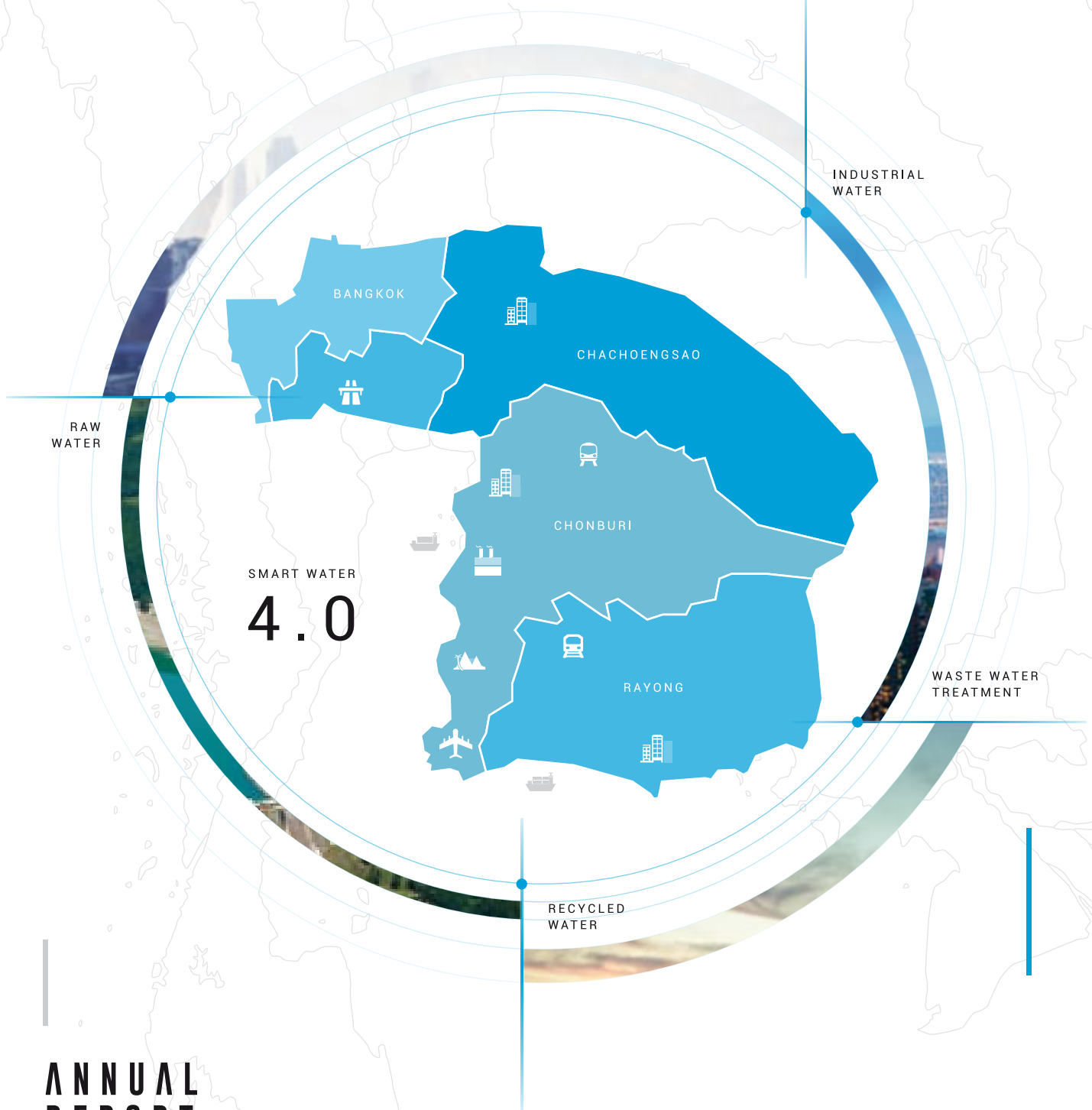


WATER SOLUTIONS FOR EEC

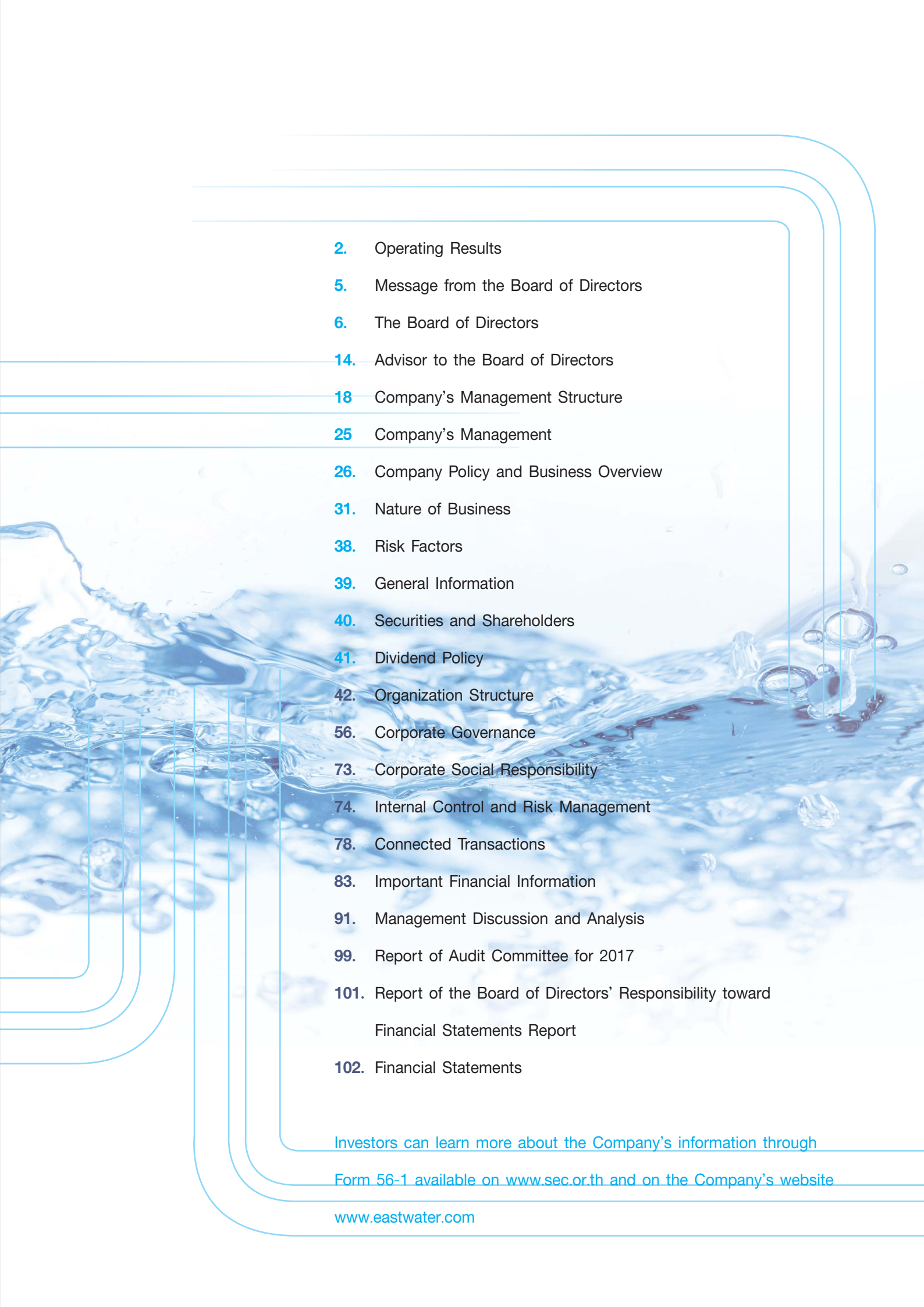


ANNUAL
REPORT
2017

C o n t e n t s



EastWater

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Investors can learn more about the Company's information through

Form 56-1 available on www.sec.or.th and on the Company's website

www.eastwater.com

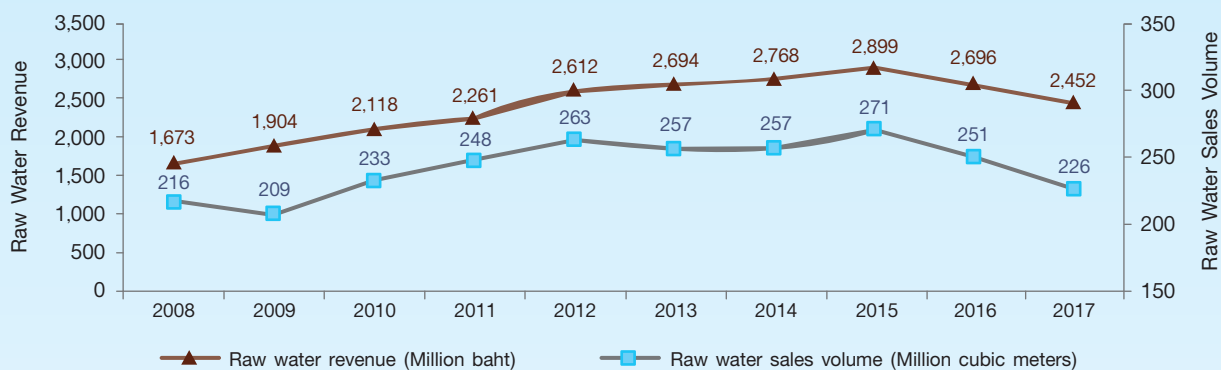
Operating Results

		2013	2014	2015	2016	2017
Income statement		(Million baht)				
Raw water revenue		2,694.30	2,768.38	2,898.67	2,696.43	2,452.05
Tap water revenue		876.38	988.74	1,160.24	1,392.87	1,422.75
Net revenue		3,816.14 ¹	4,035.84 ¹	4,563.14 ¹	4,295.73 ¹	4,080.98 ¹
EBITDA		2,196.13	2,288.42	2,444.71	2,404.24	2,347.33
Net profit (loss)		1,312.85	1,334.45	1,591.24	1,318.61	1,232.02
Net profit attributable to owners of the parents		1,312.94	1,334.21	1,584.94	1,309.23	1,221.18
Statement of Financial Position		(Million baht)				
Total assets		13,480.45	15,243.45	19,627.46	19,860.40	19,482.62
Total liabilities		5,578.52	6,726.37	10,127.90	9,812.09	9,052.71
Equity		7,901.93	8,517.07	9,499.56	10,048.30	10,429.91
Equity attributable to owners of the parents		7,872.13	8,487.56	9,294.69	9,854.47	10,242.56
Financial Ratios						
Book value per share	(Baht/share)	4.73	5.10	5.59	5.92	6.16
Net profit per share	(Baht/share)	0.79	0.80	0.95	0.79	0.73
Dividend per share	(Baht/share)	0.42	0.45	0.47	0.47	0.23 ²
Net profit margin	(%)	34.40	33.06	34.73	30.48	29.92
Return on Equity (ROE)	(%)	17.31	16.31	17.83	13.67	12.15
Return on Assets (ROA)	(%)	10.13	9.29	9.09	6.63	6.21
Debt to Equity ratio (D/E)	(Times)	0.71	0.79	1.09	1.00	0.88

Remarks : ¹ Total Revenues in 2013-2017 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.”

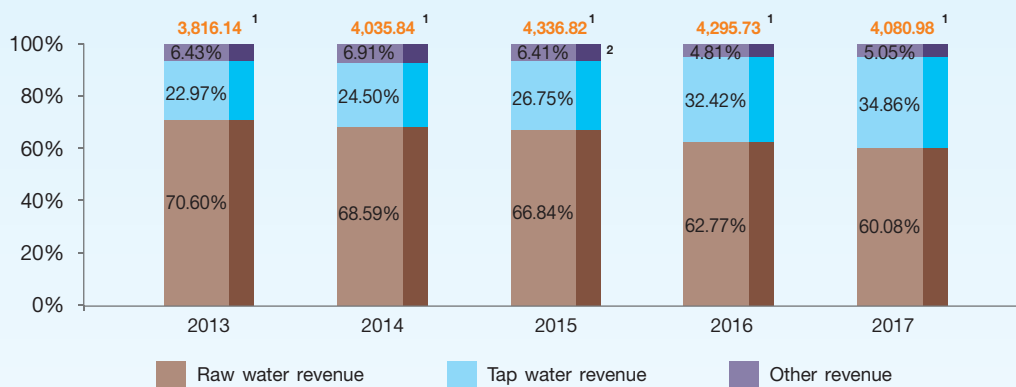
² In 2017, interim dividends approved by the Board of Directors Meeting No. 13/2017 held on 31 August 2017 was 0.23 Baht per share

Raw Water Sales Volume and Revenue



Remarks : Not include raw water volume which pumped to tap water unit of the Company and Subsidiaries

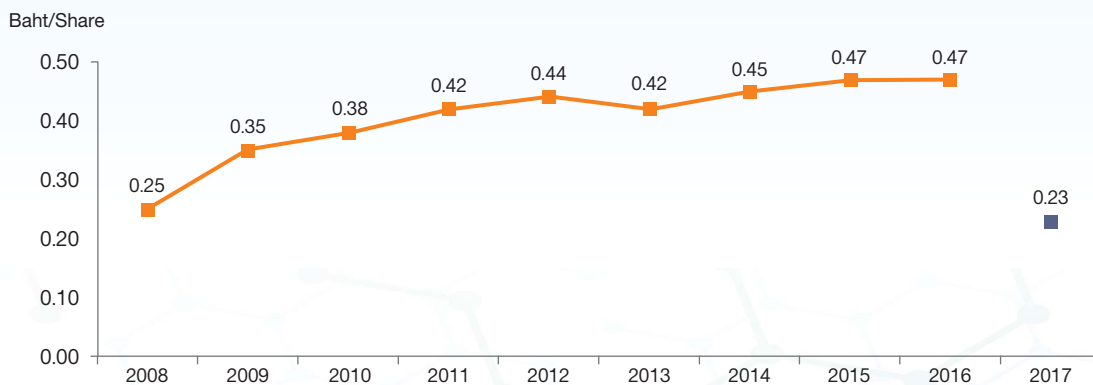
Sources of Revenue (Million baht)



Remarks : ¹ Total Revenues in 2013-2017 exclude "Construction revenue under concession agreement," which is a newly classified revenue as Thai Financial Reporting Standard 12 (Revised at year 2014 under the clause of concession agreement)

² Other revenues in 2015 excludes baht 226.32 million profit from measuring fair value of 15.88% equity interest in Egcom Tara Company Limited held before the business combination.

Dividend History (Baht per share)



Remarks : In 2017, interim dividends approved by the Board of Directors Meeting No. 13/2017 held on 31 August 2017 was Baht 0.23 per share. The Board of Directors will propose to shareholders at the 2017 Annual General Meeting to approve a dividend based on the operating result for the six months ending December 2017 on 23 April 2018.



Mr. Amorn Laohamontri
Chairman



Mr. Jirayut Rungsritthong
President & Chief Executive Officer

Message from the Board of Directors

Dear Shareholders,

In 2017, the Board of Directors and the management jointly reviewed the vision, mission and strategy of the Company to ensure their consistence with the development of Eastern Economic Corridor (EEC). EEC Development is part of Thailand 4.0 Strategy launched by the Government to drive the country's industrial sector through technology and innovation while enhancing Thailand's competitiveness and long-term economic growth. The Company's strengths in being the largest raw water supplier in the eastern region of Thailand and the operator of the 491.8 kilometer water grid connecting major water sources in the eastern region opens up great business opportunity for the Company to satisfy water demand from industrial and general consumption in the EEC area. Aside from supplying raw water, the Company offers total water solutions to industrial estates and newly-developed city clusters in the EEC area, such as the Digital Innovation Park Thailand.

Water supply stability is of paramount importance for the Company to ensure customer confidence. In parallel, the Company has carefully selected appropriate technologies to respond to various customers' needs such as Clarified Water, Waste Water management, and Water Recycling. These water solutions not only add value to the Company's products, but also provide cost reduction for customers.

In realigning business management with the new corporate strategy, the Company has revamped the organizational structure by establishing Corporate Strategy and Business Development units to take direct responsibilities of strategy formulation and business expansion. In addition, the Shared Service Center was set up to centralize procurement, human resource, legal, central administrative and information technology functions of the Company and its subsidiaries to enhance the efficiency of the supporting units.

On behalf of the Board of Directors, we would like to thank our shareholders and all stakeholders both in public and private sectors as well as all employees for your continuous support that results in our long-standing robust operations. The Board of Directors hopes that the Company will enjoy kind cooperation from all concerned parties to remain strong and be able to contribute to national development. The Company is committed to good corporate governance outlined by the Stock Exchange of Thailand and will continue to tighten collaboration with all stakeholders to perform as a steward of the environment, to be socially responsible, and to conduct business with good governance (ESG). The Company has promoted its participation in Thailand's Private Sector Collective Action Coalition Against Corruption amongst subsidiaries and partners. The Board of Directors, management, and staff are determined to strictly adhere to the Codes of Conduct to ensure of long-term growth and sustainability.

The Board of Directors



Mr. Amorn Laohamontri
Chairman



Dr. Verapong Chaiperm
Second Vice Chairman



Pol.Maj.Gen Vichai Sangparpai
Independent Director



Dr. Chaipat Sahasakul
Director



Mr. Surachai Kanasa
Independent Director



Dr. Chanin Tinnachote
Independent Director



Mr.Oran Vongsuraphichet
Independent Director



Mrs. Tatchada Jitmahawong
Independent Director



Mr. Phaiboon Siripanoosatien
Independent Director



Colonel Premjiras Tanathaipakdee
Independent Director



Mr. Kritsada Sunkhamani
Director



Mr. Jirayut Rungsrihong
Director
President & CEO

As of December 31, 2017 there are 12 members on the Board of Directors. Their qualifications and other details are listed as follows:

 Mr. Amorn Laohamontri 67 Years

- Independent Director
- Chairman

Date appointed as Director on December 1, 2014

Company Shareholding None

Family Relationship among Directors and Executives None

Education

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

Training

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

Work Experiences

Position in Other Listed Company

None

Position in Other Non-Listed Company / Other Organization.

- 2014 - Present Working Group of Deputy Minister, Ministry of Interior
- 2007 - 2010 Legal Advisor, Office of the Permanent Secretary, Ministry of Interior
- 2005 - 2007 Senior Expert in Local Legal Affairs, Department of Local Administration, Ministry of Interior
- 2002 - 2005 Director Bureau of Local Legal Affairs, Department of Local Administration, Ministry of Interior
- 2000 - 2002 Director Division of Structure and System Development, Department of Provincial Administration, Ministry of Interior

 Dr. Verapong Chaiperm 51 Years

- Director
- Second Vice Chairman
- Member of the Investment Committee

Date appointed as Director on April 25, 2012

Company Shareholding None

Family Relationship among Directors and Executives None

Education

- Doctor of Engineering in Environmental Engineering (Water and Wastewater Engineering), Asian Institute of Technology (AIT)
- Master of Science in Civil Engineering (Environmental Engineering), University of Missouri-Rolla, USA
- Bachelor of Science in Engineering (Civil Engineering), Chulalongkorn University

Training

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

Work Experiences

Position in Other Listed Company

None

Position in Other Non-Listed Company / Other Organization.

- Mar 23, 2012 - Present Governor of Industrial Estate Authority of Thailand
- Jul 2011 - Mar 2012 Deputy Governor (Corporate Strategy and Finance), The Industrial Estate Authority of Thailand
- Oct 2008 - Jun 2011 Deputy Governor (Industrial Port), The Industrial Estate Authority of Thailand
- Jan - Sep 2008 Acting Deputy Governor (Industrial Port), The Industrial Estate Authority of Thailand
- Oct 2004 - Sep 2008 Director, Industrial Estate and Port Directing Department, The Industrial Estate Authority of Thailand
- Nov 2003 - Oct 2004 Director, Strategy and Business Development Department, The Industrial Estate Authority of Thailand

Pol.Maj.Gen Vichai Sangparpai 62 Years

- Independent Director
- Chairman of the Audit Committee
- Member of the Corporate Governance and Nomination Committee

Date appointed as Director on December 8, 2014

Company Shareholding None

Family Relationship among Directors and Executives None

Education

- Master of Public Administration in Social Development, National Institute of Development Administration
- Bachelor of Laws, Sripatum University
- Cadet Training, Sampran Royal Police Cadet Academy class 25
- Superintendent training course class 35
- Senior Command course class 25

Training

- TEA 10
- DCP 224/2016
- RCC 21/2016
- RNG 8/2016
- RMP 6/2015
- Advanced Certificate Course in Public Administration and Law for Executives class 6
- Advanced Certificate Course in Politics and Governance in Democratic Systems for Executives class 19
- The Rule of Law for Democracy Courses 4
- BMA 2

Work Experiences

Position in Other Listed Company

None

Position in Other Non-Listed Company / Other Organization.

- June 23, 2014 Deputy Senior Inspector General, Office of Inspector General
- Dec 27, 2011 Deputy Commissioner, Royal Thai Police
- Feb 16, 2009 Metropolitan Police Commander Division 1
- Oct 1, 2008 Metropolitan Police Commander Division 3
- Dec 18, 2003 Metropolitan Police Commander Division 2

Dr. Chaipat Sahasakul 63 Years

- Director
- Chairman of the Risk Management Committee
- Member of the Investment Committee

Date appointed as Director on August 9, 2016

Company Shareholding None

Family Relationship among Directors 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

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

Work Experiences

Position in Other Listed Company

- 2010 - Present Independent Director / The Audit Committee Member, Thai Vegetable Oil Public Company Limited
- 2005 - Present Independent Director / The Audit Committee Member / The Nomination and Remuneration Committee Member, Pylon Public Company Limited
- 2013 - 2015 Independent Director / The Audit Committee Member, Thai Capital Corporation Public Company Limited

Position in Other Non-Listed Company / Other Organization.

- 2014 - 2016 Chairman, The Agricultural Futures Exchange of Thailand
- 2012 - 2016 Director / Economics Committee, National Research Council of Thailand
- 2012 - 2016 Director / Faculty of Economics, Thammasat University
- 2012 - 2013 Chairman, A.L.T. Inter Corporation Company Limited
- 2009 - 2013 Chairman, Research Policy Committee, Bangkok University

Mr. Surachai Kanasa 60 Years

- Independent Director
- Chairman of the Investment Committee
- Member of the Remuneration Committee

Date appointed as Director on July 20, 2017

Company Shareholding None

Family Relationship among Directors and Executives None

Education

- Master of Public Administration (Honors), Public Policy and Project Management, National Institute of Development Administration
- Bachelor of Political Science Program (First-class honors), Politics and Government, Thammasat University

Training

- DCP 250/2017
- ELP 10/2017
- NDC 2006
- CMA 13
- Executive Development Program class 39, Ministry of Interior
- IAD 37

Work Experiences

Position in Other Listed Company

None

Position in Other Non-Listed Company / Other Organization.

- Oct 1, 2015 - Sep 30, 2017 Provincial Governor of Pathum Thani, Office of the Permanent Secretary for Interior
- Oct 1, 2013 - Sep 30, 2015 Provincial Governor of Phichit, Office of the Permanent Secretary for Interior
- Oct 8, 2012 - Sep 30, 2013 Provincial Governor of Chanthaburi, Office of the Permanent Secretary for Interior
- Nov 28, 2011 - Oct 7, 2012 Provincial Governor of Lamphun, Office of the Permanent Secretary for Interior
- Dec 20, 2010 - Nov 27, 2011 Director - General of Community Development Department, Community Development Department, Ministry of Interior
- Oct 1, 2010 - Dec 19, 2010 Acting in Position of Director - General of Department of Promotion of Local Administration, Department of Promotion of Local Administration, Ministry of Interior
- Oct 1, 2009 - Sep 30, 2010 Provincial Governor of Samut Prakan, Office of the Permanent Secretary for Interior

Dr. Chanin Tinnachote 55 Years

- Independent Director
- Chairman of the Corporate Governance and Nomination Committee
- Member of the Audit Committee

Date appointed as Director on December 1, 2014

Company Shareholding None

Family Relationship among Directors and Executives None

Education

- Doctor of Engineering (Remote Sensing & Geographic Information System), Asian Institute of Technology (AIT)
- Master of Science (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

- BMD 5/2017
- ITG 2/2016
- AACP 18/2015
- DAP 114/2015
- DCP 201/2015
- RCL 1/2015
- PDI 13/2015
- EnGEO 4
- FME 4

Work Experiences

Position in Other Listed Company

None

Position in Other Non-Listed Company / Other Organization.

- Dec 9, 2014 - Present Director, Metropolitan Waterworks Authority
 - 2013 - Present 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 of Survey Engineering, Faculty of Engineering, Chulalongkorn University
 - 2000 - 2006 Assistant Professor, Department of Survey Engineering, Faculty of Engineering, Chulalongkorn University
-

Mr. Oran Vongsuraphichet 48 Years

- Independent Director
- Chairman of the Remuneration Committee
- Member of the Investment Committee

Date appointed as Director on October 19, 2017

Company Shareholding None

Family Relationship among Directors and Executives None

Education

- Ph.D. (International Business), Asian Institute of Technology (AIT)
- Master of International Business & Information Technology, Asian Institute of Technology (AIT)
- Bachelor of Business Administration Sukhothai Thammathirat Open University
- Diploma of Arts (Hotel Management) Billy Blue Hotel Management School, Sydney, Australia

Training

- DCP 230/2016
- CMA 22
- OIC 3

Work Experiences

Position in Other Listed Company

- Jan 2016 - Present Director and Chief Executive Officer, Thai Reinsurance Public Company Limited
- 2012 - Present Director, Falcon Insurance Public Company Limited
- 2014 - 2016 Director, Thai Reinsurance Public Company Limited
- 2013 - 2015 Director, President and Chief Operating Officer, Thai Reinsurance Public Company Limited
- 2012- 2013 President and Chief Operating Officer, Thai Reinsurance Public Company Limited

Position in Other Non-Listed Company / Other Organization.

- 2013 - Present Director, Thaire Actuarial Consulting Company Limited
- 2013 - Present Director, Thaire Services Company Limited
- 2012 - Present Director, EMCS Thai Company Limited
- 2010 - Present Director, Thong Thai Textile Company Limited
- 2010 - 2017 Director, V.A.S Garment Company Limited
- 2010 - 2017 Director, Titan Sport Ware Company Limited
- 2013 - 2016 Director, Thaire Training Company Limited

Mrs. Tatchada Jitmahawong 60 Years

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

Date appointed as Director on December 24, 2014

Company Shareholding None

Family Relationship among Directors and Executives None

Education

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

Training

- ELP 10/2017
- SFE 30/2017
- RCL 4/2016
- AACP 18/2015
- DAP 114/2015
- DCP 208/2015
- FSD 27/2015

Work Experiences

Position in Other Listed Company

None

Position in Other Non-Listed Company / Other Organization.

- Jul 26, 2016 - Sep 30, 2017 Director of Public Sector Receipt and Disbursement Administration Division, The Comptroller General's Department, Ministry of Finance
- 2011 - 2016 Director of Office of Government Fiscal Management Information System, The Comptroller General's Department, Ministry of Finance
- 2007 - 2011 Specialist of Development Fiscal Management System, The Comptroller General's Department, Ministry of Finance
- 2005 - 2007 Head of Office of Secretary, The Comptroller General's Department, Ministry of Finance
- 1999 - 2005 Provincial Treasury, The Comptroller General's Department, Ministry of Finance
- 1997 - 1998 Head of Planning Division, The Comptroller General's Department, Ministry of Finance
- 1996 - 1997 Head of Internal Audit Group, The Comptroller General's Department, Ministry of Finance

Mr. Phaiboon Siripanoosatie 54 Years

- Independent Director
 - Member of the Remuneration Committee
 - Member of the Risk Management Committee
- Date appointed as Director on December 1, 2014

Company Shareholding None

Family Relationship among Directors and Executives None

Education

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

Training

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

Work Experiences

Position in Other Listed Company

- 2008 - Present Director, Finansia Syrus Securities Public Company Limited
- 2013 - Present Director, Amanah Leasing Public Company Limited
- 2008 - 2014 Independent Director, The Electricity Generating Public Company Limited

Position in Other Non-Listed Company / Other Organization.

- 2014 - Present Director, Provincial Electricity Authority
- 2009 - 2010 Director, Government Saving Bank

Colonel Premjiras Tanathaipakdee 44 Years

- Independent Director
 - Member of the Remuneration Committee
 - Member of the Corporate Governance and Nomination Committee
- Date appointed as Director on December 8, 2014

Company Shareholding None

Family Relationship among Directors and Executives None

Education

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

Work Experiences

Position in Other Listed Company

None

Position in Other Non-Listed Company / Other Organization.

- 2015 - Present Director, Universal Utilities Public Company Limited
- 2014 Staff Sub-Division, Royal Thai Army Headquarter
- 2010 Infantry Battalion Commander 3 Division 1 Guard (Queen's guard)
- 2009 Assistant Chief of Operations staff Officer, Military Operations, 1st Corps
- 2006 Assistant Chief of Operations, Division 6
- 2003 Company commander, 1st Army Area

Mr. Kritsada Sunkhamani 55 Years

- Director

Date appointed as Director on November 30, 2017

Company Shareholding None

Family Relationship among Directors and Executives None

Education

- Bachelor of Engineering (Electrical Engineering), Prince of Songkla University

Training

- PEP 1/2016 - LSP 1/2013
- Integrated Water Management for Executives class 2/2012, Thai Waterwork Association

Work Experiences

Position in Other Listed Company

None

Position in Other Non-Listed Company / Other Organization.

- Nov 27, 2015 - Present Deputy Governor (Administration) Acting in position Assistant Governor (Administration 1), Provincial Waterworks Authority
- Oct 17, 2012 - Nov 26, 2015 Assistant Governor (Administration), Provincial Waterworks Authority
- Dec 29, 2011 - Oct 16, 2012 Office of Operation 4, Provincial Waterworks Authority

Mr. Jirayut Rungsrihong 51 Years

- Director • Member of the Investment Committee
- Member of the Risk Management Committee

Date appointed as Director on April 1, 2016

Company Shareholding None

Family Relationship among Directors and Executives None

Education

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

Training

- BRAIN 1/2017 - FGP 4/2012 - DCP 60/2005 - BMA 1 - CMA 10

Work Experiences

Position in Other Listed Company

- 2013 - 2015 Independent Director / Audit Committee Member, Christiani & Nielsen (Thai) Public Company Limited
- 2005 - 2006 Director / Managing Director, Bualuang Securities Public Company Limited
- 2004 - 2005 Director / Managing Director, United Securities Public Company Limited

Position in Other Non-Listed Company / Other Organization.

