third parties	110,474,250	102,960,542	110,041,856	102,646,349
- Related parties (Note 33.2)	188,580,350	197,755,076	154,513,336	157,684,260
Total trade account receivable - billed	<u>299,054,600</u>	<u>300,715,618</u>	<u>264,555,192</u>	<u>260,330,609</u>
Unbilled receivables				
- Third parties	743,309	417,312	-	-
- Related parties (Note 33.2)	95,920,527	93,636,618	-	-
Total unbilled receivables	<u>96,663,836</u>	<u>94,053,930</u>	<u>-</u>	<u>-</u>
	<u>395,718,436</u>	<u>394,769,548</u>	<u>264,555,192</u>	<u>260,330,609</u>

**9 Trade and other receivables (Cont'd)**

The age analysis of the trade accounts receivable-billed is as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Within credit term	298,134,443	299,761,258	263,648,792	259,397,719
Overdue below 3 months	915,118	942,773	906,400	932,890
Overdue 3 - 6 months	2,201	1,131	-	-
Overdue 6 - 12 months	2,838	10,456	-	-
Overdue more than 12 months	615,153	615,153	615,153	615,153
	299,669,753	301,330,771	265,170,345	260,945,762
<u>Less</u> Allowance for doubtful accounts	(615,153)	(615,153)	(615,153)	(615,153)
	299,054,600	300,715,618	264,555,192	260,330,609

The age analysis of other receivables is as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Within credit term	256,998	18,700,336	1,256,730	727,473
Overdue more than 12 months	-	-	-	-
	256,998	18,700,336	1,256,730	727,473

**10 Inventories**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Spare parts and supplies	10,586,982	9,380,954	-	-
	10,589,982	9,389,954	-	-

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**11 Investment in subsidiary**

Company's name	Nature of business	Country of incorporation	Separate financial statements					
			Paid-up share capital		Ownership interest		Investment value	
			2016 Million Baht	2015 Million Baht	2016 %	2015 %	2016 Baht	2015 Baht
Universal Utilities Public Company Limited	Produce and Supply of tap water	Thailand	510	510	100	100	510,000,000	510,000,000
Total investment in subsidiary							510,000,000	510,000,000
							108,629,985	35,699,995

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**12 Investment property - net**

	(Unit: Baht)		
	Consolidated financial statements		
	Land	Building and building improvement	Total
<b>At 1 January 2015</b>			
Cost	48,024,548	241,356,314	289,380,862
<u>Less</u> Accumulated depreciation	-	(64,759,929)	(64,759,929)
<b>Net book amount</b>	<b>48,024,548</b>	<b>176,596,385</b>	<b>224,620,933</b>
<b>For the year ended 31 December 2015</b>			
Opening net book amount	48,024,548	176,596,385	224,620,933
Additions	-	1,535,582	1,535,582
Depreciation charged	-	(9,254,655)	(9,254,655)
<b>Closing net book amount</b>	<b>48,024,548</b>	<b>168,877,312</b>	<b>216,901,860</b>
<b>At 31 December 2015</b>			
Cost	48,024,548	242,891,896	290,916,444
<u>Less</u> Accumulated depreciation	-	(74,014,584)	(74,014,584)
<b>Net book amount</b>	<b>48,024,548</b>	<b>168,877,312</b>	<b>216,901,860</b>
<b>For the year ended 31 December 2016</b>			
Opening net book amount	48,024,548	168,877,312	216,901,860
Additions	-	393,451	393,451
Transfer to property, plant and equipment	(2,165,108)	(12,601,751)	(14,766,859)
Disposal	-	(12,105)	(12,105)
Depreciation charged	-	(8,593,583)	(8,593,583)
<b>Closing net book amount</b>	<b>45,859,440</b>	<b>148,063,324</b>	<b>193,922,764</b>
<b>At 31 December 2016</b>			
Cost	45,859,440	225,133,006	270,992,446
<u>Less</u> Accumulated depreciation	-	(77,069,682)	(77,069,682)
<b>Net book amount</b>	<b>45,859,440</b>	<b>148,063,324</b>	<b>193,922,764</b>
<b>Fair value</b>	<b>126,616,251</b>	<b>157,963,039</b>	<b>284,579,290</b>

Depreciation expense of Baht 8.6 million (2015: Baht 9.3 million) was included in costs of rental and services.

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**12 Investment property - net (Cont'd)**

	(Unit: Baht)		
	Separate financial statements		
	Land	Building and building improvement	Total
<b>At 1 January 2015</b>			
Cost	50,121,522	258,793,899	308,915,421
<u>Less</u> Accumulated depreciation	-	(69,438,724)	(69,438,724)
<b>Net book amount</b>	<u>50,121,522</u>	<u>189,355,175</u>	<u>239,476,697</u>
<b>For the year ended 31 December 2015</b>			
Opening net book amount	50,121,522	189,355,175	239,476,697
Additions	-	1,646,439	1,646,439
Depreciation charged	-	(9,919,107)	(9,919,107)
<b>Closing net book amount</b>	<u>50,121,522</u>	<u>181,082,507</u>	<u>231,204,029</u>
<b>At 31 December 2015</b>			
Cost	50,121,522	260,440,338	310,561,860
<u>Less</u> Accumulated depreciation	-	(79,357,831)	(79,357,831)
<b>Net book amount</b>	<u>50,121,522</u>	<u>181,082,507</u>	<u>231,204,029</u>
<b>For the year ended 31 December 2016</b>			
Opening net book amount	50,121,522	181,082,507	231,204,029
Additions	-	455,831	455,831
Disposal	-	(14,024)	(14,024)
Depreciation charged	-	(9,956,069)	(9,956,069)
<b>Closing net book amount</b>	<u>50,121,522</u>	<u>171,568,245</u>	<u>221,689,767</u>
<b>At 31 December 2016</b>			
Cost	50,121,522	260,857,086	310,978,608
<u>Less</u> Accumulated depreciation	-	(89,288,841)	(89,288,841)
<b>Net book amount</b>	<u>50,121,522</u>	<u>171,568,245</u>	<u>221,689,767</u>
<b>Fair value</b>	<u>143,678,473</u>	<u>183,007,587</u>	<u>326,686,060</u>

Depreciation expense of Baht 10.0 million (2015: Baht 9.9 million) was included in costs of rental and services.

The fair value of investment property was reassessed by valuer. Fair values of land was valued by markets comparison approach. Land is valued by comparable sale price and adjusted by land in close proximity, level 3 of fair values hierarchy (Note 3.2). Building and building improvement were valued by revenue approach which were level 3 of fair values hierarchy (Note 3.2) due to the use of significant unobservable inputs such as rental rate per metres and estimated future profits.

Amounts recognised in profit and loss that are related to investment property are as follows:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Rental and service income of building	71,097,480	74,396,739	79,815,554	78,867,823
Direct operating expense arising from investment property that generated rental income	(59,873,912)	(61,489,198)	(59,873,912)	(61,489,198)
	<u>11,223,568</u>	<u>12,907,541</u>	<u>19,941,642</u>	<u>17,378,625</u>



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**13 Property, plant and equipment - net**

	Consolidated financial statements							(Unit: Baht)
	Land	Pumping plants	Buildings	Leasehold and building improvement	Machinery and equipment	Office equipment	Vehicles	
<b>At 1 January 2015</b>								
Cost	427,049,159	1,493,728,334	524,251,914	278,770,397	9,109,167,346	350,555,230	1,205,786	14,746,089,337
Less: Accumulated depreciation	-	(225,787,237)	(190,979,901)	(151,180,246)	(2,124,508,417)	(305,078,378)	(776,845)	(2,998,311,024)
Net book amount	427,049,159	1,267,941,097	333,272,013	127,590,151	6,984,658,929	45,476,852	428,941	11,747,778,313
<b>For the year ended 31 December 2015</b>								
Opening net book amount	427,049,159	1,267,941,097	333,272,013	127,590,151	6,984,658,929	45,476,852	428,941	11,747,778,313
Acquisition	49,696,000	-	-	-	3,377,635	1,522,365	-	54,596,000
Additions	-	1,222,400	613,219	4,059,512	30,691,452	6,969,559	-	1,863,178,535
Transfer	19,192,000	25,918,296	410,330	1,855,408	244,487,214	181,274	-	(292,044,522)
Disposal/write-off, net	-	-	-	(33,731)	(22,534,958)	(23,001)	-	(36,467,949)
Depreciation charge	-	(50,252,208)	(19,890,704)	(23,006,933)	(255,067,373)	(14,778,702)	(112,598)	(363,108,518)
Closing net book amount	495,937,159	1,244,829,585	314,404,858	110,464,407	6,985,612,899	39,348,347	316,343	13,265,976,381
<b>At 31 December 2015</b>								
Cost	495,937,159	1,520,869,030	525,275,463	284,437,895	9,364,356,028	337,486,050	1,202,987	16,604,627,395
Less: Accumulated depreciation	-	(276,039,445)	(210,870,605)	(173,973,488)	(2,378,743,129)	(298,137,703)	(886,644)	(3,338,651,014)
Net book amount	495,937,159	1,244,829,585	314,404,858	110,464,407	6,985,612,899	39,348,347	316,343	13,265,976,381
<b>For the year ended 31 December 2016</b>								
Opening net book amount	495,937,159	1,244,829,585	314,404,858	110,464,407	6,985,612,899	39,348,347	316,343	13,265,976,381
Additions	14,045,000	4,037,109	619,238	6,192,606	37,752,421	17,822,254	-	13,265,976,381
Transfer	-	285,411	-	-	8,011,889	7,055,711	-	1,160,650,825
Transfer from investment property	2,165,108	-	12,189,384	412,367	-	-	-	-
Disposal/write-off, net	-	-	-	(40,834)	(8,185,862)	(46,479)	(1)	14,766,859
Depreciation charged	-	(51,189,030)	(20,552,902)	(23,305,920)	(259,530,423)	(16,188,655)	(112,599)	(8,303,176)
Closing net book amount	512,147,267	1,197,963,075	306,660,578	93,722,626	6,763,660,924	47,991,178	203,743	(370,879,529)
<b>At 31 December 2016</b>								
Cost	512,147,267	1,525,191,550	538,084,085	290,762,093	9,397,317,034	360,230,345	1,168,037	17,764,762,380
Less: Accumulated depreciation	-	(327,228,475)	(231,423,507)	(197,039,467)	(2,633,656,110)	(312,239,167)	(964,294)	(3,702,551,020)
Net book amount	512,147,267	1,197,963,075	306,660,578	93,722,626	6,763,660,924	47,991,178	203,743	14,062,211,360

Depreciation expense of Baht 345.6 million (2015 : Baht 345.2 million) was charged in cost of goods sold and Baht 25.3 million (2015 : Baht 17.9 million) in administrative expense.