- May 16, 2017 - Present Director, Universal Utilities Public Company Limited
- 2015 Advisor to Deputy Minister of Transport
- 2009 - 2011 Director / Chief Executive Officer, CAT Telecom Public Company Limited
- 2006 - 2009 Chief Financial Officer, CAT Telecom Public Company Limited
- 2002 - 2004 Director / Managing Director, BT Securities Company Limited
- 1998 - 2002 Vice President, Lehman Brothers Company Limited
- 1995 - 1998 Associate Director, UBS Warburg Company Limited

Remark :

AACP : Advanced Audit Committee Program

ACP : Audit Committee Program

BMA : Bangkok Municipal Administration

BMD : Board That Make a Difference

BRAIN: Business Revolution and Innovation Network

CGI : Corporate Governance for Capital Market Intermediaries

CMA : Capital Market Academy

DAP : Director Accreditation Program

DCP : Director Certification Program

ELP : Ethical Leadership Program

EnGEO : Environmental Governance for Executive Officer

FGP : Financial Institution Governance Program

FME : Finance and Management Program for Senior Executive

FSD : Financial Statement for Director

HRP : How to Develop a Risk Management Plan

IAD : Institute of Administration Development

IBID : Executive Management with Business Development and

Investment Course Institute of Business and Industrial Development

ITG : Driving Company Success with IT Governance

JSP : National Defence College , The Joint State - Private Sector Course

LSP : Leadership Succession Program

MFM : Monitoring Fraud Risk Management

MFR : Monitoring the Quality of Financial Reporting

TEA : Energy Literacy for A Sustainable Future

MIA : Monitoring the Internal Audit Function

MIR : Monitoring the System of Internal Control and Risk Management

NDC : National Defence College , The National Defence Course

OIC : Thailand Insurance Leadership Program

PDI : Corporate Governance for Directors and Senior Executives of State Enterprises and Public Organizations

PEP : PPPs for Executives Program

RCC : Role of the Compensation Committee

RCL : Risk Management Program for Corporate Leaders

RMP : Risk Management Committee Program

RNG : Role of the Nomination & Governance Committee

SFE : Successful Formulation & Execution the Strateg



Advisor to the Board of Directors



Gen. Thanadol Paojinda



Mr. Vicha Nilpetploy



Mr. Nipol Tangjeerawong



Gen. Trairat Rangaratna



Mr. Siwa Sangmanee

As of December 31, 2017 there are 5 members on the Advisor to the Board. Their qualifications and other details are listed as follows:

 Gen. Thanadol Paojinda 66 Years

- Advisor to the Board
 - Advisor to the Remuneration Committee
- Date appointed as the Advisor to the Board on December 24, 2014

Company Shareholding None

Family Relationship among Directors and Executives None

Education

- Bachelor of Science (ARMY), Chulachomklao Royal Military Academy
- Army War College 2000
- Army Command and General Staff College 1985

Training

- DAP 119/2015

Work Experiences

Position in Other Listed Company

None

Position in Other Non-Listed Company / Other Organization

- | | |
|-------------------------|---|
| • Apr 8, 2015 - Present | Director, Universal Utilities Public Company Limited |
| • 2011 | Senior Army Advisor |
| • 2009 -2011 | Commandant, Territorial Defense Command |
| • 1983 | Company Commander, Chulachomklao Royal Military Academy |

 Mr. Vicha Nilpetploy 68 Years

- Advisor to the Board
 - Advisor to the Investment Committee
- Date appointed as the Advisor to the Board on January 16, 2016

Company Shareholding None

Family Relationship among Directors and Executives None

Education

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

Work Experiences

Position in Other Listed Company

None

Position in Other Non-Listed Company / Other Organization

- | | |
|------------------|--|
| • 2014 - Present | Working Group of Deputy Minister, Ministry of Interior |
| • 2008 - 2009 | Deputy Director, Department of Lands |
| • 2006 | Chief of Bangkok Metropolis Land Office |
| • 2004 | Inspector General, Department of Lands |
-

Mr. Nipol Tangjeerawong 66 Years

- Advisor to the Board
- Advisor to the Investment Committee
- Advisor to the Remuneration Committee

Date appointed as the Advisor to the Board on June 29, 2017

Company Shareholding None

Family Relationship among Directors and Executives None

Education

- Mini MBA, Thammasat University
- Bachelor of Science Program in Statistics, Thammasat University
- General Insurance & Management, Swiss Insurance Training Center (SITC), Switzerland

Training

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

Work Experiences

Position in Other Listed Company

- 1995 - Present Director, The Navakij Insurance Public Company Limited
- 2007 - 2013 Chairman of the Executive Board, The Navakij Insurance Public Company Limited
- 2006 - 2014 Advisor, The Falcon Insurance Public Company Limited
- 1997 - 2013 President, The Navakij Insurance Public Company Limited

Position in Other Non-Listed Company / Other Organization

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

Gen. Trairat Rangaratna 66 Years

- Advisor to the Board
- Advisor to the Audit Committee

Date appointed as the Advisor to the Board on June 29, 2017

Company Shareholding None

Family Relationship among Directors and Executives None

Education

- Bachelor of Science Program, Chulachomklao Royal Military Academy (batch 22)
- Armed Forces Academies Preparatory School (batch 11)

Training

- ISP 79
- ASMP 3
- CMA 20
- NDC 48
- TEA 10

Work Experiences

Position in Other Listed Company

None

Position in Other Non-Listed Company / Other Organization

- Present Member of the National Legislative Assembly, The National Legislative Assembly
- Present The Energy Commission, The National Legislative Assembly
- Present The Local Government Commission, The National Legislative Assembly
- Present Town and Country Planning Committee, Department of Public Works and Town & Country Planning
- Present Working Group of Deputy Minister for Ministry of Interior, Ministry of Interior
- 2012 - Present Special Royal Guard
- 2012 - Present Chairman of the Advisory, Thailand Equestrian Federation
- 2014 - 2016 Director, Chairman of the Audit Committee and Chairman of the Following to Policy Sub - Committee, Provincial Waterworks Authority

 Mr. Siwa Sangmanee 72 Years

- Advisor to the Board
 - Advisor to the Risk Management Committee
- Date appointed as the Advisor to the Board on October 19, 2017

Company Shareholding None

Family Relationship among Directors and Executives None

Education

- Master of Public Administration, National Institute of Development Administration
- Bachelor of Arts (Political Science), Chulalongkorn University

Training

- AACP 18/2015 - DCP 97/2007 - Executive Development Program class 20, Ministry of Interior
- NDC 37 - Advanced Certificate Course in Politics and Governance in Democratic Systems for Executives class 6
- CMA 12

Work Experiences

Position in Other Listed Company

None

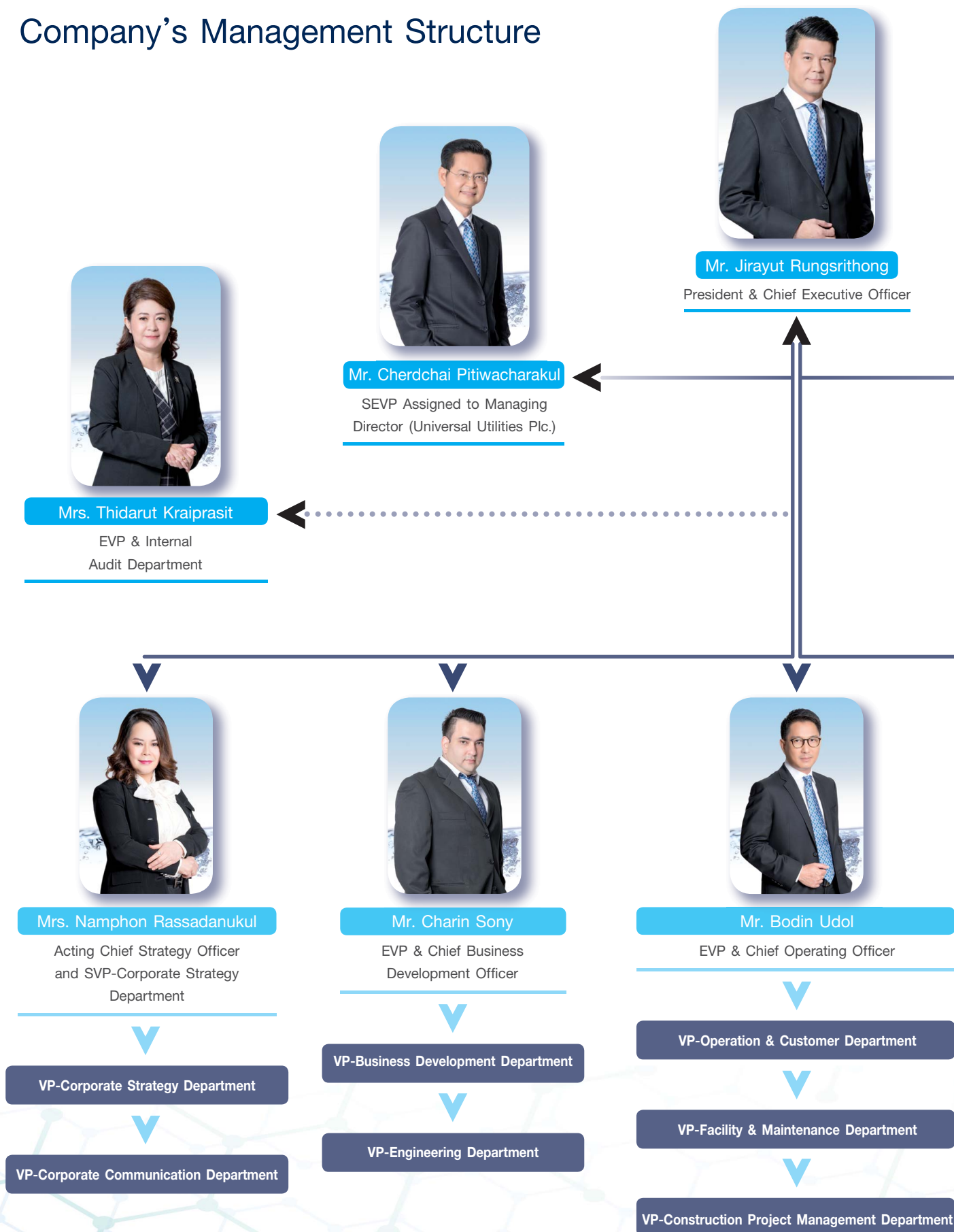
Position in Other Non-Listed Company / Other Organization

- Present Advisor to the Deputy Ministry of Interior
- Present Committee Member, King Mongkut's Institute of Technology Ladkrabang
- Feb 26, 2009 - Jun 21, 2010 Chairman, Thailand Post Company Limited
- Mar 31, 2008 - Jan 30, 2009 Director, Thailand Post Company Limited
- Nov 30, 2006 - May 15, 2008 Chairman of Labor Relation Committee, Provincial Electricity Authority
- Dec 12, 2006 - May 15, 2008 Direct, Provincial Electricity Authority
- Jan 1, 2007 - Aug 19, 2007 Member of Constitution Drafting Assembly
- Nov 7, 2006 - Dec 7, 2007 Chairman, State Railway of Thailand

Remark :

AACP : Advanced Audit Committee Program
ASMP : Advanced Security Management Program
CMA : Capital Market Academy
DAP : Director Accreditation Program
DCP : Director Certification Program
DCP-Re : Director Certification Refresher Program
ISP : Institute of Security Psychology
NDC : National Defence College , The National Defence Course
TEA : Energy Literacy for A Sustainable Future

Company's Management Structure





Mrs. Wirawan Tharanont

EVP & Company Secretary



VP-Assistant Company Secretary



Miss Chinda Mahaisawariya

EVP & Chief Supporting Officer



VP-Human Resource Department



VP-Business Administration Department



VP-Information Technology Department



Mr. Sombat Yusamart

EVP & Chief Financial Officer



VP-Finance Department



VP-Accounting Department

2. Details of the executives

Mr. Jirayut Rungsritthong 51 Years

- President & CEO

Company Shareholding None

Family Relationship among Directors and Executives None

Education

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

Training

- BRAIN 1/2017
- FGP 4/2012
- DCP 60/2005
- BMA 1
- CMA10

Work Experiences

- May 16, 2017 - Present Director, Universal Utilities Public Company Limited
- 2015 Advisor to Deputy Minister of Transport
- 2013 - 2015 Independent director / Audit Committee member, Christiani & Nielsen (Thai) Public Company Limited
- 2009 - 2011 Director / Chief Executive Officer, CAT Telecom Public Company Limited
- 2006 - 2009 Chief Financial Officer, CAT Telecom Public Company Limited
- 2005 - 2006 Director / Managing Director, Bualuang Securities Public Company Limited
- 2004 - 2005 Director / Managing Director, United Securities Public Company Limited
- 2002 - 2004 Director / Managing director, BT Securities Co., Ltd.
- 1998 - 2002 Vice President, Lehman Brothers Co., Ltd.
- 1995 - 1998 Associate Director, UBS Warburg Securities Co., Ltd.

Mr. Cherdchai Pitiwacharakul 53 Years

- Senior Executive Vice President (assigned to supervise the operations of subsidiaries) and Managing Director of Universal Utilities Public Company Limited

Company Shareholding None

Family Relationship among Directors and Executives None

Education

- Master of Science (Information Technology), King Mongkut's Institute of Technology Ladkrabang
- Bachelor of Engineering, Khon Kaen University

Training

- ACPG 2017
- DSTART UP, Sripatum University (2017)
- 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)
- (EDP) Class 3, 2009 Thai Institute of Directors (IOD)
- Integrated 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 Experiences

- 2015 - 2016 Senior Vice President of CEO Office and Acting as Managing Director of Universal Utilities Public Company Limited, Eastern Water Resources Development and Management PLC./ Universal Utilities Public Company Limited
- 2013 - 2015 Senior Vice President, Operations & Customer Service, Eastern Water Resources Development and Management PLC.
- 2010 - 2013 Vice President, Operations & Customer Service, Eastern Water Resources Development and Management PLC.
- 2009 - 2010 Vice President, Business Development, Eastern Water Resources Development and Management PLC.
- 2008 - 2009 Acting Managing Director, Universal Utilities Co., Ltd.
- 2007 - 2009 Vice President, Special Projects, Eastern Water Resources Development and Management PLC.
- 2001-2007 Vice President of Chachoengsao Operational Center and Acting Vice President of Rayong Operational Center, Eastern Water Resources Development and Management PLC

Mrs. Wirawan Tharanont 59 Years

- Executive Vice President and Company Secretary

Company Shareholding None

Family Relationship among Directors and Executives None

Education

- MBA, Sasin Graduate Institute of Business Administration, Chulalongkorn University
- B.Acc., Faculty of Commerce and Accounting, Chulalongkorn University

Training

- Executive Development Program, Thai Company Registration Association (2017)
- Company Secretary, Thai Company Registration Association (2017)
- CRP 19/2017, Thai Institute of Directors (IOD)
- Strategic Execution, 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 Working Environment Program
- Organizational Risk Management Program, Listed Companies Association (2/2004)

Work Experiences

- Jun - Nov 2017 Company Secretary, Eastern Water Resources Development and Management PLC.
- 2015 - 2017 Vice President, President and CEO Office and Company Secretary Eastern Water Resources Development and Management PLC.
- 2013 - 2015 Vice President, Human Resource Department Eastern Water Resources Development and Management PLC.
- 2009 - 2013 Vice President, Corporate Affairs Department Eastern Water Resources Development and Management PLC.
- 2007 - 2008 Vice President, Audit Department, Eastern Water Resources Development and Management PLC.

Mrs. Thidarut Kraiprasit 54 Years

- Executive Vice President, Internal Audit Department

Company Shareholding 600,000 ordinary shares

Family Relationship among Directors and Executives None

Education

- MBA, Kasetsart University
- Bachelor of Accounting, Thammasat University
- CPA

Training

- BRP 23/2017, Thai Institute of Directors (IOD)
- CFO Certificate Class 19/2015
- Leadership Development Workshop by Executive Coaching Institute, Berkeley USA, 2012&2013 (Module 1 & 2)
- ACP 26/2009
- Advanced Certificate Course in Public Economics Management for Executives, Class 5
- Strategic CFO in Capital Markets Program 2015
- DCP 197/2014
- EDP Class 4

Work Experiences

- 2015 - 2017 Senior Vice President, Finance and Accounting Department Eastern Water Resources Development and Management PLC.
- 2009 - 2015 Senior Vice President, Internal Audit Department Eastern Water Resources Development and Management PLC.
- 2007 - 2008 Senior Vice President, Finance and Accounting Department Eastern Water Resources Development and Management PLC.
- 2014 - 20007 Senior Vice President, Finance and Human Resources Department Eastern Water Resources Development and Management PLC.

Mr. Sombat Yusamart 47 Years

- Executive Vice President and Chief Financial Officer (CFO)

Company Shareholding None

Family Relationship among Directors and Executives None

Education

- Master of Business Administration, Kasetsart University
- Bachelor of Accounting, Kasetsart University
- CPA

Training

- Water Management Leadership Program, Class 7, Institute for Sustainability, The Federation of Thai Industries (2017)
- Anti-Corruption the Practical Guide (ACPG) 2014, Thai Institute of Directors (IOD)
- Leadership Development Workshop by Executive Coaching Institute, Berkeley USA, 2012 (Module 1)
- Executive Development Program (EDP) 5/2010, Thai Institute of Directors (IOD)

Work Experiences

- Aug - Oct, 2017 Vice President, Finance Department / Deputy Managing Director, Administration, Universal Utilities PLC Eastern Water Resources Development and Management PLC.
- 2015 - 2017 Deputy Managing Director, Administration, Universal Utilities Public Company Limited
- 2011 - 2015 Vice President, Finance and Accounting Department Eastern Water Resources Development and Management PLC.
- 2009 - 2011 Assistant Vice President, Finance and Accounting, Eastern Water Resources Development and Management PLC.
- 2007 - 2009 Manager of Finance and Accounting (Secondment), Universal Utilities Public Company Limited
Manager of Accounting, Finance and Accounting Department Eastern Water Resources Development and Management PLC.
- 2005 - 2007 Manager of Administration and Accounting Department (Secondment), Global Water System Co., Ltd.
- 2003 - 2005 Manager of Budget and Finance Department, Eastern Water Resources Development and Management PLC.

Miss Chinda Mahaisawariya 55 Years

- Executive Vice President and Chief Supporting Officer (CSO)

Company Shareholding None

Family Relationship among Directors and Executives None

Education

- Master of Development Administration (Social Development), National Institute of Development Administration
- Bachelor of Arts (General Management), Suan Dusit Rajabhat University

Training

- Sustainability Strategy : Key Blueprint for Business Growth, the Stock Exchange of Thailand (2017)
- The Challenge of Administration Management Leadership, Ideal Forum Co., Ltd (2017)
- 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 Experiences

- 2015-2017 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.
- 2006 - 2009 Manager, Corporate Relations, Corporate Communication Department Eastern Water Resources Development and Management PLC.
- 2004 - 2006 Manager, Procurement, Corporate Affairs Department Eastern Water Resources Development and Management PLC.

Mr. Bodin Udol 48 Years

- Executive Vice President and Chief Operating Officer (COO)

Company Shareholding None

Family Relationship among Directors and Executives None

Education

- Master of Business Administration, Sasin Graduate Institute of Business Administration, Chulalongkorn University
- Master of Science in Environmental Management, Houston University, USA
- Bachelor of Engineering Chulalongkorn University

Work Experiences

- 2016-2017 Senior Vice President, Team Consulting Engineering and Management Co., Ltd.
- 2014-2016 Deputy CEO, GMM One TV Co., Ltd.
- 2001-2014 Managing Director, Utilities Business Alliance (UBA)
- 1996-2001 Project Manager, Nawarat Patanakarn Plc.

Mr. Charin Sony 37 Years

- Executive Vice President and Chief Business Development Officer (CBDO)

Company Shareholding None

Family Relationship among Directors and Executives None

Education

- Master of Commerce (Finance and International Business), The University of Sydney
- Bachelor of Economics (English Program) in Finance, Thammasat University

Training

- DCP 2017 (English Program)
- Water Management Leadership Program, The Federation of Thai Industries (2017)
- Non-financial Disclosure and GRI Reporting for Executive (2017)

Work Experiences

- June - Oct, 2017 Acting Executive Vice President, Corporate Strategy Office and Vice President, Corporate Strategy Department, Eastern Water Resources Development and Management PLC.
 - 2013-2016 CEO, Lam Water Solution Co., Ltd.
 - 2010-2013 CFO/Partner, Flexmedia Co., Ltd.
 - 2005-2010 Vice President of Customer Relations Department, Globlex Securities Co., Ltd.
-

Mrs. Namphon Rassadanukul 55 Years

- Acting Chief Strategy Officer, Corporate Strategy Office and Senior Vice President, Corporate Strategy Department

Company Shareholding 2,000 ordinary shares

Family Relationship among Directors and Executives None

Education

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

Training

- Innovation for Sustainable Organizational and Social Development, Institute for Good Governance Promotion, Office of the Public Sector Development Commission (2017)
- ASEAN/Thailand M&A 2016 : Legal, Tax & Business Strategies
- BYP 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
- KPI 11
- KPIG 1
- DCP 4/2000

Work Experiences

- 2015 - 2017 Senior Vice President, Business Development Department
Eastern Water Resources Development and Management PLC.
- Feb - July 2015 Senior Vice President, Human Resources Department
Eastern Water Resources Development and Management PLC.
- 2007 - 2015 Senior Vice President, President and CEO Office and Corporate Secretary
Eastern Water Resources Development and Management PLC.
- 2004 - 2007 Senior Vice President, Audit Department and Corporate Secretary
Eastern Water Resources Development and Management PLC.
- 2001 - 2004 Vice President, Audit Department
Eastern Water Resources Development and Management PLC.
- Mar - Oct 2001 Vice President, President and CEO Office
Eastern Water Resources Development and Management PLC.
- 1995 - 2001 Vice President of Management and Acting Vice President, Audit Department
Eastern Water Resources Development and Management PLC.

Remarks

- BYP : Training Course on Administrative Justice for Executives, The Administrative Court
- ACP : Audit Committee Program
- ACPG : Anti-Corruption the Practical Guide
- KPIG. : Politics and Governance in Democratic Systems for Executives
- KPI : Public Administration and Law for Executives
- BRAIN : Business Revolution and Innovation Network
- BRP : Board Reporting Program
- BMA : Bangkok Municipal Administration
- CMA : Capital Market Academy
- CRP : Company Reporting Program
- CSP : Company Secretary Program
- DCP : Director Certification Program
- EDP : Executive Development Program
- FGP : Financial Institution Governance Program
- SEP : Senior Executive Program

Company's Management



Mr. Sokul Chuepakdee
VP-Facility &
Maintenance Department



Ms. Kanyanart Viraphandu
VP-Corporate
Communication Department



Ms. Suwanna Korcharoenrat
VP-Finance Department



Mr. Suphatat Sabimarn
VP-Operations & Customer
Service Department



Ms. Doungnat Pitak
VP-Human Resource
Department



Ms. Tharntip Photisoron
VP-Information Technology
Department



Mr. Wiwat
Charoensukrungruang
VP-Engineering Department



Mr. Phanumart Preebua
VP-Accounting Department



Ms. Suneewan Sudsawatvorakul
VP & Assistant
Company Secretary



Mr. Chaiporn Suwan
VP-Construction Project
Management Department



Ms. Araya Ponvichai
VP-Business Administration
Department



Ms. Yuwarat Vetchagama
VP-Business Development
Department

Company Policy and Business Overview

In a meeting on September 12, 1992, the Cabinet gave an approval to the Provincial Waterworks Authority (“PWA”) to form a new company to be responsible for administering and managing the main water pipeline system in the Eastern Seaboard area, so that adequate water could be efficiently supplied to meet the demands of ongoing developments in the area in accordance with government policy. PWA, therefore, founded Eastern Water Resources Development and Management Co., Ltd. on October 15, 1992, with an initial registered capital of Baht 10 million. In 1996, Eastern Water Resources Development and Management Co., Ltd. was transformed into a public company and became Eastern Water Resources Development and Management Public Co., Ltd. (the “Company”) with Registration No. Bor. Mor. Jor. 632. In 1997, The Company increased its registered capital to Baht 1 billion, and was listed in the Stock Exchange of Thailand (“SET”) as EASTW. At present, the Company has a registered capital of Baht 1.66 billion.

The Company supplies raw water through its network of water pipelines to customers in 3 provinces, namely Rayong, Chonburi and Chachoengsao, the principal customers being the Industrial Estate Authority of Thailand (“IEAT”), PWA, privately owned industrial estates, and other industrial users. With permission from the Royal Irrigation Department (“RID”), the Company acquires raw water from RID’s reservoirs, from the Bangpakong river, and from privately owned reservoirs.

In 1998, the Company established Universal Utilities Co., Ltd. (UU) with the objectives of extending its business into tap water, waste water management, non-revenue water management, and other water related businesses. At present, UU is a public company and is a holder of public water concessions in 13 locations, namely Nakornsawan, Bangpakong, Chachoengsao, Sattahip, Koh Lan, Bowin, Nong Kham, Koh Samui, Rayong, Chonburi, Lakchai Muang Yang Industrial Estate, EGCOT TARA Co., Ltd. (Ratchaburi-Samutsongkram), and Hua Ro (Phitsanulok province).

Vision, Objectives and Strategies

The Board of Directors and Management conducted a strategic planning workshop to formulate corporate strategies for the years 2017-2018 in response to anticipated increase in water demands in the Eastern Seaboard area as a result of the development of the Eastern Economic Corridor (“EEC”). Moreover, rising temperature causing climate change and global warming, has a great impact on water management and water shortages in some seasons. Deteriorating water quality due to pollution is also a threat to long-term sustainable water management. The Company reviewed its vision and mission and developed a Strategy Map to devise separate strategic plans for primary business and new business using the Balanced Score Card principle. The Board of Directors approved the revision of the Company’s vision, mission and corporate strategies for 2017-2018 as follows:

Vision

Being the leader in total water solutions of the country

Mission

1. To develop the security and maintain stability of water supply in response to long-term water demand
2. To expand the investment in water related businesses for continuous and sustainable growth
3. To enhance competitive advantages through technologies and innovations
4. To develop human resources and improve management efficiency
5. To be socially and environmentally responsible and establish good relationships with all stakeholders in accordance with corporate governance principles

Strategies

- Strategy 1 Efficient internal management development
- Strategy 2 Human resources development
- Strategy 3 Water supply management
- Strategy 4 Efficient project management
- Strategy 5 Efficient asset management
- Strategy 6 Win-win relationships with the government and communities
- Strategy 7 Pricing policy revision
- Strategy 8 Innovation and technology development
- Strategy 9 Water related business expansion
- Strategy 10 Efficient source of funds
- Strategy 11 Good corporate governance and compliance

The Company has developed action plans to support the expansion of water related business in response to new demands for industrial water, waste water management, and recycling water in the EEC area.

The action plans focus on the following key areas:

1. Proactive business development. The Company aims to create service awareness of the Company's total water solutions, and to acquire new customers for new water related businesses with key focus in the EEC area and selected potential areas outside of the EEC area.
2. Research and development. The Company has set standards and selected technology for various product offerings in order to respond to the needs of the customers and to enhance its competitive advantages.
3. Development and enhancement of human resources. The Company puts significant effort in human resource development to promptly and expertly respond to requirements of the customers in system designs and investment estimations.

Key Changes and Developments

In 2015

1. In February 2015, the Company signed a Memorandum of Understanding with RID and PWA to divert water from Prasae Reservoir to Khlong Yai Reservoir, which the Company being responsible for the entire diversion system.
2. In April 2015 the Company was accepted as a member of Thailand's Private Sector Collective Action Coalition Against Corruption by the Thai Institute of Directors.
3. In June 2015, the Company restructured its tap water business in the group by approving the sale of its total shares of EGCOT TARA Co. Ltd. to Universal Utilities Co. Ltd. ("UU")
4. In August 2015, the Company started the construction of the second Nong Pla Lai-Nong Kho Pipeline Project. The objective is to accommodate increasing water demands and solve water shortage problems by increasing the raw water pumping and supplying capacity from the Nong Pla Lai Reservoir to Chonburi and Pluak Daeng-Bowin areas.
Additionally, UU purchased common shares of EGCOT TARA Co. Ltd. from EGCO Engineering Co. Ltd., making UU the holder of 90.07% of the total shares of EGCOT TARA Co. Ltd.,
5. In September 2015, UU was registered as a public company.

In 2016

1. In April 2016, the Company appointed Mr. Jirayut Rungsrithong as its President & CEO. The nomination and selection procedures were conducted according to guidelines set by the Corporate Governance and Nomination Committee and was approved by the Board of Directors.
2. 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 Company’s strong financial status and the low-risk nature of its 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 continuing growth in the demand of the tap water business, and a consistent cash flow.
3. In June 2016, the Company received a full score for the second consecutive year from the assessment of the Thai Investors Association on the quality of the Annual Shareholders’ General Meeting.
4. In November 2016, the Company was given an outstanding status in the 2016 Corporate Governance Report of Thai Listed Companies and 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.
5. In December 2016, the Company received a Recognition Award from the 2016 Sustainability Report Awards, organised by Thai CSR Club, SEC and Thaipat Institute.

In 2017

1. In January 2017, the Company completed the construction of the second raw water distribution pipeline from Nong Plalai to Nong Kho to accommodate water demands in Pluak Daeng - Bowin area and from Independent Power Producers (IPP).
2. In April 2017, the Company completed the raw water distribution system from private reservoirs in Chonburi to cope with the long-term and short-term droughts and to increase water security from private water resources.
3. In May 2017, the Company completed the development of Energy and Water Management System (EWMS) to assess the water level in reservoirs and variation of water supply the Eastern Seaboard area (Rayong, Chonburi, and Chachoengsao), and to set guidelines for water management and develop the model for water supply management. The system was created to increase the efficiency of water management and reduce energy costs.
4. In June 2017, the Company received the score of 94 points for the quality of the Annual General Meeting from the Thai Investors Association. The checklist was modified and a more stringent version was officially in use for the first time in 2017.
5. In July 2017, the Company completed a new raw water pipeline from Prasae reservoir to Nong Plalai reservoir. The water pumping system and raw water distribution pipeline were constructed to increase the Company’s water supply in response to future demands in Rayong Province and the Pluak Daeng - Bowin areas. Moreover, the Company started a water management project and installed the necessary measuring equipment to support the EWMS system. By integrating information of water resources with RID, the water situation in the Eastern Seaboard area can be better monitored. Furthermore, the irrigation system at the Royal Irrigation Project in Baan Kai, Rayong Province was studied to determine how to increase the project’s efficiency, while also finding ways to reduce water usage in agriculture and increase crop output in the area.
Additionally, TRIS Rating assigned a credit rating and unsecured bond rating of “A+” with a “Stable” outlook to the company, which reflected strong financial performance and low-risk nature of business operations. TRIS also

assigned a credit rating of “A-” with a “Stable” outlook to UU, a subsidiary, which reflected the low-risk nature of business operations, a consistent demand growth of its tap water business and a consistent cash flow.

6. In November 2017, the Company initiated a feasibility study to survey and design the Prasae Reservoir - Nong Kho Reservoir -Bangphra Reservoir raw water transmission pipeline. The study includes the investigation of the capacity of each reservoir and the feasibility of a water transmission pipeline connecting the three reservoirs, as well as the prospect of a new pipeline network to cater to the increasing water demands spurred by the Government’s EEC Policy.

Moreover, the Company was marked as “Excellent” by the Corporate Governance Report (CGR) of Thai Listed Companies and was selected as one of the 65 listed companies to be included in the Thailand Sustainability Investment, or the 2017 “Sustainable Stock” list, by the Stock Exchange of Thailand. The selection was based on the performance of listed companies with outstanding rating in Environmental, Social and Governance (ESG) policy.

7. In December 2017, the Company received the Recognition Award from the Sustainability Report Award 2017 by the Thai Listed Companies Association, CSR Club, the Securities and Exchange Commission and Thaipat Institute. The awards are given to companies that publish ESG information proven to be beneficial to investors, and reflecting business operations for sustainable growth.

Shareholding structure of the Group of Company

The Company currently holds 510 million shares (100%) in UU with business structure as summarized in Diagram 1.

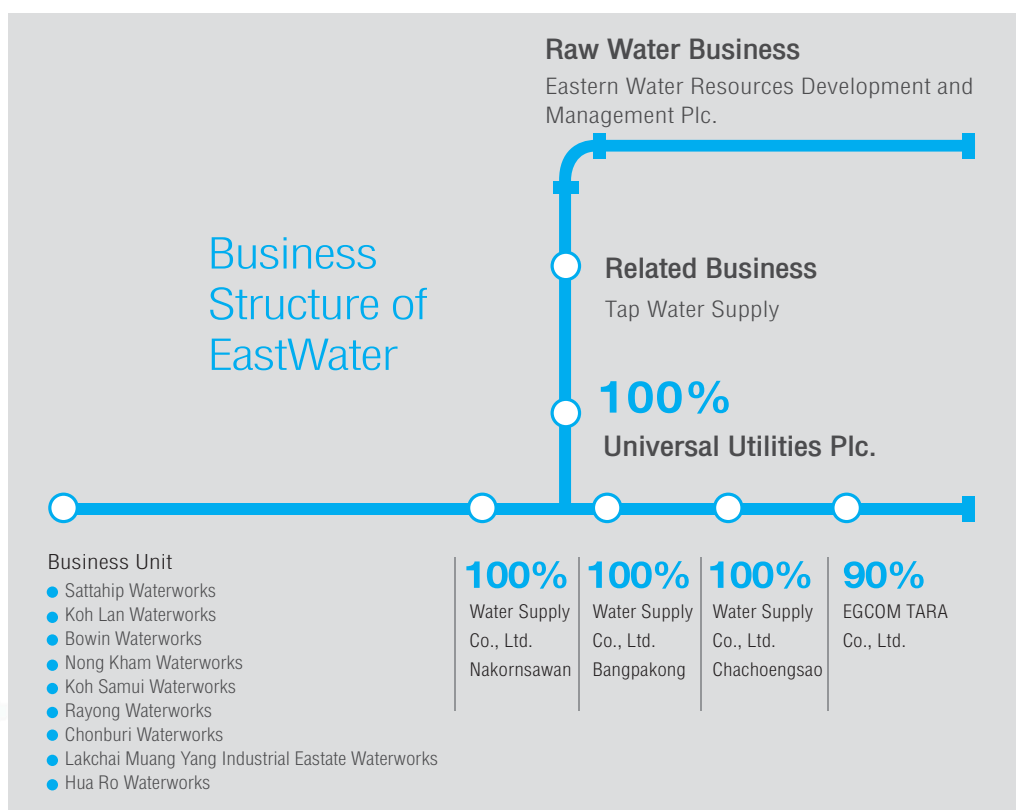


Diagram 1 Shareholding structure of subsidiaries (% of the company’s registered capital)

UU has achieved efficient management of tap water operations as separate companies, outlined in Table1, and as business units through various forms of contracts such as concession contracts operation and maintenance contracts and lease management contracts

Table 1 : Registered capital and shareholding percentage of UU and subsidiaries

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	90.70

UU's business units include 9 tap water supply services in Sattahip, Koh Lan, Bowin, Nong Kham, Koh Samui, Rayong, Chonburi, Hua Ro, and Lakchai Muang Yang Industrial Estate.

Policy on division of operations among subsidiaries

The Company is mainly focused on raw water business for industrial sectors, while UU is focused on tap water and other water-related businesses. In the case where the Company and UU have connected transactions or any other businesses with each other, the Board of Directors of both the Company and UU will consider the necessity and rationality of entering into such transactions, and will do so on an arm's length basis. The Company and UU strictly adhere to the principles and pertinent rules and regulations stipulated by the SEC and the SET.

Relationship with business groups of major shareholders

PWA, is not only a major shareholder of the Company with 40.20% shareholding, but also a major customer of the total, purchasing 15% of the total sales volume. A representative from PWA sits on the Company's Board of Directors. 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.



Nature of Business

1. Revenue Structure

The Company's main revenues are from sales of raw and tap water accounting for 56.28% and 40.56% of total revenue, respectively, as shown in Table 2 (reference: Note to Financial Statement No. 7)

Table 2 Comparison of business earnings between 2015 - 2017

unit : million baht

Product/Service	Company shareholding (%)	Operated by	2015	%	2016	%	2017	%
1. Raw water revenue	-	EW	2,898.66	62.21	2,696.43	61.09	2,452.05	56.28
2. Tap water revenue	100	UU	1,379.74	29.61	1,593.97	36.11	1,767.22	40.56
3. Office rental revenue	-	EW	88.41	1.90	86.57	1.96	88.77	2.04
4. Other revenues	-	EW	292.01	6.28	37.02	0.84	48.59	1.12
Total			4,658.82	100.00	4,413.99	100.00	4,356.63	100.00

Note: EW : Eastern Water Resources Development and Management Public Company Limited

UU : Universal Utilities Public Company Limited

2. Nature of services

2.1 Raw water supply

The Company develops and manages the network of raw water supply in the Eastern Seaboard area to support water demands for industrial sector and for domestic consumption. The Company currently supplies raw water in three provinces: Rayong, Chonburi and Chachoengsao through the Company's network of pipelines which are interconnected to form the most comprehensive water grid in Thailand measuring 491.8 kilometers in total length as shown in Diagram 2. The water grid connects RID's major water reservoirs, major rivers and private water resources to customers in these three provinces.

The Company has invested more than Baht 10 billion in the past 25 years to develop the main water pipeline system, including large-scale water supply pipelines and pumping stations to support the continuously increasing future water demands, and to ensure that customers are supplied with standard quality and an adequate volume of raw water.

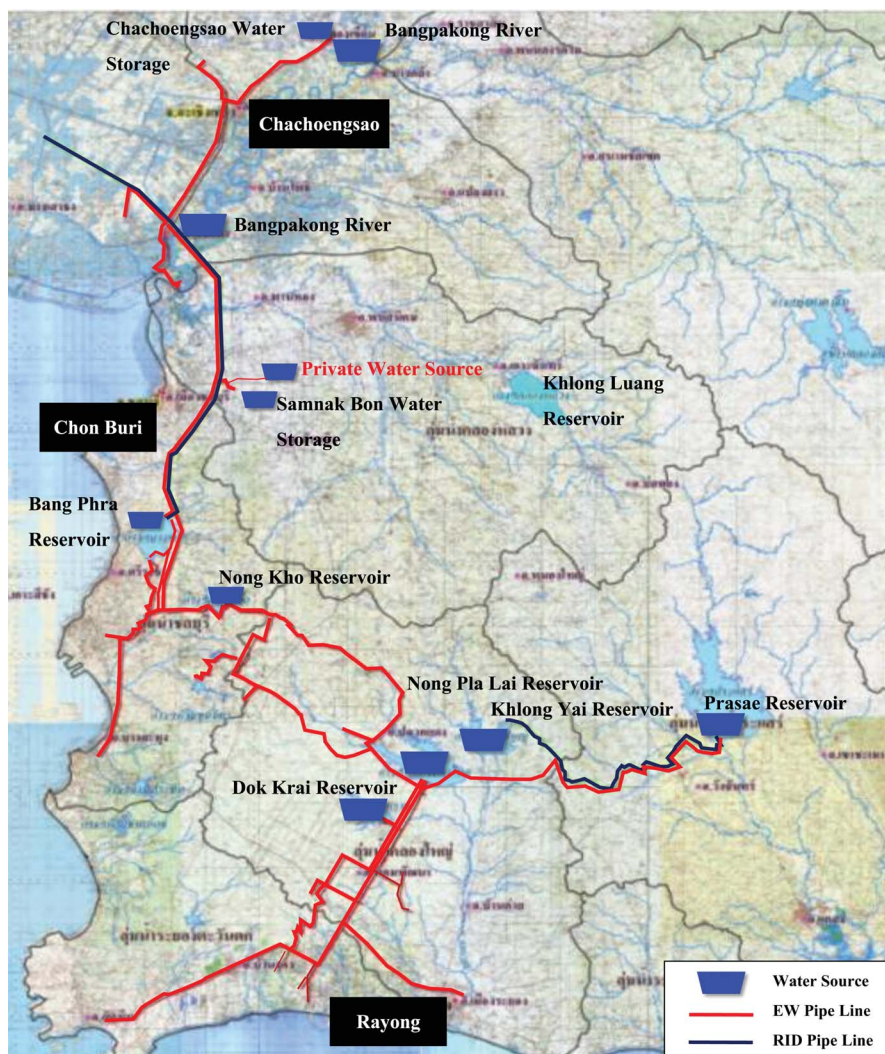


Diagram 2 Water grid in Rayong, Chonburi and Chachoengsao

The Company procures raw water mainly from five state-owned reservoirs with permission from RID. The permits are renewable every five years. In the rainy seasons, the Company procures raw water partly from major rivers to supply demands within the season and to reserves for dry season.

The Company also purchases additional raw water from private sources to manage possible risks from climate changes.

The raw water supply process is explained in Diagram 3. Starting at the pumping station, raw water is pumped from its 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 and transports water through the pipeline towards the water receiving stations of the customers. Raw water is also stored in a reserve pond and is pumped intermittently to the head tank to increase the pressure of the water. Customers are responsible for installing water receiving stations and pipelines to the Company's main water pipeline system. In the process of transporting water to the customers, the Company uses Supervisory Control And Data Acquisition (SCADA) system to run real-time control from a single control center, allowing them to control the water pressure, water volume and water quality from different sources. As a result, the Company is able to monitor the entire operations round-the-clock and can promptly solve any potential problems that may arise.

Process of Water Distribution

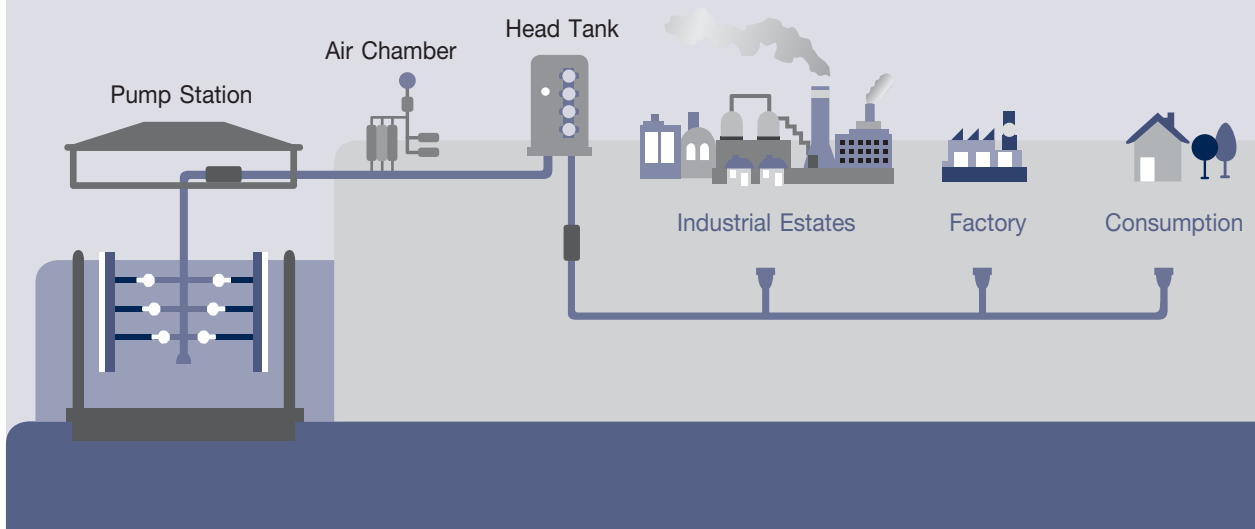


Diagram 3 Water distribution process

The Company monitors raw water quality by running real-time tests on major water sources and collecting water samples for monthly detailed analysis. The water analysis is conducted in a laboratory registered with the Department of Industrial Work to monitor changes in water quality, and to inform the customers regularly of any findings.



Picture 4 Control Center

2.2 Production and distribution of tap water

The Company mandates UU to be responsible for the tap water business of East Water Group. Tap water production process is explained in Diagram 5. Water pumped from the source to a pumping station is filtered to remove any plant matters or floating particles and transferred to the production process, where it is chemically treated to regulate pH level and speed up sedimentation. Chlorine is added after another filtering process to disinfect harmful microbes. Quality assessment of the treated water is done prior to supply as tap water to customers.

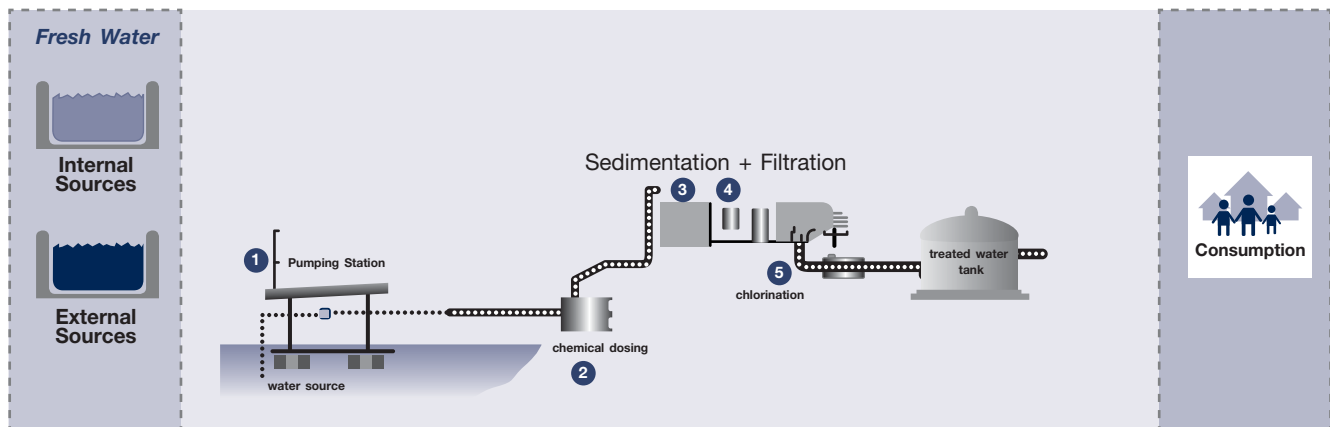


Diagram 5 Tap water production and distribution process through the filtration system.

Additionally, The Company has two desalination plants in Koh Samui and Koh Lan using Reverse Osmosis system with a total capacity of 3,300 cubic meters per day. These process is show in diagram 6.

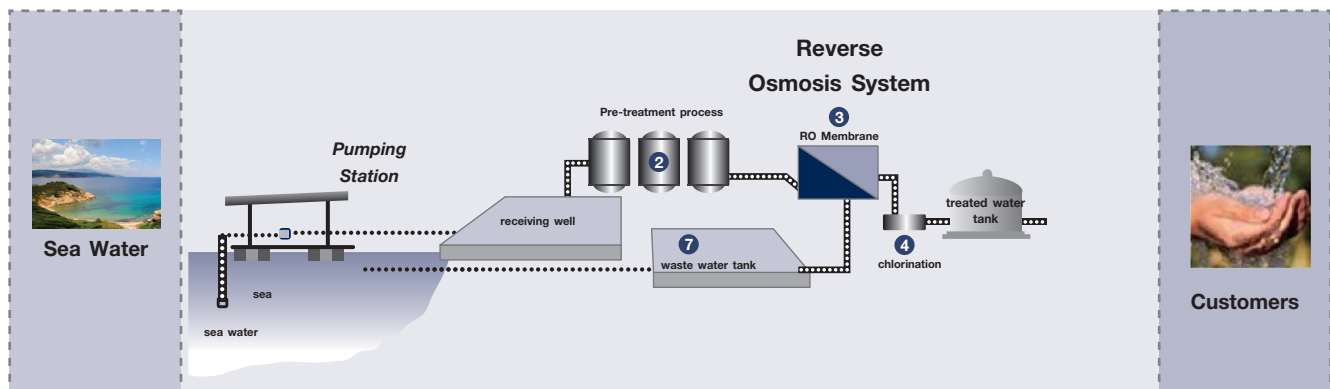


Diagram 6 Reverse Osmosis production process

2.3 Property rental services

The Company rents out 80% of the space of East Water Building, and is responsible for managing all leased premises and common areas. The rental services generated approximately 2.04% of the total revenue in 2017.

3. Marketing and competition

3.1 Raw Water Business

The Company is the largest developer of raw water pipelines and distributor of raw water in the Eastern Seaboard region. Currently, the Company has limited competitors in the area. The Company's strengths are derived from its water supply system and water pumping system, which connect most of key water sources in the Eastern Seaboard area. This system is up-to-date, standardized and highly efficient, covering service areas in the three provinces. Consequently, the Company is able to supply current and future raw water demands in the service areas. On the contrary, the competitors have limitations in terms of service areas, water volume, water stability and water distribution system.

Types of customers and distribution channels

The Company has 4 categories of customers as follows:

Type 1 : Producers of tap water for general consumption

Type 2 : State industrial estates

Type 3 : Private industrial estates

Type 4 : General factories and others

The Company is a wholesaler of raw water to customers through its pipeline system.

In 2017, The Company's sale of raw water totaled 256 million cubic meters. According to the purchasing volume, major customers were those in categories 2 and 3, whose purchasing volumes increased by 3%-4% from the previous year on average. New customers increased by 7% from the previous year. Considering the outlook of raw water supply business along the country's eastern coastline, growth opportunity is apparent mainly due to expansion of the industrial sector in the area. Also contributing to the vast opportunity is the government policy to promote the area covering three provinces, namely Rayong, Chonburi, and Chachoengsao, as the center for advanced industries in a bid to raise Thailand's industrial competitiveness. The policy has been translated into the establishment of the Eastern Economic Corridor (EEC). The Company is considered a company readily equipped with investment funding as well as secure water sources and a raw water supply network that spreads across these three provinces.

The Company conducts regular customer satisfaction survey to assess customers' expectations of the Company's service against operation efficiency. The survey covers service quality, maintenance quality, service personnel quality, release of information and news, and response to customers' demand. The 2017 customer satisfaction survey conducted by a third party showed an overall satisfaction level of 'high' with a score of 84.6%. Looking closer into the detail of survey results, the part of the service that received the highest score was the quality of service personnel, followed by water distribution quality and response to customers' needs.

The Company realizes the need to uphold customer satisfaction while attempting to continuously improve its service. The Company, therefore, allocates a team of Customer Relations staff to all water supply areas to work closely with customers. Moreover, the Control Center responds round-the-clock to customer's demand for water.

3.2 Tap Water Business

The water supply business is regarded as an oligopoly market, in which there are only a few major operators. There's a mere chance for a newcomer to enter the water supply areas dominated by existing concessions because the Company has made contracts directly with government agencies, such as PWA, subdistrict administrative offices, and municipalities. Those contracts give the right for water supply to only the Company and/or its subsidiaries. Those contracts are long-term contracts. The Company and subsidiaries, therefore, do not have to compete with other tap water suppliers in the areas under existing contracts. However, new areas will be open for all. The Company and subsidiaries will certainly wish to take part in the bidding for new water supply projects to further expand the business, which the Company will have to face competition with other tap water operators.

The Company and subsidiaries aim to grow the tap water business continuously and sustainably. To achieve this, the Company regularly runs marketing campaigns in water supply areas, which are intended to ensure that people will have clean tap water for consumption and to develop communication channels to achieve highest customer satisfaction of both product and service.

The Company's Call Centre number 1141 followed by dialling 5555, EastWater's website, and Facebook are the current communication channels with water users. The Company is also planning to increase communication channels to foster timely response to customers. The Company, in this regard, assigned the Operations Department to set up a UU Customer Line Group and run a quarterly activity called 'Volunteer Water Users' to enhance communication efficiency.

Types of Customers and Water Distribution Channels

Currently, customers of the Company and its subsidiaries are still limited to relevant government agencies, including PWA, subdistrict administrative offices, and municipalities. Looking forward, the Company and its subsidiaries will continually take part in bidding rounds for development of new tap water projects, both in public and private sectors. The Company will pay special attention to bidding in projects for production and distribution of tap water under PWA, local administrative offices, and private businesses.

There are 2 types of tap water connects that the Company and subsidiaries have with customers. One is Bulk Sale, for which the sales contracts are made with Sattahip Waterworks, Koh Samui Waterworks, Chonburi Waterworks, Huaro Subdistrict Waterworks, and Ratchaburi-Samut Songkram Waterworks. Contract parties are responsible for the scales of tap water to end-users. The other method is Retail Sale, in which the water is directly sold to retail customers. Retail sale contracts are made with Sattahip Waterworks, Bo Win Waterworks, Koh Lan Waterworks, Rayong Waterworks, Nong Kham Subdistrict Waterworks, Chachoengsao Waterworks, Bang Pakong Waterworks, and Nakorn Sawan Waterworks.

4. Products and Services

The Company currently manages the main water pipelines around the Eastern Seaboard of the country. In 2017, the pipelines recorded a combined stretch of 491.8 kilometers capable of supplying 675 million cubic meters of raw water per year on average, as detailed in Table 3.

Table 3 Details of the Company's pipeline network

Water Pipeline System	Water Pipeline Diameter (mm.)	Water Pipeline length (km.)	Average Water Supply Capacity (million cubic metres per year)
Prasae - Nong Plalai - Dok Krai - Mab Ta Phud - Sattahip	700-1,600	202.68	316
Nong Kor - Laem Chabang - Pattaya - Bang Pra	600-1,200	74.70	110
Nong Plalai - Nong Kor	700-1,350	73.61	134
Chachoengsao - Bang Pakong	600-1,500	60.10	65
Bang Pakong - Chonburi	700-1,400	80.71	50
Total		491.80	675

5. Projects under Construction

1) Tap Ma Water Reservoir Project

The development of “Tap Ma Water Reservoir” was planned to add an additional supply of 47 million cubic meter of raw water to the Company’s total supply annually. The Project was originally scheduled to complete in December 2015. During the construction, the Project was delayed by heavy flooding in and around the construction area causing the Company to revise the design of the pumping station to avoid potential damage from flooding in the future. Even though the completion of the Project was rescheduled and extended to July 2016, the contractor of the Project was unable to complete the construction. As a result, the contract was terminated by the Company. The Company is currently in negotiation with the contractor to settle the dispute.

2) The Second Nong Pla Lai - Nong Kho 2 Pipeline Project (Pumping Station Work)

This is the second phase of the 2-phase “The Second Nong Pla Lai - Nong Kho 2 Pipeline Project”. This phase involves efficiency and capacity enhancement of Nong Pla Lai pumping station in order to support the potential demand in the Pluak Daeng - Bo Win area. The improved capacity will also support the demand of an under-construction IPP. The Project is scheduled to complete in the year 2019.



Risk Factors

The Company recognizes the need to manage business risks to ensure stakeholders' confidence while creating trust that it has an organization-wide risk management process that is efficient. The Board of Directors assigned the Risk Management Committee to take charge of the risk management policy and to oversee policy implementation by the management. The management prepares a progress report to the Risk Management Committee and the Board of Directors on a regular basis. Major risk factors and their preventive measures reported in 2017 included:

1. Drought

In the early 2017, El Nino produced an effect on major raw water sources, in which the average level of reserved rain water was found slightly lower than that of the same period in 2016. The Company, paid special attention to and closely monitored the water situation in the major reservoirs. Toward the end of the third quarter of 2017, the volume of rain increased sharply, ensuring sufficient supply for the Company and customers. In addition, the expansion of Water Grid, has provided additional security of water supply of the Company. The Company has expedited a number of projects under the shortage prevention plan to mitigate the risk of insufficient water supply. The Company has worked closely with RID and water users in projecting the water consumption and water distribution plan.

2. Power outage

The Company supplies water to the customers on 24 hours basic. A power outage would affect the Company's operations and cause interruption to customers' operations. Having sufficient reserves of water is, thus, necessary. The Company has reserve ponds in various locations to ensure continuous supply of raw water to customers in case of a power outage occurs. Currently, the Company has sufficient reserves of water to supply customers in Rayong with reserves can last for as long as 17 hours in case of emergency.

3. Disaster

Natural disaster, including flood, fire, earthquake, and landslide, may cause damages to people, properties, environment, businesses and their reputation. To reduce negative impact possibly caused by natural disasters, the Company devised Business Continuity Plan (BCP) and conducted an annual exercise to ensure staff's preparedness.

4. Community's Misunderstanding about the Company's Operations

The Company's business utilizes a great amount of raw water from various water sources in the Eastern Seaboard area. The construction of various projects, involves pipeline routes that run through community areas. Conflicts could possibly occur from misunderstanding about the Company's operations and may cause impact on the Company's reputation and on construction work. The Company sees the need to build good relations with the society and communities to foster correct understanding among local people. In this regard, many community relation management projects have been arranged, including projects to improve the environment, projects to educate local people's about the Company's operations, projects to provide knowledge and support job creation, as well as projects in support of communities having sufficient water for consumption and agriculture.

General Information

Name of the Company	Eastern Water Resources Development and Management Public Company Limited
Business Type	To develop and to manage raw water supply system in the Eastern Seaboard areas
Head Office	1 Soi Vibhavadi Rangsit 5, Vibhavadi Rangsit Road, Jomphol, Jatujak, Bangkok 10900
Registration Number	0107539000316 (Former number : Bor Mor Jor. 632)
Website	www.eastwater.com
Phone	(662) 272-1600
Fax	(662) 272-1601, (662) 272-1692
Registered Capital	Baht 1,663,725,149 made up of 1,663,725,149 shares worth one baht per share. (As of 31 December 2017)
Paid-up Capital	Baht 1,663,725,149 made up of 1,663,725,149 shares worth one baht per share. (As of 31 December 2017)

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

Company Name	Universal Utilities Public Company Limited (UU)
Business Type	Operating tap water and wastewater treatment systems businesses in the form of concession contracts, hired management contracts, and rental management contracts
Head Office	1 Soi Vibhavadi Rangsit 5, Vibhavadi Rangsit Road, Jomphol, Jatujak, Bangkok 10900
Phone	(662) 272-1688
Fax	(662) 272-1691
Registered Capital	Baht 930,000,000 made up of 930,000,000 shares worth one baht per share. (As of 31 December 2017)
Paid-up Capital	Baht 510,000,000 made up of 510,000,000 shares worth one baht per share. (As of 31 December 2017)

Referees

Securities Registrar	Thailand Securities Depository Co., Ltd
Address	93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400
Phone	(662) 009-9000
Fax	(662) 009-9991
Auditor	PricewaterhouseCoopers ABAS Company Limited
Address	179/74-80 15 th Floor, Bangkok City Tower, South Sathorn Road, Thung Maha Mek, Sathorn, Bangkok 10120
Phone	(662) 844-1000
Fax	(662) 286-5050
Other Significant Information	None

Securities and Shareholders

Registered and Paid-up Capital

The Company has a registered and paid-up capital of Baht 1,663.73 million comprising 1,663.73 million shares at Baht 1 per par value.

Shareholders

The first 10 of the Company's major shareholders as at the Book-Closing Date of December 29, 2017 are listed in Table 4. 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 third 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 4 : Name list of the 10 major shareholders as of December 29, 2017

Rank	Shareholder's name	Number of shares	%
1.	Provincial Waterworks Authority	668,800,000	40.20
2.	Electricity Generating Public Company Limited	311,443,190	18.72
3.	Industrial Estate Authority of Thailand	76,000,000	4.57
4.	Thai NVDR Company Limited	40,128,169	2.41
5.	Aberdeen Small Cap Fund	39,827,700	2.39
6.	Thanachart Prime Low Beta Fund	32,599,100	1.96
7.	BNP Paribas Securities Services, London Branch	29,812,100	1.79
8.	Thanachart Low Beta Fund	28,878,800	1.74
9.	Aberdeen Long-Term Equity Fund	27,465,700	1.65
10.	Northrust Nominees Ltd.-CL AC	26,598,385	1.60
	Other shareholders	382,172,005	22.97
		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. There are no voting rights for NVDR holders, except for the stock delisted voting. The number of NVDRs could be changed without the Company's control. The investor is able to recheck NVDRs number through The Stock Exchange of Thailand (www.set.or.th)

Issuance of Other Securities

As of December 31, 2017, the Company possessed 2 sets of unsecured debentures totaling Baht 2,400 million as detailed below:

Table 5 : Records of debenture issuance

Issuance no.	Type of debenture	Value (million baht)	Maturity (year)	Maturity date	Interest rate (%/ year)	Balance as of 31 December 2017	Credit rating
1/2558 1 st issuance	Registered, unsecured senior bond without holders' representative	1,200	7	16 June 2022	3.84	1,200	A+/Stable
1/2558 2 nd issuance	Registered, unsecured senior bond without holders' representative	1,200	10	16 June 2025	4.18	1,200	A+/Stable

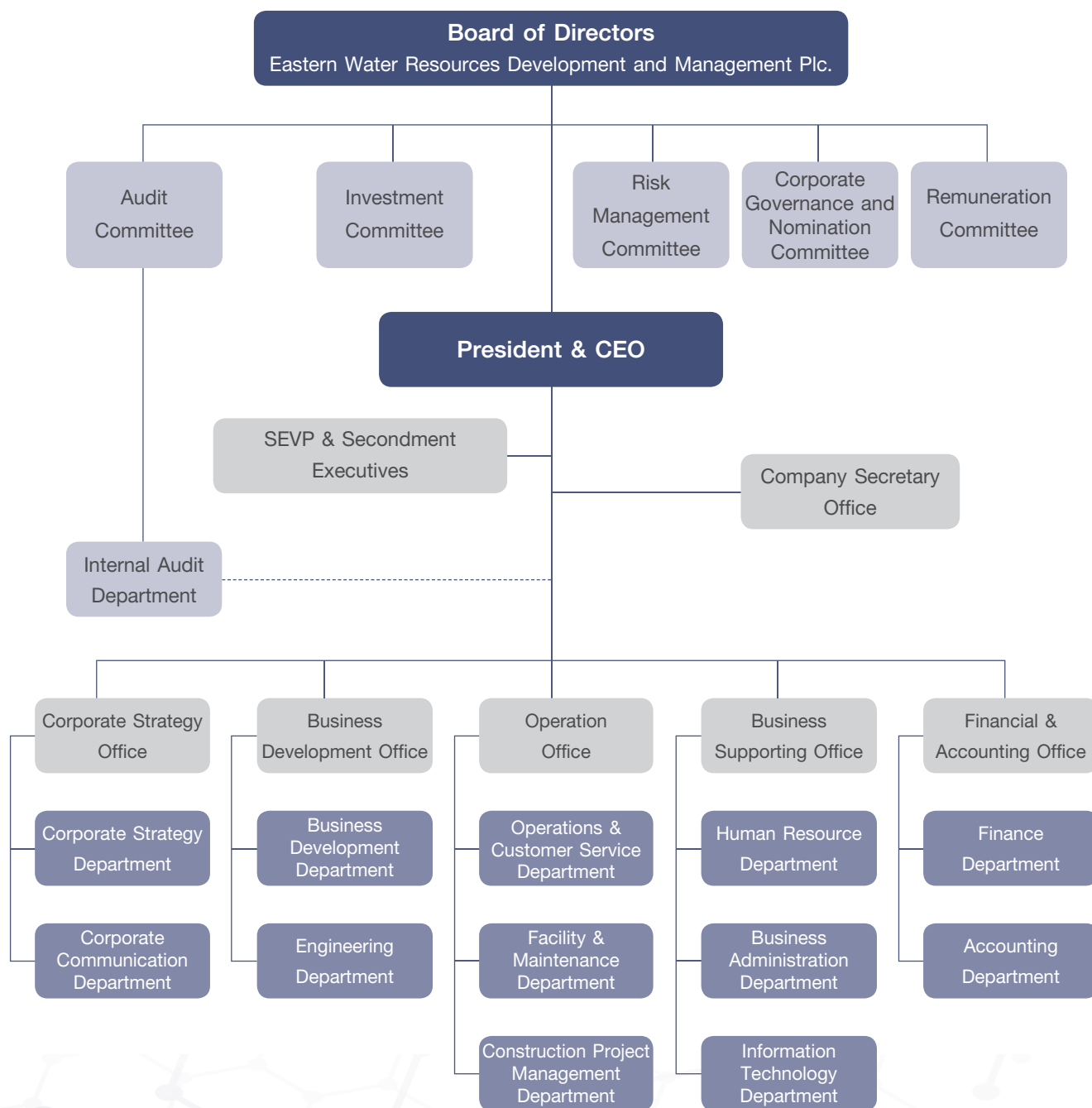
Dividend Policy

The Board of Directors 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.

Organization Structure

The Company has President and Chief Executive Officer as the top executive taking control of five business functions, namely corporate strategy, business development, operations, finance and accounting, and supporting function comprising 13 departments, as shown in Picture 7.



Effective as of 1 June 2017

Picture 7: Organization chart

Board of Directors

The Company's Board of Directors comprises of 12 members who have knowledge, skills, experience, and capability in each particular field, including engineering, economics, finance and accounting, legal, and information technology. They do not contain any prohibited feature as required by law and Articles of Association. Moreover, directors who are representatives of PWA and IEAT are well equipped with knowledge about water management, which benefits the Board in formulating business plans.

The Board of Directors and the management are structured with appropriate checks and balances, as detailed below:

1. The Board contains eight independent directors, equivalent to two-thirds of the Board.
2. Three members of the Board are Audit Committee; all of them are independent directors. One of them, Mrs. Tatchada Jitmanahawong, is an expert in finance and accounting capable of reviewing credibility of financial statements.

Board of Directors' Meeting

The Company requires that the Board of Directors' meeting be held at least once a month and the dates of the meeting are to be fixed one year in advance to ensure preparedness of Board members. Extraordinary meetings may be called to discuss some urgent issues, such as approval of financial statements for disclosure to shareholders as required by the SEC, review of vision, mission, and strategies to keep up with the fast change of business environment. The Company Secretary will send an invitation to the Board meeting together with meeting agenda and supporting documents to Board members prior to the meeting to allow sufficient time for Board members to study the matters. Any director having interest or conflict of interest in any item of the agenda will abstain from commenting or voting, or leave the meeting to protect the Company's benefit. At every session of the Board meeting, Chairman of the Board will allow all directors to freely express their opinions and the Company Secretary will take minutes of the meeting, which will be sent to all Board members for review before granting approval of the minutes in the following meeting.

Meeting of Non-Executive Directors

In 2017, the Board of Directors held one meeting without the presence of executive directors and management members to allow discussions of various issues relating to the Company's operations and those of directors' interest. Suggestions and recommendations were forwarded to the management for further process.

Name list of the Board of Directors and their meeting attendance are provided in Table 6.

Table 6: Names of Board of Directors and their meeting attendance for 2017

Name	Position	Attendance
1. Mr. Amorn Laohamontri	• Independent Director • Chairman	18/18
2. Dr. Verapong Chaiperm	• Director • Second Vice Chairman • Member of Investment Committee	9/18
3. Pol.Maj.Gen. Vichai Sangprapai	• Independent Director • Chairman of Audit Committee • Member of Corporate Governance and Nomination Committee	17/18

Name	Position	Attendance
4. Mr. Chaipat Sahasakul	• Director • Chairman of Risk Management Committee • Member of Investment Committee	17/18
5. Mr. Surachai Kanasa ¹	• Independent Director • Chairman of Investment Committee • Member of Remuneration Committee	6/8
6. Dr. Chanin Tinnachote	• Independent Director • Chairman of Corporate Governance and Nomination Committee • Member of the Audit Committee	18/18
7. Mr. Oran Vongsuraphichet ²	• Independent Director • Chairman of Remuneration Committee • Member of Investment Committee	1/3
8. Mrs. Tatchada Jitmahawong	• Independent Director • Member of Audit Committee • Member of Corporate Governance and Nomination Committee	18/18
9. Mr. Phaiboon Siripanoosation	• Independent Director • Member of Risk Management Committee • Member of Remuneration Committee	17/18
10. Col. Premjiras Tanathaipakdee	• Independent Director • Member of Corporate Governance and Nomination Committee • Member of Remuneration Committee	11/18
11. Mr. Kritsada Sunkhamani ³	• Director	1/1
12. Mr. Jirayut Rungsrithong	• Director • Member of Investment Committee • Member of Risk Management Committee	18/18
13. Mr. Wittaya Chaisuwan ⁴	• Independent Director	0/4
14. Mr. Nipol Tangjeerawong ⁵	• Independent Director	8/8
15. Mr. Nirut Maneephan ⁶	• Independent Director	3/3
16. Mr. Eakachi Attakanna ⁷	• Director	6/15

Remarks: ¹ Mr. Surachai Kanasa was appointed to the Board on 20 July 2017

² Mr. Oran Vongsuraphichet was appointed to the Board on 19 October 2017

³ Mr. Kritsada Sunkhamani was appointed to the Board on 30 November 2017

⁴ Mr. Wittaya Chaisuwan resigned from the Board on 12 April 2017

⁵ Mr. Nipol Tangjeerawong resigned from the Board on 31 May 2017

⁶ Mr. Nirut Maneephan resigned from the Board on 11 July 2017

⁷ Mr. Eakachi Attakanna resigned from the Board on 6 November 2017

Scope of Authority of the Board of Directors

1. Perform their duties with responsibility considering benefits of stakeholders of the Company and subsidiaries
2. Review vision, mission, and policy concerning corporate governance of Group of Company
3. Review Group of Company's internal control system and assess the efficiency of risk management on a regular basis and at least once a year
4. Oversee the operations to ensure that the Company and subsidiaries adhere to Articles of Association, rules and related laws as well as business standards and socially accepted ethics
5. Supervise the operations to ensure that financial information and operating results of the Company and subsidiaries are disclosed to investors accurately timely, transparent, without discrimination, as defined by the related regulators regarding information disclosure
6. Formulate Anti-Corruption and Anti-Bribery Policy in compliance with laws and regulations concerning good corporate governance and business ethics
7. Evaluate the performance of the Board of Directors of the Company and those of subsidiaries at least once a year to gain insight into issues in the operations in order to lay down measures for continuous improvement
8. Provide a channel for whistleblowing about illegal or unethical action, incorrect financial report, infringement of rights, corruption, or internal control that needs improvement
9. Monitor the management make a report on significant movements about the business of the Company and subsidiaries to ensure goal attainment with efficiency and effectiveness.

Division of Duties of the Board of Directors and the Management

The Board of Directors and Management team have their respective duties clearly separated. The Board will not intervene in the management's responsibilities to create balance of power and corporate governance. The Board will monitor implementation of strategies by the management while following up key projects to ensure that the policies are appropriately and efficiently translated into practice. The Board, moreover, delegates its authority to manage the business to the Management under the Articles of Association regarding executive power.

During 2017, the Board of Directors granted an approval for the review of the charter of the Executive and Investment Committee and changed it into the Investment Committee. This is to allow the management to take its executive role while the Investment Committee will specifically take charge of evaluation of investment. Therefore, five high-ranking staff members from five business functions were appointed to the Executive Committee chaired by President and Chief Executive Officer. The Executive Committee will be responsible for screening key agenda in the Board meeting before presenting them to the Board of Directors and/or other committees, such as agenda concerning organization restructuring, strategy formulation, operating plan, budgeting, investment, financial management, personnel management, and corporate governance of subsidiaries, among others.