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**13 Property, plant and equipment - net (Cont'd)**

	Separate financial statements								(Unit: Baht)
	Separate financial statements								
	Land	Pumping plants	Buildings	Leasehold and building improvement	Machinery and equipment	Office equipment	Vehicles	Construction in progress	
<b>At 1 January 2015</b>									
Cost	373,666,127	1,496,588,658	499,260,598	258,934,475	8,983,422,352	319,385,191	1,092,894	2,549,924,677	14,482,274,972
Less Accumulated depreciation	-	(226,292,754)	(177,582,776)	(141,724,374)	(2,058,935,702)	(284,307,542)	(694,556)	-	(2,889,537,704)
Net book amount	373,666,127	1,270,295,904	321,677,822	117,210,101	6,924,486,650	35,077,649	398,338	2,549,924,677	11,592,737,268
<b>For the year ended 31 December 2015</b>									
Opening net book amount	373,666,127	1,270,295,904	321,677,822	117,210,101	6,924,486,650	35,077,649	398,338	2,549,924,677	11,592,737,268
Additions	-	1,222,400	585,657	2,002,418	21,963,519	4,682,844	-	1,813,020,211	1,843,477,049
Transfer	19,192,000	25,918,296	410,330	1,380,000	227,327,705	181,274	-	(274,409,605)	-
Disposal/write-off, net	-	-	-	-	(9,082,982)	(22,986)	-	(13,876,259)	(22,982,227)
Depreciation charged	-	(50,252,208)	(19,329,655)	(22,265,557)	(242,824,983)	(11,456,672)	(104,000)	-	(346,233,075)
Closing net book amount	392,858,127	1,247,184,392	303,344,154	98,326,962	6,921,869,909	28,462,109	294,338	4,074,659,024	13,066,999,015
<b>At 31 December 2015</b>									
Cost	392,858,127	1,523,729,354	500,256,585	262,299,894	9,223,596,869	302,959,223	1,090,095	4,074,659,024	16,281,449,171
Less Accumulated depreciation	-	(276,544,962)	(196,912,431)	(163,972,932)	(2,301,726,960)	(274,497,114)	(795,757)	-	(3,214,450,156)
Net book amount	392,858,127	1,247,184,392	303,344,154	98,326,962	6,921,869,909	28,462,109	294,338	4,074,659,024	13,066,999,015
<b>For the year ended 31 December 2016</b>									
Opening net book amount	392,858,127	1,247,184,392	303,344,154	98,326,962	6,921,869,909	28,462,109	294,337	4,074,659,024	13,066,999,015
Additions	-	4,037,109	619,238	1,309,276	29,978,202	8,282,980	-	1,070,930,162	1,115,156,967
Transfer	-	285,411	-	-	3,119,589	7,055,711	-	(10,460,711)	-
Disposal/write-off, net	-	-	-	(20,064)	(8,054,596)	(34,750)	-	-	(8,109,410)
Depreciation charged	-	(51,189,030)	(19,411,521)	(22,089,220)	(247,080,953)	(11,420,850)	(104,000)	-	(351,295,574)
Closing net book amount	392,858,127	1,200,317,882	284,551,871	77,526,954	6,699,832,151	32,345,200	190,338	5,135,128,475	13,822,750,998
<b>At 31 December 2016</b>									
Cost	392,858,127	1,528,051,874	500,875,823	263,553,253	9,246,303,183	317,081,209	1,090,095	5,135,128,475	17,384,942,039
Less Accumulated depreciation	-	(327,733,992)	(216,323,952)	(186,026,299)	(2,546,471,032)	(284,736,009)	(899,757)	-	(3,562,191,041)
Net book amount	392,858,127	1,200,317,882	284,551,871	77,526,954	6,699,832,151	32,345,200	190,338	5,135,128,475	13,822,750,998

Depreciation expense of Baht 330.0 million (2015 : Baht 317.2 million) was charged in cost of goods sold and Baht 21.3 million (2015 : Baht 35.3 million) in administrative expense.

As at 31 December 2016, the Company had office equipment under financial lease agreements with cost and net book value amounting to Baht 8.4 million and Baht 1.7 million, respectively (2015 : Baht 8.4 million and Baht 4.1 million, respectively).

Borrowing costs of Baht 135.2 million (2015 : Baht 131.9 million) arresting from financing specifically entered into a pipeline constructing project and tap water production system were capitalised during the year and are included in "Additions". The Group used capitalisation rates based on actual interest rate of borrowings at 2.33 % - 4.18% (2015: 1.95% - 4.75%).

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**14 Goodwill**

Goodwill presented in the consolidated financial statements at Baht 103.3 million, is from the acquisition of equity interest in Egcom Tara Company Limited on 31 August 2015.

The Group tests whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets covering the remaining concession period of tap water production contract acquiring from business acquisition. The significant assumptions are fixed minimum tap water volume and price as stipulated in contracts growing by 3.00% per annum which is the average of 10-year of consumer prices index. The Group applies a pre-tax discount rate of weighted average cost of capital at 8.87% per annum.

The recoverable amounts of cash-generating units exceeded carrying value by Baht 185.0 million. An increase in discount rate to 10.22% per annum or a reduction in tap water price growth rate to 2.06% per annum would remove the remaining headroom.

**15 Intangible assets - net**

	(Unit: Baht)		
	Consolidated financial statements		
	Right from service concession arrangements	Computer software	Total
<b>At 1 January 2015</b>			
Cost	2,421,345,442	53,648,540	2,474,993,982
<u>Less</u> Accumulated amortisation	(728,879,223)	(12,615,824)	(741,495,047)
<u>Less</u> Allowance for impairment	(8,140,000)	-	(8,140,000)
<b>Net book amount</b>	<b>1,684,326,219</b>	<b>41,032,716</b>	<b>1,725,358,935</b>
<b>For the year ended 31 December 2015</b>			
Opening net book amount	1,684,326,219	41,032,716	1,725,358,935
Business acquisitions	2,192,000,000	-	2,192,000,000
Additions	95,684,549	1,250,600	96,935,149
Amortisation charge	(175,468,955)	(6,208,229)	(181,677,184)
Impairment charge	(720,000)	-	(720,000)
<b>Closing net book amount</b>	<b>3,795,821,813</b>	<b>36,075,087</b>	<b>3,831,896,900</b>
<b>At 31 December 2015</b>			
Cost	4,709,029,991	54,899,140	4,763,929,131
<u>Less</u> Accumulated amortisation	(904,348,178)	(18,824,053)	(923,172,231)
<u>Less</u> Allowance for impairment	(8,860,000)	-	(8,860,000)
<b>Net book amount</b>	<b>3,795,821,813</b>	<b>36,075,087</b>	<b>3,831,896,900</b>
<b>For the year ended 31 December 2016</b>			
Opening net book amount	3,795,821,813	36,075,087	3,831,896,900
Additions	118,258,236	9,236,540	127,494,776
Amortisation charge	(256,619,250)	(6,727,040)	(263,346,290)
Impairment charge	(3,320,000)	-	(3,320,000)
<b>Closing net book amount</b>	<b>3,654,140,799</b>	<b>38,584,587</b>	<b>3,692,725,386</b>
<b>At 31 December 2016</b>			
Cost	4,827,288,227	64,135,680	4,891,423,907
<u>Less</u> Accumulated amortisation	(1,160,967,428)	(25,551,093)	(1,186,518,521)
<u>Less</u> Allowance for impairment	(12,180,000)	-	(12,180,000)
<b>Net book amount</b>	<b>3,654,140,799</b>	<b>38,584,587</b>	<b>3,692,725,386</b>

Amortisation was included in the cost of goods sold Baht 257.9 million (2015 : Baht 176.6 million) and administrative expenses Baht 5.4 million (2015 : Baht 5.1 million).

The allowance for impairment of intangible assets as at 31 December 2016 of Baht 12.2 million was from service concession arrangements at Lan Island. Sales of tap water at this location were lower than the budget because there are other natural water resources that can be used in lieu of tap water.