Division of Duties between Chairman of the Board of Directors and President and Chief Executive Officer

Holders of the positions of Chairman of the Board of Directors and President and Chief Executive Officer must be both knowledgeable and experienced while having the desired qualifications. However, they must not be the same person to ensure balance of power, i.e. separation of the authority to oversee corporate governance from business administration. Chairman of the Board is the director without executive power. Being the head of all directors, Chairman of the Board is authorized to call board meetings and is also the person to give the decisive vote when the meeting has given equal number of votes. The Chairman of the Board of Directors also takes on the role of Chairman of the Annual Shareholders' Meeting.

President and Chief Executive Officer is the head of the Company's management team responsible for the Board of Directors in attaining business goals.

Assessment of the Board of Directors' Performance

The Company continuously arranges for annual assessment of the performance of the Board of Directors to allow Board members to review their work results, problems, and issues during the past year. The assessment leads to appropriate efficiency improvement of the Board, which is in line with good corporate governance principles. Moreover, according to the charter of all subcommittees, each committee is required to report to the Board of Directors, once a year, the results of their performance as well as issues, if any, that may hinder fulfilment of their duties.

Criteria, Procedures, and Results of the Assessment of the Board of Directors

The Corporate Governance and Nomination Committee considers performance assessment forms of the Board of Directors and subcommittees prior to requesting for the Board's approval the Self-Assessment Form, as detailed below:

1. Self-Assessment Form for the Board of Directors as a whole covering the following key areas:
 - 1) Structure and qualifications of the Board of Directors
 - 2) Roles, duties, and responsibilities of the Board of Directors
 - 3) Board meetings
 - 4) Directors' performance
 - 5) Relationship with the management
 - 6) Self-Development of Board members and development of the management
2. Self-Assessment Form for each member of the Board of Directors covering the following key areas:
 - 1) Structure and qualifications of the Board of Directors
 - 2) Board meetings
 - 3) Roles, duties, and responsibilities of the Board of Directors
3. Self-Assessment Form for each subcommittee covering the following key areas:
 - 1) Committee Structure and qualifications of committee members
 - 2) Committee meetings
 - 3) Performance against defined authorities, roles, and responsibilities

When the Board of Directors granted approval for use of the Self-Assessment Form, of which improvements had been proposed by Corporate Governance and Nomination Committee, the Company Secretary forwarded the Self-Assessment Form to the Board of Directors in December 2017. Conclusion of the assessment was then sent to the Board of Directors in January 2018 for acknowledgement of self-assessment of the Board, as a whole and individual, and subcommittees for their 2017 performance. Suggestions and recommendations will be considered for further improvement of the Board's performance.

The Management

As of 31 December 2017, the Company's management team, according to the definition of Notification of Capital Market Supervisory Board no. Tor.Chor. 23/2551, is made up of nine members. In this regard, management members of the Company and subsidiaries according to the current management structure are equipped with knowledge and experience, as shown in their profiles in page 20-24 and Table 7 below:

Table 7 Name list of management members as of 31 December 2017

Name	Position
1. Mr. Jirayut Rungsritthong	President and Chief Executive Officer
2. Mr. Cherdchai Pitiwacharakul	Senior Executive Vice President (assigned to oversee subsidiaries) and Managing Director of Universal Utilities Public Co., Ltd.
3. Mrs. Wirawan Tharanont	Executive Vice President and Company Secretary
4. Mrs. Thidarut Kraiprasit	Executive Vice President and Internal Audit
5. Mr. Sombat Yusamart	Executive Vice President Chief Financial Officer (CFO)
6. Ms. Chinda Mahaisawariya	Executive Vice President and Chief Supporting Officer (CSO)
7. Mr. Bordin Udol	Executive Vice President and Chief Operating Officer (COO)
8. Mr. Charin Sony	Executive Vice President and Chief Business Development Officer (CBDO)
9. Mrs. Namphon Rassadanukul	Acting Chief Strategy Officer and Senior Vice President for Corporate Strategy



Company Secretary

The Board of Directors (in the meeting no.2/2015 held on 16 February 2015) resolved to appoint Mrs. Wirawan Tharanont as the Company Secretary, whose profile is presented in page 21.

The Company Secretary has duties by law to prepare and keep such documents as Registration of Directors, Notice of the Board of Directors' Meetings and minutes of the meetings, the Company's Annual Report, Notice of the Shareholders' Meetings and minutes of the meetings. She is also required to make a report on interests of Board members or management members and forward copies of such documents to Chairman of the Board of Directors and Chairman of the Audit Committee. The Company Secretary, moreover, will have to perform any other duties as stated in the notification of the Capital Market Supervisory Board.

In addition, The Company Secretary is required to perform duties assigned by the Board of Directors, which include organizing Board meetings and shareholders' meetings, providing relevant legal advice and advice concerning regulations and code of conduct, and liaising with the various internal functions to ensure their compliance with resolutions of the Board meetings and shareholders' meetings, as well as arranging for information disclosure to regulators and the public while ensuring that such information is accurate and complete as required by law. The Company Secretary is also in charge of providing orientation and advice to newly appointed directors while providing support for continuous development of directors.

Remuneration for Directors and Top Executives

Remuneration for Directors

The Remuneration Committee considers the remuneration for Board members and members of subcommittees before presenting it to the Board of Directors for consideration and to the Shareholders' meeting for approval. In this regard, the remuneration comes in both financial and non-financial forms and both remuneration at fixed rate, such as monthly remuneration and meeting allowance, and remuneration that varies with business performance, such as bonus. Remuneration is linked to the value created for shareholders. In setting the remuneration. The Committee takes in to account 1) industry's practice 2) operating results and business size 3) Directors' knowledge, capability, and experience 4) Directors' roles, duties, and responsibilities and 5) Directors' performance. Remuneration must be appropriate, fair, and be able to retain Directors of desired qualifications. Moreover, it must be in line with dividend paid to shareholders and must not be so high that Directors lose their independence.

In addition, the Remuneration Committee is in charge of designing the remuneration package for the President and Chief Executive Officer and present it to the Board of Directors for approval. The Remuneration Committee considers bonus payment and employees' annual salary increase rate taking into account the overall economic condition and business competitiveness.

In 2017, the 2016 Shareholders' Meeting held on 18 April 2017 granted approval on 2017 remuneration for directors as follows :

1) Monetary Remuneration

1. Monthly Remuneration and Meeting Allowance for Members of the Board of Directors and Subcommittees

1.1 Remuneration for Directors

- Monthly remuneration of baht 30,000 /person
- Meeting allowance of baht 10,000 /person/meeting paid in accordance with individual's attendance

Remuneration for Chairman of the Board comprises monthly remuneration of baht 45,000 and meeting allowance of baht 15,000 paid in accordance with his/her attendance.

1.2. Remuneration for Subcommittees

- No monthly remuneration
- Meeting allowance of baht 10,000/person/meeting paid in accordance with individual's attendance
- As for Audit Committee, each committee member will receive a monthly remuneration of baht 10,000 and a meeting allowance 10,000 baht/meeting paid in accordance with individual's attendance.

2) Bonus for Directors - A total bonus of 6 million baht is to be distributed among Board members with the Chairman receiving an additional 50%. In this regard, the bonus is paid proportionate to each director's duration of tenure in 2017.

Details of remuneration for the Board of Director and members of Committees for 2017 are presented in Table 8.

Table 8 : 2017 Remuneration for Board of Directors

Unit: Baht

Name	Meeting allowance and monthly remuneration (baht)						Bonus paid from 2016 business performance	Total
	Board of Directors	Audit Committee	Corporate Governance and Nomination Committee	Remuneration Committee	Investment Committee	Risk Management Committee		
1. Mr. Amorn Laohamontri	765,000	--	--	--	--	--	696,298	1,461,298
2. Dr. Verapong Chaiperm	450,000	--	--	--	10,000	--	533,366	993,366
3. Pol.Maj.Gen. Vichai Sangprapai	530,000	310,000	130,000	--	--	--	533,366	1,503,366
4. Mrs. Tatchada Jitmahawong	530,000	310,000	130,000	--	--	--	533,366	1,503,366
5. Dr. Chanin Tinnachote	530,000	310,000	130,000	--	--	--	533,366	1,503,366
6. Mr. Phaiboon Siripanoosation	520,000	--	--	80,000	--	70,000	533,366	1,203,366
7. Col. Premjiras Tanathaipakdee	470,000	--	110,000	60,000	--	--	533,366	1,173,366
8. Mr. Chaipat Sahasakul	520,000	--	--	50,000	100,000	70,000	211,885	951,885
9. Mr. Surachai Kanasa ¹	221,000	--	--	20,000	30,000	--	--	271,000
10. Mr. Oran Vongsuraphichet ²	82,000	--	--	30,000	20,000	--	--	132,000
11. Mr. Kritsada Sunkhamani ³	10,000	--	--	--	--	--	--	40,000
12. Mr. Jirayut Rungsritthong	530,000	--	--	--	100,000	50,000	--	680,000

Remarks : ¹ Mr. Surachai Kanasa was appointed to the Board on 20 July 2017

² Mr. Oran Vongsuraphichet was appointed to the Board on 19 October 2017

³ Mr. Kritsada Sunkhamani was appointed to the Board on 30 November 2017

Furthermore, in 2017 the Board of Directors had appointed other sub committee to evaluate and appraise operational plans and budgets, as well as, monitor the significant projects, with an aggregate remuneration of Baht 180,000

Table 9 : Remuneration for Directors Leaving the Board during 2017

Unit: Baht

Name	Meeting allowance and monthly remuneration (baht)						Bonus paid from 2016 business performance	Total
	Board of Directors	Audit Committee	Corporate Governance and Nomination Committee	Remuneration Committee	Investment Committee	Risk Management Committee		
1. Mr. Wittaya Chaisuwan	102,000	--	--	--	--	--	252,070	354,070
2. Mr. Nipol Tangjeerawong	220,000	--	--	50,000	40,000	--	467,608	777,608
3. Mr. Nirut Maneephan	101,000	43,666	--	--	--	10,000	--	154,666
4. Mr. Eakachai Attakanna	356,000	--	--	--	40,000	10,000	533,366	939,366

Remarks : ¹ Mr. Wittaya Chaisuwan resigned the Board with effect on 12 April 2017
² Mr. Nipol Tangjeerawong resigned the Board with effect on 31 May 2017
³ Mr. Nirut Maneephan resigned the Board with effect on 11 July 2017
⁴ Mr. Eakachai Attakanna resigned the Board with effect on 6 November 2017

Remuneration for Top Executives

The Company has a policy to provide appropriate remuneration to staff at all levels. Short-term remuneration is tied to the Company's annual operating results with comparison to other companies in the same industry. Design of remuneration package is based on information obtained from a salary survey at various organizations to ensure that the Company's remuneration structure is appropriate and competitive. The Company, moreover, takes the consumer price index obtained from government agencies, including the Ministry of Commerce and the Bank of Thailand, into consideration for arranging remuneration for both the management and staff. As for long-term remuneration, the Company arranges for establishment of a provident fund as an insurance for staff when they reach their retirement.

The Company stresses remuneration payment that is based on KPI (Key Performance Indicators) according to the Balanced Score Card principle, in which there are both financial and non-financial measurements of the performance of staff at all levels. In this regard, KPIs have been designed in line with the strategies at all levels, i.e. organizational, functional, and individual strategies, to ensure that the targets are set in agreement with the organization's vision and mission.

Remuneration for top executives is directly linked to their performance, attainment to goals and business strategies. Details of remuneration for employees and shareholding by directors and top executives are shown in table 10-14.

Table 10 : Remuneration package for staff at each level

Type of Remuneration	CEO	Staff at Executive Level	General Staff
Salary	/	/	/
Bonus according to performance	/	/	/
Provident Fund	-	/	/

Table 11 : Summary of 2017 remuneration for President and Chief Executive Officer and members of the management team

Remuneration	Amount (million baht)
Combined salary	23.647
Bonus	6.135
Provident Fund (Contribution)	1.547
Total	31.328

Remark : The total number of management members as of 31 December 2017 was nine, comprising the President and CEO, executives assigned for overseeing subsidiaries, and executive vice presidents of all business functions.

Table 12 : Shareholding by Directors as of 31 December 2017

No.	Name	Position	Number of shares		
			31 December 2016	31 December 2017	+/- during 2017
1	Mr. Amorn Laohamontri	Chairman	-	-	-
	Spouse and minor child		-	-	-
2	Dr. Verapong Chaiperm	Director	-	-	-
	Spouse and minor child		-	-	-
3	Pol.Maj.Gen. Vichai Sangprapai	Independent Director	-	-	-
	Spouse and minor child		-	-	-
4	Mr. Chaipat Sahasakul	Independent Director	-	-	-
	Spouse and minor child		-	-	-
5	Mr. Surachai Kanasa ¹	Independent Director	N/A	-	-
	Spouse and minor child		N/A	-	-
6	Dr. Chanin Tinnachote	Independent Director	-	-	-
	Spouse and minor child		-	-	-
7	Mr. Oran Vongsuraphichet ²	Independent Director	N/A	-	-
	Spouse and minor child		N/A	-	-
8	Mrs. Tatchada Jitmahawong	Independent Director	-	-	-
	Spouse and minor child		-	-	-
9	Mr. Phaiboon Siripanoosati	Independent Director	-	-	-
	Spouse and minor child		-	-	-
10	Col. Premjiras Tanathaipakdee	Independent Director	-	-	-
	Spouse and minor child		-	-	-
11	Mr. Kritsada Sunkhamani ³	Director	N/A	-	-
	Spouse and minor child		N/A	-	-
12	Mr Jirayut Rungsrithong	Director	-	-	-
	Spouse and minor child		-	-	-

Remarks : ¹ Mr. Surachai Kanasa was appointed to the Board on 20 July 2017

² Mr. Oran Vongsuraphichet was appointed to the Board on 19 October 2017

³ Mr. Kritsada Sunkhamani was appointed to the Board on 30 November 2017

Table 13 : Shareholding by Directors leaving the Board during 2017

No.	Name	Position	Number of shares			Resigned Date
			31 December 2016	31 December 2017	+/- during 2017	
1	Mr. Wittaya Chaisuwan	Independent Director	-	-	-	12 April 2017
	Spouse and minor child		-	-	-	
2	Mr. Nipol Tangjeerawong	Independent Director	-	-	-	31 May 2017
	Spouse and minor child		-	-	-	
3	Mr. Nirut Maneephan	Independent Director	-	-	-	11 July 2017
	Spouse and minor child		-	-	-	
4	Mr. Eakachai Attakanna	Director	-	-	-	6 November 2017
	Spouse and minor child		-	-	-	

Table 14 : Shareholding by top executives as of 31 December 2017

No.	Name	Position	Number of shares		
			31 December 2016	31 December 2017	+/- during 2017
1	Mr. Jirayut Rungsritthong	President and Chief Executive Officer	-	-	-
	Spouse and minor child		-	-	-
2	Mr. Cherdchai Pitiwacharakul	Senior Executive Vice President (assigned to oversee subsidiaries) and Managing Director of Universal Utilities Public Co., Ltd.	-	-	-
	Spouse and minor child		-	-	-
3	Mrs. Wirawan Tharanont	Executive Vice President and Company Secretary	-	-	-
	Spouse and minor child		-	-	-
4	Mrs. Thidarut Kraiprasit	Executive Vice President and Internal Audit	600,000	600,000	-
	Spouse and minor child		-	-	-
5	Mr. Sombat Yusamart ³	Executive Vice President and Chief Financial Officer (CFO)	-	-	-
	Spouse and minor child		-	-	-
6	Ms. Chinda Mahaisawariya	Executive Vice President and Chief Supporting Officer (CSO)	-	-	-
	Spouse and minor child		-	-	-
7	Mr. Bordin Udol ²	Executive Vice President and Chief Operating Officer (COO)	-	-	-
	Spouse and minor child		-	-	-
8	Mr. Charin Sony ¹	Executive Vice President and Chief Business Development Officer (CBDO)	-	-	-
	Spouse and minor child		-	-	-

No.	Name	Position	Number of shares		
			31 December 2016	31 December 2017	+/- during 2017
9	Mrs. Namphon Rassadanukul	Acting Chief Strategy Officer and Senior Vice President for Corporate Strategy	2,000	2,000	-
	Spouse and minor child		-	-	-

Remarks :

- ¹ Mr. Charin Sony joined the management team on 2 May 2017.
- ² Mr. Bordin Udol joined the management team on 9 October 2017.
- ³ Mr. Sombat Yusamart joined the management team on 1 October 2017.

Staff

During 2017, the Company organized its organizational structure by combining all supporting functions into a Shared Service Center or SSC. Staff in procurement, finance and accounting, human resource, administrative, and legal departments from subsidiaries company are pooled at the Company's headquarters. The reasons behind the reorganization are:

- 1) To be in line with new strategies
- 2) To make clear roles and responsibilities under appropriate lines of command
- 3) To enhance management efficiency
- 4) To ensure checks and balances
- 5) To support personnel development and staff's career path

As of 31 December 2017, Group of Company had a total workforce of 334, consisting of 214 persons under the Company and 120 under UU. The Company paid 172.545 million baht in total for salary, overtime, welfare, bonus, contribution to the Social Security Fund and Provident Fund. Likewise, subsidiaries paid a total of baht 95.615 million for their staff remuneration, as shown in Table 15.

Table 15 : Number of staff and remuneration

2017	The Company	Universal Utilities Plc.
Staff at executive level (person)	18	9
Staff at operating level (person)	63	36
Staff at headquarters (person)	133	75
Total (person)	214	120
Remuneration (million baht)	172.545	95.615

Personnel Development Policy

The Company realizes the value of its personnel and regarded them as a key group of stakeholders to drive the organization towards goal and mission. Therefore, the Company considers human resources management and development as one of its prime duties. Throughout 2017, the Company provided training and development programs for its staff members on a continuous basis as described below:

Development of Staff's Potential

In 2017, when SSC was introduced, training provided for staff development was carried out in one single format throughout Group of Company. All staff was trained under the Individual Development Plan (IDP) to improve both soft skills and technical skills.

Furthermore, the Company has adopted the Peer-to-Peer and Cross Department (360 degrees) methods for its executive staff performance evaluation. Results from these evaluation methods were incorporated into staff development planning, which focuses on leadership development using Leadership Development Program (LPD), The Manager, Growing Great Employee, and training on finance and engineering as well as other training as required by each particular job. Leaders are trained to be the leader of themselves, the team, and the organization while being able to prepare themselves for future growth opportunities. Emphasis is put on developing management skills and knowledge about corporate governance. Knowledge about establishing a good relationship between public and private sectors is also part of executive training. Courses for executives are, for example, those provided by Office of the Public Sector Development Commission (OPCD) on good governance, Thai Institute of Directors (IOD), Thai Listed Companies Association, the Federation of Thai Industries, and SEC.

Training for staff at operating level is provided as required by each particular job, such as safety personnel at supervisory level, skill development for staff in charge of calibration of devices to measure water quality, water pressure, and DR900 water quality.

Trainings other than those mentioned above includes Risk Management Workshop, Strategic Workshop, Writing a Business Continuity Plan, and Understanding about ISO 9001:2015 and ISO 14001:2005, Engineering Project Management System, Material Management System, Security Awareness and Technology Update, Workflow and Practices in Human Resource Management and Code of Ethics. The Company also sends staff to attend Anti-Corruption - The Practical Guide training organized by IOD.

In addition to functional training, the Company has a policy to enhance staff's English proficiency using online training. A number of staff were also sent to training concerning operations and water management both in Thailand and abroad in preparation for business expansion.

The Company carried on with the EW Team Building: Journey to New Land activity, which is part of the attempt to foster employee relationship to strengthen teamwork and to equip staff with necessary skills to ably handle changes and increasingly intense business competition.

To achieve optimum use of resources, the Company provides training on energy conservation and other training related to work environment for new recruits every year to enhance their knowledge about the environment and energy conservation. Training about safety as detailed below is also included.

1. Safety, occupational health, and work environment for general staff and new recruits
2. Energy Conservation (at Bangkok and Rayong offices)
3. Safety Walk Rally
4. Defensive Driving

This year, in addition to Firefighting and Fire Prevention training annually provided to staff and office tenants, training on earthquake response was also carried out.

Details of the training is readily available on the Company's internal website to facilitate continuous learning.



Corporate Governance

The Company has established a relationship among the Board of Directors, the management, shareholders, and other stakeholders to support operations, which must be efficient, transparent, and open for examination. This is to create confidence among all groups of stakeholders while driving the business towards sustainable growth. In 2017, the Company still adhered to SEC's Corporate Governance Code for Listed Companies issued in 2012 as well as ASEAN Corporate Governance Scorecard (ASEAN CG Scorecard) to raise operating standards and prepare for entering into the regional (ASEAN) market.

Following the SEC's announcement of the new Corporate Governance Code in 2017, the Company arranged for improvement of its corporate governance principles, which comprise:

- Principle 1 Realize the roles and responsibilities of the Board of Directors as the organization's leader to create sustainable values for the business
- Principle 2 Define key objectives and goals in support of business sustainability
- Principle 3 Establish a board of directors that works effectively
- Principle 4 Recruit and develop executives while developing human resource management
- Principle 5 Give support for innovation while conducting a responsible business
- Principle 6 Arrange for having suitable risk management and internal control systems
- Principle 7 Uphold financial confidence and trust in information disclosure
- Principle 8 Enhance engagement and communication with shareholders

In 2017, the Corporate Governance and Nomination Committee considered and reviewed the principles to ensure accordance with SEC's 2017 Corporate Governance Code for suitable application under the Company's business context. The Company has complied with all items stated in SEC's 2017 Corporate Governance Code except the succession plan for the President and Chief Executive Officer and his/her long-term remuneration package.

In this respect, the Company will complete the drawing of its new corporate governance principles, which will be fully in line with SEC's 2017 Corporate Governance Code by 2018.

Corporate Governance Policy

The Board of Directors has formulated a corporate governance policy, in the written form, since 1 August 2003 and assigned the Corporate Governance and Nomination Committee to review the policy and guidelines on policy implementation at least once a year to ensure compliance with SEC's Corporate Governance Code. Results of the review must be raised to the Board for approval.

In addition, the Company reviews its Code of Conduct every year for use as organizational norms within Group of Company. Each and every member of the Board and the management team as well as staff must acknowledge the Code of Conduct and act accordingly. Superiors must be role models and keep an eye on their subordinates to ensure compliance.

The Company has posted Corporate Governance Policy and Code of Conduct on the Company's website www.eastwater.com and on the internal website for easy use as reference. All new recruits must sign on for acknowledgement of the Code of Conduct on the day they receive orientation. This is to encourage staff to comply with business ethics and ensure their desired behavior. As well, all members of the Board of Directors must put their signatures to acknowledge receipt of the Director's Manual, the contents of which are in line with good corporate governance principles.

Subcommittees

The Board of Directors agreed to set up five subcommittees, namely 1) Audit Committee; 2) Investment Committee; 3) Risk Management Committee; 4) Corporate Governance and Nomination Committee; and 5) Remuneration Committee, of which members and their respective roles and responsibilities are presented below:

Table 16 : Name list of members of subcommittee as of 31 December 2017

Name	Audit Committee	Corporate Governance and Nomination Committee	Remuneration Committee	Investment Committee	Risk Management Committee
1. Pol.Maj.Gen Vichai Sangprapai	Chairman	Member	-	-	-
2. Mr. Chaipat Sahasakul	-	-	-	Member	Chairman
3. Mr. Surachai Kanasa ¹	-	-	Member	Chairman	-
4. Mr. Chanin Tinnachote	Member	Chairman	-	-	-
5. Mr. Oran Vongsuraphichet ²	-	-	Chairman	Member	-
6. Mrs.Tatchada Jitmahawong	Member	Member	-	-	-
7. Mr. Phaiboon Siripanoosathien	-	-	Member	-	Member
8. Col. Premjiras Tanathaipakdee	-	Member	Member	-	-
9. Mr. Jirayut Rungsrihong	-	-	-	Member	Member

Remarks : ¹ Mr. Surachai Kanasa was appointed as Chairman of to the Investment Committee and member of the Remuneration Committee on 19 October 2017.

² Mr. Oran Vongsuraphichet was appointed as Chairman of the Remuneration Committee and member of Investment Committee on 19 October 2017.

1. Audit Committee's roles and responsibilities and 2017 performance

1) Financial reporting

- 1.1 Review the Company's financial statements and ensure accuracy and adequate disclosure.
- 1.2 Raise financial reporting system to international accounting standard.
- 1.3 Review efficiency of the information technology that relates to financial reporting and internal control.

2) Internal control and risk management

- 2.1 Review Company' internal control system and audit system to ensure appropriateness and effectiveness.
- 2.2 Consider Risk Management Committee's report and hold discussions with the management on risk assessment and risk management policies.
- 2.3 Consider results of subsidiaries' internal control assessment to ensure the Board of Directors that all business activities have sufficient internal control in line with good corporate governance.
- 2.4 Review actions taken following recommendations made in the report on internal control assessment received from the Internal Audit Department, the auditor, and other control units with an aim to improve weaknesses in the work process to achieve highest effectiveness.

3) Compliance with laws, regulations, and Code of Conduct

- 3.1 Review business operations to ensure compliance with the Securities and Exchange law and other laws governing the Company's business.
- 3.2 Adhere to relevant regulations in the case of connected transactions or conflict of interest to ensure compliance with the laws and the stock market's regulations in order to attain rationality of the case and highest benefit of the Company.
- 3.3 Review the accuracy of reference documents and Self-Assessment Form involving the Company's anti-corruption measures according to Thailand's Private Sector Collective Action Against Corruption (CAC).

4) Oversight of the performance of the auditor and internal control team

The auditor

- Hold meetings with the auditor at least once a year without the presence of the management team to learn about results of the quarterly financial review and/or results of the annual financial auditing and to discuss problems/issues possibly arise from the auditor's work.
- Assess the performance of the auditor and consider his/her independence.

Internal control team

- Guarantee independence of the internal control team with the Audit Committee having a direct line of control to the Internal Audit Department.
- Review the charter of the internal control team at least once a year.
- Oversee the Internal Audit Department to ensure its compliance with:
 - a. the annual audit plan earlier approved
 - b. International Standards for the Professional Practice of Internal Auditing

5) Reporting

- 5.1 Chairman of the Audit Committee reports the performance of the Audit Committee to the Board meeting on a regular basis for acknowledgement and/or for consideration.
- 5.2 Incorporate the Audit Committee's report, which must be signed by the Chairman of the Audit Committee, into the Company's Annual Report accompanied with at least supporting documents of:
 - a. Give opinions on accuracy, completeness, and credibility of the Company's financial statements
 - b. Give opinions on adequacy of the Company's internal control
 - c. Give opinions on compliance with the securities and exchange law, the stock exchange's regulations, or other laws governing the Company's business
 - d. Give opinions on appropriateness of the auditor
 - e. Give opinions on transactions that may lead to conflict of interest
 - f. Number of meetings held and attendance record of each member of the Audit Committee
 - g. Give opinions or observations that the Audit Committee receives in performing its duties under the charter
 - h. Other matters that the Audit Committee considers appropriate for shareholders and other investors to learn within the extent of its authority and responsibilities assigned by the Board of Directors
- 5.3 Review and give opinions on the form used for assessment of adequacy of internal control, as assessed by the management team.

5.4 In performing its duties, if the Audit Committee finds out any transactions or actions as listed below which could predictably pose serious impact on the Company's financial status and operating performance, the Audit Committee is required to report such findings to the Board of Directors for further action:

- (1) Transactions with conflict of interest
- (2) Significant fraud or irregularity in the internal control system
- (3) Violation of securities and exchange law, the stock market's regulations, or other laws governing the Company's business

If the Board of Directors or the management does not take any corrective action within the time specified in Paragraph 1, one member of the Audit Committee may report such transaction or action described in Paragraph 1 to the SEC or the SET.

6) Other roles and responsibilities

- 6.1 Provide opinions that are different from those of the Board of Directors regarding acquisition or sale of assets, as required by the SEC.
- 6.2 Perform other duties as assigned by the Board of Directors with endorsement of the Audit Committee on the condition that such assignment must come in the written form.
- 6.3 Review/assess appropriateness and up-datedness of the Audit Committee's charter at least one a year to collect opinions and make a proposal to the Board of Directors for consideration for improvement, while giving approval or asking for approval for extending the validity of the existing charter for another year.
- 6.4 Arrange for self-assessment of members of the Audit Committee and present the results the Board of Directors for consideration of the Audit Committee's performance.
- 6.5 Review and oversee the management's process of receiving complaints or whistleblowing.
- 6.6 Perform other duties as required by law and/or those that may arise in the future.

As of 31 December 2017, the Company's Audit Committee comprised three committee members and one adviser, all of whom are independent directors. Mrs. Tatchada Jitmahawong, one of the committee members, is a financial auditing expert equipped with required knowledge and experience.

The Audit Committee's performance for 2017 is presented on page 99.

2. Investment Committee's roles and responsibilities and 2017 performance

- 1) Consider matters relating to investment, as assigned by Chairman of the Board of Directors or the Board of Directors, prior to raising such matters to the consideration of the Board of Directors.
- 2) Monitor the management's performance that involves investment to ensure compliance with the Board's assignment.
- 3) Give advice or opinions relating to investment to the management and Board of Directors.
- 4) Grant approval for procurement that relates to investment under the Company's regulations on procurement within the limit of financial authority.
- 5) Set up task forces (if any) and grant approval for their remuneration.
- 6) Authorized to call documents or persons involved in a particular matter for clarification in support of the committee's consideration.
- 7) Report the committee's performance to the Board of Directors without delay or within in the month that an approval for procurement is granted or within the following month.
- 8) Perform any other duties as assigned by the Board of Directors.

During 2017, the Board of Directors made agreement on separation of the roles and responsibilities of the Executive and Investment Committee from the management team and renamed it as Investment Committee. Review of the charter was also carried out to redefine the roles and responsibilities of the Investment Committee. The Investment Committee held a total of 10 meetings, the results of which can be summarized below:

1. Considered key strategies for 2017-2019, which comprised:
 - 1.1. *Short- and long-term strategies on management of cost water by linking them to the Company's risk management* - This is to facilitate water pipeline system development and improvement plans to ensure adequate and appropriate volume and quality of water, uninterrupted supply, as well as reasonable cost and price. The committee also suggested preparation of additional water reserves to support the EEC and to cope with possible droughts.
 - 1.2. *Strategies to improve management efficiency of investment projects* - The committee suggested the management hire some outside experts to lay down a project management system, which can be used to support review of feasibility studies, design, procurement, project management, and construction control to enhance project management flexibility while preventing conflicts and reducing disputes with contractors. Study of best practices from other companies with management of similar projects was also suggested.
 - 1.3. *Improvement of the business development plan for 2017-2018* - This is to align the business development plan with the Company's vision and mission, which stress integrated water supply service in Thailand and business expansion into the EEC.
2. Monitored the management of the five key investment projects during 2017 prior to making a report to the Board of Directors. They are Construction of Raw Water Pipeline between Prasae and Nong Plalai Reservoirs Project, Tubma Raw Water Reservoir Development Project, Construction of a Regulating Well for Bang Pakong - Bang Pra - Chonburi Water Pipeline Project, Raw Water Pumping System from a Private Water Source in Chonburi Project, and Construction of the Nong Pla Lai - Nong Kho 2 Pipeline Project.
3. Gave advice to the management to ensure careful investment while reviewing registration of business partners. In this regard, supplier selection process was improved to be of international standard to ensure fairness for both the Company and suppliers. Moreover, procurement regulations were amended to keep its up datedness and to facilitate management style of the private sector.
4. Granted approval on hiring contractors in investment projects within the authority limit, which includes contractors for construction of the project to enhance water pumping efficiency from Bang Pakong River to increase water capital in the area covering Chachoengsao and Chonburi provinces while reducing dependence on the existing water capital in Rayong. The project, at the same time, can help reduce the electricity cost of water pumping and distribution.
5. Assigned the management to report the water situation in operating areas during the dry season and proposed quick solutions. This involves expedition of the project to increase water capital in particular. The committee also asked the management to improve the pilot plan on development of water source and water pipeline system around the eastern coastline area (review of the 2017 plan) for use in the consideration of investment in future projects.
6. Considered investment projects and made a total of seven reports to the Board of Directors.

3. Corporate Governance and Nomination Committee's roles and responsibilities and 2017 performance

- 1) On the corporate governance
 - 1.1) Consider policies and guidelines regarding good corporate governance, Board of Director's Manual, and business ethics to ensure alignment with the SEC and the SET regulations and make a report to the Board of Directors for consideration and approval.
 - 1.2) Review policies and guidelines regarding good corporate governance, Board of Director's Manual, and Code of Conduct for staff at least once a year by benchmarking with the laws, practice of international standard, and leading companies. This includes taking suggestions and recommendations from various institutes into consideration and presenting them to the Board of Directors for consideration and approval for further improvement.
 - 1.3) Assign relevant departments to publicize policies and guidelines regarding good corporate governance to the directors and staff for complying such guidelines.
 - 1.4) When necessary, the Corporate Governance and Nomination Committee is authorized to call a meeting with the management team or other persons involved for discussion or for submission of related documents.
 - 1.5) Monitor implementation of good corporate government principles, both as legally compulsory and non-legally compulsory.
 - 1.6) Consider and give recommendations on the performance assessment forms of the Board of Directors and other committees.
- 2) On the nomination
 - 2.1) Nominate and select persons with qualifications defined by the Company's regulations and by related laws and consider their diversity in terms of knowledge and expertise and make a proposal to the Board of Directors for consideration and nomination to assume the positions of:
 - (1) Board of Directors
 - (2) Subcommittees
 - (3) Adviser to the Board
 - (4) Adviser to subcommittees
 - (5) President and Chief Executive Officer
 - (6) Top executive of subsidiaries
 - 2.2) Review qualifications of candidates for positions in (1) - (5) and make a proposal to the Board of Directors for appointment.
 - 2.3) Review qualifications of candidates for the position in (6) and make a proposal to the board of directors of subsidiaries for appointment.
 - 2.4) Consider and make a proposal on structure, criteria, and composition of subcommittees to the Board of Directors for approval.
 - 2.5) Monitor and review the succession plan for the position of top executives of the Company and subsidiaries.
- 3) The Committee will report on operational performance, on issues with a clear conclusion, or issues of significance that should be acknowledged by the Board of Directors at the Board of Directors' meeting.
- 4) Perform any other duties as assigned by the Board of Directors.

In 2017, the Corporate Governance and Nomination Committee has completely and carefully performed its duties as defined by the charter. A total of 13 meetings were held for consideration a number of matters, which can be summarized below:

1. Reviewed Group of Company's corporate governance principles and Board of Directors' Manual to ensure alignment with SEC's Principle of Good Corporate Governance for Listed Companies (2017).
2. Reviewed Code of Conduct for employees (2017) by adding consideration on giving rewards to whistleblowers.
3. Reviewed the Corporate Governance and Nomination Committee's charter and adjusted the duties and responsibilities of the committee to suit the current situation.
4. Granted approval for key projects involving corporate governance and anti-corruption, some of them are reviewing the anti-corruption policy, arranging IOD's Anti-Corruption: The Practical Guide (ACPG) training for executives, arranging a test to measure employees' business ethics, promoting anti-corruption, collecting and following up whistleblowing cases, arranging blood donation activity, arranging religious activities, arranging an activity to promote good people of (EWG), and arranging a seminar with partners in order to join Thailand's Private Sector Collective Action against Corruption (CAC).
5. Reviewed the Self-Assessment Form of the Board of Directors and subcommittees for 2017 and added an item on suggestions and recommendations for further improvement of the assessment form.
6. Sought candidates with required qualifications to assume the positions of directors and make a proposal to the Board of Directors and/or shareholders' meeting for appointment. Candidates were screened from knowledgeable people with multi skills, with special consideration on skills that are needed but is still lacking using the Board Skill Matrix analysis.
7. Made a proposal to the Board of Directors on assigning an executive from the Company as a member of the board of directors of UU to ensure smooth flow of policies from the parent company to the subsidiary.
8. Made a consideration on the succession plan for top level executives of the Company to assume the positions of executive vice presidents using the same criteria for nomination of the President and Chief Executive Officer.
9. Made altogether 11 presentations of the committee's performance to the Board of Directors.

4. Risk Management Committee's roles and responsibilities and 2017 performance

1. Agree on corporate risk management policy and present it to the Board of Directors for acknowledgement. The policy covers major risks in strategy, operations, investment, and marketing as well as risk that impacts reputation and risk concerning prevention of fraud and corruption.
2. Consider risk assessment measures and approval for Risk Management Plan (RMP) devised in line with the risk management policy, which comprises effective analysis, assessment, and monitoring of the risk management process for reporting to the Board of Directors.
3. Oversee, review, and monitor the RMP while providing suggestions and recommendations to the Board of Directors regarding the risk management policy to ensure that the plan is practically implemented to fully achieve the desired results.
4. Consider and give opinions on Risk Appetite versus Risk Tolerance.
5. Consider and approve the Risk Management Manual at least once a year prior to presenting it to the Board of Directors for acknowledgement (if any).

6. Propose the annual RMP and report performance to the Board of Directors for acknowledgement at least twice a year.
7. Perform any other duties as assigned by the Board of Directors.

In 2017, the Risk Management Committee held seven meetings, the contents of which are summarized below:

1. Made a proposal to the management to hold a workshop for reviewing policies and guidelines on risk management while giving support for the Company to invite an expert on enterprise risk management (ERM) and risk assessment of various types of risk according to SEC's guidelines and The Committee of Sponsoring Organizations Enterprise Risk Management (COSO ERM). The management has already presented the results of the workshop to the committee for consideration. In this regard, the committee gave some additional suggestions and included them into the corporate risk management policy prior to presenting it the Board of Directors for acknowledgement.
2. Granted an approval for the 2017 Risk Management Plan and tied the results of risk management to assessment of KPIs on strategy and performance.
3. Ensure that the management adhere to key risk prevention measures, such as risks concerning information technology (IT) development and personnel development, while increasing some measures to enhance checks and balances.
4. Reviewed the Risk Management Manual and agreed to adopt SEC's risk management framework as the Company's Risk Management Manual.
5. Made for quarterly presentation of the progress of annual RMP and the committee's performance to the Board of Directors.

5. Remuneration Committee's roles and responsibilities and 2017 performance

1. Assess business performance
 - 1.1) Conduct annual assessment of Corporate KPIs against the Company's business policy and assignments given by the Board of Directors and present it to the Board of Directors for consideration and approval.
 - 1.2) Follow up and evaluate the Company's performance using Corporate KPI while making suggestions on improvement of quality and efficiency of the business and presenting the year-end results to the Board of Directors for approval.
 - 1.3) Review and/or make suggestions for improvement of Corporate KPIs as dictated by changes of situation and policy.
 - 1.4) Consider KPIs of members of the Board of Directors and President and Chief Executive Officer in the consideration of their respective annual remuneration, which must be suitable for their duties and responsibilities and can motivate them to lead the organization towards the goals. Followings are the guidelines in doing so:
 - Remuneration for members of the Board of Directors is tied to the Company's strategies and goals, director's experience, duties, and roles and responsibilities.
 - The policy and KPIs for consideration of director' remuneration that reflect each director's duties and responsibilities should be disclosed. Forms and remuneration in monetary term should also be disclosed.

- 1.5) Consider and approve for improvement, amendment, and review of the Corporate KPIs Manual at least once a year before raising the matter to the Board of Directors for acknowledgement (if any).
2. Consider remuneration
 - 2.1) Consider the remuneration of members of the Board of Directors and subcommittees and make a proposal to the Board of Directors for initial approval prior to approval by shareholders. The guidelines on remuneration consideration are as follows:
 - Set the remuneration of directors, in both financial and non-financial forms, to ensure appropriateness for both remuneration with fixed rate (such as meeting allowance) and remuneration that varies with business performance (such as bonus) by making a linkage to the values that the Company creates for shareholders.
 - Set criteria on remuneration payment for directors by taking into account 1) industry's practice, 2) operating results and business size, 3) directors' knowledge, capability, and experience, 4) directors' roles, duties, and responsibilities, and 5) directors' performance. Remuneration must be appropriate, fair, and can retain directors of desired qualifications. Remuneration, moreover, must be in line with the dividend paid to shareholders and must not be so high that directors lose their independence.
 - Set the payment method of directors' remuneration, i.e. regular pay, meeting allowance, and other forms of remuneration paid, such as bonus.
 - 2.2) Set the payment method of remuneration of the President and Chief Executive Office and make a proposal for the Board of Directors for consideration and approval.
 - 2.3) Consider the policy on remuneration and other benefits, both in monetary and non-monetary forms of:
 - (1) The Board of Directors of subsidiaries
 - (2) Subcommittees of subsidiaries
 - (3) Advisers to the Company's Board of Directors
 - (4) Advisers to the Company's subcommittees
 - (5) Advisers to the Board of Directors of subsidiaries
 - (6) President and Chief Executive Officer
 - (7) Top executive of subsidiariesAlso, make a proposal to the Board of Directors for endorsement prior to presenting it to the board of directors of subsidiaries for further actions accordingly.
 - 2.4) Consider bonus payment and annual salary increase taking business performance into account.
3. Report the performance of committee against Corporate KPIs to the Board of Directors for acknowledgement at least twice a year.
4. Perform any other duties as assigned by the Board of Directors.

In 2017, the Remuneration Committee fully performed its duties according to the charter in both assessment of business performance and consideration of remuneration. There were 8 committee's meeting during the year.

Nomination and appointment of directors and top executives

The Board of Directors assigns the Corporate Governance and Nomination Committee to screen qualified candidates for the position of directors. Currently, the Board of Directors consists of one executive director as the President and 11 non- executive directors. The Company has 8 independent directors (including one female director) who are responsible for monitoring the performance of the management , giving suggestions and comments, supporting policies beneficial to shareholders, opposing biased or non-transparent approaches that may affect shareholders' and stakeholders' benefit, establish and disclose the policy regarding connected transactions to ensure that they are in the best interests of the Company and shareholders.

1. Independent directors

The Company stated the definition of an independent director in the Company's Board of Directors' Manual and published it on the Company's website in accordance with the Notification of the Capital Market Supervisory Board No. Thor Jor. 39/2559, determining, for example, the number of shares of the Company or affiliates that independent directors or related persons of the independent directors can hold, that independent directors must at no point in time have held the position of director or be part of a service provider participating in the company's business management, must have no business relationship with the Company or affiliates, nor have any other characteristics that prevent them from expressing independent and unbiased comments on the Company's operations, etc.

In the process of recruiting independent directors, the management will coordinate with qualified candidates to acquire information on their background and basic qualifications. If their qualifications meet the Company's criteria, a proposal will be made to the Corporate Governance and Nomination Committee for preliminary screening and approval, before proposing to the Board of Directors to consider approving the appointment.

In the past accounting period, no independent directors, nor any persons who have ever been appointed as independent directors, of the Company have had business relationship or provided professional services to the Company.

2. Nomination of directors and top executives

The Corporate Governance and Nomination Committee is responsible for recruiting qualified persons to the position of Company directors to replace those who are due to leave by rotation or for other reasons, and propose potential candidates for the Board of Directors and / or the shareholders' meeting to vote on their appointment. In recruiting directors, appropriate qualifications are taken into account. Directors must be qualified persons with expertise and professionalism, possess leadership skills, a broad vision, morality and ethics, have a transparent working background, and must be able to express their opinions freely.

The criteria and procedures for selecting the persons to be appointed as directors are as follows:

- 1) The Company gives the opportunity to the shareholders to nominate a person to the position of director in advance during October-December in order that voting to nominate said persons can be done at the Annual General Meeting. All shareholders have equal rights in proposing the names of persons to be the members of the Board of Directors at the shareholders' meeting.
- 2) The Corporate Governance and Nomination Committee screens the list of qualified persons and the names proposed by the shareholders (if any) to propose to the Board of Directors for their consideration and proposal to the shareholders' meeting.

- 3) The Board of Directors, excluding directors who have conflict of interests, considers the qualifications of each candidate carefully and nominates the appropriate persons who will replace directors due for retirement by rotation to be elected at the Annual General Meeting.
- 4) Directors will be elected individually by voting. Shareholders have the right to elect nominated candidates but the number of persons elected must not exceed the number of directors being elected, and the votes cannot be divided.
- 5) Persons who receive the highest number of votes in consecutive order are elected as new directors, but not exceeding the number of directors needed. In the case where a person elected in the next rank has equal votes to the person in the previous rank, causing the number of persons elected to exceed the number of directors needed, the chairman of the meeting will cast the final and decisive vote.
- 6) If a director resigns or the position of director has been vacated due to other reasons, the Corporate Governance and Nomination Committee will recruit qualified persons to nominate to the Board of Directors for their appointment at the Board of Directors meeting, where not less than three quarters of the remaining directors' resolution is required.

Recruitment of the top executives

In the year 2017, the Corporate Governance and Nomination Committee set the criteria in nominating top level executives to be in line with those used in nominating the President. The Company recruited and appointed candidates for executive positions from both inside and outside the organization. If their qualifications met the Company's requirements, they were proposed to the Corporate Governance and Nomination Committee, who will screen and approve their basic qualifications before proposing them to the Board of Directors for acknowledgment.

In addition, the Corporate Governance and Nomination Committee is responsible for recruiting the highest ranking executive of the Company and subsidiaries. Candidates are selected from the Company's top executives who have the knowledge and experience which would be beneficial for the Company's and affiliates' operations, and are proposed to the Company's Board of Directors to consider their appointment.

Orientation of Directors

The Company arranged the orientation of 4 new directors recruited during the year 2017 to receive briefings from the President and top executives about the Company's background, nature of business and business approach, as well as other information related to the Company's operations, such as shareholders' structure, organizational structure, operational performance, major construction projects, including relevant laws and regulations and any other information related to the Company's business for the benefits of the new directors.

Furthermore, the Company prepared important documents, including advance meeting schedules, the Board of Director's manual, Good Corporate Governance Principles for Listed Companies of the Year 2017 prepared by the SEC, charter of Subcommittees, and minutes of the Board of Directors' past meetings, so that the directors can immediately have a clear grasp of all the agendas. Site visits were also arranged according to the new director's wishes.

Development and training plans for directors

The Board of Directors places importance on regularly attending seminars and trainings that enhance the knowledge, capacities of the Board of Directors' members and subcommittees. Aside from trainings at the Institute of Directors (IOD), sessions directors attended include good corporate governance, law and regulations, performance of corporate strategy governance, risk management, internal control and financial statement writing etc. The directors also were briefed on the performance of 4 regional water operation centers and Thailand's water management direction. They shared opinions and thoughts with Boards and executive managements from other organizations such as the Electricity Generating Public Company Limited or EGCO. Useful ideas were applied to the Company's development. Leading examples are in the table 17 and 18 as follows:

Table 17 : The Board of Directors' attendance of trainings hosted by IOD

Directors Members/ Course titles	Mr. Amorn Laohamontri	Dr. Verapong Chalperm	Pol.Maj. Gen Vichai Sangparpai	Dr. Chaipat Sahasakul	Mr. Surachai Kanasa	Dr. Chanin Tinnachote	Mr. Oran Vongsuraphichet	Mrs. Tatchada Jitmahawong	Mr. Phalboon Sirpanoosattien	Colonel Premjiras Tanathaipakdee	Mr. Kritsada Sunkhamani	Mr. Jirayut Rungsirithong
AACP ¹	18/2015	-	-	-	-	18/2015	-	18/2015	-	-	-	-
ACP ²	-	-	-	-	-	-	-	-	28/2009	-	-	-
BMD ³	-	-	-	-	-	5/2017	-	-	-	-	-	-
CGI ⁴	-	-	-	-	-	-	-	-	5/2015	-	-	-
DAP ⁵	114/2015	-	-	-	-	114/2015	-	114/2015	-	-	-	-
DCP ⁶	208/2015	161/2012	224/2016	21/2002	205/2017	201/2015	230/2016	208/2015	105/2008	-	-	60/2005
FSD ⁷	27/2015	-	-	-	-	-	-	27/2015	-	-	-	-
ELP ⁸	-	-	-	-	10/2017	-	-	10/2017	-	-	-	-
HRP ⁹	-	-	-	-	-	-	-	-	4/2013	-	-	-
ITG ¹⁰	-	-	-	-	-	2/2016	-	-	-	-	-	-
RCC ¹¹	-	-	21/2016	-	-	-	-	-	-	-	-	-
RCL ¹²	4/2016	-	-	-	-	1/2015	-	4/2016	-	-	-	-
RMP ¹³	-	-	6/2015	-	-	-	-	-	-	-	-	-
RNG ¹⁴	-	-	8/2016	-	-	-	-	-	-	-	-	-
SFE ¹⁵	-	-	-	-	-	-	-	30/2017	13/2011	-	-	-

Note

¹ AACP : Advanced Audit Committee Program

² ACP : Audit Committee Program

³ BMD : Board that Make a Difference

⁴ CGI : Corporate Governance for Capital Market Intermediaries

⁵ DAP : Director Accreditation Program

⁶ DCP : Director Certification Program

⁷ FSD : Financial Statement for Director

⁸ ELP : Ethical Leadership Program

⁹ HRP : How to Develop a Risk Management Plan

¹⁰ ITG : Driving Company Success with IT Governance

¹¹ RCC : Role of the Compensation Committee

¹² RCL : Risk Management Program for Corporate Leader

¹³ RMP : Risk Management Committee Program

¹⁴ RNG : Role of the Nomination & Governance Committee

¹⁵ SFE : Successful Formulation & Execution the Strategy

Table 18 Participation of trainings and seminars by Board Members in 2017

Names	Trainings / Seminars
Dr. Chaipat Sahasakul	• National Director Conference 2017 “Steering Governance in a Changing World” (IOD) • IOD Breakfast Talk 3/2017 “Corporate disclosures: what are investors looking for beyond financial measures?” (IOD)
Dr. Chanin Tinnachote	• Academic seminar and dissemination of achievements of the Water Institute for Sustainability 2016 (The Federation of Thai Industries) • Criminal charge of directors and representatives: is new law better? (The Stock Exchange of Thailand) • The role of Board of directors of listed companies in cutting corporate risks in cyber threats: challenges and solutions (The Securities and Exchange Commission, Thailand) • Chairman Dinner (IOD) • Thailand’s 8th National Conference on Collective Action against Corruption “Bright Spots: Lighting the way to a corruption free society” (IOD) • Opportunities and challenges : EEC for Thailand’s future (Asian Institute of Technology)
Mrs. Tatchada Jitmahawong	• Academic seminar and dissemination of achievements of the Water Institute for Sustainability 2016 (The Federation of Thai Industries) • AC HOT UPDATE (Federation of Accounting Professions Under The Royal Patronage of His Majesty the King) • Audit Committee Forum 2017 “The Audit Committee’s Role in Compliance and Ethical Culture Oversight” (IOD) • Update COSO Enterprise Risk Management: Integrating with Strategy and Performance (IOD)
Mr. Phaiboon Siripanoosation	• Opportunities and challenges : EEC for Thailand’s future (Asian Institute of Technology)
Mr. Jirayut Rungsrithong	• Business Revolution and Innovation Network: BRAIN) (The Federation of Thai Industries)

Subsidiaries corporate governance

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.

These can be summarized as follows:

(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 operation, the Board of Directors of subsidiary companies must notify the Board of Directors of the Company.
- 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.

(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 curb 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.

(3) Finance and Accounting Policies for Subsidiary Companies

- 1) Financial Management and Administration
 - 1.1 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.
 - 1.2 Declaration of dividend payments of not less than 30% of the consolidated net profit for each accounting period, unless there are other business needs that justify the reservation of part of the cash.
 - 1.3 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
 - 2.1 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.
 - 2.2 Budget preparation and review must be carried out within the given timeframes and information must be delivered in accordance with Company operations.
 - 2.3 Provide budgetary monitoring and evaluation in all areas of investment, and take appropriate actions.
- 3) Accounting
 - 3.1 Accounting procedures must comply with accounting policies, which are in accordance with the accounting standards of Thailand and under the regulations for a subsidiary under a listed company of the Stock Exchange of Thailand.
 - 3.2 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.
 - 3.3 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.
 - 3.4 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
 - 4.1 Preparation and submission of taxes must be done in accordance with the law.
 - 4.2 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.
 - 4.3 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.

Control of Use of Internal Information

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:

(1) Policy for Prevention of Use of Internal Information

The Company's executives and employees, including their spouses, descendants, adopters, siblings of full blood and siblings of half-blood, spouses and those who cohabit as husband and wife, 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.

(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.

(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.

Auditor Remuneration

1. Audit Fee

In the latest accounting year, the Company along with subsidiaries paid remuneration for the auditor of the Company and subsidiaries in the amount totaling 3 million baht. The audit fees for the Company totaled 1.1 million baht. Also, the Company paid the out of package expense to the auditor of the Company and its subsidiaries in the amount not exceeding 2 per cent of the audit fee.

2. Non-audit fee

The Company and its subsidiaries paid other non-audit fee, namely legal consultancy fee totaling 150,000 baht and will have to pay in the near future for an unfinished agreement of service relating to the previous accounting year totaling 362,600 baht (composed of law consultancy amounting to 350,000 baht and document translation worth 12,600 baht).

Other Areas of Compliance with Good Corporate Governance Principles

The Company has established a guideline for proper conduct in matters of fraud or corruption within the organization for executive department, employees and suppliers, as outlined in the yearly-revised anti-corruption policy of the organization. Details of the policy can be viewed at http://eastwth.listedcompany.com/anti_corruption.html.

Moreover, the Company has sought cooperation from its subsidiaries to join CAC (Thailand's Private Sector Collective Action Coalition Against Corruption) and hosted good corporate governance and anti-corruption related seminars and activities to raise awareness among the Board of Directors, employees, suppliers and its subsidiaries over the importance of good corporate governance and internal anti-corruption campaign. The events were as follows:

- 1) President & Chief Executive Officer (CEO) communicated policy and anti-corruption campaign to executives and employees through events such as EWG Sport Day and CEO visit.
- 2) In August 2017, a workshop meeting of the Board of Directors and executives was held to devise the 2017-2018 strategic plan in which good corporate governance and compliance were designated as part of the strategies.
- 3) In September 2017, employees participated in an academic seminar under the session "New government! Same old corruption?" held by Anti-Corruption Organization of Thailand to mark the 2017 anti-corruption day.
- 4) In November 2017, procurement department held the "Why is an anti-corruption activity good?" training for vendors, tenants and employees from every section in the Company to acknowledge the campaign and recommend membership of CAC.
- 5) In November 2017, executives and employees attended the yearly seminar "Thailand's 8th National Conference on Collective Action Against Corruption" held by CAC. The session's topic was "Bright Spots: Shine a light of hope on corrupt-less society".
- 6) In December 2017, executives and employees undertook the CG and Anti-corruption tests to assess their understanding of the subject in order to overhaul knowledge dissemination and practice for the next year.

The Company's membership of CAC started in 2015 and will expire in 2018. In 2017, the Company, as such, is in the process of renewal.

To be in accordance with the 2017 Corporate Governance Principles by the Securities and Exchange Commission, Thailand, the Company is currently revamping CG to establish CG standard. In addition, CG will be discussed during a new employee orientation and CG test will be part of the Company's business knowledge campaign. The document is available on www.eastwater.com



Corporate Social Responsibility

The Company has an awareness of, and adheres to, good morals and ethics in its business dealings as well as a sense of corporate social responsibility, and strives to preserve the interests of every group of stakeholders as per the principles of good corporate governance. The Company places importance on sustainable management of natural resources and the environment. Both the principles and practices of these are defined in the Code of Conduct. Practices are intended to promote care in standard, safety, occupational health and environment, natural resource consumption awareness and green mindset. The Company has established working groups on safety, occupational health and environment, occupational safety officers and energy officers who outline policies and regularly follow up operation to ensure alignment with policies. There have been over the past 11 years religious services and blood donation for the Company, tenants and communities. In addition, the Company supports activities that bolster environment, community and social development. Leading examples include water service and environmental campaigns, promotion of the quality of life in communities, as well as occupational knowledge trainings and social and environmental development along pipelines in collaboration with the Royal Irrigation Department.

In this regard, the Company has publicized information on all 3 dimensions of operation, namely ESG (Economy, Social, Environment) through the Sustainability Report 2017 by adhering to Global Reporting Initiative (GRI). Also disclosed were Material Aspects and Stakeholder Analysis, while connections between stakeholders' interests and expectations were identified, and reports on operations regarding economic, social and environmental issues were made to demonstrate the direction of business development towards future sustainability.

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



Internal Control and Risk Management

Assessment of the adequacy of internal control system in 2017

The Board of Directors approved the results of the verification of the internal control system by the Audit Committee, in which the following 5 areas were evaluated; 1) Control Environment 2) Risk Assessment 3) Control Activities 4) Information and Communication and 5) Monitoring Activities. The details are described as follows:

Control Environment

The Board of Directors announced “Good Corporate Governance for the Group of Companies of Eastern Water Resources Development and Management PCL”, which is the policy and discipline for personnel in the group of companies to always be aware, understand and comply with these policies and ethics related to the daily operation work, the decision making process, including any conduct with business partners, customers, and external providers. The Company has already announced the Code of Conduct under the Group of Companies’ Good Corporate Governance and Compliance, which reads “employees’ business ethics is part of work regulation. Violation of ethics is a disciplinary offence”. CG and Anti-corruption trainings were offered to executives and employees. Tests were held to assess knowledge and understanding in CG and anti-corruption.

The Company has stipulated that there must be a clear segregation between the roles and responsibilities of the Company’s Board of Directors and Management Team. The Company’s Board of Directors will not be involved in management roles in order to create a balance between management and corporate governance, and will also monitor management’s performance in order to ensure that all appropriate policies and processes are effectively utilized in practice. The Company’s Board of Directors has selected and appointed appropriate personnel to be in top level management, and also appointed other Subcommittees to comply with the Company’s regulations and the Board’s principles as stipulated by the Stock Exchange of Thailand. They have vital roles in setting up the Company’s mission, 2-year strategic plan and annual action plans. All Management levels shall cooperate to create an action plan to comply with the long-term strategic plan for further implementation, while taking into consideration the goals, objectives, budget, risk factors of major activities in each period, as well as expected benefits which can be measured in order to achieve the overall goal.

The Company has an explicit corporate structure to enable success in achieving the Company’s goal and to foster effective internal control by separating roles and responsibilities of operation department and supporting department. The internal audit was established as a department-level unit that directly reports to the audit committee, while mechanisms are put in place to help balance the power between the Company’s Board of Directors, Management Team and shareholders. Channels for communication with the investors has been provided to convey the Company’s information to the general public on a regular basis. In 2017, centralization was set in motion in the form of a Shared Service Center to be in line with the current operation and ensure efficiency of internal control by separating roles and responsibilities for operating and supporting departments.

Moreover, the Company has been committed to motivating, developing, and retaining skilled and capable personnel by setting up the Individual Development Plan (IDP), introducing 360-degree evaluation as part of employee development, and implementing the career management policy and position succession plan for management level as well as within the main business group.

Risk Assessment

The Risk Management Committee has duties to review the Company's risk management plan, oversee and evaluate risk management results in each quarter as stated in the charter and risk management manual. The Company encourages executives and employees to participate in related risk management through risk identification in action plans, risk identification workshops, risk factor analysis, current risk control measures, additional control measures seen as appropriate and vital in risk management. Policy and Risk Management Division is tasked with gathering information, communicating it to employees concerned, and following up on risk management results in order to propose them regularly to the Risk Management Committee and the Board of Directors for their consideration and analysis to ensure continuity of the Company's risk management process. As for the annual internal audit planning, the Auditing Department has assessed important changes and conducted risk-based audit to determine the boundary of auditing.

The Company has communicated the risk management policy and procedures 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 risk management process. Moreover, the Company also has the Business Continuities Plan (BCP) and organized an annual simulation by external experts to ensure that the Company could further continue the business without interruption if any crisis occurs.

The Audit Committee along with auditors and the internal audit department has the duty to review financial reports to ensure its accuracy and alignment with the generally-established auditing standards, and establish that information disclosure is adequate.

Control Activities

The Company announces rules and practices in areas such as procurement, budgeting, investment and project management, financial and accounting, etc. and also set up the scope, duties and responsibilities and limit of budget approval for the management in order to comply with the good internal control system. Segregation of roles and responsibilities are clearly set and internal balance checking are provided by separating the approval roles, accounting roles, information system roles and asset management roles. Moreover, the Company also received the ISO9001:2008 and ISO 14001:2004 accreditation, which stipulated that the Company must have operating manuals and procedures for reference in its operations, as well as provide training for personnel so that they have a clear understanding of all operations and can comply with procedures and rule and regulations set by the Company.

If there are connected transactions between the Company and subsidiaries, including stakeholders, there shall be a clear approval process. For significant connected transactions, the Internal Control Department, Audit Committee, Management Committee, and Auditor shall carefully review such transaction and proceed according to the Stock Exchange of Thailand's regulation, as well as to disclose the transaction in the notes of the Financial Statement and report to the Securities and Exchange Commission. In addition, when voting on any connected transaction, directors who have a conflict of interest shall not exercise vote in that resolution.

The Company shall continuously and regularly monitor operations of subsidiaries by appointing a person to the Board of Directors or in an executive position at subsidiaries in order to consolidate their policies to be in line with, and in the same direction of, the Company's policy. There shall be reporting of the performance of each subsidiary to the Company's Board of Directors.

Moreover, the Company has also appointed the Company Secretary to handle legal issues as well as monitor business operations to ensure that they are in line with the Company's rules and regulations as well as with related laws and practices.

Information and Communication

The Company has arranged for the compilation and dissemination of important information through various communication channels to the Company's Board of Directors prior to the Board of Directors Meeting to facilitate their decision making. It is mandatory that departments concerned attend the meeting to present details of said information and respond to questions by the Board of Directors.

The Company has set up information communication to external stakeholders via the website www.eastwater.com, the East Water Newsletter, Investor Relations Division (for shareholders and investors), the Customer Relations Division (customers), Corporate Communication Department (journalists and communities), the Company Secretary Office (control department), and the Government Relations Division (public organizations). In addition, special communication channels, or "whistle-blower hotline", have been set up for staffs and external authorities to inform, make a complaint, or report any fraudulent activities through:

Email	: CEO@eastwater.com
	: AC__EW@eastwater.com
Suggestion Box	: Human Resources Department
Ordinary mail	: The Audit Committee
	Eastern Water Resources Development and Management PCL.,
	East Water Building, Floor 25, 1 Vibhavadi Rangsit Soi 5, Vibhavadi Rangsit Road,
	Jomphol, Chatutthak, Bangkok 10900

Moreover, the Company also continuously adapted and developed the Information System and Internal Database System by defining as policy the usage of information technology and communication in the Company's Good Corporate Governance Principles, in order that all staff can have a clear understanding of the decorum pertaining to usage of 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 for all staff's acknowledgement the criteria of practices that comply with information technology laws, such as the Computer - Related Crime Act B.E. 2550, to prevent any violation of the law.

Monitoring Activities

The Management Team demands that progress, problems and obstacles of important projects under the Company's strategic plan be reported to the Board of Directors for their consideration, so that they can provide additional comments in accordance with the planned strategy. The Internal Audit Department has to monitor corrective actions undertaken by the Management to ensure that the problems indicated are promptly addressed according to the Audit Committee's resolution plan and the course of action set by the Management Team. An activity monitoring report shall be submitted each month to the Audit Committee, and every quarter to the Board of Directors for their acknowledgement.

The Company recognizes that internal auditing can contribute added value to the organization, and has thus delegated the Internal Audit Department to utilize data from risk based internal audit for audit planning in order to review the efficiency and effectiveness of the internal control system of each working process. Any findings are to be reported to the Management Committee and the Audit Team every quarter so that the Company's Board of Directors as well as Management Team can be assured of the efficiency and effectiveness of the Company's Internal Control System, and of the reliability of various data, from financial, accounting, to operations data. Additionally, there are procedures in monitoring performances through quality and environmental audit, which are carried out according to International Standards: ISO 9001:2008 and ISO 14001 : 2004 by the accreditation bodies concerned.

In considering the essence of the above mentioned assessments of the adequacy of the Company's 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 for business operations. The Company has provided an adequate number of personnel to maintain this system, the monitoring system of subsidiary companies is effective, all of which contribute to the sustainable growth of the group of company.

Head of Internal Audit

According to the company's structure, the Internal Audit Department directly reports to the Audit Committee. Performances are evaluated by the Audit Committee together with the CEO. According to the Audit Committee Charter, appointments, transfers, termination of employment and performance appraisals of the Head of Internal Audit must be approved by the Audit Committee. Presently, the Head of Internal Audit is Mrs. Thidarut Kraiprasit, who has been appointed by the Board of Directors as Executive Vice President and Internal Audit Department. She has been appraised as the person who possesses insight of the Company's activities and business operations, and is therefore qualified for this position. Her profile is available on page 21.

Head of Compliance

The Head of Compliance is Mrs. Wirawan Tharanont, Vice President and Company Secretary, who is in charge of ensuring that the Company complies with laws and regulations related to the Company's operations. Her profile is available on page 21.



Connected Transactions

Details of connected transactions

There are connected transactions of the Company and its subsidiaries with persons who may have conflict of interest. Details identified by Auditors in the notes (no.33) of the annual financial statements ended on 31 December 2017 are as follows:

Table No.19 Revenue from sales of raw water and tap water between Group of Company 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)	- PWA is a major shareholder of the Company. As of 31 December 2016/2017, PWA holds 40.20% of the Company's registered and paid-up share capital.	<u>Transaction Amount</u> Quantity of raw water sales (million cubic meters)	37.55	The Company sells raw water to PWA in the Nong Kho-Laem Chabang - Pattaya - Bang Phra area and DokKrai-Map Ta Phut-Sattahip area.	The company sells raw water to PWA at the same price as sold to other water consumers. There is a clear written contract regarding the price.
	- Mr. Kritsada Sunkhamani is PWA Deputy Governor (Administration) and Acting in position Assistant Governor (Administration 1), is also the Company's Director	Value of raw water sales (million Baht)	371.70		In this regard, directors who are possible to have a conflict of interest have been excluded from voting on the resolution relating to water tariffs.
(2) Provincial Waterworks Authority (PWA)	- PWA is a major shareholder of the Company. As of 31 December 2016/2017, PWA holds 40.20% of the Company's registered and paid-up share capital.	<u>Transaction Amount</u> Quantity of tap water sales (million cubic meters)	0.86	The Company sells tap water to PWA in Koh Samui.	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.
	- Mr. Kritsada Sunkhamani is PWA Deputy Governor (Administration) and Acting in position Assistant Governor (Administration 1), is also the Company's Director	Value of tap water sales (million Baht)	54.40	The Company sells tap water to PWA in Pattaya.	
		Quantity of tap water sales (million cubic meters)	7.87		
		Value of tap water sales (million Baht)	132.50		

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)	- IEAT is a shareholder of the Company. As of 31 December 2016/2017, IEAT holds 4.57% of the Company's registered and paid-up share capital. - Mr. Verapong Chaiperm, IEAT Governor, is also the Company's Director.	<u>Transaction Amount</u> Quantity of raw water sales (million cubic meters) Value of raw water sales (million Baht)	86.28 949.08	The Company sells raw water to IEAT at the same price as sold to other industrial estate groups. There is a clear written contract regarding the price. In this regard, directors who are possible to have a conflict of interest, have been excluded from voting on the resolution relating to water tariffs.	
(4) Universal Utilities Public Company Limited (UU)	- The Company has a 100% shareholding and has shared directors.	<u>Transaction Amount</u> Quantity of raw water sales (million cubic meters) Value of raw water sales (million Baht)	6.99 49.40	The Company sold raw water to Universal Utilities Public Company Limited (Chonburi Project) in the Chachoengsao -Chonburi area.	The price of raw water sold to Universal Utilities Public Company Limited is the same as the price sold to other water consumers. There is a clear written contract regarding the price. Directors with possible conflicts of interest have been excluded from voting on the resolution relating to water tariffs or changes of water tariff for Universal Utilities Public Company Limited.