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**15 Intangible assets - net (Cont'd)**

	(Unit: Baht)
	<b>Separate financial statements</b>
	<b>Computer software</b>
<b>At 1 January 2015</b>	
Cost	53,648,540
<u>Less</u> Accumulated amortisation	<u>(12,615,824)</u>
<b>Net book amount</b>	<b>41,032,716</b>
<b>For the year ended 31 December 2015</b>	
Opening net book amount	41,032,716
Additions	1,250,600
Amortisation charge	<u>(6,208,229)</u>
<b>Closing net book amount</b>	<b>36,075,087</b>
<b>At 31 December 2015</b>	
Cost	54,899,140
<u>Less</u> Accumulated amortisation	<u>(18,824,053)</u>
<b>Net book amount</b>	<b>36,075,087</b>
<b>For the year ended 31 December 2016</b>	
Opening net book amount	36,075,087
Additions	9,236,540
Amortisation charge	<u>(6,727,040)</u>
<b>Closing net book amount</b>	<b>38,584,587</b>
<b>At 31 December 2016</b>	
Cost	64,135,680
<u>Less</u> Accumulated amortisation	<u>(25,551,093)</u>
<b>Net book amount</b>	<b>38,584,587</b>

Amortisation was included in the cost of goods sold Baht 1.3 million (2015 : Baht 1.1 million) and administrative expenses Baht 5.4 million (2015 : Baht 5.1 million).

## 16 Deferred income tax

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Consolidated financial statements		(Unit: Baht) Separate financial statements	
	2016	2015	2016	2015
<b>Deferred tax assets:</b>				
Deferred tax assets to be recovered within 12 months	516,644	7,810,957	-	5,136,337
Deferred tax assets to be recovered after more than 12 months	39,274,205	35,285,303	15,740,334	14,672,103
	<u>39,790,849</u>	<u>43,096,260</u>	<u>15,740,334</u>	<u>19,808,440</u>
<b>Deferred tax liabilities:</b>				
Deferred tax liabilities to be settled within 12 months	132,799	276,587	132,799	276,587
Deferred tax liabilities to be settled after more than 12 months	425,704,945	440,765,643	54,013,761	44,329,494
	<u>425,837,744</u>	<u>441,042,230</u>	<u>54,146,560</u>	<u>44,606,081</u>

Present in statement of financial position as following:

Deferred tax assets	<u>24,050,515</u>	<u>23,287,280</u>	<u>-</u>	<u>-</u>
Deferred tax liabilities	<u>410,097,410</u>	<u>421,233,790</u>	<u>38,406,226</u>	<u>24,797,641</u>

The movement in deferred tax assets and liabilities is as follows:

	(Unit: Baht) Consolidated financial statements				
	Allowance for doubtful accounts	Plant and equipment and impairment - assets	Employee benefit	Others	Total
<b>Deferred tax assets</b>					
As at 1 January 2015	364,571	5,464,930	20,886,639	57,559	26,773,699
Transaction recorded in profit or loss	6,560,437	1,997,161	235,022	4,714,206	13,506,826
Transaction recorded in other comprehensive income	-	-	2,815,735	-	2,815,735
As at 31 December 2015	<u>6,925,008</u>	<u>7,462,091</u>	<u>23,937,396</u>	<u>4,771,765</u>	<u>43,096,260</u>
Transaction recorded in profit or loss	-	(448,508)	1,880,062	(4,736,965)	(3,305,411)
As at 31 December 2016	<u>6,925,008</u>	<u>7,013,583</u>	<u>25,817,458</u>	<u>34,800</u>	<u>39,790,849</u>

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**16 Deferred income tax (Cont'd)**

	(Unit: Baht)			
	Consolidated financial statements			
			Fair value adjustment of available for sale investments	
	Intangible asset	Plant and equipment		Total
<b>Deferred tax liabilities</b>				
As at 1 January 2015	20,159,883	36,367,872	-	56,527,755
Acquisitions	384,823,843	-	-	384,823,843
Transaction recorded in profit or loss	(8,547,575)	7,961,620	-	(585,955)
Transaction recorded in other comprehensive income	-	-	276,587	276,587
As at 31 December 2015	396,436,151	44,329,492	276,587	441,042,230
Transaction recorded in profit or loss	(24,744,967)	9,684,270	-	(15,060,697)
Transaction recorded in other comprehensive income	-	-	(143,789)	(143,789)
As at 31 December 2016	371,691,184	54,013,762	132,798	425,837,744
				(Unit: Baht)
	Separate financial statements			
	Allowance for doubtful accounts	Employee benefit	Others	Total
<b>Deferred tax assets</b>				
As at 1 January 2015	364,571	13,658,418	57,560	14,080,549
Transaction recorded in profit or loss	-	1,245,613	4,714,205	5,959,818
Transaction recorded in other comprehensive income	-	(231,927)	-	(231,927)
As at 31 December 2015	364,571	14,672,104	4,771,765	19,808,440
Transaction recorded in profit or loss	-	668,859	(4,736,965)	(4,068,106)
As at 31 December 2016	364,571	15,340,963	34,800	15,740,334
				(Unit: Baht)
	Separate financial statements			
			Fair value adjustment of available for sale investments	
		Plant and equipment		Total
<b>Deferred tax liabilities</b>				
As at 1 January 2015		34,359,983	-	34,359,983
Transaction recorded in profit or loss		9,969,511	-	9,969,511
Transaction recorded in other comprehensive income		-	276,587	276,587
As at 31 December 2015		44,329,494	276,587	44,606,081
Transaction recorded in profit or loss		9,684,268	-	9,684,268
Transaction recorded in other comprehensive income		-	(143,789)	(143,789)
As at 31 December 2016		54,013,762	132,798	54,146,560

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**17 Other non-current assets**

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Advance for construction	346,220,336	469,640,301	346,220,336	469,640,301
Prepaid expenses	37,486,697	36,409,544	7,985,201	5,375,552
Deposit and Retention	15,376,992	15,377,645	13,228,119	13,228,118
Other receivables	32,802,184	32,802,184	-	-
Allowance for doubtful accounts	(32,802,184)	(32,802,184)	-	-
Other	721,710	479,878	96,902	28,065
	<u>399,805,735</u>	<u>521,907,368</u>	<u>367,530,558</u>	<u>488,272,036</u>

Other receivable of Baht 32.8 million is transactions between Universal Utilities Public Company Limited, a subsidiary, and a private company. This related to the fine from the production of tap water that did not meet the minimum volume. On 26 October 2015, the subsidiary's Board of Directors approved to record an allowance for doubtful accounts of a private company of Baht 32.8 million. This is because the subsidiary terminated a contract to purchase raw water with such company in 2015 and there is a potential for debt might not be collectable. On 17 February 2016, the subsidiary sued a private company regarding a breach of raw water purchase agreement and request a private company to pay damages of Baht 37.5 million plus interest at 7.5% per annum. This case is currently in process of consideration by the Civil Court.

**18 Borrowings**

	Notes	(Unit: Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
		2016	2015	2016	2015
<b>Current</b>					
Short-term borrowings from financial institutions	18.1	1,600,000,000	1,600,000,000	-	-
Current portion of long-term borrowings					
Borrowings from financial institutions	18.2	808,200,000	752,200,000	616,000,000	560,000,000
Total current borrowings		<u>2,408,200,000</u>	<u>2,352,200,000</u>	<u>616,000,000</u>	<u>560,000,000</u>
<b>Non-current</b>					
Borrowings from financial institutions	18.2	3,200,600,000	4,008,800,000	2,624,000,000	3,240,000,000
Debentures	18.3	2,397,185,473	2,396,822,358	2,397,185,473	2,396,822,358
Total non-current borrowings		<u>5,597,785,473</u>	<u>6,405,622,358</u>	<u>5,021,185,473</u>	<u>5,636,822,358</u>
Total		<u>8,005,985,473</u>	<u>8,757,822,358</u>	<u>5,637,185,473</u>	<u>6,196,822,358</u>



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**18 Borrowings (Cont'd)**

**18.1 Short-term loans from financial institutions**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Borrowing from financial institution	1,600,000,000	1,600,000,000	-	-
	<u>1,600,000,000</u>	<u>1,600,000,000</u>	<u>-</u>	<u>-</u>

Borrowing from a financial institution is of Universal Utilities Public Company Limited for the purpose of purchasing shares of Egcom Tara Company Limited. Principal was initially repayable on 27 August 2016. Later, the Company entered into a new loan agreement and principal is repayable on 29 August 2017. The loan bears interest rate at BIBOR+fixed rate per annum.

**18.2 Long-term loans from financial institutions**

Movements in the long-term loans from financial institutions during the year are summarised below.