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)	- UU is a subsidiary of the Company. The Company holds 100% of UU's registered and paid-up share capital.	<u>Transaction Amount</u> Revenue from Bangkokong Water Supply		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.	UU sold tap water to PWA at the price and with the water tariff adjustment method according to the terms and condition of the concession.
		- million cubic meters	12.48		
		- million Baht	140.65		
		Chachoengsao Water Supply			
		- million cubic meters	12.79		
		- million Baht	151.34		
		Nakornsawan Water Supply			
		- million cubic meters	4.41		
		- million Baht	52.86		
		Rayong Water Supply			
		- million cubic meters	20.68		
		- million Baht	236.84		
		Chonburi Water Supply			
		- million cubic meters	10.45		
		- million Baht	114.69		
		Ratchaburi Water Supply			
		- million cubic meters	13.72		
		- million Baht	344.33		

Table 20 : Related Party Transactions with Shareholders and Subsidiaries in 2017

Company	Relationship	Connected Transactions	As of 31 December 2017 (Baht)
PWA	Major Shareholder	- Construction Revenue - Rental and Service Income - Management Cost - Water loss treatment service income - Accounts Receivable - Other Receivable - Accounts Payable	160,539,445 27,421,925 13,736 6,317,382 178,175,823 15,324 38,055,249
IEAT	Major Shareholder	- Accounts Receivable	87,366,356
Universal Utilities Public Company Limited (UU)	Subsidiary (The Company has a 100% shareholding and has shared directors)	- Rental and Service Income - Dividends - Other Revenue - Sales and Service Costs - Accounts Receivable - Other Receivable - Accounts Payable - Security Deposit	26,145,384 105,569,986 11,421,831 216,852,838 3,025,215 11,526,097 19,290,475 58,000

Measures and procedures 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 resolution of the Board of Directors' Meeting. The Audit Committee and independent directors participate in this meeting, and in considering and approving any transactions with a possible conflict of interest, will proceed according to the following process:

- 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 counter party 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 interests 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 STATEMENT

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 Years Comparative Statement of Financial Position and Results of Operations (2015-2017)

As the Company is a listed company on the Stock Exchange of Thailand, 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) or on the website of the Stock Exchange of Thailand (www.set.or.th) or on the official Company website (www.eastwater.com)

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

Table 21 : Statement of Financial Position: 3-year comparison

Statement of Financial Position: 3-year comparison	As of 31 st December 2017		As of 31 st December 2016		As of 31 st December 2015	
	Audited		Audited		Audited	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Assets						
Current assets						
Cash and cash equivalent	37,478	0.19	185,531	0.93	311,218	1.59
Short-term investments	393,039	2.02	736,499	3.71	862,598	4.39
Trade and other receivables	407,424	2.09	420,745	2.12	447,164	2.28
Inventories	13,069	0.07	10,587	0.05	9,381	0.05
Other Current assets	38,127	0.19	31,034	0.16	33,849	0.17
Total current assets	889,137	4.56	1,384,396	6.97	1,664,210	8.48
Non-current assets						
Investment property - net	185,929	0.95	193,923	0.98	216,902	1.11
Property, plant and equipment - net	14,228,392	73.03	14,062,211	70.81	13,265,976	67.58
Goodwill - net	103,283	0.53	103,283	0.52	103,283	0.53
Intangible assets - net	3,702,734	19.01	3,692,725	18.59	3,831,897	19.52
Deferred tax assets	22,234	0.11	24,051	0.12	23,288	0.12
Other non-current asset	350,907	1.80	399,806	2.01	521,907	2.66
Total non-current assets	18,593,479	95.44	18,475,999	93.03	17,963,253	91.52
Total assets	19,482,616	100.00	19,860,395	100.00	19,627,463	100.00

Statement of Financial Position: 3-year comparison (Con'd)	As of 31 st December 2017		As of 31 st December 2016		As of 31 st December 2015	
	Audited		Audited		Audited	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
LIABILITIES AND EQUITY						
Current liabilities						
Short-term borrowings from financial institutions.	83,000	0.43	1,600,000	8.06	1,600,000	8.16
Trade accounts payable	139,728	0.72	133,254	0.67	133,931	0.68
Payable for purchase of fixed assets	82,433	0.42	117,997	0.59	63,579	0.32
Current portion of long term liabilities under finance lease agreements	1,600	0.01	1,407	0.01	2,856	0.01
Current portion of long-term borrowings from financial institutions	808,200	4.15	808,200	4.07	752,200	3.84
Corporate income tax payable	131,181	0.67	129,308	0.65	149,495	0.76
Accrued expenses	176,013	0.90	176,960	0.89	175,191	0.89
Other current liabilities	70,767	0.36	59,394	0.30	60,958	0.31
Total current liabilities	1,492,922	7.66	3,026,520	15.24	2,938,210	14.97
Non-current liabilities						
Long-term liabilities under finance lease agreements	2,637	0.01	435	-	1,842	0.01
Long-term borrowings from financial institutions	3,992,400	20.49	3,200,600	16.12	4,008,800	20.42
Debentures	2,397,562	12.31	2,397,185	12.07	2,396,822	12.21
Deferred tax liabilities	385,210	1.98	410,098	2.06	421,234	2.15
Employee benefit obligations	135,062	0.70	129,087	0.65	119,687	0.61
Long-term provisions	33,188	0.17	20,670	0.10	26,881	0.14
Other non-current liabilities	613,729	3.15	627,499	3.16	214,424	1.09
Total non-current liabilities	7,559,788	38.81	6,785,574	34.16	7,189,690	36.63
Total liabilities	9,052,710	46.47	9,812,094	49.40	10,127,900	51.60

Statement of Financial Position: 3-year comparison (Con'd)	As of 31 st December 2017		As of 31 st December 2016		As of 31 st December 2015	
	Audited		Audited		Audited	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Equity						
Registered share capital	1,663,725	8.54	1,663,725	8.38	1,663,725	8.48
Issued and paid-up share capital	1,663,725	8.54	1,663,725	8.38	1,663,725	8.48
Share premium	2,138,522	10.98	2,138,522	10.77	2,138,522	10.89
Retained earning						
- Appropriated-legal reserve	166,500	0.85	166,500	0.84	166,500	0.85
- Appropriated-concession reserve	39,316	0.20	-	-	-	-
- Unappropriated	6,219,722	31.92	5,867,023	29.54	5,306,473	27.03
Other components of equity	14,774	0.08	18,696	0.09	22,669	0.12
Non-controlling interests	187,347	0.96	193,835	0.98	201,674	1.03
Total equity	10,429,906	53.53	10,048,301	50.60	9,499,563	48.40
Total liabilities and equity	19,482,616	100.00	19,860,395	100.00	19,627,463	100.00
Book value per share (Baht/Share)**	6.16		5.92		5.59	
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	

** Note : Calculated from the equity of the parent company.

Table 22 : Statement of Comprehensive Income: 3-year comparison

Statement of Comprehensive Income: 3-year comparison	As of 31 st December 2017		As of 31 st December 2016		As of 31 st December 2015	
	Audited		Audited		Audited	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Revenues						
Sales - raw water	2,452,053	56.28	2,696,427	61.09	2,898,665	62.22
Sales - tap water	1,422,746	32.66	1,392,873	31.56	1,160,235	24.90
Construction revenue under concession agreements	275,652	6.33	118,258	2.68	95,685	2.05
Rental and service income	157,591	3.62	169,405	3.84	212,229	4.56
Other income	48,592	1.11	37,026	0.83	292,012	6.27
Total revenues	4,356,634	100.00	4,413,989	100.00	4,658,826	100.00
Expenses						
Costs of sales - raw water	935,250	21.47	1,150,387	26.06	1,134,874	24.36
Costs of sales - tap water	879,017	20.18	824,580	18.68	707,276	15.18
Construction costs under concession agreements	275,652	6.33	118,258	2.68	95,685	2.05
Costs of rental and services	134,629	3.09	138,797	3.14	171,185	3.68
Selling and Administrative expenses	457,569	10.50	417,147	9.45	458,611	9.84
Finance costs	140,848	3.23	119,556	2.72	114,181	2.45
Income tax expense	301,654	6.92	326,656	7.40	385,775	8.28
Total Expenses	3,124,619	71.72	3,095,381	70.13	3,067,587	65.84
Net profit for the year	1,232,015	28.28	1,318,608	29.87	1,591,239	34.16

Statement of Comprehensive Income: 3-year comparison (Con'd)	As of 31 st December 2017		As of 31 st December 2016		As of 31 st December 2015	
	Audited		Audited		Audited	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Other comprehensive income (loss):						
<u>Items that will not be reclassified to profit or loss</u>						
Remeasurements of post-employment benefit obligations	3,371		-		(14,078)	
Income tax on items that will not be reclassified to profit or loss	(674)		-		2,816	
Total items that will not be reclassified to profit or loss	2,697		-		(11,262)	
<u>Items that will be reclassified to profit or loss</u>						
Assets transferred from customers	(3,390)		(3,398)		(3,398)	
Fair value of available-for-sale investments recycled to profit or loss	(664)		(719)		1,383	
Income tax relating to items that will be reclassified to profit or loss	133		144		(277)	
Total items that will be reclassified subsequently to profit or loss	(3,921)		(3,973)		(2,292)	
Other comprehensive income for the year, net of tax	(1,224)		(3,973)		(13,554)	
Total comprehensive income for the year	1,230,791		1,314,635		1,577,685	
Profit attributable to						
Owners of the parent	1,221,179		1,309,226		1,584,940	
Non-controlling interests	10,836		9,382		6,299	
Net profit for the year	1,232,015		1,318,608		1,591,239	
Total share of profits						
Owner of the parent	1,219,955		1,305,253		1,571,386	
Non-controlling interests	10,836		9,382		6,299	
Total gross profit for the year	1,230,791		1,314,635		1,577,685	

Statement of Comprehensive Income: 3-year comparison (Con'd)	As of 31 st December 2017		As of 31 st December 2016		As of 31 st December 2015	
	Audited		Audited		Audited	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Unappropriated retained earning brought forward	5,867,024		5,306,474		4,493,850	
<u>Subtract</u> Non-controlling interests	-		-		3,197	
Dividends paid	(831,862)		(748,676)		(765,290)	
Total	5,035,162		4,557,798		3,731,757	
<u>Add</u> Annual net profit	1,223,876		1,309,226		1,573,677	
<u>Subtract</u> Appropriated - concession reserve	(39,316)		-		-	
Changes in equity interest of subsidiaries	-		-		1,040	
Unappropriated retained earnings carried forward	6,219,722		5,867,024		5,306,474	
Appropriated-statutory reserve	166,500		166,500		166,500	
Appropriated-concession reserve	39,316		-		-	
Retained earnings	6,425,538		6,033,524		5,472,974	
Earnings per share	0.73		0.79		0.95	
Par value (Baht/share)	1.00		1.00		1.00	
Number of common shares (share)	1,663,725,149		1,663,725,149		1,663,725,149	

Table 23 : Statement of Cash Flows: 3-year comparison (Audited)

Unit: Thousand baht

Statement of Cash Flows: 3-year comparison (Audited)	2017	2016	2015
Cash flows from operating activities			
Profit before income tax	1,533,669	1,645,264	1,977,015
Adjustment to reconcile profit before			
Income tax to net cash provided by (paid from) operating activities			
Depreciation	393,619	379,473	372,374
Amortization	282,588	263,346	181,678
Income from amortization of assets transferred from customers	(3,390)	(3,398)	(3,398)
Loss on disposal/amortization of assets	1,441	7,893	19,134
Doubtful accounts	-	-	32,802
Impairment losses on concession rights	1,960	3,320	720
Loss (gain) on disposals/ amortization of investments in subsidiaries		-	(518)
Gain on fair value measurement of equity interest held before the business combination		-	(226,320)
Gain on sale of available-for-sale investments	(1,863)	(3,173)	(114)
Long-term provision	21,491	4,211	9,991
Employee benefit obligations	16,643	15,764	12,718
Dividend income	-	-	(23,670)
Interest income	(6,938)	(9,557)	(8,770)
Interest expense	139,811	118,260	112,938
Operating profit before change in operating assets and liabilities	2,379,031	2,421,403	2,456,580

Unit: Thousand baht

Statement of Cash Flows: 3-year comparison (Audited) (Cont'd)	2017	2016	2015
Changes in operating assets (increase) decrease			
Trade and other accounts receivables	13,321	26,576	(22,482)
Inventories	(2,482)	(1,206)	(149)
Other current assets	2,093	2,908	15,906
Other non-current assets	16,766	(1,249)	(5,441)
Changes in operating liabilities increase (decrease)			
Trade accounts payable	6,475	(677)	(7,570)
Accrued expenses	(819)	2,000	27,319
Other current liabilities	15,740	(4,405)	36,486
Employee benefit obligations-paid	(7,227)	(6,363)	(11,543)
Long-term provision-paid	(8,972)	(12,469)	(5,706)
Other non-current liabilities	(23,849)	41,339	41,370
Cash provided by operation	2,390,077	2,467,857	2,524,770
Income tax paid	(332,330)	(358,599)	(386,646)
Net cash provided by operating activities	2,057,747	2,109,258	2,138,124
Cash flows from investing activities			
Purchases of short-term investments	(1,154,426)	(1,134,876)	(1,324,914)
Proceeds from disposals of short-term investments	1,499,084	1,263,429	553,884
Acquisition of a subsidiary, net of cash acquired	-	-	(1,456,221)
Proceeds from disposal of a subsidiary classified as non-current assets held for sales	-	-	32,010
Cash received from interest	6,690	9,307	8,386
Dividend received from other long-term investments and subsidiaries	-	-	23,670
Proceeds from disposals of equipment	2,288	180	17,333
Purchases of intangible assets	(305,155)	(101,777)	(103,743)
Purchases of investment property	(1,265)	(393)	(1,535)
Purchases of fixed assets	(450,499)	(873,108)	(1,956,826)
Proceeds from bank guarantee	10,079	371,735	-
Interest paid capitalised in qualifying assets	(92,318)	(132,523)	(65,165)
Net cash used in investing activities	(485,522)	(598,026)	(4,273,121)

Unit: Thousand baht

Statement of Cash Flows: 3-year comparison (Audited) (Cont'd)	2017	2016	2015
Cash flows from financial activities			
Proceeds from short-term borrowing from financial institutions	1,178,000	155,000	4,067,000
Payment on short-term borrowing from financial institutions	(2,695,000)	(155,000)	(2,700,000)
Proceeds from long-term borrowing from financial institutions	1,600,000	-	2,773,000
Payment on long-term borrowing from financial institutions	(808,200)	(752,200)	(3,224,001)
Payment on liabilities under financial lease agreements	(1,838)	(2,856)	(447)
Proceeds from issuance of debentures	-	-	2,400,000
Transaction cost of debentures	-	-	(3,369)
Additional purchase of interests in a subsidiary	-	-	(2,779)
Dividends paid	(853,547)	(762,656)	(792,409)
Interest paid	(139,693)	(119,207)	(183,640)
Net cash used in financing activities	(1,720,278)	(1,636,919)	2,333,355
Net increase (decrease) in cash and cash equivalents	(148,053)	(125,687)	198,358
Cash and cash equivalents at the beginning of the year	185,531	311,218	112,860
Cash and cash equivalents at the ending of the year	37,478	185,531	311,218
Supplemental cash flow information			
<u>Non-cash related transactions:</u>			
Purchase of fixed assets and intangible assets on payable	84,023	59,575	63,168
Refinance of long-term borrowings	4,237	-	2,000,000

Management Discussion and Analysis

1. OVERVIEW

1.1 ANALYSIS OF FINANCIAL PERFORMANCE

In 2017, East Water Group had total consolidated sales and services income of 4,308.04 million Baht, decreased by 68.92 million Baht or 1.57% (If excluding construction revenue under concession agreement of 4,032.39 million Baht, the total consolidated sales and services income would decrease by 226.32 million Baht or 5.31% due to the declining in raw water sales volume). In 2017, the company was able to control the cost of raw water business effectively, especially raw water and electricity expenses which caused to the declining of 215.14 million Baht or 18.70% of the total cost. Gross profit, therefore; slightly decreased by 61.45 million Baht or 2.86% to 2,083.50 million Baht.

However, the company incurred higher selling and administration expenses by 40.42 million Baht; mainly from legal and other advisors. Moreover, the finance cost also rose by 21.29 million bath because the company has recognized the interest expenses from the projects which were not classified as capitalized expense in 2017. From these reasons, net profit of the company was 1,232.02 million Baht, declined by 86.59 million Baht or 6.57%, of which the equity holders of the parent company was accounted for 1,221.18 million Baht, dropped by 88.05 million Baht or 6.73% compared to the previous year.

Table 24 : Comparative Income Statement for 2016-2017

Income statement (MB)	Q4/2016	Q4/2017	YoY	%	2016	2017	YoY	%
Total Sales and Services revenue	1,043.98	1,039.90	(4.09)	(0.39)	4,376.96	4,308.04	(68.92)	(1.57)
Raw water revenue	615.91	566.33	(49.58)	(8.05)	2,696.43	2,452.05	(244.38)	(9.06)
Tap water revenue	338.87	353.34	14.46	4.27	1,392.87	1,422.75	29.87	2.14
Rental and services revenue	41.66	36.92	(4.74)	(11.38)	169.41	157.59	(11.81)	(6.97)
Construction revenue under Concession Agreements ⁽¹⁾	47.54	83.31	35.77	75.25	118.26	275.65	157.39	133.09
Costs of Sales and Services	586.88	584.67	(2.22)	(0.38)	2,232.02	2,224.55	(7.47)	(0.33)
Raw water cost	288.74	222.91	(65.83)	(22.80)	1,150.39	935.25	(215.14)	(18.70)
Tap water cost	214.85	242.29	27.44	12.77	824.58	879.02	54.44	6.60
Rental and services cost	35.75	36.16	0.41	1.14	138.80	134.63	(4.17)	(3.00)
Construction cost under Concession Agreements ⁽¹⁾	47.54	83.31	35.77	75.25	118.26	275.65	157.39	133.09
Gross profit	457.10	455.23	(1.87)	(0.41)	2,144.94	2,083.49	(61.45)	(2.86)
Other income	8.63	8.74	0.11	1.27	37.03	48.59	11.57	31.24
Selling and administrative expenses	123.35	156.44	33.09	26.82	417.15	457.57	40.42	9.69
Operating profit	342.38	307.54	(34.85)	(10.18)	1,764.82	1,674.52	(90.30)	(5.12)
Finance cost	38.01	35.03	(2.98)	(7.84)	119.56	140.85	21.29	17.81
Income tax expenses	60.45	47.54	(12.90)	(21.35)	326.66	301.65	(25.00)	(7.65)
Net profit	243.92	224.96	(18.96)	(7.77)	1,318.61	1,232.02	(86.59)	(6.57)
Net profit attributable to owner of the parent	248.87	229.64	(19.23)	(7.73)	1,309.23	1,221.18	(88.05)	(6.73)
Earnings per share (EPS)	0.15	0.14	(0.01)	(7.73)	0.79	0.73	(0.05)	(6.73)

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

Table 25 : Comparative EBITDA for 2016-2017

EBITDA (MB)	Q4/2016	Q4/2017	YoY	%	2016	2017	YoY	%
Operating profit	342.38	307.54	(34.85)	(10.18)	1,764.82	1,674.52	(90.30)	(5.12)
Depreciation	95.72	103.90	8.17	8.54	379.47	393.62	14.15	3.73
Amortization	64.24	69.78	5.55	8.63	259.95	279.20	19.25	7.41
EBITDA	502.34	481.22	(21.13)	(4.21)	2,404.24	2,347.33	(56.91)	(2.37)

1.2 ECONOMIC SITUATION

The Thai economy continually expanded supported by every economic engine, especially merchandise exports that were uplifted from global trade recovery and well-performing trading partners' economies. Also, tourism sector robustly expanded, reflected from an increasing number of international tourist arrivals in almost every nationality, especially Chinese tourists. Meanwhile, the level of domestic economic activities gradually increased, though not accelerating. Consumption and investment of private sector steadily expanded consistent with the improving consumer confidence and business sentiment. The continual expansion could help offset the slow disbursement of public investment in this quarter. All in all, economic drivers continued to improve, particularly merchandise exports, resulting in an expected economic growth at the rate 4.0% which is higher than the previous forecast of 3.5%.

The economic outlook for 2018 Thai economy is expected to grow at rate 4.2%, consistent with robust global economic expansion and strong growth momentum from last year. A robust global economy will support Thai merchandise exports to grow by 4.8% annually together with the tourism sector to continue expanding. Other economic growth contributors are also anticipated to perform better especially private investment which will be backed by vigorous export expansion and investment by public sector. Increase in money injection from public investment is expected due to historically large government capital budget as well as mega project investment to support Eastern Economic Corridor (EEC) amounting to more than 1 trillion baht.

1.3 WATER RESOURCES

As of 31 January 2018, the water supply situation in Chonburi and Rayong province is good. The water continua inflow to the reservoirs due to the high pressure area from China has been covering the Northeast of Thailand and the South China Sea. The weather forecast of the Department of Meteorology was expected that the total rainfall in the Eastern part of Thailand in February will be about 15-25% lower than normal. In March, it was expected to be close to the average level. And in April, it should be about 10-15% higher than normal. The average water in the reservoirs in Chonburi and Rayong were 76% and 82% of total capacity respectively.

Table 26 : Water Volume by Area

Water Volume (Million Cu.M)	Chonburi		Rayong			
	Bangpra	Nongkho	Dokkrai	Nongplalai	Klongyai	Prasae
Water reserve	90.97	14.65	68.15	132.25	32.89	240.41
Percentage of total capacity	78%	68%	86%	81%	82%	97%
Average (2004-2016)	63.25	12.93	55.35	133.07	29.86	209.05
Above/(below) average (2004-2016)	27.72	1.72	12.79	(0.82)	3.03	31.36

1.4 SIGNIFICANT EVENTS

The Board of Directors' meeting No.13/2017 held on 31 August 2017 had a resolution on the interim dividend payment, based on the operating results of six months end at 30 June 2017, at Baht 0.23 per share. Total dividend paid was Baht 382.66 million.

On 7 July 2017, TRIS Rating 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 at "A-" with "stable" outlook, which reflects low operating risk, growing demand for tap water, and reliable stream of cash.

1.5 RAW WATER BUSINESS

Raw water revenue for 2017 was 2,452.05 million Baht, decreased by 244.38 million Baht or 9.06% Total water sales volume was 225.90 million Cu.M. (Excluding internal usage for tap water production of the group companies at 30.23 million Cu.M.), decreased by 24.62 million Cu.M., or 9.83% compared to 2016 due to the declining in raw water sales volume of the household customers. The average raw water tariff stayed at 10.85 Baht per Cu.M., increased by 0.09 per Cu.M., or 0.85% due to the declining in the portion of household customers, who paid lower tariff than other customer groups.

Table 27 : Comparative Water Sales Volume for 2016 - 2017

Raw Water Volume (Million Cu.M)	Q4/ 2016	Q4/ 2017	YoY	%	2016	2017	YoY	%
Total distribution volume	65.15	59.46	(5.69)	(8.73)	282.02	256.13	(25.89)	(9.18)
Internal usage for tap water	7.99	7.53	(0.46)	(5.72)	31.50	30.23	(1.27)	(4.04)
Net Raw Water Sales Volume	57.16	51.93	(5.23)	(9.15)	250.52	225.90	(24.62)	(9.83)



Raw Water Distribution by Customer Group (Internal usage for the water production is included)

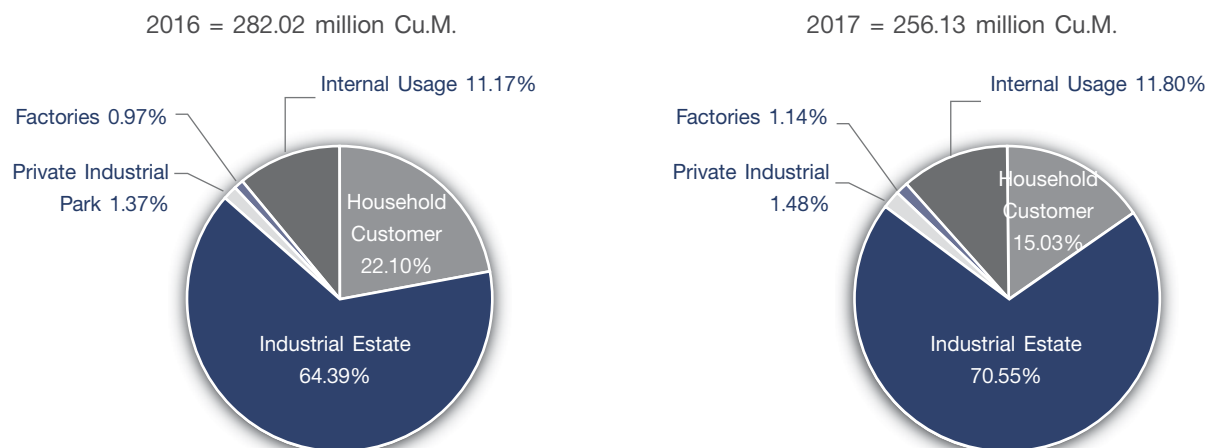


Diagram 8 Raw Water Distribution by Customer Group

Raw Water Distribution by Area (Internal usage for the water production is included)

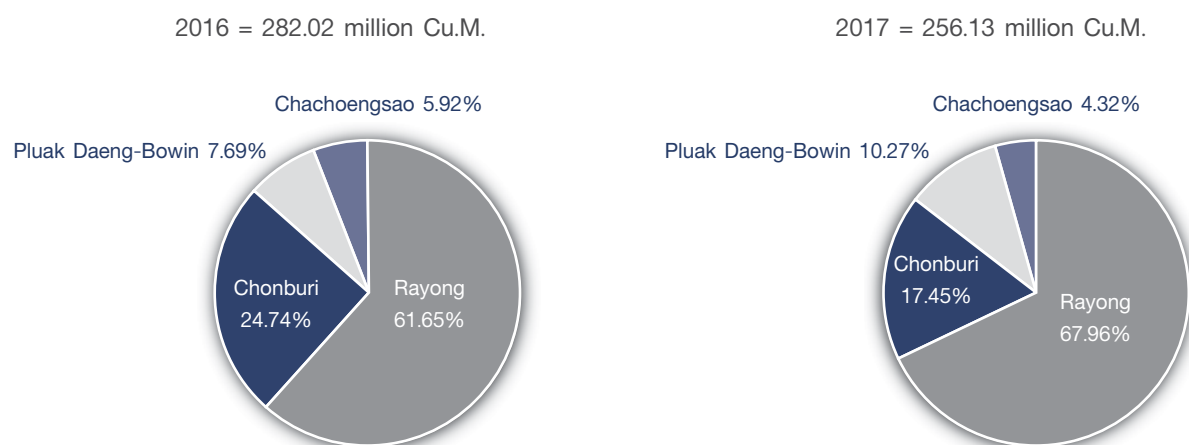


Diagram 9 Raw Water Distribution by Area

Table 28 : Comparative Costs of Raw Water for 2016-2017

Major costs of raw water business (MB)	Q4/ 2016	Q4/ 2017	YoY	%	2016	2017	YoY	%
Raw Water Revenue	615.91	566.33	(49.58)	(8.05)	2,696.43	2,452.05	(244.37)	(9.06)
Costs of Raw Water	288.74	222.91	(65.83)	(22.80)	1,150.39	935.25	(215.14)	(18.70)
Raw Water	29.87	28.24	(1.62)	(5.43)	164.95	120.00	(44.95)	(27.25)
Electricity	132.44	67.25	(65.20)	(49.23)	469.42	327.85	(141.57)	(30.16)
Depreciation	73.16	76.40	3.24	4.43	294.40	300.73	6.34	2.15
Maintenance	18.72	15.53	(3.19)	(17.02)	49.71	56.80	7.09	14.26
Others	34.55	35.48	0.93	2.68	171.92	129.87	(42.05)	(24.46)
Gross Profit	327.17	343.43	16.26	4.97	1,546.04	1,516.80	(29.24)	(1.89)
Gross Profit Margin	53.12%	60.64%			57.34%	61.86%		

Gross Profit of Raw Water Business for 2017 was 1,516.80 million Baht, decreased by 29.24 million Baht or 1.89% compared to the year 2016 due to the decrease in Raw water revenue of the household customers. The company was still able to control costs effectively. Gross profit margin increased to 61.86%. This was mainly due to:

- Raw water cost decreased by 44.95 million Baht following the reduced sales volume and also the company not purchasing raw water from private water sources during the period.
- Electricity cost decreased by 141.57 million Baht following to the reduced sales volume. Moreover, the water sources were abundant in Chachoengsao and Chonburi areas, so that the company did not transfer water from Nongplalai reservoir to Chonburi area, and stopped water transfer from Prasae reservoir to Nongplalai reservoir since June 2017.
- Other expenses decreased by 42.05 million Baht because during the year 2016, the company had to pay 27.74 million Baht for the water drawn from Bangphra Reservoir that exceeded the quota permitted by RID during the drought.

1.6 TAP WATER BUSINESS

Tap water revenue for 2017 was 1,422.75 million Baht, increased by 29.87 million Baht or 2.14% Total tap water sales volume was 96.43 million Cu.M., increased by 3.37 million Cu.M., or 3.62% compared to 2016.

Table 29 : Comparative Tap Water Sales Volume for 2016-2017

Tap water sales volume (Million Cu.M)	Q4/2016	Q4/2017	YoY	%	2016	2017	YoY	%
Tap water sales volume	5.16	5.18	0.02	0.40	20.66	21.28	0.62	2.99
Tap water sales volume Subsidiary	17.49	18.62	1.13	6.48	72.41	75.15	2.75	3.79
Total tap water sales volume	22.65	23.81	1.15	5.09	93.07	96.43	3.37	3.62

Table 30 : Comparative Costs of Tap Water for 2016-2017

Major Costs of Tap Water Business(MB)	Q4/2016	Q4/2017	YoY	%	2016	2017	YoY	%
Tap Water Revenue	338.87	353.34	14.46	4.27	1,392.87	1,422.75	29.87	2.14
Costs of Tap Water	214.85	242.29	27.44	12.77	824.58	879.02	54.44	6.60
Raw Water	39.36	40.86	1.50	3.80	153.91	151.39	(2.52)	(1.64)
Electricity	35.07	38.31	3.23	9.22	144.63	148.99	4.36	3.02
Chemical	10.89	7.80	(3.09)	(28.35)	32.39	28.06	(4.33)	(13.38)
Payroll & Outsource Expenses	49.74	58.57	8.84	17.77	187.97	201.48	13.52	7.19
Depreciation	65.79	82.72	16.93	25.73	265.68	306.02	40.34	15.18
Others	14.01	14.03	0.03	0.21	40.01	43.08	3.07	7.67
Gross Profit	124.02	111.05	(12.97)	(10.46)	568.29	543.73	(24.56)	(4.32)
Gross Profit Margin	36.60%	31.43%			40.80%	38.22%		

Gross Profit of Tap Water Business for 2017 was 543.73 million Baht, decreased by 24.56 million Baht or 4.32% compared to the year 2016, representing a gross profit margin of 38.22%, due to the increasing of depreciation and amortization by 40.34 million Baht from the amortized assets under concession agreements that the company has invested to expand the capacity and improve production stability for Sattahip and Bor win Waterworks. This caused to the higher cost for tap water reaching 879.02 million Baht, increased by 54.44 million Baht or 6.60% compared to the year 2016.

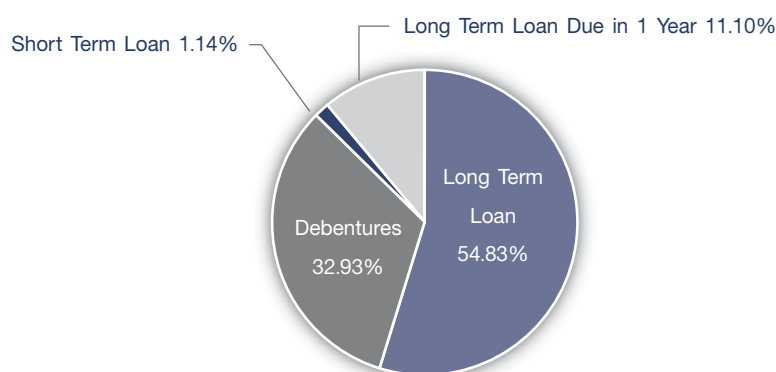
1.7 FINANCIAL POSITION ANALYSIS

Table 31 : Comparative Statement of Financial Position for 2016-2017

Financial Position (MB)	As of 31 Dec 2016	As of 31 Dec 2017	YoY	%
Total Assets	19,860.40	19,482.62	(377.78)	(1.90%)
Total Liabilities	9,812.10	9,052.71	(759.38)	(7.74%)
Equity	10,048.30	10,429.91	381.60	3.80%
Equity attributable to owners of the parents	9,854.47	10,242.56	388.09	3.94%

- 1) **Assets** At the end of December 2017, total assets were 19,482.62 million Baht, decreased by 377.78 million Baht or 1.90% from the end of the year 2016. This was mainly due to:
 - Cash and short term investment of 430.52 million Baht, decreased by 491.51 million Baht from the end of the year 2016 due to loan repayment as schedule by 808.20 million Baht in March and June 2017, in addition to the dividend payment of 449.20 million Baht in May 2017 and 382.66 million Baht in September 2017, net off with the cash received from operations during in 2017.
 - Property, plant and equipment was 14,228.39 million Baht, increased by 166.18 million Baht from the end of the year 2016 mainly from the investment of projects under construction, including Prasae-Nongplalai pipeline project and Nongplalai-Nongkho 2 pipeline project after depreciation.
- 2) **Liabilities** At the end of December 2017, total liabilities were 9,052.71 million Baht, decreased by 759.38 million Baht or 7.74% from the end of the year 2016. This was mainly due to:
 - Short term loans from financial institutions were 83.00 million Baht, decreased by 1,517.00 million Baht from the end of the year 2016 because the loan of the group company amounting to 1,600.00 million Baht had been refinanced from 1 year to 2 years duration, while the company had drawdown additional short term loan amounted to 83.00 million Baht for working capital management.
 - Long term loans from financial institutions were 3,992.40 million Baht, increased by 791.80 million Baht from the end of the year 2016 due to the refinanced loan as mentioned above to 2 years duration, net off with the repayment of long term loan as schedule in an amount of 808.20 million Baht.