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
As at 1 January	4,761,000,000	5,212,001,206	3,800,000,000	4,568,000,000
Increase	-	4,773,000,000	-	3,812,000,000
Decrease	(752,200,000)	(5,224,001,206)	(560,000,000)	(4,580,000,000)
As at 31 December	<u>4,008,800,000</u>	<u>4,761,000,000</u>	<u>3,240,000,000</u>	<u>3,800,000,000</u>

	<b>Credit limit Million Baht</b>	<b>Outstanding credit facilities</b>		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		<b>2016 Million Baht</b>	<b>2015 Million Baht</b>	<b>2016 Million Baht</b>	<b>2015 Million Baht</b>	<b>2016 Million Baht</b>	<b>2015 Million Baht</b>
The Company							
a)	800.0	-	-	640.0	800.0	640.0	800.0
b)	2,000.0	-	-	1,600.0	2,000.0	1,600.0	2,000.0
c)	1,000.0	-	-	1,000.0	1,000.0	1,000.0	1,000.0
d)	1,700.0	1,700.0	1,700.0	-	-	-	-
The subsidiary							
a)	317.0	-	-	253.6	317.0	-	-
b)	644.0	-	-	515.2	644.0	-	-
Total	<u>6,461.0</u>	<u>1,700.0</u>	<u>1,700.0</u>	<u>4,008.8</u>	<u>4,761.0</u>	<u>3,240.0</u>	<u>3,800.0</u>
<u>Less</u> Current portion				<u>(808.2)</u>	<u>(752.2)</u>	<u>(616.0)</u>	<u>(560.0)</u>
Long-term loans from financial institutions - net of current portion				<u>3,200.6</u>	<u>4,008.8</u>	<u>2,624.0</u>	<u>3,240.0</u>

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**18 Borrowings (Cont'd)**

**18.2 Long-term loans from financial institutions (Cont'd)**

Long-term loans of the Company (Cont'd)

	Credit facility (Million Baht)	Date of agreement	Objective	Period	Interest rate	Repayment schedule
a)	800.0	20 March 2015	To invest in pipeline project	5 years	- At fixed rate per annum	Principal is repayable in 5 annual installments, beginning 23 March 2016. - The 1st - 5th installments Baht 160 million each
b)	2,000.0	20 March 2015	To refinance	5 years	- At fixed rate per annum	Principal is repayable in 5 annual installments, beginning 23 March 2016. - The 1st - 5th installments Baht 400 million each
c)	1,000.0	5 June 2015	To invest in pipeline project	10 years	- At fixed rate per annum	Principal is repayable in 9 annual installments, beginning 5 June 2017. - The 1st - 2nd installments Baht 56 million each - The 3rd - 4th installments Baht 74 million each - The 5th - 6th installments Baht 148 million each - The 7th installments Baht 166.50 million - The 8th installments Baht 185 million - The 9th installments Baht 92 million
d)	1,700.0	12 November 2015	To invest in pipeline project	10 years	- At rate BIBOR 6 months plus fixed rate per annum	Principal is repayable in 17 installments, beginning at the end of second year after first drawdown (There is no first drawdown as at 31 December 2015). - The 1st - 4th installments Baht 47.5 million each - The 5th - 8th installments Baht 62.5 million each - The 9th - 16th installments Baht 126.25 million each - The last installments Baht 250 million.

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**18 Borrowings (Cont'd)**

**18.2 Long-term loans from financial institutions (Cont'd)**

Long-term loans of subsidiary - Universal Utilities Public Company Limited

	Credit facility (Million Baht)	Date of agreement	Objective	Period	Interest rate	Repayment schedule
a)	317.0	12 June 2015	To refinance	5 years	- At fixed rate per annum	Principal is repaid annually in 5 installments, beginning 12 June 2016. Fully repayable within 5 years.
b)	644.0	8 June 2015	To refinance	5 years	- At fixed rate per annum	Principal is repaid annually in 5 installments, beginning 10 June 2016. Fully repayable within 5 years.

Long-term loans from financial institutions of the Group are unsecured loan. the Group is required to comply with certain conditions including debt to equity ratio not exceeding 2:1 and debt service coverage ratio not below than 1.1.

The average interest rate of loans for the year 2016 was 2.73%.

## 18 Borrowings

### 18.3 Debentures

Debentures comprise:

The first tranche is senior and unsecured debenture of Baht 1,200 million. Debenture has a maturity of 7 years which due in 2022. It bears interest at a fixed rate at 3.84% per annum. The interest will be paid semi-annually on 16 June and 16 December.

The second tranche is senior and unsecured debenture of Baht 1,200 million. Debenture has a maturity of 10 years which due in 2025. It bears interest at a fixed rate at 4.18% per annum. The interest will be paid semi-annually on 16 June and 16 December.

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Debenture tranche 1	1,200,000,000	1,200,000,000	1,200,000,000	1,200,000,000
Debenture tranche 2	1,200,000,000	1,200,000,000	1,200,000,000	1,200,000,000
Less Deferred debenture issuing costs	(2,814,527)	(3,177,642)	(2,814,527)	(3,177,642)
Debentures - net	<u>2,397,185,473</u>	<u>2,396,822,358</u>	<u>2,397,185,473</u>	<u>2,396,822,358</u>

Movement in the debentures during the year is as follows:

	<b>Consolidated financial statements</b>	<b>(Unit: Baht) Separate financial statements</b>
Balance as at 31 December 2015	2,396,822,358	2,396,822,358
Less Amortisation of issuing cost	363,115	363,115
Balance as at 31 December 2016	<u>2,397,185,473</u>	<u>2,397,185,473</u>

## 19 Trade accounts payable

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Third parties	103,108,828	109,978,723	79,310,453	83,569,041
Related parties (Note 33.2)	30,144,731	23,951,632	22,436,701	21,311,843
	<u>133,253,559</u>	<u>133,930,355</u>	<u>101,747,154</u>	<u>104,880,884</u>

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**20 Finance lease liabilities**

Finance lease liabilities - minimum lease payments:

	<b>Consolidated</b>		<b>(Unit: Baht)</b>	
	<b>financial statements</b>		<b>Separate</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Not later than 1 year	1,446,597	3,169,794	1,446,597	3,169,794
Later than 1 year but not later than 5 years	438,750	1,885,348	438,750	1,885,348
	1,885,347	5,055,142	1,885,347	5,055,142
<u>Less</u> Future finance charges on finance leases	(43,125)	(356,606)	(43,125)	(356,606)
Present value of finance lease liabilities	1,842,222	4,698,536	1,842,222	4,698,536

The present value of finance lease liabilities is as follows:

	<b>Consolidated</b>		<b>(Unit: Baht)</b>	
	<b>financial statements</b>		<b>Separate</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Not later than 1 year (short-term portion)	1,407,257	2,856,313	1,407,257	2,856,313
Later than 1 year but not later than 5 years (long-term portion)	434,965	1,842,223	434,965	1,842,223
	1,842,222	4,698,536	1,842,222	4,698,536

**21 Accrued expenses**

	<b>Consolidated</b>		<b>(Unit: Baht)</b>	
	<b>financial statements</b>		<b>Separate</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Accrued bonus	66,142,671	77,684,868	41,578,256	53,462,938
Accrued project compensation	48,935,624	55,199,655	48,935,624	55,199,655
Accrued utilities expenses	22,042,775	19,184,061	5,021,890	-
Others	39,839,201	23,122,376	20,705,285	9,602,014
	176,960,271	175,190,960	116,241,055	118,264,607

## 22 Employee benefit obligations

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Statement of Financial Position				
Post-employment benefits	125,261,380	115,851,824	74,921,158	71,565,422
Other long-term benefits	3,825,907	3,835,158	1,783,660	1,795,104
Liability in the statement of financial position	129,087,287	119,686,982	76,704,818	73,360,526
Profit or loss:				
Post-employment benefits	15,058,117	12,907,539	8,740,597	8,415,109
Other long-term benefits	705,422	1,844,810	366,882	489,985
	15,763,539	14,752,349	9,107,479	8,905,094
Other comprehensive income				
Remeasurement for:				
Post-employment benefits	-	14,078,675	-	(1,159,635)
	-	14,078,675	-	(1,159,635)

### 22.1 Defined benefit plan

The amounts recognised in the statement of financial position are as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Present value of funded obligations	125,261,380	115,851,824	74,921,158	71,565,422
Liability in the statement of financial position	125,261,380	115,851,824	74,921,158	71,565,422

The movement in the defined benefit obligation over the year is as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
At 1 January	115,851,824	100,120,901	71,565,422	65,583,389
Current service cost	11,285,248	8,881,352	6,406,446	5,714,465
Interest expense	3,772,869	4,026,187	2,334,151	2,700,644
Remeasurements:				
(Gain)/loss from change in demographic assumptions	-	1,755,347	-	1,755,347
(Gain)/loss from change in financial assumptions	-	10,330,369	-	5,970,077
Experience (gain)/loss	-	1,992,959	-	(8,885,059)
Benefits paid	(5,648,561)	(11,255,291)	(5,384,861)	(1,273,441)
At 31 December	125,261,380	115,851,824	74,921,158	71,565,422

## 22 Employee benefit obligations (Cont'd)

### 22.1 Defined benefit plan (Cont'd)

The principal actuarial assumptions used for defined benefit plan were as follows:

	(Unit : % per annum)	
	2016	2015
Discount rate	3.3	3.3
Inflation rate	3.0	3.0
Salary growth rate	5.0 - 10.0	5.0 - 10.0

	Impact on post-employment benefits obligations	
	Increase/ (decrease) in assumption (Baht)	
	Change in assumption	
	2016	2015
Discount rate	Increase 1%	Increase 1%
	Decrease 1%	Decrease 1%
Salary growth rate	Increase 1%	Increase 1%
	Decrease 1%	Decrease 1%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method has been applied as when calculating the post-employment benefit liability recognised within the statement of financial position which is the projected unit credit method.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The weighted average duration of the defined benefit obligation is 37.6 years.

### 22.2 Other long-term benefits

The amounts recognised in the statement of financial position are determined as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Present value of funded obligations	3,825,907	3,835,158	1,783,660	1,795,104
Liability in the statement of financial position	3,825,907	3,835,158	1,783,660	1,795,104



**22 Employee benefit obligations (Cont'd)**

**22.2 Other long-term benefits (Cont'd)**

The movement in the defined benefit obligation over the year is as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
At 1 January	3,835,158	4,312,296	1,795,104	2,708,702
Current service cost	585,236	853,508	309,548	493,934
Interest expense	120,186	142,202	57,334	93,945
Past service cost	-	849,099	-	(97,892)
Remeasurements:				
(Gain)/loss from change in demographic assumptions	-	64,904	-	64,904
(Gain)/loss from change in financial assumptions	-	(768,538)	-	(475,868)
Experience (gain)/loss	-	(1,330,280)	-	(786,138)
Benefits paid	(714,673)	(288,033)	(378,326)	(206,483)
At 31 December	<u>3,825,907</u>	<u>3,835,158</u>	<u>1,783,660</u>	<u>1,795,104</u>

The principal actuarial assumptions used for other long-term benefits were as follows:

	<b>2016</b>	<b>2015</b>
Discount rate	3.3%	3.3%
One Baht weight of gold	20,087 Baht	18,950 Baht
Gold price inflation rate	6.0%	6.0%

	<b>Impact on other long-term benefits</b>	
	<b>Increase/ (decrease) in assumption (Baht)</b>	
	<b>2016</b>	<b>2015</b>
Discount rate		
Increase 1%	Increase 1%	(103,974)
Decrease 1%	Decrease 1%	(91,195)
		114,940
		100,813

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**23 Long term provisions**

	(Unit : Baht) Consolidated financial statements Contractual obligations from service concession arrangements
<b>At 1 January 2016</b>	26,881,034
Additional provisions	4,210,563
Unwinding of discount	2,047,329
Utilised during period	(12,468,873)
<b>At 31 December 2016</b>	<u>20,670,053</u>

**24 Other non-current liabilities**

	Consolidated financial statements	Separate financial statements	(Unit: Baht)
	2016	2015	2016 2015
Retentions payable	225,763,601	214,424,014	223,799,426 184,154,408
Bank guarantee received (Note 35.2.2)	371,735,146	-	371,735,146 -
Rental guarantees received from a subsidiary (Note 33.2)	-	-	58,000 58,000
	<u>627,498,747</u>	<u>214,424,014</u>	<u>595,592,572 184,212,408</u>

**25 Share capital**

	Number of shares	Ordinary shares	Share premium	(Unit: Baht) Total
At 1 January 2015	1,663,725,149	1,663,725,149	2,138,522,279	3,802,247,428
Issue of shares	-	-	-	-
At 31 December 2015	1,663,725,149	1,663,725,149	2,138,522,279	3,802,247,428
Issue of shares	-	-	-	-
At 31 December 2016	<u>1,663,725,149</u>	<u>1,663,725,149</u>	<u>2,138,522,279</u>	<u>3,802,247,428</u>

The total registered of ordinary shares has a par value of Baht 1 per share (2015: Baht 1 per share). All issued shares are fully paid.

**26 Legal reserve**

Pursuant to section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a legal reserve equal to at least 5 percent of its net profit for the year after deducting accumulated deficit brought forward (if any), until such reserve reaches 10 percent of the Company's registered share capital. The legal reserve is non-distributable. The Company's legal reserve has been fully reached.

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**27 Other component of equity**

	<b>Consolidated</b>		<b>(Unit: Baht)</b>	
	<b>financial statements</b>		<b>Separate</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
At 1 January	22,668,406	24,959,578	22,668,406	24,959,578
Amortisation of assets transferred from customers	(3,397,523)	(3,397,523)	(3,397,523)	(3,397,523)
Fair value adjustments of available-for-sale investments	(575,155)	1,106,351	(575,155)	1,106,351
At 31 December	<u>18,695,728</u>	<u>22,668,406</u>	<u>18,695,728</u>	<u>22,668,406</u>

Assets transferred from customers since 1997 represent water distribution pipeline systems and water measured equipment transferred to the Company in accordance with the water supply agreement. The Company recorded property, plant and equipment transferred from customers in equity and recognised to revenue over the useful life of asset.

**28 Dividends**

Dividends declared during the year consist of the following.

	<b>Approved by</b>	<b>Total dividends Million Baht</b>	<b>Dividend per share Million Baht</b>	<b>Paid on</b>
<b><u>Year 2016</u></b>				
Dividend for the year 2015	Annual General Meeting of the shareholders on 25 April 2016	415.9	0.25	23 May 2016
Interim dividends on operating results for the six-month period ended 30 June 2016	Board of Director's meeting on 29 August 2016	332.7	0.20	26 September 2016
		<u>748.6</u>		
<b><u>Year 2015</u></b>				
Dividend for the year 2014	Annual General Meeting of the shareholders on 27 April 2015	399.3	0.24	26 May 2015
Interim dividends on operating results for the six-month period ended 30 June 2015	Board of Director's meeting on 21 August 2015	366.0	0.22	17 September 2015
		<u>765.3</u>		

**29 Other income**

	<b>Consolidated</b>		<b>(Unit: Baht)</b>	
	<b>financial statements</b>		<b>Separate</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Interest income	9,557,141	8,769,306	3,146,929	10,392,443
Dividend income	-	23,669,885	108,629,985	48,247,226
Gain on disposal of other long-term investments	3,173,211	-	3,173,211	226,319,820
Gain on fair value measurement of equity interest held before the business combination	-	226,319,820	-	-
Others	24,295,189	33,252,889	27,133,641	22,092,389
	<u>37,025,541</u>	<u>292,011,900</u>	<u>142,083,766</u>	<u>307,051,878</u>

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**30 Expenses by nature**

Significant expenses by nature are as follow:

	<b>Consolidated</b>		<b>(Unit: Baht)</b>	
	<b>financial statements</b>		<b>Separate</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Salary and wages and other employee benefits	293,345,635	288,733,409	191,778,596	186,519,032
Depreciation and amortisation expenses	634,225,816	548,911,070	358,022,614	357,244,243
Rental expenses	96,453,621	104,776,678	75,397,475	83,275,710
Raw materials and consumables used	32,418,212	25,854,764	-	-
Electricity expenses	647,754,620	657,381,004	494,831,796	499,039,027
Purchases of raw water	257,299,263	214,365,417	179,626,335	141,301,297
Purchases of tap water	-	-	62,151,167	61,061,260
Hiring and service expenses	216,837,136	206,374,545	46,521,003	48,032,568
Repair and maintenance expenses	133,008,422	128,719,050	74,881,355	84,102,294
Losses on impairment of assets	3,320,000	720,000	-	-
Waterworks management expense	-	-	155,689,913	156,870,340
Expenses for development of life quality and environment	17,288,601	18,369,159	17,288,601	18,369,159
Finance costs	119,556,066	114,180,633	62,745,098	80,047,215

**31 Income tax**

	<b>Consolidated</b>		<b>(Unit: Baht)</b>	
	<b>financial statements</b>		<b>Separate</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Current tax:				
Current tax on profits for the year	341,574,298	407,036,060	255,350,655	344,015,702
Adjustments in respect of prior year	(3,162,745)	(15,184,204)	(1,112)	(9,308,247)
<b>Total current tax</b>	<b>338,411,553</b>	<b>391,851,856</b>	<b>255,349,543</b>	<b>334,707,455</b>
Deferred tax:				
Origination and reversal of Temporary differences	(11,755,286)	(6,076,463)	13,752,374	4,518,207
<b>Total deferred tax</b>	<b>(11,755,286)</b>	<b>(6,076,463)</b>	<b>13,752,374</b>	<b>4,518,207</b>
<b>Total tax expense</b>	<b>326,656,267</b>	<b>385,775,393</b>	<b>269,101,917</b>	<b>339,225,662</b>

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**31 Income tax (Cont'd)**

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the home country of the company as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Profit before tax	1,645,264,369	1,977,014,902	1,452,989,945	1,778,149,633
Tax calculated at a tax rate of 20% (2015: 20%)	329,052,874	395,402,980	290,597,989	355,629,927
Tax effect of:				
Income not subject to tax	(3,407,030)	(2,170,211)	(25,133,027)	(9,310,210)
Expenses not deductible for tax purpose	4,173,167	7,726,828	3,638,067	2,214,192
Adjustment in respect of prior year	(3,162,744)	(15,184,204)	(1,112)	(9,308,247)
Tax charge	<u>326,656,267</u>	<u>385,775,393</u>	<u>269,101,917</u>	<u>339,225,662</u>

The effective tax rate was 18.52% (2015: 19.60%).

The tax (charge)/credit relating to component of other comprehensive income is as follows:

	<b>Consolidated financial statements</b>					
	<b>2016</b>			<b>2015</b>		
	<b>Before tax</b>	<b>Tax (charge) credit</b>	<b>After tax</b>	<b>Before tax</b>	<b>Tax (charge) credit</b>	<b>After tax</b>
Fair value gains:						
available-for-sale investments	718,944	(143,789)	575,155	(1,382,938)	276,587	(1,106,351)
Actuarial gain/loss on remeasurements of post-employment benefit obligations	-	-	-	14,078,675	(2,815,735)	11,262,940
<b>Other comprehensive income</b>	<u>718,944</u>	<u>(143,789)</u>	<u>575,155</u>	<u>12,695,737</u>	<u>(2,539,148)</u>	<u>10,156,589</u>

	<b>Separate financial statements</b>					
	<b>2016</b>			<b>2015</b>		
	<b>Before tax</b>	<b>Tax (charge) credit</b>	<b>After tax</b>	<b>Before tax</b>	<b>Tax (charge) credit</b>	<b>After tax</b>
Fair value gains:						
available-for-sale investments	718,944	(143,789)	575,155	(1,382,938)	276,587	(1,106,351)
Actuarial gain/loss on remeasurements of post-employment benefit obligations	-	-	-	(1,159,635)	231,927	(927,708)
<b>Other comprehensive income</b>	<u>718,944</u>	<u>(143,789)</u>	<u>575,155</u>	<u>(2,542,573)</u>	<u>508,514</u>	<u>(2,034,059)</u>

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**32 Earnings per share**

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Net profit attributable to ordinary shareholders (Baht)	1,299,713,028	1,584,940,253	1,183,888,028	1,438,923,971
Weighted average number of ordinary shares in issue (Share)	1,663,725,149	1,663,725,149	1,663,725,149	1,663,725,149
Basic earnings per share (Baht)	0.78	0.95	0.71	0.86

There are no potential dilutive ordinary shares in issue for the years ended 2016 and 2015.