Interest Bearing Debt total 7,281.16 million Baht



Note : According to the debentures and long-term loan agreements, the company was required to maintain its D/E ratio of not higher than 2.0 times. For the long-term loan agreements, there is an additional condition to maintain DSCR of not less than 1.1 times.

Diagram 10 Interest Bearing Debt

- 3) Shareholder's Equity** As December 2017, Shareholders' equity attributable to owners of the parent was 10,242.56 million Baht, increased by 388.09 million Baht or 3.94% from the end of the year 2016, basically from the net profit of the year after dividend payment.

1.8 LIQUIDITY ANALYSIS AND SOURCE OF FUND SUFFICIENCY

For 2017, the company had beginning cash and cash equivalents of 185.53 million Baht, whereby during the financial for 2017, net cash was decreased by 148.05 million Baht. This comprised of the following items:

- 1) Net cash received from Operating Activities** totaling Baht 2,057.75 million Baht from the net income after deduction of the changes in assets and liabilities from operations.
- 2) Net cash used in Investment Activities** amounted to 485.52 million Baht. This was mainly due to the investment in property, plant and equipment as well as advance payments for construction in an amount of 450.50 million Baht, mainly for Prasae-Nongplalai pipeline project and Nongplalai-Nongkho 2 project.
- 3) Net cash used in Financing Activities** amounting to 1,720.28 million Baht, mainly due to the repayment of long term loan 808.20 million Baht, dividend payment of 853.55 million Baht, 139.69 million Baht for interest payment by cash, and short-term loan drawdown of 83.00 million Baht.

1.9 KEY FINANCIAL RATIOS

Table 32 : Comparative Financial Ratios for 2016 - 2017

Key Financial Ratios	As of 31 Dec 2016	As of 31 Dec 2017
Liquidity Ratio		
Current ratio (time)	0.46	0.60
Quick ratio (time)	0.44	0.56
Cash flow ratio (time)	0.71	0.91
Profitability Ratio ⁽¹⁾		
Gross profit / total sales and services revenue (%)	50.37%	51.67%
Net profit / total sales and services revenue (%)	30.96%	30.55%
Performance Ratio		
Return on Equity (ROE) (%)	13.67%	12.15%
Return on Assets (ROA) (%)	6.63%	6.21%
Capital Structure and Debt Ratio		
Debt to Equity ratio (time)	1.00	0.88
Debt Service Coverage ratio (DSCR) (time)	2.27	2.26

Note : ⁽¹⁾ Gross profit and Net profit were excluded construction revenue under concession agreement and other income.

For 2017, East Water Group reported slightly lower profitability compared to the same period of 2016. Although the sales revenue decreased, but the company was still able to control the cost effectively. Gross Profit Margin and Net Profit Margin was at 51.67% and 30.55% respectively, while Return on Equity (ROE) was 12.15% and Return on Asset (ROA) was 6.21% which declined from the same period of 2016 due to the lower net profit and because the company has been continually investing in huge projects in order to meet long-term future demand. For the liquidity analysis in 2017; current ratio, quick ratio, and cash flow ratio improved. Debt to equity ratio improved to 0.88 times due to the repayment of long term debt. Debt service coverage ratio (DSCR) remained strong at 2.26 times, representing the Company's ability to repay its debts.

Report of Audit Committee for 2017

The Audit Committee, appointed by the Board of Directors of Eastern Water Resources Development and Management Public Company Limited, consists of three independent directors and one adviser, whose qualifications meet the criteria set by the Stock Exchange of Thailand. Accordingly, the Board of Directors defined qualifications, term, and duties and responsibilities of the Audit Committee in the charter of Audit Committee. Chaired by Police Major General Vichai Sangparpai, the Audit Committee currently has Mr. Chanin Thinnachote and Mrs. Tatchada Jitmahawong as members and General Trairat Rangaratna as the adviser.

In 2017, the Audit Committee held the total of 22 meetings and discussions with the internal auditor, the management, and the auditor. The Audit Committee reported meeting outcomes and the committee's performance to the Board of Directors on a quarterly basis. The Audit Committee completely performed the duties as specified in the charter drawn up in accordance with the SEC and the SET requirements. Significant achievements can be summarized as follows:

1. Reviewing financial reports

The Audit Committee, with the auditor and internal auditor, reviewed the quarterly financial report, the annual financial report, and the consolidated financial statements. The committee also listened to clarification of the management. It was found from the review that all financial reports were accurate and reliable and were sufficiently and timely disclosed. The Audit Committee also provided recommendations considered beneficial for the Company. Moreover, the Audit Committee held two meetings with the auditor without the presence of the management for consultation and acknowledgement of the auditor's independence and scope of work.

2. Reviewing the effectiveness of internal control system

The Audit Committee considered the internal audit plan for the year 2017 and the scope of the audit work, taking into account the Risk Based Internal Audit Plan and the existing controls of all operating processes, results of past internal audits, and results of risk assessment, as well as interviews with executives to learn about their needs or concerns.

The Audit Committee, on a quarterly basis, reviewed the efficiency and effectiveness of the internal control system earlier evaluated by the Internal Audit Department according to international standards for the entire Group of Company. The committee also gave some additional recommendations for improvement of business operations. To monitor the progress, the management is required to report their actions taken to the Audit Committee every month following the recommendations. It was found that the Company had sufficient and appropriate internal control systems.

3. Reviewing compliance

The Audit Committee worked to ensure transparent information disclosure and reviewed compliance with legal requirements concerning business operations as well as securities and exchange law and the SET regulations. The management is required to report performance regarding compliance to relevant laws and regulations on a yearly basis.

4. Overseeing the internal audit

The Audit Committee considered and approved the operating plan, annual budget, and manpower of the Internal Audit Department while giving encouragement and support to the Internal Audit Department to perform its duties independently. To achieve higher efficiency, the Internal Audit Department was required to have a direct line of command under the Audit Committee.

The Audit Committee considered the manual and charter of the Internal Audit Department to ensure agreement with international standards and the changing situation. It was found from the assessment of the Internal Audit Department's performance that it had achieved the goals and plans earlier set.

5. Reviewing performance of the auditor and considering the appointment of auditor

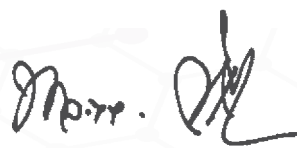
The Audit Committee considered the employment conditions of an auditor for Group of Company for the year 2018 to facilitate the nomination and selection process. Following the satisfactory results of the auditor's performance in the previous year, coupled with the review of the auditor's qualifications which were found to be correct and complete, nomination of the auditor was proposed to the Board of Directors for consideration, then, for approval by shareholders' at the 2017 General Meeting of Shareholders.

6. Self-assessment and reviewing of the Audit Committee's charter and manual

The Audit Committee carried out its self-assessment based on good corporate governance principles. The results of self-assessment was found to be 'very good' and was reported to the Board of Directors for consideration. Also, the Audit Committee reviewed the charter and manual of Audit Committee to ensure correspondence with the changing situation, completion of assignment during the previous year, and correspondence with the SET's good practices. The results of the assessment are to be proposed to the Board of Directors for approval.

In conclusion, the Audit Committee completely performed its duties stated in the charter of the Audit Committee, which was approved by the Board of Directors and in line with the requirements of the SEC and the SET. The Audit Committee also agreed with the auditor that the Company's financial reports were accurate in its essence according to accounting standards widely accepted in Thailand. Besides, the Company was equipped with an internal control system and internal audit that are appropriate and effective while complying with relevant laws, regulations, and requirements strictly. Throughout the year 2017, no significant issues or drawbacks were discovered while continuous improvements were made to the operation to suit the current business environment.

On behalf of the Audit Committee



Police Major General Vichai Sangparpai
Chairman of the Audit Committee

Report of the Board of Directors' Responsibility toward Financial Statement Report

The Board of Directors of the Company had initiated financial statement preparation to present the Company's financial positions and operating results for the year ended December 31, 2017 which have been prepared in accordance with the financial reporting standard under the Public Company Act B.E. 2535. The Company's Board of Directors has realized its duties and responsibility as the Directors of a listed company in the Stock Exchange of Thailand, of which they have considered the accounting policies pursued to be appropriate and applied consistently with adequate disclosure of important information in the Notes to Financial Statement. This information would be benefit to the shareholders and general investors.

Thus, the Company's Board of Director appointed the Audit Committee which consists of Independent Directors and Non-Executive Directors of the Company who are responsible for monitoring of the financial reporting process and reviewing the adequacy and effectiveness of the internal control system of the Company and its affiliated companies to reasonably ensure that the records of accounting information are accurate, complete, while Company's assets are properly safeguarded, including being guidelines for the Company and its affiliated companies to prevent corruption or the significant operational irregularities. The opinion of the Audit Committee shall be reported in the Corporate Governance Report of the Audit Committee as shown in the Company's Annual Report.

Therefore, the Board of Directors considered that the overall internal control system of the Company is satisfied and the Board is confident that the financial statements of Eastern Water Resources Development and Management Public Company Limited and the consolidated financial statement of Eastern Water Resources Development and Management Public Company Limited and its affiliates, ended December 31, 2017 are accurate in accordance with Thai Financial Reporting Standards.



Mr. Amorn Laohamontri
Chairman



Mr. Jirayut Rungsithong
President & Chief Executive Officer

Financial Statements

Eastern Water Resources Development and Management Public Company Limited
31 December 2017

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 2017, 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

The consolidated financial statements and the separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2017;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then end; and
- the notes to the consolidated and separate financial statements, which include 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 to the financial statements regarding the litigation of Tubma reservoir development project, which the contractor cannot complete the construction in time. This case is in a conciliation period. I also draw your attention to Note 36 to the financial statements 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 these matters.

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
Assessment of the recoverable amount of goodwill As at 31 December 2017, the Group had goodwill presented as an asset in the consolidated financial statements of Baht 103.3 million. The goodwill is from a subsidiary acquired an equity interest in a private company in 2015. The goodwill relates to operating results which are under an operating agreement. Therefore, future operating results and the remaining agreement period have a direct impact on impairment of the goodwill. Goodwill is required for impairment testing annually, by determining the recoverable amount of goodwill, according to the financial reporting standard. The management assessed the recoverable amount of goodwill by the calculation of value in use which involves an estimate of the future cash flows. 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 assumptions which involve significant management's judgement, such as an estimate of the future cash flows the Group expects to derive from the asset, expectations about possible variations in the amount or timing of future cash flows, the time value of money, and the appropriate discount rates. The key assumptions of an estimate of the future cash flows are the selling price, sales volumes and discount rates as disclosed in Note 15, Goodwill.	I tested the calculation of value in use prepared by management. I challenged management about future operations plans. I tested the reasonableness of the estimate of the future cash flows by testing the assumptions as follows: • compared the forecast of operating results against actual historical data. • compared the selling price and sales volumes with information specified in the operating agreement and checked the future selling price adjustment. • analysed whether costs and expenses were in line with sales and consistent with actual historical amounts. • checked the calculation of discount rates. • performed a sensitivity analysis on key assumptions. Based on the procedures above, I found that the assumptions used by the management in the assessment of the recoverable amount of goodwill were reasonable.

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.

S. *wf.riyaporn*

Sukhumaporn Wong-ariyaporn
Certified Public Accountant (Thailand) No. 4843
Bangkok
20 February 2018

Eastern Water Resources Development and Management Public Company Limited

Statement of Financial Position

As at 31 December 2017

				(Unit: Baht)	
		Consolidated		Separate	
		financial statements		financial statements	
Notes		2017	2016	2017	2016
Assets					
Current assets					
Cash and cash equivalents	8	37,477,981	185,531,101	4,620,675	96,868,747
Short-term investments	9	393,039,207	736,498,606	39,316,426	366,752,447
Trade and other receivables	10	407,424,378	420,745,598	273,841,873	281,657,954
Inventories	11	13,068,626	10,586,982	-	-
Other current assets		38,126,761	31,033,975	13,620,675	19,114,571
Total current assets		889,136,953	1,384,396,262	331,399,649	764,393,719
Non-current assets					
Investment in subsidiary	12	-	-	510,000,000	510,000,000
Investment property - net	13	185,929,674	193,922,764	199,391,345	221,689,767
Property, plant and equipment - net	14	14,228,391,546	14,062,211,360	13,970,222,013	13,822,750,998
Goodwill	15	103,283,004	103,283,004	-	-
Intangible assets - net	16	3,702,733,589	3,692,725,386	50,150,870	38,584,587
Deferred tax assets	17	22,233,644	24,050,515	-	-
Other non-current assets	18	350,907,331	399,805,735	320,645,824	367,530,558
Total non-current assets		18,593,478,788	18,475,998,764	15,050,410,052	14,960,555,910
Total assets		19,482,615,741	19,860,395,026	15,381,809,701	15,724,949,629


(Mr. Jirayut Rungsirithong)
Chief Executive Officer




(Sombat Yusamart)
Executive Vice President & Chief Financial Officer

The accompanying notes on pages 14 to 65 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 2017

(Unit: Baht)					
		Consolidated		Separate	
		financial statements		financial statements	
	Notes	2017	2016	2017	2016
Liabilities and equity					
Current liabilities					
Short-term borrowings from					
financial institutions	19.1	83,000,000	1,600,000,000	10,000,000	-
Trade and other payables	20	139,728,150	133,253,559	97,283,425	101,747,154
Payable for purchase of fixed assets		82,432,874	117,996,918	73,737,745	85,962,622
Current portion of long-term liabilities					
under finance lease agreements	21	1,600,100	1,407,257	1,600,100	1,407,257
Current portion of long-term borrowings					
from financial institutions	19.2	808,200,000	808,200,000	616,000,000	616,000,000
Income tax payable		131,181,159	129,307,584	98,469,579	98,814,617
Accrued expenses	22	176,013,280	176,960,271	115,495,812	116,241,055
Other current liabilities		70,766,620	59,394,910	44,075,218	28,437,416
Total current liabilities		1,492,922,183	3,026,520,499	1,056,661,879	1,048,610,121
Non-current liabilities					
Long-term liabilities under					
finance lease agreements	21	2,636,601	434,965	2,636,601	434,965
Long-term borrowings from					
financial institutions	19.2	3,992,400,000	3,200,600,000	2,008,000,000	2,624,000,000
Debentures	19.3	2,397,562,352	2,397,185,473	2,397,562,352	2,397,185,473
Deferred tax liabilities	17	385,209,627	410,097,410	41,053,052	38,406,226
Employee benefit obligations	23	135,061,993	129,087,287	96,981,570	76,704,818
Long-term provisions	24	33,188,538	20,670,053	-	-
Other non-current liabilities	25	613,728,663	627,498,747	574,373,260	595,592,572
Total non-current liabilities		7,559,787,774	6,785,573,935	5,120,606,835	5,732,324,054
Total liabilities		9,052,709,957	9,812,094,434	6,177,268,714	6,780,934,175

The accompanying notes on pages 14 to 65 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 2017

				(Unit: Baht)	
		Consolidated		Separate	
		financial statements		financial statements	
Notes		2017	2016	2017	2016
Liabilities and equity (Cont'd)					
Equity					
Share capital					
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		2,138,522,279	2,138,522,279	2,138,522,279	2,138,522,279
Retained earnings					
Appropriated - legal reserve		166,500,000	166,500,000	166,500,000	166,500,000
- concession reserve		39,316,426	-	39,316,426	-
Unappropriated		6,219,721,946	5,867,023,171	5,181,702,905	4,956,572,298
Other components of equity		14,774,228	18,695,728	14,774,228	18,695,728
Equity attributable to owners of the parent		10,242,560,028	9,854,466,327	9,204,540,987	8,944,015,454
Non-controlling interests		187,345,756	193,834,265	-	-
Total equity		10,429,905,784	10,048,300,592	9,204,540,987	8,944,015,454
Total liabilities and equity		19,482,615,741	19,860,395,026	15,381,809,701	15,724,949,629

The accompanying notes on pages 14 to 65 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 2017

		(Unit: Baht)			
	Notes	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Revenues	33				
Sales - raw water		2,452,052,565	2,696,427,042	2,501,454,822	2,759,807,142
Sales - tap water		1,422,746,044	1,392,873,167	377,436,705	378,125,765
Construction revenue under concession agreements		275,652,329	118,258,238	-	-
Rental and service income		157,590,954	169,405,399	114,918,675	95,219,384
Total sales and service income		4,308,041,892	4,376,963,846	2,993,810,202	3,233,152,291
Other income	29	48,592,895	37,025,541	138,823,265	142,083,766
Total revenues		4,356,634,787	4,413,989,387	3,132,633,467	3,375,236,057
Expenses	33				
Cost of sales - raw water		935,249,669	1,150,386,711	964,190,281	1,193,500,929
Cost of sales - tap water		879,017,344	824,579,757	313,565,066	323,464,215
Construction cost under concession agreements		275,652,329	118,258,238	-	-
Cost of rental and services		134,628,908	138,797,205	86,390,504	67,611,534
Total costs of sales and services		2,224,548,250	2,232,021,911	1,364,145,851	1,584,576,678
Selling expenses		18,987,845	16,179,212	16,550,640	10,485,597
Administrative expenses		438,581,118	400,967,829	308,804,675	264,438,739
Finance costs		140,848,473	119,556,066	87,875,737	62,745,098
Total expenses		2,822,965,686	2,768,725,018	1,777,376,903	1,922,246,112
Profit before income tax		1,533,669,101	1,645,264,369	1,355,256,564	1,452,989,945
Income tax expense	31	(301,653,750)	(326,656,267)	(252,760,488)	(269,101,917)
Net profit for the year		1,232,015,351	1,318,608,102	1,102,496,076	1,183,888,028
Other comprehensive income :					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Remeasurements of post-employment benefit obligations	23	3,371,809	-	(7,734,133)	-
Related income tax	31	(674,361)	-	1,546,827	-
Total items that will not be reclassified subsequently to profit or loss		2,697,448	-	(6,187,306)	-
<i>Items that will be reclassified subsequently to profit or loss</i>					
Asset transferred from customers		(3,390,304)	(3,397,523)	(3,390,304)	(3,397,523)
Fair value of available-for-sale investments recycled to profit or loss		(663,994)	(718,944)	(663,994)	(718,944)
Related income tax	31	132,798	143,789	132,798	143,789
Total items that will be reclassified subsequently to profit or loss		(3,921,500)	(3,972,678)	(3,921,500)	(3,972,678)
Other comprehensive income for the year, net of tax		(1,224,052)	(3,972,678)	(10,108,806)	(3,972,678)
Total comprehensive income for the year		1,230,791,299	1,314,635,424	1,092,387,270	1,179,915,350

The accompanying notes on pages 14 to 65 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	
	2017	2016	2017	2016
Profit attributable to				
Owners of the parent	1,221,179,490	1,309,225,662	1,102,496,076	1,183,888,028
Non-controlling interests	10,835,861	9,382,440	-	-
	<u>1,232,015,351</u>	<u>1,318,608,102</u>	<u>1,102,496,076</u>	<u>1,183,888,028</u>
Total comprehensive income attributable to				
Owners of the parent	1,219,955,438	1,305,252,984	1,092,387,270	1,179,915,350
Non-controlling interests	10,835,861	9,382,440	-	-
	<u>1,230,791,299</u>	<u>1,314,635,424</u>	<u>1,092,387,270</u>	<u>1,179,915,350</u>
Earnings per share for profit attributable to owners of the parent	32			
Basic earnings per share	<u>0.73</u>	<u>0.79</u>	<u>0.66</u>	<u>0.71</u>

The accompanying notes on pages 14 to 65 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 2017

Consolidated financial statements											
	Notes	Attributable to owners of the parent							Other components of equity		
		Total							Other comprehensive income		
		Issued and paid-up share capital	Premium on share capital	Appropriated - legal reserve	Appropriated - concession reserve	Unappropriated	Transferred from customers-net	Assets transferred from customers-net	Available-for-sale investments	Total other components of equity	Total owners of the parent
Opening balance as at 1 January 2016											
- as previously reported		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
Profit allocation of non-controlling interests	6	-	-	-	-	3,196,869	-	-	-	-	3,196,869
Opening balance as at 1 January 2016											
- as newly reported		1,663,725,149	2,138,522,279	166,500,000	-	5,306,473,651	21,562,055	-	1,106,351	22,668,406	9,297,889,485
Dividend paid	28	-	-	-	-	(748,676,142)	-	-	-	-	(748,676,142)
Comprehensive income for the year		-	-	-	-	1,309,225,662	(3,397,523)	(575,155)	-	(3,972,678)	1,305,252,984
Closing balance as at 31 December 2016											
- as newly reported		1,663,725,149	2,138,522,279	166,500,000	-	5,867,023,171	18,164,532	531,196	-	18,695,728	9,854,466,327
Opening balance as at 1 January 2017											
- as previously reported		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
Profit allocation of non-controlling interests	6	-	-	-	-	12,709,503	-	-	-	-	12,709,503
Opening balance as at 1 January 2017											
- as newly reported		1,663,725,149	2,138,522,279	166,500,000	-	5,867,023,171	18,164,532	531,196	-	18,695,728	9,854,466,327
Dividend paid	28	-	-	-	-	(831,861,737)	-	-	-	-	(831,861,737)
Appropriation of concession reserve	26	-	-	-	39,316,426	(39,316,426)	-	-	-	-	-
Comprehensive income for the year		-	-	-	-	1,223,876,898	(3,390,304)	(531,196)	-	(3,921,500)	1,219,955,438
Closing balance as at 31 December 2017											
- as newly reported		1,663,725,149	2,138,522,279	166,500,000	39,316,426	6,216,721,946	14,774,228	-	-	14,774,228	10,242,560,028
Non-controlling interests											
Opening balance as at 1 January 2016											
- as previously reported											
Profit allocation of non-controlling interests											
Opening balance as at 1 January 2017											
- as newly reported											
Dividend paid											
Appropriation of concession reserve											
Comprehensive income for the year											
Closing balance as at 31 December 2017											

The accompanying notes on pages 14 to 65 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 2017

Separate financial statements										(Unit: Baht)
Notes	Issued and paid-up share capital	Premium on share capital	Appropriated - legal reserve	Retained earnings		Other components of equity				
				Appropriated - concession reserve	Unappropriated	Other comprehensive income				
						Assets transferred from customers-net	available-for-sale investments	Total other components of equity		
Opening balance as at 1 January 2016										
28	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	
	-	-	-	-	(748,676,142)	-	-	-	(748,676,142)	
	-	-	-	-	1,183,888,028	(3,397,523)	(575,155)	(3,972,678)	1,179,915,350	
Closing balance as at 31 December 2016										
	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	
Opening balance as at 1 January 2017										
28	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	
	-	-	-	-	(831,861,737)	-	-	-	(831,861,737)	
26	-	-	-	39,316,426	(39,316,426)	-	-	-	-	
	-	-	-	-	1,096,308,770	(3,390,304)	(531,196)	(3,921,500)	1,092,387,270	
Closing balance as at 31 December 2017										
	1,663,725,149	2,138,522,279	166,500,000	39,316,426	5,181,702,905	14,774,228	-	14,774,228	9,204,540,987	

The accompanying notes on pages 14 to 65 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 2017

(Unit: Baht)					
		Consolidated		Separate	
		financial statements		financial statements	
	Notes	2017	2016	2017	2016
Cash flows from operating activities					
Profit before income tax		1,533,669,101	1,645,264,369	1,355,256,564	1,452,989,945
Adjustments to reconcile profit before income tax to net cash received (paid) from operating activities					
Depreciation	13,14	393,619,482	379,473,112	372,213,358	361,251,643
Amortisation	16	282,587,731	263,346,290	7,337,322	6,727,040
Income from amortisation of assets transferred from customers		(3,390,304)	(3,397,523)	(3,390,304)	(3,397,523)
Loss on disposal/write-off equipment		1,441,471	7,893,448	1,802,967	7,874,595
Impairment loss on concession right	16	1,960,000	3,320,000	-	-
Gain on sales of available-for-sale investments		(1,862,672)	(3,173,211)	(1,862,672)	(3,173,211)
Long-term provisions	24	21,490,806	4,210,563	-	-
Employee benefit obligations	23	16,642,870	15,763,539	10,035,301	9,107,479
Dividend income	29	-	-	(105,569,986)	(108,629,985)
Interest income	29	(6,938,348)	(9,557,141)	(1,154,879)	(3,146,929)
Interest expenses		139,810,617	118,259,708	86,837,881	61,448,740
Profit from operating activities before changes in operating assets and liabilities					
		2,379,030,754	2,421,403,154	1,721,505,552	1,781,051,794
Changes in operating assets (increase) decrease					
Trade and other receivables		13,321,220	26,575,960	17,279,746	1,155,976
Inventories		(2,481,644)	(1,206,028)	-	-
Other current assets		2,093,356	2,907,969	5,483,332	(5,377,202)
Other non-current assets		16,765,580	(1,249,495)	14,680,971	(2,609,650)
Changes in operating liabilities increase (decrease)					
Trade payables		6,474,591	(676,796)	(4,463,729)	(3,133,730)
Accrued expenses		(818,968)	1,999,886	(617,220)	(1,792,977)
Other current liabilities		15,739,721	(4,405,158)	15,581,509	(6,224,416)
Employee benefit obligations - paid		(7,226,643)	(6,363,234)	(6,956,347)	(5,763,187)
Long-term provisions - paid	24	(8,972,321)	(12,468,873)	-	-
Other non-current liabilities		(23,849,057)	41,339,587	(31,298,285)	39,645,018
Cash provided by operation		2,390,076,589	2,467,856,972	1,731,195,529	1,796,951,626
Income tax paid		(332,330,685)	(358,598,929)	(248,779,074)	(268,379,453)
Net cash provided by operating activities		2,057,745,904	2,109,258,043	1,482,416,455	1,528,572,173

Eastern Water Resources Development and Management Public Company Limited

Statement of Cash Flows (Cont'd)

For the year ended 31 December 2017

		(Unit: Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
Notes		2017	2016	2017	2016
Cash flows from investing activities					
Purchase of short-term investments	9	(1,154,426,026)	(1,134,876,293)	(432,227,972)	(420,948,454)
Proceeds from disposal of short-term investments	9	1,499,084,104	1,263,429,501	760,862,672	603,173,211
Interest received		6,690,244	9,307,038	1,165,443	3,054,424
Dividend received	12	-	-	105,569,986	108,629,985
Proceeds from disposal of equipment		2,288,431	180,000	719,775	180,000
Purchase of intangible assets		(305,155,028)	(101,776,800)	(18,903,605)	(9,236,539)
Purchase of investment property		(1,264,948)	(393,451)	(1,465,502)	(455,831)
Purchase of fixed assets and advance for construction		(450,499,162)	(873,108,282)	(381,833,121)	(828,966,032)
Proceeds from bank guarantee		10,078,973	371,735,146	10,078,973	371,735,146
Interest paid capitalised in qualifying assets		(92,318,077)	(132,522,915)	(92,318,077)	(132,322,561)
Net cash used in investing activities		(485,521,489)	(598,026,056)	(48,351,428)	(305,156,651)
Cash flows from financing activities					
Proceeds from short-term borrowings from financial institutions	19.1	1,178,000,000	155,000,000	903,000,000	130,000,000
Payment on short-term borrowings from financial institutions	19.1	(2,695,000,000)	(155,000,000)	(893,000,000)	(130,000,000)
Proceeds from long-term borrowings from financial institutions	19.2	1,600,000,000	-	-	-
Payment on long-term borrowings from financial institutions	19.2	(808,200,000)	(752,200,000)	(616,000,000)	(560,000,000)
Payment on liabilities under finance lease agreements		(1,837,899)	(2,856,314)	(1,837,899)	(2,856,314)
Dividend paid		(853,546,692)	(762,655,711)	(831,805,443)	(748,583,893)
Interest paid		(139,692,944)	(119,207,130)	(86,669,757)	(64,220,178)
Net cash used in financing activities		(1,720,277,535)	(1,636,919,155)	(1,526,313,099)	(1,375,660,385)
Net decrease in cash and cash equivalents		(148,053,120)	(125,687,168)	(92,248,072)	(152,244,863)
Cash and cash equivalents at the beginning of the year		185,531,101	311,218,269	96,868,747	249,113,610
Cash and cash equivalents at the end of the year	8	37,477,981	185,531,101	4,620,675	96,868,747
Supplemental cash flow information					
Non-cash transactions:					
Purchase of fixed assets and intangible assets on payable		84,022,686	59,574,628	73,737,745	27,544,429
Purchase of equipment under financial lease agreement		4,236,701	-	4,236,701	-

Eastern Water Resources Development and Management Public Company Limited
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1 General information

Eastern Water Resources Development and Management Public Company Limited (“the Company”) is a public limited company. It is 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 2017 and 2016 of the Company and the following subsidiaries:

Company's name	Nature of business	Country of incorporation	Ownership interest	
			2017	2016
			%	%
<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 20 February 2018 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 Financial reporting 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 accounting policy of 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 critical accounting estimates, judgements and assumptions to the consolidated and separate 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 Revised financial reporting standards

- 2.2.1 Revised financial reporting standard which is effective for annual periods beginning on or after 1 January 2017. This standard has significant change and is relevant to the Group:

TAS 27 (revised 2016): Separate financial statements, 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 (revised 2016): Investments in associates and joint ventures. 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 uses the cost method which is the policy that the Group has applied. Therefore, the revised standard does not have an impact to the financial statements being presented

- 2.2.2 Revised financial reporting standards which are effective for annual periods beginning on or after 1 January 2018. These standards have significant changes and are relevant to the Group. The Group has not yet adopted these revised standards.

TAS 7 (revised 2017): Statements of cash flows, the amendments require additional disclosure of changes in liabilities arising from financing activities. This includes changes arising from cash and non-cash transactions.

TAS 12 (revised 2017): Income taxes, the amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. Specifically, the amendments confirm that:

- A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.
- An entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit.
- Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.
- Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable

TFRS 12 (revised 2017): Disclosure of interests in other entities, the amendments clarify that the disclosure requirements of TFRS 12 apply to interests in entities that are classified as asset held for sale according to TFRS 5 (revised 2017): Non-current assets held for sale and discontinued operations, except for the disclosure of summarised financial information for subsidiaries, joint ventures or associates which are classified as non-current assets held for sale.

The Group's management has assessed and considered that the above revised standards will not have a material impact on the Group except for disclosures.

Eastern Water Resources Development and Management Public Company Limited
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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 the 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 measurement 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 losses 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.

(2) Transactions with 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 of non-controlling interests are also recorded in equity.

(3) Separate financial statements

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

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 other short-term highly liquid investments with maturities of three months or less from the date of acquisition.

2.6 Trade receivables

Trade receivables 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 expenses.

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.

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2 Accounting policies (Cont'd)

2.8 Investments

Investments other than investments in subsidiaries, associates and joint ventures are classified into the following four categories: (1) trading investments; (2) held-to-maturity investments; (3) available-for-sale investments; and (4) general investments. 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 the intention of holding the investment for less than 12 months from the statement of financial position date or unless management needs to sell the investments 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 costs.

Trading investments and available-for-sale investments are subsequently measured at fair value. The unrealised gains and losses of trading investments are recognised in profit or loss. The unrealised gains and losses of available for sale investments are recognised in other comprehensive income.

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

General investments are carried at cost less impairment loss.

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 profit or loss.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to 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 for own use by the 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. After initial recognition, investment property is carried at cost less any accumulated depreciation and any accumulated impairment loss.

Land is not depreciated on other investment properties is calculated using the straight line method to allocate cost to residual values over the 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).

Initial 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 cost to residual values over the estimated useful lives, as follows:

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

The asset's useful lives, residual value and method of depreciation 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 carrying amount is greater than the 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.

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2 Accounting policies (Cont'd)

2.11 Goodwill

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 loss. Impairment loss on goodwill is 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 cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, and 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 cost 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

Right from service concession arrangements

Right 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. Right from service concession arrangements is amortised using the straight-line method over concession period and recorded 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. Non-financial assets other than goodwill that suffered an impairment loss 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 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.

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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 benefits are the benefit which the Group will pay 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, which the assets are held in a separate trust fund. The provident fund is funded by payments from employees and by the Group. The Group contributes 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 plan 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 approximate to the terms of the related liability.

Remeasurement 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 statement 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.

Remeasurement gains and losses of other long-term benefits 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.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

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2 Accounting policies (Cont'd)

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 is 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.

(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 Dividend 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 factors

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 is exposed to credit risk primarily with respect to trade receivables and other receivable. The Group manages 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, however, 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 receivables and other receivables 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 are derivative to manage exposure from fluctuation in interest rate.

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 the financial statements.

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. Critical accounting estimates, judgments and assumptions are as follows:

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

4.1 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 Group. The cash flow projections based on financial forecasts for the remaining useful lives of assets or concession periods and approved by the management 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 ratio and gross margin rate. Management determines such rates based on its past performance, expectations for market development, and business plan. The discount rates used are pre-tax and reflect specific risks relating to the business after considering 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 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 8.57% 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 calculation. The calculation requires the use of estimates as described in Note 15.

4.2 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 is denominated in the currency in which the benefits will be paid, and that the terms to maturity approximate to the terms of the related liability.

The key assumptions for defined benefit obligations and other long-term benefits are based on current market conditions are disclosed in Note 23.