**33 Related parties transactions**

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the company. Associates and individuals owning an, indirectly or directly, interest in the voting power of the company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The Company is a public listed company. The major shareholder is the Provincial Waterworks Authority which owns 40.2% of the company's share.

**33.1 Transactions incurred during the year**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>(Unit: Baht)</b>				
<b>Sales - raw water</b>				
<b>Major shareholders</b>				
Provincial Waterworks Authority	607,255,347	800,131,108	607,255,347	800,131,108
Industrial Estate Authority of Thailand	942,619,832	940,478,781	942,619,832	940,478,781
<b>Subsidiary</b>				
Universal Utilities Public Company Limited	-	-	63,380,101	28,921,453
	<u>1,549,875,179</u>	<u>1,740,609,889</u>	<u>1,613,255,280</u>	<u>1,769,531,342</u>
<b>Sales - tap water</b>				
<b>Major shareholder</b>				
Provincial Waterworks Authority	<u>1,199,316,066</u>	<u>974,594,144</u>	<u>189,053,859</u>	<u>183,007,465</u>

**Eastern Water Resources Development and Management Public Company Limited**  
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**33 Related parties transactions (Cont'd)**

**33.1 Transactions incurred during the year (Cont'd)**

	<b>Consolidated financial statements</b>		<b>(Unit: Baht) Separate financial statements</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b><u>Construction revenue under concession agreement</u></b>				
<b>Major Shareholder</b>				
Provincial Waterworks Authority	118,258,238	95,684,548	-	-
<b><u>Rental and service income</u></b>				
<b>Major shareholder</b>				
Provincial Waterworks Authority	27,712,704	24,230,754	-	-
<b>Subsidiary</b>				
Universal Utilities Public Company Limited	-	-	8,649,206	4,471,084
	<u>27,712,704</u>	<u>24,230,754</u>	<u>8,649,206</u>	<u>4,471,084</u>
<b><u>Interest income</u></b>				
<b>Subsidiary</b>				
Universal Utilities Public Company Limited	-	-	-	4,878,521
<b><u>Dividend income</u></b>				
<b>Subsidiary</b>				
Universal Utilities Public Company Limited	-	-	108,629,985	35,699,995
<b><u>Other income</u></b>				
<b>Subsidiary</b>				
Universal Utilities Public Company Limited	-	-	11,626,811	5,322,083
<b><u>Costs of sales and costs of services</u></b>				
<b>Subsidiary</b>				
Universal Utilities Public Company Limited	-	-	224,861,080	224,891,600
<b><u>Administrative Expenses</u></b>				
<b>Major Shareholder</b>				
Provincial Waterworks Authority	<u>8,245,631</u>	-	-	-

Sales of raw water are charged at mutually - agreed prices as stipulated in the contracts.

Sales of tap water, rental and service income and other income are charged at mutually - agreed prices as stipulated in the contracts.

Costs of sales and services are charged at mutually - agreed prices as stipulated in the contracts.



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**33 Related parties transactions (Cont'd)**

**33.2 Outstanding balances at end of the years**

	<b>Consolidated financial statements</b>		<b>(Unit: Baht) Separate financial statements</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b><u>Trade accounts receivable - billed</u></b>				
<b>Major shareholders</b>				
Provincial Waterworks Authority	102,040,318	109,931,914	62,776,488	68,278,536
Industrial Estate Authority of Thailand	86,540,032	87,823,162	86,540,031	87,823,162
<b>Subsidiary</b>				
Universal Utilities Public Company Limited	-	-	5,196,817	1,582,562
	<u>188,580,350</u>	<u>197,755,076</u>	<u>154,513,336</u>	<u>157,684,260</u>
<b><u>Unbilled receivables</u></b>				
<b>Major shareholder</b>				
Provincial Waterworks Authority	95,920,527	93,636,618	-	-
<b>Subsidiary</b>				
Universal Utilities Public Company Limited	-	-	-	-
	<u>95,920,527</u>	<u>93,636,619</u>	<u>-</u>	<u>-</u>
<b><u>Water loss treatment service income receivables</u></b>				
<b>Major shareholder</b>				
Provincial Waterworks Authority				
- billed	1,798,528	482,766	-	-
- unbilled	2,112,180	3,957,678	-	-
	<u>3,910,708</u>	<u>4,440,444</u>	<u>-</u>	<u>-</u>
<b><u>Other receivable</u></b>				
<b>Major shareholder</b>				
Provincial Waterworks Authority	16,285	20,660	-	-
<b>Subsidiary</b>				
Universal Utilities Public Company Limited	-	-	1,102,923	650,947
	<u>16,285</u>	<u>20,660</u>	<u>1,102,923</u>	<u>650,947</u>
<b><u>Trade accounts payable</u></b>				
<b>Major shareholders</b>				
Provincial Waterworks Authority	30,144,731	24,682,385	2,027,846	735,211
<b>Subsidiary</b>				
Universal Utilities Public Company Limited	-	-	20,408,855	20,576,632
	<u>30,144,731</u>	<u>24,682,385</u>	<u>22,436,701</u>	<u>21,311,843</u>
<b><u>Rental guarantees</u></b>				
<b>Subsidiaries</b>				
Universal Utilities Public Company Limited	-	-	58,000	58,000

### 33 Related parties transactions (Cont'd)

#### 33.3 Key management compensation

Key management compensation can be categorised as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Short-term employee benefits	103,132,689	90,211,898	75,527,983	54,764,550
Post-employment benefits	4,199,371	2,309,710	2,513,469	1,105,571
Other long-term employee benefits	29,107	24,960	8,901	12,194
	<u>107,361,167</u>	<u>92,546,568</u>	<u>78,050,353</u>	<u>55,882,315</u>

### 34 Commitments and contingent liabilities

#### 34.1 Capital commitments

As at 31 December 2016, the Group had commitments in respect of in-progress construction and installation of the water distribution pipeline in the consolidated and separate financial statements totalling Baht 457.8 million and Baht 384.9 million, respectively (2015: Baht 1,789.9 million and Baht 1,740.8 million, respectively).

#### 34.2 Operating lease commitments

The future aggregate minimum lease payments in respect of the lease of motor vehicles, computer and land under non-cancellable operating leases contracts are as follows.

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Within 1 year	11.4	23.8	7.1	12.4
1 to 5 years	9.1	17.1	6.5	8.4
More than 5 years	4.1	4.1	-	-
	<u>24.6</u>	<u>45.0</u>	<u>13.6</u>	<u>20.8</u>

#### 34.3 Raw water and tap water purchase agreements and long-term service commitments

34.3.1 As at 31 December 2016 and 2015, the Group had commitment in respect of a raw water purchase agreement with the Royal Irrigation Department whereby it is to purchase raw water at the price specified in a Ministerial Regulation. The agreement has no specific the end date.

34.3.2 As at 31 December 2016, the Group had no commitment in respect of raw water purchase agreements with private company (2015: Baht 3,549.3 million).

34.3.3 As at 31 December 2016, the Group had commitments in respect of service agreements payable in the future of approximately Baht 89.3 million (2015: Baht 49.8 million).

#### 34.4 Guarantees

34.4.1 As at 31 December 2016, the Group and the Company had contingent liabilities from letters of guarantee issued by local commercial banks to the Provincial Electricity Authority for electricity consumption, to the Ministry of Finance for management and operation of the major water distribution pipeline systems in the Eastern Seaboard area, to the Provincial Electricity Authority and the Royal Irrigation Department for compliance to agreements, and to counterparty for bid bonds and performance bonds totalling Baht 190.7 million and Baht 96.5 million, respectively. (2015: Baht 187.4 million and Baht 92.2 million, respectively).

34.4.2 As at 31 December 2016 and 2015, the Group had contingent liabilities in respect of being a guarantor to its three subsidiaries for letters of guarantee issued by local commercial banks to those subsidiaries in a credit limit of Baht 200 million for compliance to agreements with respect to their electricity consumption guarantee, tap water production and distribution and water consumers information records.

## **35 Litigation**

The Company and its subsidiary were sued as defendants in significant litigation cases as follows:

### **35.1 Progress of prior year litigations**

#### **The Company**

35.1.1 On 20 October 2008, the Company was sued by a company in a lawsuit with a black case number 5930/2551 regarding a breach of a construction agreement. The litigation filed with the Civil Court by the plaintiff requested the Company to pay damages totalling Baht 40.2 million.

On 29 December 2008, the Company filed a lawsuit with a black case number 6848/2551 regarding a breach of a construction contract, suing the aforementioned company and a local commercial bank as the work guarantor of that company. The litigation filed with the Civil Court by the Company requested the defendants to pay damages totalling Baht 37.4 million.

On 26 January 2009, the Civil Court set a date for the settlement of issues under the lawsuit with the black case number 5930/2551. However, the attorney of the Company has petitioned the Court to merge the settlement of issues of the lawsuit with the black case number 6848/2551 to be in one case since both cases are based on the same factual information. The Court considered the request and set a date for the settlement of issues of these two lawsuits on 23 March 2009.

On 23 March 2009, the Civil Court set a date for investigation of plaintiff's witnesses during 17 - 18 February 2011 and a date for investigation of defendant's witnesses during 23 - 24 February 2010.

On 30 July 2010, The Civil Court delivered its judgement of the red case number 3169/2553 and 3170/2553 which can be summarised as follows:

1. The litigant is required to pay a fine of Baht 8.8 million, return the advance payment of Baht 2.1 million and pay for wage supervisors during late work period of Baht 0.2 million, totalling a payment of Baht 11.1 million.
2. The Company is required to pay the 30<sup>th</sup> and 31<sup>st</sup> installment of construction cost according to the agreement of Baht 13.0 million together with the additional costs of Baht 7.0 million and the return of retention costs of Baht 3.8 million, totalling Baht 23.8 million. Moreover, the Company is required to return all eight bank guarantees to the litigant.

However, for the benefit of the Company, a lawyer was appointed to lodge an appeal with the court on 29 October 2010 regarding the fine and the additional costs.

The Company has recorded liabilities of the construction costs and the retention costs of Baht 16.8 million. The amount of Baht 7.0 million of the additional costs was not recorded.

On 9 July 2013, The Appeal Court delivered its judgement to decrease additional costs that the Company is required to pay from Baht 7.0 million to Baht 1.9 million. Other judgements are remained the same. In the third quarter of 2013, the company has recorded additional liabilities of fee of bank guarantees and interest totalling Baht 5.6 million. Therefore, the Company has recorded liabilities in the financial statements totalling Baht 22.4 million.

On 7 August 2013, the litigant filed a petition with the court regarding the fine and the additional costs.

As at 31 December 2016, this case is in process of consideration by the Supreme Court.

## **35 Litigation (Cont'd)**

### **35.1 Progress of prior year litigations (Cont'd)**

#### **The Company (Cont'd)**

35.1.2 On 9 January 2015, the Company was sued as a co-defendant together with State Railway of Thailand in a lawsuit of a black case number Por62/2558 by a private company regarding a pipeline construction in the overlapping rental area that the plaintiff rent from the State Railway of Thailand in Chachoengsao Province. The litigation filed with the Civil Court by the plaintiff requested the Company to pay damages totalling Baht 295.9 million. On 20 January 2016, the Court dismissed the case because the Company and the State Railway of Thailand had agreed the dispute with the plaintiff. On 23 May 2016, the plaintiff lodged an appeal to the Court. On 9 January 2017, the Appeal Court delivered its verdict according to the Court of First Instance to dismiss the case. At present, it is on a process of following up to the filing petition to the Supreme Court of the private company.

#### **The Company and subsidiary**

35.1.3 On 24 February 2015, the Company and Samed Utilities Company Limited, were sued for compensation and damages in a lawsuit of black case number Por 808/2558 regarding a breach of an agreement. The private company filed a complaint with the Civil Court requesting that the Company and the subsidiary be ordered to pay damages totalling Baht 30.9 million. On 17 November 2015, the Court made the decision that Samed Utilities Company Limited to pay the private company Bath 20.5 million plus interest at 7.5% per annum and dismissed the case of the Company. On 17 March 2016, the Company lodged an appeal regarding the fine imposed on Samed Utilities Company Limited. On 22 December 2016, the Appeal Court delivered its verdict according to the Court of First Instance ordering Samed Utilities Company Limited to pay the private company, and to dismiss the case for the Company part. At present, it is on a process of following up to the filing petition to the Supreme Court of Samed Utilities Company Limited.

### **35.2 New litigations in 2016**

#### **The Company**

35.2.1 On 7 April 2016, the Company was sued in a criminal black case number 570/2559 with a limited partnership regarding the Company engaged the limited partnership to construct the pipeline in the same area of the plaintiff. The plaintiff's pipeline was damaged and they requested the Company to pay for damages totalling Baht 18.4 million with the interest of 7.5% per annum. This case is currently in process of consideration by the Chonburi Provincial Court.

35.2.2 The Company engaged the contractor in the Tubma reservoir development project starting from 31 January 2012 to 15 July 2016. However, the construction is delayed and incompleting. The total construction in progress and advance for construction as at 31 December 2016 are Baht 1,495.1 million and Baht 242.9 million respectively. On 12 October 2016, the Company was sued as a defendant in a lawsuit of a black case number 1668/2559 regarding a breach of a construction agreement. The contractor requested the Company to pay damages totalling Baht 480.9 million plus interest of 7.50% per annum, by claiming the Company that the delay in construction is the Company's fault. The Company has argued this claim and requested compensation for fines, damages and other rights which the Company can claim due to the delay. On 27 January 2017, the Company made a counterclaim to the Rayong Provincial Court. This case is currently in process of consideration by the Rayong Provincial Court. The Company believes that this case will not result to any significant losses to the Company. Therefore, the allowance for impairment of assets and the provision for liabilities have not been recorded in the financial statements.

On 13 October 2016, the Company received cash of a guarantee from a bank for this project totalling Baht 371.7 million. The bank has reserved its right to retrieve the money if the contractor's responsibility for damages is lower than amount of the bank guarantee. The Company has recorded cash received as other non-current liabilities in the financial statements.

## **35 Litigation (Cont'd)**

### **35.2 New litigations in 2016 (Cont'd)**

#### **The subsidiary**

35.2.3 On 25 February 2016, Universal Utilities Public Company Limited was sued in a lawsuit of black case number 570/2559 regarding the purchasing of raw water from a private company which the plaintiff claims that raw water was pumped from a well on the plaintiff's land. The plaintiff filed a complaint with the Chonburi Provincial Court requesting the subsidiary to return the raw water or to pay damages of Baht 49.8 million. This case is currently in process of consideration by the Chonburi Provincial Court.

35.2.4 On 3 March 2016, Universal Utilities Public Company Limited was sued by a private company in a lawsuit of black case number Por 994/2559 regarding a breach of a raw water purchase agreement. The private company requested the subsidiary to pay for the raw water totalling Baht 2.0 million as well as damages for the opportunity cost and investment totalling Baht 453.5 million plus interest at 7.5% per annum starting on the next day of litigation until the settlement date. On 1 July 2016, the Court settled a dispute and a private company offered the subsidiary to purchase its raw water pipeline and receive the transfer of the raw water purchase agreement. Currently, the subsidiary is considering the proposal. The Court set a date for the settlement of dispute on 10 April 2017. The subsidiary has recorded liabilities for the raw water of Baht 2.0 million in the financial statements.

The ultimate outcome cannot be determined at this stage. The management believed that those claims will not result to any significant losses. Therefore, the provision for liabilities has not been recorded in this financial statements.

## **36 Project compensation**

A government agency is considering a deal for the Company to rent/manage the 2 pipeline connecting projects ("projects") and adjust the compensation. A letter issued by this government agency stipulated that the Company was to initially pay compensation for the projects at a percentage of the raw water sold from the operating year commenced (year 1998). In addition, if it is decided that a final rate is more than the rate at which the Company already paid, the Company is to make additional payment, in full, as a lump sum; while if the final rate is lower, the government agency agrees to pay back the surplus by offsetting it against the remuneration of the following years.

On 8 January 2010, the government agency issued a letter to the Company notifying it that a deal for the Company to rent/manage the projects and the adjusting of compensation must be processed in accordance with the Act on Private Participation in a State Undertaking B.E. 2535, whereby a committee has, under Section 13, authority to set the compensation rate and negotiate benefits with the Company in order to reach a preliminary conclusion. On 9 May 2011, the Committee under section 13 had a resolution to approve the Company's rental of a pipeline without auction.

In 2015, the Company and the government agency hold a meeting to agree on project compensation rate. On 21 July 2015, the Company sent a letter to the government agency to inform that the Company was willing to pay the compensation for the current year at a higher rate and keep the previous rate for the past years. Subsequently, the government agency issued a letter dated 14 October 2015 to the Company notifying that the compensation rate must be processed and considered in accordance with the Act on Private Participation in a State Undertaking B.E. 2556 and then submitted to the Cabinet for approval. In the meanwhile, the government agency accepted the temporary payment with the new compensation rate from the year 2015 onwards.

The Company recorded the project compensation by using the new compensation rate since the year 2015. The management considered that these rates are the best estimation based on the current information.

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**37 Significant agreements**

**37.1 Concession arrangements**

The Company and its subsidiaries have significant concession arrangements as follows:

- 1) Concession arrangements which the Group has to transfer assets under concession at the end of the concession period (BOOT)

No.	Arrangement title	Arrangement date	Signatories	Period	Classification of concession arrangement
1	Agreement to manage the water system at Sattahip Waterworks	28 July 2000	The Company and the Provincial Waterworks Authority	30 years from the date that the Provincial Waterworks Authority appointed the Company to manage Sattahip Waterworks (1 March 2001)	Intangible assets
2	Agreement to produce and sell tap water to the Provincial Waterworks Authority's Nakornsawan office, Nakornsawan Province	7 November 2000	Nakornsawan Water Supply Company Limited and the Provincial Waterworks Authority	25 years from the date of the first tap water sale (1 March 2003)	Intangible assets
3	Agreement to produce and sell tap water to the Provincial Waterworks Authority's Chachoengsao office, Chachoengsao Province	9 November 2000	Chachoengsao Water Supply Company Limited and the Provincial Waterworks Authority	25 years from the date of the first tap water sale (1 April 2003)	Intangible assets
4	Agreement to produce and sell tap water to the Provincial Waterworks Authority's Bangkok office, Chachoengsao Province	9 November 2000	Bangkok Water Supply Company Limited and the Provincial Waterworks Authority	25 years from the date of the first tap water sale (1 April 2003)	Intangible assets
5	Agreement to provide water works management services in Bo Win Municipal area	30 March 2004/ 5 August 2005	The Company and the Chao普拉 Surasak Municipality / the Bo Win Sub-district Administrative Organisation	25 years from the date of the first tap water sale (11 March 2005)	Intangible assets
6	Agreement to provide water works management services at Koh Lan	17 September 2004	The Company and Pattaya City	15 years from the date of the first tap water sale (October 2006)	Intangible assets

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**37 Significant agreements (Cont'd)**

**37.1 Concession arrangements (Cont'd)**

- 2) Concession arrangements which the Group has to transfer assets under concession when the construction is completed (BTO).

No.	Arrangement title	Arrangement date	Signatories	Period	Classification of concession arrangement
7	Revised agreement to manage water system of Sattahip Waterworks (Sattahip - Pattaya)	18 October 2004	The Company and the Provincial Waterworks Authority	30 years from the date that the Provincial Waterworks Authority appointed the Company to manage Sattahip Waterworks (1 March 2001)	Intangible assets
8	Agreement to produce and sell tap water to Rayong Waterworks, Rayong Province	14 March 2006	Universal Utilities Public Company Limited and the Provincial Waterworks Authority	25 years from the date of the first tap water sale (12 July 2006)	Intangible assets
9	Agreement to operate and manage waterworks system of the Nong Kham Sub-district Administrative Organisation	29 December 2010	Universal Utilities Public Company Limited and Nong Kham Sub-district Administrative Organisation	25 years from the date of the first tap water sale (4 January 2011)	Intangible assets
10	Agreement to operate and manage waterworks system in Huaro Sub-district area, Phitsanulok Province	28 March 2014	Universal Utilities Public Company Limited and Huaro Sub-district Municipality	30 years from the date of the first tap water sale under the agreement or new agreed date of tap water sale (Currently under construction)	Intangible assets



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**37 Significant agreements (Cont'd)**

**37.1 Concession arrangements (Cont'd)**

- 3) Concession arrangements which the Group has no condition to transfer assets under concession to grantor but grantor has option to purchase the assets when the operator operates to the half of concession period.

No.	Arrangement title	Arrangement date	Signatories	Period	Classification of concession arrangement
11	Agreement to produce and sell tap water to Koh Samui Waterworks	7 July 2004	The Company and the Provincial Waterworks Authority	15 years from the date of the first tap water sale (12 May 2005)	Intangible assets
12	Agreement to produce and sell tap water to Chonburi Waterworks, Chonburi Province	3 June 2009	Universal Utilities Public Company Limited and the Provincial Waterworks Authority	20 years from the date of the first tap water sale (April 2010)	Intangible assets
13	Agreement to produce and sell tap water to Ratchaburi Waterworks, Rayong and Samut Songkram Province	7 April 2001	Egcom Tara Company Limited and the Provincial Waterworks Authority	30 years from the date of the first tap water sale 7 April 2001	Intangible assets

The significant terms of the concession arrangements mentioned above such as the operator has to provide construction, maintenance and management of the tap water production systems to meet quantity, quality and tap water price requirements. In some arrangements, the price will be increased linked to consumer price index.

Arrangements No. 1-7, No 11 and No 13, the Company entered into a contract with Universal Utilities Public Company Limited to be the operator for the tap water production and the construction or improvement of infrastructure in the concession arrangements.

## **37 Significant agreements (Cont'd)**

### **37.2 Other agreements**

#### **The Company**

- 1) On 26 December 1993, the Company entered into an agreement with the Ministry of Finance to manage and operate the major water distribution pipeline systems in the Eastern Seaboard area. The contract term is 30 years, from 1 January 1994 to 30 September 2023 and the Company is required to pay a minimum of Baht 2 million per annum to the Ministry of Finance. In any years when the Company's revenues from the sales of raw water exceed Baht 200 million, it is required to pay the Ministry of Finance with a sharing benefit at a rate of 1 percent of sales of raw water from the Nong Khor and Dok Krai reservoirs. In addition, when the Company's annual rate of return on equity exceeds 20 percent, an additional sharing benefit at the rate of 15 percent of the return in excess of the paid 20 percent is to be paid to the Ministry of Finance. Nevertheless, the total sharing benefit is not to exceed 6 percent of the real value of the assets leased from the Ministry of Finance, as assessed according to the agreed time frame.
- 2) On 13 December 2007, the Company entered into the raw water purchase agreements with a private company whereby the Company is required to purchase a minimum of 10 million cubic meters per annum over a 10-year period. The Company terminated the raw water purchase agreements. On 14 October 2016, the Company sued the private company for violating the agreements and requested the private company to pay damages totalling Baht 84.4 million (with interest at 7.5% per annum). Currently, this case is in process of consideration by the Civil Court.
- 3) On 29 January 2014, the Company entered into raw water purchase agreements with a private company. Under these the Company is required to purchase a minimum of 15 - 20 million cubic meters per annum over a 40-year period from 1 March 2015 - 28 February 2055. On 10 July 2015, the raw water purchase agreement period between the Company and a private company was changed from 40 years to 30 years starting from 1 March 2015 to 28 February 2045. The agreement period will be extended every 10 years until it reaches the 30th year. The Company is required to purchase a minimum of 15 million cubic metres per annum for the 1<sup>st</sup>-5<sup>th</sup> year and 20 million cubic metres per annum from the 6<sup>th</sup> year onwards. On 21 June 2016, the Company terminated the raw water purchase agreement because the private company violated the agreement by providing raw water below minimum quantity and quality.

#### **The Subsidiaries**

- 4) On 28 May 2015, Universal Utilities Public Company Limited entered into an agreement with a private company to service and maintain the tap water production system of the Lakchai Muang Yang Industrial Estate, Rayong province. The agreement period for the temporary tap water production system is 1 year 6 months, starting from 1 July 2015. The agreement period for the permanent tap water production system is 30 years, starting from 1 January 2017. Universal Utilities Public Company Limited is required to construct the tap water production system and produce tap water for the Lakchai Muang Yang Industrial Estate. At the end of the agreement, the subsidiary has the right to move back the property under this agreement.
- 5) On 28 July 2015, Universal Utilities Public Company Limited entered into an agreement with a private company to service and maintain the wastewater treatment system of the Lakchai Muang Yang Industrial Estate, Rayong province. The agreement period is 30 years, starting from 1 January 2017. Universal Utilities Public Company Limited is required to construction the wastewater treatment system. At the end of the agreement, Universal Utilities Public Company Limited has to transfer ownership of all invested assets in the wastewater treatment system to Lakchai Muang Yang Industrial Estate, Rayong province.

**38 Fair value of financial instruments**

Since the majority of the Group's financial instruments are short-term. The fair values are not materially different from the amounts presented in the balance sheets except for long-term loans from financial institutions which have the net book values and fair values of Baht 4,008.8 million and Baht 3,921.9 million, respectively, as at 31 December 2016 (2015 : Baht 3,240.0 million and Baht 3,166.4 million respectively). This fair value is categorised within level 3 (Note 3.2) which calculated by using the discounted future cash flow throughout the borrowings agreement period and discounted by market interest rate.

**39 Raw water usage and sales classified by distribution networks**

A government agency who owns the pipeline of distribution networks required the Company to disclose information regarding raw water usage and sales classified by distribution networks using for calculation of compensation amount as follows;

**39.1 Usage and sales volume of raw water classified by distribution networks**

	Separate financial statements			
	2016		2015	
	Volume Cubic Metres '000	Amount Baht'000	Volume Cubic Metres '000	Amount Baht'000
<b>Total used volume of raw water</b>				
Nong Pla Lai - Map Ta Pud Network	110,263	1,197,351	103,554	1,105,182
Dok Krai - Map Ta Pud Network	63,610	695,483	71,505	800,000
Chachoengsao - Chonburi Network	86,447	861,068	97,813	983,988
Nong Pla Lai - Nong Khor Network	21,697	231,407	23,678	251,386
<b>Total</b>	<b>282,017</b>	<b>2,985,309</b>	<b>296,550</b>	<b>3,140,556</b>
<b>Less raw water used to produce tap water</b>				
Dok Krai - Map Ta Pud Network	(17,082)	(169,112)	(16,680)	(165,134)
Nong Pla Lai - Nong Khor Network	(5,696)	(56,390)	(4,832)	(47,835)
<b>Total sales of water</b>	<b>259,239</b>	<b>2,759,807</b>	<b>275,038</b>	<b>2,927,587</b>

Sales of raw water from Chachoengsao - Chonburi Network consisted of:

	(Unit: Baht'000) Separate financial statements	
	2016	2015
Nong Khor - Laem Chabang Network 1	554,936	681,931
Nong Khor - Laem Chabang Network 2	156,150	163,271
Chachoengsao Network	149,982	138,786
<b>Total</b>	<b>861,068</b>	<b>983,988</b>

**39.2 Proportion of raw water sold to end users**

	(Unit: %) Separate financial statements	
	2016	2015
Industrial Estates	54	53
Waterworks Authority	24	27
Factories	22	20
<b>Total</b>	<b>100</b>	<b>100</b>







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