4.3 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 in Note 36. Based on the Group's management judgement, the projected compensation is 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 Profit allocation of non-controlling interests

During the year, Universal Utilities Public Company Limited, a subsidiary, made change in the profit allocation of non-controlling interests arising from operation of its subsidiary because the profit allocation of non-controlling interests was over in the past. The effects to the consolidated financial statements are as follows:

(Unit: Baht)

	Consolidated financial statements		
	As previously reported	Increase/ (Decrease)	As newly reported
Statement of financial position			
As at 1 January 2016			
Unappropriated retained earnings-owners of the parent	5,303,276,782	3,196,869	5,306,473,651
Non-controlling interests	204,870,372	(3,196,869)	201,673,503
Equity	9,499,562,988	-	9,499,562,988
As at 1 January 2017			
Unappropriated retained earnings-owners of the parent	5,854,313,668	12,709,503	5,867,023,171
Non-controlling interests	206,543,768	(12,709,503)	193,834,265
Equity	10,048,300,592	-	10,048,300,592
Statement of Comprehensive Income			
For the year 31 December 2016			
Net profit	1,318,608,102	-	1,318,608,102
Profit attributable to			
Owners of the parent	1,299,713,028	9,512,634	1,309,225,662
Non-controlling interests	18,895,074	(9,512,634)	9,382,440
Total	1,318,608,102	-	1,318,608,102
Total comprehensive income	1,314,635,424	-	1,314,635,424
Total comprehensive income attributable to			
owners of the parent	1,295,740,350	9,512,634	1,305,252,984
Non-controlling interests	18,895,074	(9,512,634)	9,382,440
Total	1,314,635,424	-	1,314,635,424
Basic earnings per share	0.78	0.01	0.79

The change above does not affect net profit, total comprehensive income and equity as previously presented.

The effects on retained earnings as at 1 January 2016 and 31 December 2016 do not have a material impact to the comparative statement of financial position presented as comparative. The Company, therefore, does not present the additional statement of financial position as at 1 January 2016.

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7 Operating 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 comprises the supply of raw water, production and supply of tap water, waterworks management, and engineering services. Other business activities, such as office building rental, are aggregated under the segment "Others".

The business operations are only conducted in 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 transfer between segment as if the sales or the transfer are 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 2017 and 2016 is summarised as follows:

	Consolidated financial statements						(Unit: Baht)
	2017						
	Sales		Service income				
	Supply of raw water business	Supply of Tap water business	Waterworks management business	Engineering services	Others	Elimination	Total
Revenue							
Revenue from third parties	2,452,052,565	1,575,183,371	129,696,298	62,337,367	88,772,291	-	4,308,041,892
Revenue from inter-segment	49,402,257	-	216,852,838	-	26,146,384	(292,401,479)	-
Total revenue	2,501,454,822	1,575,183,371	346,549,136	62,337,367	114,918,675	(292,401,479)	4,308,041,892
Cost of sales and services	(964,190,281)	(1,099,769,230)	(313,396,504)	(61,907,297)	(77,686,416)	292,401,479	(2,224,548,250)
Segment operating profit	1,537,264,541	475,414,141	33,152,632	430,070	37,232,259	-	2,083,493,642
Unallocated revenue (expenses)							
Other income							48,592,895
Selling expenses							(18,987,845)
Administrative expenses							(438,581,118)
Finance costs							(140,848,473)
Income tax							(301,653,750)
Net profit							1,232,015,351

	Consolidated financial statements						(Unit: Baht)
	2016						
	Sales		Service income				
	Supply of raw water business	Supply of Tap water business	Waterworks management business	Engineering services	Others	Elimination	Total
Revenue							
Revenue from third parties	2,696,427,042	1,452,394,874	60,474,566	81,097,185	86,570,179	-	4,376,963,846
Revenue from inter-segment	63,380,101	-	217,841,080	7,020,000	8,649,206	(296,890,387)	-
Total revenue	2,759,807,143	1,452,394,874	278,315,646	88,117,185	95,219,385	(296,890,387)	4,376,963,846
Cost of sales and services	(1,193,500,929)	(977,694,875)	(211,553,790)	(77,319,181)	(68,843,522)	296,890,387	(2,232,021,911)
Segment operating profit	1,566,306,214	474,699,999	66,761,856	10,798,004	26,375,863	-	2,144,941,935
Unallocated revenue (expenses)							
Other income							37,025,541
Selling expenses							(16,179,212)
Administrative expenses							(400,967,829)
Finance costs							(119,556,066)
Income tax							(326,656,267)
Net profit							1,318,608,102

Information about major customers

The Group had major revenues from entities under the control of a government such as Provincial Waterworks Authority, Industrial Estate Authority of Thailand for supply of raw water, supply of tap water and engineering services segments. The revenues for the year ended 31 December 2017 are Baht 2,929.6 million (2016: Baht 2,895.2 million).

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8 Cash and cash equivalents

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Cash on hand	534,036	566,909	10,036	62,909
Deposits with banks - current accounts	591,162	53,392	560,050	22,280
- savings accounts	36,331,693	134,907,968	4,047,734	46,780,726
- fixed accounts	21,090	50,002,832	2,855	50,002,832
	<u>37,477,981</u>	<u>185,531,101</u>	<u>4,620,675</u>	<u>96,868,747</u>

As at 31 December 2017, the interest rate of savings deposits with banks was 0.40% - 1.20% per annum (2016: 0.35% - 1.65% per annum). The fixed deposits with banks have maturity date within three months with interest rate at 0.75% - 1.60% per annum (2016: 0.80% - 1.80% per annum).

9 Short-term investments

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Fixed deposits	94,277,065	395,834,613	-	26,088,454
Deposits under the requirement of concession agreement	298,762,142	-	39,316,426	-
Available-for-sale investments	-	340,663,993	-	340,663,993
Total	<u>393,039,207</u>	<u>736,498,606</u>	<u>39,316,426</u>	<u>366,752,447</u>

As at 31 December 2017, fixed deposits with financial institutions have maturity dates during 6-12 months with interest rates at 0.90-1.60 per annum (2016: 1.35% - 2.30% per annum).

Deposits under the requirement of concession agreement are deposits for a reserve under the requirement of tap water concession agreement (Note 26).

Movement in the short-term investments during the year is summarised below:

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Opening net book amount	736,498,606	862,597,548	366,752,447	546,522,937
Addition during the year	1,154,426,026	1,134,876,292	432,227,972	420,948,454
Redeem during the year	(1,497,885,425)	(1,261,639,227)	(759,663,993)	(601,382,937)
Re-measuring of fair value	-	663,993	-	663,993
Closing net book amount	<u>393,039,207</u>	<u>736,498,606</u>	<u>39,316,426</u>	<u>366,752,447</u>

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9 Short-term investments (Cont'd)

The fair value of the available-for sale investments is as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Cost as at 31 December	-	340,000,000	-	340,000,000
Unrealised gain	-	663,993	-	663,993
Fair value as at 31 December	-	340,663,993	-	340,663,993

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).

10 Trade and other receivables

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Trade receivables	380,158,397	395,718,436	244,043,329	264,555,192
Other receivables	479,942	256,998	11,988,356	1,256,730
Water loss treatment service income receivable - related party (Note 33.2)	6,317,382	3,910,708	-	-
Prepayments	20,111,592	20,830,000	17,453,123	15,816,576
Others	357,065	29,456	357,065	29,456
	407,424,378	420,745,598	273,841,873	281,657,954

The detail of trade receivables is as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Trade receivables - billed				
- Third parties	113,746,444	110,474,250	111,901,410	110,041,856
- Related parties (Note 33.2)	165,792,824	188,580,350	131,693,606	154,513,336
Total trade receivables - billed	279,539,268	299,054,600	243,595,016	264,555,192
Trade receivables - unbilled				
- Third parties	869,774	743,309	-	-
- Related parties (Note 33.2)	99,749,355	95,920,527	448,313	-
Total trade receivables - unbilled	100,619,129	96,663,836	448,313	-
	380,158,397	395,718,436	244,043,329	264,555,192

10 Trade and other receivables (Cont'd)

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

	Consolidated financial statements		(Unit: Baht) Separate financial statements	
	2017	2016	2017	2016
Within credit term	278,188,367	298,134,443	242,438,468	263,648,792
Overdue below 3 months	508,401	915,118	319,473	906,400
Overdue 3 - 6 months	837,160	2,201	837,075	-
Overdue 6 - 12 months	5,340	2,838	-	-
Overdue more than 12 months	615,153	615,153	615,153	615,153
	280,154,421	299,669,753	244,210,169	265,170,345
<u>Less</u> Allowance for doubtful accounts	(615,153)	(615,153)	(615,153)	(615,153)
	<u>279,539,268</u>	<u>299,054,600</u>	<u>243,595,016</u>	<u>264,555,192</u>

11 Inventories

	Consolidated financial statements		(Unit: Baht) Separate financial statements	
	2017	2016	2017	2016
Spare parts and supplies	13,068,626	10,586,982	-	-
	<u>13,068,626</u>	<u>10,589,982</u>	<u>-</u>	<u>-</u>

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12 Investment in subsidiary

	Company's name	Nature of business	Country of incorporation	Paid-up share capital				Ownership interest		Separate financial statements		
				2017		2016		2017 %	2016 %	Investment value		Dividend income
				Million Baht	Million Baht	Million Baht	Million Baht			2017 Baht	2016 Baht	
	Universal Utilities Public Company Limited	Produce and supply of tap water	Thailand	510	510	510	510	100	100	510,000,000	510,000,000	108,629,985
	Total investment in subsidiary							510,000,000	510,000,000	105,569,986	108,629,985	

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13 Investment property - net

	(Unit: Baht)		
	Consolidated financial statements		
	Land	Building and building improvement	Total
At 1 January 2016			
Cost	48,024,548	242,891,896	290,916,444
<u>Less</u> Accumulated depreciation	-	(74,014,584)	(74,014,584)
Net book amount	<u>48,024,548</u>	<u>168,877,312</u>	<u>216,901,860</u>
For the year ended 31 December 2016			
Opening net book amount	48,024,548	168,877,312	216,901,860
Addition	-	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)
Closing net book amount	<u>45,859,440</u>	<u>148,063,324</u>	<u>193,922,764</u>
At 31 December 2016			
Cost	45,859,440	225,133,006	270,992,446
<u>Less</u> Accumulated depreciation	-	(77,069,682)	(77,069,682)
Net book amount	<u>45,859,440</u>	<u>148,063,324</u>	<u>193,922,764</u>
For the year ended 31 December 2017			
Opening net book amount	45,859,440	148,063,324	193,922,764
Addition	-	1,264,948	1,264,948
Disposal	-	(36,281)	(36,281)
Depreciation charged	-	(9,221,757)	(9,221,757)
Closing net book amount	<u>45,859,440</u>	<u>140,070,234</u>	<u>185,929,674</u>
At 31 December 2017			
Cost	45,859,440	225,942,404	271,801,844
<u>Less</u> Accumulated depreciation	-	(85,872,170)	(85,872,170)
Net book amount	<u>45,859,440</u>	<u>140,070,234</u>	<u>185,929,674</u>
Fair value	<u>126,616,251</u>	<u>157,963,039</u>	<u>284,579,290</u>

Depreciation expense of Baht 9.2 million (2016: Baht 8.6 million) was included in cost of rental and services.

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13 Investment property - net (Cont'd)

	(Unit: Baht)		
	Separate financial statements		
	Land	Building and building improvement	Total
At 1 January 2016			
Cost	50,121,522	260,440,338	310,561,860
<u>Less</u> Accumulated depreciation	-	(79,357,831)	(79,357,831)
Net book amount	<u>50,121,522</u>	<u>181,082,507</u>	<u>231,204,029</u>
For the year ended 31 December 2016			
Opening net book amount	50,121,522	181,082,507	231,204,029
Addition	-	455,831	455,831
Disposal	-	(14,024)	(14,024)
Depreciation charged	-	(9,956,069)	(9,956,069)
Closing net book amount	<u>50,121,522</u>	<u>171,568,245</u>	<u>221,689,767</u>
At 31 December 2016			
Cost	50,121,522	260,857,086	310,978,608
<u>Less</u> Accumulated depreciation	-	(89,288,841)	(89,288,841)
Net book amount	<u>50,121,522</u>	<u>171,568,245</u>	<u>221,689,767</u>
For the year ended 31 December 2017			
Opening net book amount	50,121,522	171,568,245	221,689,767
Addition	-	1,465,502	1,465,502
Transfer to property, plant and equipment	(2,096,974)	(10,941,266)	(13,038,240)
Disposal	-	(41,846)	(41,846)
Depreciation charged	-	(10,683,838)	(10,683,838)
Closing net book amount	<u>48,024,548</u>	<u>151,366,797</u>	<u>199,391,345</u>
At 31 December 2017			
Cost	48,024,548	244,513,893	292,538,441
<u>Less</u> Accumulated depreciation	-	(93,147,096)	(93,147,096)
Net book amount	<u>48,024,548</u>	<u>151,366,797</u>	<u>199,391,345</u>
Fair value	<u>135,283,738</u>	<u>170,685,492</u>	<u>305,969,230</u>

Depreciation expense of Baht 10.7 million (2016: Baht 10.0 million) was included in cost of rental and services.

The fair value of investment property was reassessed by valuer. Fair value of land was valued by market 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 income approach, 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	
	2017	2016	2017	2016
Rental and service income of building	71,707,004	71,097,480	79,520,325	79,815,554
Direct operating expense arising from investment property that generated rental income	(58,049,584)	(59,873,912)	(58,049,584)	(59,873,912)
	<u>13,657,420</u>	<u>11,223,568</u>	<u>21,470,741</u>	<u>19,941,642</u>

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14 Property, plant and equipment - net

	Consolidated financial statements							(Unit: Baht)
	Land	Pumping plants	Buildings	Leasehold and building improvement	Machinery and equipment	Office equipment	Vehicles	
At 1 January 2016								
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
For the year ended 31 December 2016								
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
Addition	14,045,000	4,037,109	619,238	6,192,606	37,752,421	17,822,254	-	1,160,650,825
Transfer	-	285,411	-	-	8,011,889	7,055,711	-	-
Transfer from investment property	2,165,108	-	12,189,384	412,367	-	-	-	14,766,859
Disposal/write-off, net	-	-	-	(40,834)	(8,185,862)	(46,479)	(1)	(8,303,176)
Depreciation charged	-	(51,189,030)	(20,552,902)	(23,305,920)	(259,530,423)	(16,188,655)	(112,599)	(370,879,529)
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	14,062,211,360
At 31 December 2016								
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
For the year ended 31 December 2017								
Opening 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
Addition	-	190,000	1,486,115	2,964,817	49,520,384	12,000,532	1,899,065	570,620,382
Transfer	-	84,171,739	175,353	9,158,676	518,573,443	6,325,550	97,000	2,866,836
Reclassification	(14,045,000)	-	-	-	-	-	-	(14,045,000)
Disposal/write-off, net	-	(4,681,954)	(161)	(481,450)	(2,532,207)	(868,535)	-	(8,864,307)
Depreciation charged	-	(53,746,800)	(19,389,228)	(24,952,823)	(270,291,159)	(15,765,254)	(252,461)	(384,397,725)
Closing net book amount	498,102,267	1,223,896,060	288,932,657	80,411,846	7,058,931,385	49,683,471	1,947,347	14,228,391,546
At 31 December 2017								
Cost	498,102,267	1,602,569,582	539,728,053	300,100,041	9,952,991,337	364,016,561	3,164,102	18,287,158,456
Less Accumulated depreciation	-	(378,673,522)	(250,795,396)	(219,688,195)	(2,894,059,952)	(314,333,090)	(1,216,755)	(4,058,766,910)
Net book amount	498,102,267	1,223,896,060	288,932,657	80,411,846	7,058,931,385	49,683,471	1,947,347	14,228,391,546

Depreciation expense of Baht 341.1 million (2016: Baht 345.6 million) was charged in cost of goods sold and Baht 29.6 million (2016: Baht 25.3 million) was charged in administrative expenses.

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

	Separate financial statements							(Unit: Baht)
	Land	Pumping plants	Buildings	Leasehold and building improvement	Machinery and equipment	Office equipment	Vehicles	
At 1 January 2016								
Cost	392,858,127	1,523,729,354	500,256,585	262,299,894	9,223,596,869	302,959,223	1,090,095	16,281,449,171
Less: Accumulated depreciation	-	(276,544,982)	(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	13,066,999,015
For the year ended 31 December 2016								
Opening net book amount	392,858,127	1,247,184,392	303,344,154	98,326,962	6,921,869,909	28,462,109	294,338	13,066,999,015
Addition	-	4,037,109	619,238	1,309,276	29,978,202	8,282,980	-	1,115,156,967
Transfer	-	285,411	-	-	3,119,589	7,055,711	-	-
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	13,822,750,998
At 31 December 2016								
Cost	392,858,127	1,528,051,874	500,875,823	263,553,253	9,246,303,183	317,081,209	1,090,095	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	13,822,750,998
For the year ended 31 December 2017								
Opening 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	13,822,750,998
Addition	-	190,000	1,486,115	1,480,426	27,825,913	8,892,392	-	503,242,923
Transfer	-	84,171,739	175,353	4,006,635	514,859,316	783,242	-	-
Transfer from investment property	2,096,974	-	10,693,349	247,917	-	-	-	13,038,240
Disposal/write-off, net	-	(4,681,954)	(161)	(100,995)	(2,494,004)	(3,514)	-	(7,280,628)
Depreciation charged	-	(53,746,801)	(19,389,228)	(22,257,633)	(255,805,876)	(10,225,982)	(104,000)	(361,529,520)
Closing net book amount	394,955,101	1,226,250,866	277,517,299	60,903,304	6,984,217,500	31,791,338	86,338	13,970,222,013
At 31 December 2017								
Cost	394,955,101	1,605,429,905	513,213,140	268,002,438	9,777,797,043	316,417,769	1,090,095	17,871,405,758
Less: Accumulated depreciation	-	(379,179,039)	(235,695,841)	(207,099,134)	(2,793,579,543)	(284,626,431)	(1,003,757)	(3,901,183,745)
Net book amount	394,955,101	1,226,250,866	277,517,299	60,903,304	6,984,217,500	31,791,338	86,338	13,970,222,013

Depreciation expense of Baht 341.2 million (2016: Baht 330.0 million) was charged in cost of goods sold and Baht 18.99 million (2016: Baht 21.3 million) was charged in administrative expenses.

As at 31 December 2017, the Company had office equipment under financial lease agreements with cost and net book value amounting to Baht 5.93 million and Baht 4.67 million, respectively (2016: Baht 8.4 million and Baht 1.7 million, respectively).

Borrowing costs of Baht 92.4 million (2016: Baht 135.2 million) arising from financing specifically entered into a pipeline constructing project and tap water production system were capitalised during the year and are included in "Addition". The Group used capitalisation rates based on actual interest rate of borrowings at 2.33% - 4.18% per annum (2016: 2.33% - 4.18% per annum).

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15 Goodwill

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

The Group tests for impairment of goodwill. The recoverable amounts of cash-generating units have been determined based on the calculation of value-in-use. The calculation uses pre-tax cash flow projections based on financial budgets covering the remaining concession period of tap water production acquiring from business acquisition. The significant assumptions are fixed minimum tap water volume and price as stipulated in contract with growth at 3.00% per annum which is an average of 10-year of consumer price index. The Group applies a pre-tax discount rate of weighted average cost of capital at 8.59% per annum.

The recoverable amounts of cash-generating units exceed carrying value by Baht 335.1 million. An increase in discount rate to 11.42% per annum or a reduction in tap water price growth rate to 0.53% per annum would remove the remaining headroom.

16 Intangible assets - net

	(Unit: Baht)		
	Consolidated financial statements		
	Right from service concession arrangements	Computer software	Total
At 1 January 2016			
Cost	4,709,029,991	54,899,140	4,763,929,131
Less Accumulated amortisation	(904,348,178)	(18,824,053)	(923,172,231)
Less Allowance for impairment	(8,860,000)	-	(8,860,000)
Net book amount	3,795,821,813	36,075,087	3,831,896,900
For the year ended 31 December 2016			
Opening net book amount	3,795,821,813	36,075,087	3,831,896,900
Addition	118,258,236	9,236,540	127,494,776
Amortisation charged	(256,619,250)	(6,727,040)	(263,346,290)
Impairment charged	(3,320,000)	-	(3,320,000)
Closing net book amount	3,654,140,799	38,584,587	3,692,725,386
At 31 December 2016			
Cost	4,827,288,227	64,135,680	4,891,423,907
Less Accumulated amortisation	(1,160,967,428)	(25,551,093)	(1,186,518,521)
Less Allowance for impairment	(12,180,000)	-	(12,180,000)
Net book amount	3,654,140,799	38,584,587	3,692,725,386
For the year ended 31 December 2017			
Opening net book amount	3,654,140,799	38,584,587	3,692,725,386
Addition	264,474,165	18,903,605	283,377,770
Amortisation charged	(275,250,409)	(7,337,322)	(282,587,731)
Transfer	(2,866,836)	-	(2,866,836)
Reclassification	14,045,000	-	14,045,000
Impairment charged	(1,960,000)	-	(1,960,000)
Closing net book amount	3,652,582,719	50,150,870	3,702,733,589
At 31 December 2017			
Cost	5,102,940,556	83,039,285	5,185,979,841
Less Accumulated amortisation	(1,436,217,837)	(32,888,415)	(1,469,106,252)
Less Allowance for impairment	(14,140,000)	-	(14,140,000)
Net book amount	3,652,582,719	50,150,870	3,702,733,589

Amortisation was included in the cost of goods sold Baht 375.2 million (2016: Baht 257.9 million) and administrative expenses Baht 6.2 million (2016: Baht 5.4 million).

The allowance for impairment of intangible assets of Baht 14.1 million as at 31 December 2017 was from service concession arrangement 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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16 Intangible assets - net (Cont'd)

	(Unit: Baht)
	<u>Separate financial statements</u>
	<u>Computer software</u>
At 1 January 2016	
Cost	54,899,140
<u>Less</u> Accumulated amortisation	<u>(18,824,053)</u>
Net book amount	<u><u>36,075,087</u></u>
For the year ended 31 December 2016	
Opening net book amount	36,075,087
Addition	9,236,540
Amortisation charged	<u>(6,727,040)</u>
Closing net book amount	<u><u>38,584,587</u></u>
At 31 December 2016	
Cost	64,135,680
<u>Less</u> Accumulated amortisation	<u>(25,551,093)</u>
Net book amount	<u><u>38,584,587</u></u>
For the year ended 31 December 2017	
Opening net book amount	38,584,587
Addition	18,903,605
Amortisation charged	<u>(7,337,322)</u>
Closing net book amount	<u><u>50,150,870</u></u>
At 31 December 2017	
Cost	83,039,285
<u>Less</u> Accumulated amortisation	<u>(32,888,415)</u>
Net book amount	<u><u>50,150,870</u></u>

Amortisation was included in the cost of goods sold Baht 1.1 million (2016: Baht 1.3 million) and administrative expenses Baht 6.2 million (2016: Baht 5.4 million).

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17 Deferred income tax

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

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Deferred tax assets:				
Deferred tax assets to be recovered within 12 months	622,076	516,644	-	-
Deferred tax assets to be recovered after more than 12 months	41,453,988	39,274,205	19,842,419	15,740,334
	<u>42,076,064</u>	<u>39,790,849</u>	<u>19,842,419</u>	<u>15,740,334</u>
Deferred tax liabilities:				
Deferred tax liabilities to be settled within 12 months	-	132,799	-	132,799
Deferred tax liabilities to be settled after more than 12 months	405,052,046	425,704,945	60,895,471	54,013,761
	<u>405,052,046</u>	<u>425,837,744</u>	<u>60,895,471</u>	<u>54,146,560</u>

Presentation in the statement of financial position is as follows:

Deferred tax assets	<u>22,233,644</u>	<u>24,050,515</u>	<u>-</u>	<u>-</u>
Deferred tax liabilities	<u>385,209,627</u>	<u>410,097,410</u>	<u>41,053,052</u>	<u>38,406,226</u>

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

	Consolidated financial statements			
	Allowance for doubtful accounts	Plant and equipment and impairment of assets	Employee benefit	Others
Deferred tax assets				
As at 1 January 2016	6,925,008	7,462,091	23,937,396	4,771,765
Transaction recorded in profit or loss	-	(448,508)	1,880,062	(4,736,965)
As at 31 December 2016	6,925,008	7,013,583	25,817,458	34,800
Transaction recorded in profit or loss	-	1,043,539	1,869,302	46,735
Transaction recorded in other comprehensive income	-	-	(674,361)	-
As at 31 December 2017	<u>6,925,008</u>	<u>8,057,122</u>	<u>27,012,399</u>	<u>81,535</u>

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17 Deferred income tax (Cont'd)

	(Unit: Baht)			
	Consolidated financial statements			Total
	Intangible asset	Plant and equipment	Fair value adjustment of available-for-sale investments	
Deferred tax liabilities				
As at 1 January 2016	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
Transaction recorded in profit or loss	(27,534,609)	6,881,709	-	(20,652,900)
Transaction recorded in other comprehensive income	-	-	(132,798)	(132,798)
As at 31 December 2017	344,156,575	60,895,471	-	405,052,046
(Unit: Baht)				
	Separate financial statements			Total
	Allowance for doubtful accounts	Employee benefit	Others	
Deferred tax assets				
As at 1 January 2016	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
Transaction recorded in profit or loss	-	2,508,523	46,735	2,555,258
Transaction recorded in other comprehensive income	-	1,546,827	-	1,546,827
As at 31 December 2017	364,571	19,396,313	81,535	19,842,419
(Unit: Baht)				
	Separate financial statements			Total
	Plant and equipment	Fair value adjustment of available-for-sale investments		
Deferred tax liabilities				
As at 1 January 2016	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
Transaction recorded in profit or loss	6,881,709	-		6,881,709
Transaction recorded in other comprehensive income	-	(132,798)		(132,798)
As at 31 December 2017	60,895,471	-		60,895,471

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18 Other non-current assets

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Advance for construction	309,216,839	346,220,336	309,216,839	346,220,336
Prepaid expenses	34,011,928	37,486,697	6,532,350	7,985,201
Deposit and retention	2,086,195	15,376,992	-	13,228,119
Other receivables	32,802,184	32,802,184	-	-
Allowance for doubtful accounts				
- other receivables	(32,802,184)	(32,802,184)	-	-
Others	5,592,369	721,710	4,896,635	96,902
	<u>350,907,331</u>	<u>399,805,735</u>	<u>320,645,824</u>	<u>367,530,558</u>

Other receivables of Baht 32.8 million are transactions between Universal Utilities Public Company Limited, a subsidiary, and a private company. They 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 requested a private company to pay damages of Baht 37.5 million plus interest at 7.5% per annum. On 19 July 2017, the Civil Court ordered the defendant to repay the damages to the subsidiary in the amount of Baht 37.5 million plus interest at the rate of 7.5 percent per annum commencing from the filing date. At the present, the subsidiary has filed a petition to appoint the bailiff due to the private company did not lodge an appeal within the deadline.

19 Borrowings

		Consolidated		Separate	
		financial statements		financial statements	
	Notes	2017	2016	2017	2016
Current					
Short-term borrowings from financial institutions	19.1	83,000,000	1,600,000,000	10,000,000	-
Current portion of long-term borrowings from financial institutions	19.2	808,200,000	808,200,000	616,000,000	616,000,000
Total current borrowings		<u>891,200,000</u>	<u>2,408,200,000</u>	<u>626,000,000</u>	<u>616,000,000</u>
Non-current					
Borrowings from financial institutions	19.2	3,992,400,000	3,200,600,000	2,008,000,000	2,624,000,000
Debentures	19.3	2,397,562,352	2,397,185,473	2,397,562,352	2,397,185,473
Total non-current borrowings		<u>6,389,962,352</u>	<u>5,597,785,473</u>	<u>4,405,562,352</u>	<u>5,021,185,473</u>
Total		<u>7,281,162,352</u>	<u>8,005,985,473</u>	<u>5,031,562,352</u>	<u>5,637,185,473</u>

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19 Borrowings (Cont'd)

19.1 Short-term loans from financial institutions

Movement in the short-term loans from financial institutions during the year is summarised below.

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
As at 1 January	1,600,000,000	1,600,000,000	-	-
Addition	1,178,000,000	155,000,000	903,000,000	130,000,000
Repayment	(2,695,000,000)	(155,000,000)	(893,000,000)	(130,000,000)
As at 31 December	<u>83,000,000</u>	<u>1,600,000,000</u>	<u>10,000,000</u>	<u>-</u>

19.2 Long-term loans from financial institutions

Movement in the long-term loans from financial institutions during the year is summarised below.

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
As at 1 January	4,008,800,000	4,761,000,000	3,240,000,000	3,800,000,000
Addition	1,600,000,000	-	-	-
Repayment	(808,200,000)	(752,200,000)	(616,000,000)	(560,000,000)
As at 31 December	<u>4,800,600,000</u>	<u>4,008,800,000</u>	<u>2,624,000,000</u>	<u>3,240,000,000</u>

On 25 August 2017, Universal Utilities Public Company Limited, a subsidiary, entered into long-term borrowing agreement with a financial institution amounting to Baht 1,600.0 million for the purpose of repayment the short-term borrowing from a financial institution of Baht 1,600.0 million, due in the third quarter of 2017.

	Credit limit Million Baht	Outstanding credit facilities		Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016	2017	2016
		Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
The Company							
a)	800.0	-	-	480.0	640.0	480.0	640.0
b)	2,000.0	-	-	1,200.0	1,600.0	1,200.0	1,600.0
c)	1,000.0	-	-	944.0	1,000.0	944.0	1,000.0
d)	1,700.0	-	1,700.0	-	-	-	-
The subsidiary							
a)	317.0	-	-	190.2	253.6	-	-
b)	644.0	-	-	386.4	515.2	-	-
c)	1,600.0	-	-	1,600.0	-	-	-
Total	<u>8,061.0</u>	<u>-</u>	<u>1,700.0</u>	<u>4,800.6</u>	<u>4,008.8</u>	<u>2,624.0</u>	<u>3,240.0</u>
Less Current portion				<u>(808.2)</u>	<u>(808.2)</u>	<u>(616.0)</u>	<u>(616.0)</u>
Long-term loans from financial institutions - net of current portion				<u>3,992.4</u>	<u>3,200.6</u>	<u>2,008.0</u>	<u>2,624.0</u>

19 Borrowings (Cont'd)

19.2 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 instalment is 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 instalment is 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 instalment is Baht 56 million each - The 3rd - 4th instalment is Baht 74 million each - The 5th - 6th instalment is Baht 148 million each - The 7th instalment is Baht 166.50 million - The 8th instalment is Baht 185 million - The 9th instalment is 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 2017). - The 1st - 4th instalment is Baht 47.5 million each - The 5th - 8th instalment is Baht 62.5 million each - The 9th - 16th instalment is Baht 126.25 million each - The last instalment is Baht 250 million.

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19 Borrowings (Cont'd)

19.2 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.
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.
c)	1,600.0	25 August 2017	To refinance	2 years	- BIBOR+fixed rate per annum	The loan's entire principal shall be repaid in one bullet payment at the end of the its 2-year maturity on 29 August 2019.

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 1.10.

The average interest rate of loans for the year 2017 was 2.92%.

19 Borrowings

19.3 Debentures

Debentures comprise:

The first tranche is senior and unsecured debenture of Baht 1,200 million. Debenture has a maturity of 7 years with due date 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 with due date 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.

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
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
<u>Less</u> Deferred debenture issuing costs	<u>(2,437,648)</u>	<u>(2,814,527)</u>	<u>(2,437,648)</u>	<u>(2,814,527)</u>
Debentures - net	<u>2,397,562,352</u>	<u>2,397,185,473</u>	<u>2,397,562,352</u>	<u>2,397,185,473</u>

Movement in the debentures during the year is as follows:

	Consolidated financial statements	(Unit: Baht) Separate financial statements
Balance as at 1 January 2017	2,397,185,473	2,397,185,473
Amortisation of issuing cost	376,879	376,879
Balance as at 31 December 2017	<u>2,397,562,352</u>	<u>2,397,562,352</u>

20 Trade payables

	Consolidated financial statements		(Unit: Baht) Separate financial statements	
	2017	2016	2017	2016
Third parties	101,672,901	103,108,828	74,437,381	79,310,453
Related parties (Note 33.2)	38,055,249	30,144,731	22,846,044	22,436,701
	<u>139,728,150</u>	<u>133,253,559</u>	<u>97,283,425</u>	<u>101,747,154</u>

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21 Finance lease liabilities

Finance lease liabilities - minimum lease payments:

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Not later than 1 year	2,853,876	1,446,597	2,853,876	1,446,597
Later than 1 year but not later than 5 years	3,308,710	438,750	3,308,710	438,750
	6,162,586	1,885,347	6,162,586	1,885,347
<u>Less</u> Future finance charges on finance leases	<u>(1,925,885)</u>	<u>(43,125)</u>	<u>(1,925,885)</u>	<u>(43,125)</u>
Present value of finance lease liabilities	<u>4,236,701</u>	<u>1,842,222</u>	<u>4,236,701</u>	<u>1,842,222</u>

The present value of finance lease liabilities is as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Not later than 1 year (short-term portion)	1,600,100	1,407,257	1,600,100	1,407,257
Later than 1 year but not later than 5 years (long-term portion)	2,636,601	434,965	2,636,601	434,965
	<u>4,236,701</u>	<u>1,842,222</u>	<u>4,236,701</u>	<u>1,842,222</u>

22 Accrued expenses

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Accrued bonus	69,941,979	66,142,671	44,987,165	41,578,256
Accrued compensation of project	48,908,775	48,935,624	48,908,775	48,935,624
Accrued utilities expenses	16,330,939	22,042,775	-	5,021,890
Others	40,831,587	39,839,201	21,599,872	20,705,285
	<u>176,013,280</u>	<u>176,960,271</u>	<u>115,495,812</u>	<u>116,241,055</u>

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23 Employee benefit obligations

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Statement of financial position				
Post-employment benefits	131,578,876	125,261,380	95,076,377	74,921,158
Other long-term benefits	3,483,117	3,825,907	1,905,193	1,783,660
Liability in the statement of financial position	<u>135,061,993</u>	<u>129,087,287</u>	<u>96,981,570</u>	<u>76,704,818</u>
Profit or loss:				
Post-employment benefits	16,223,992	15,058,117	9,963,089	8,740,597
Other long-term benefits	349,166	705,422	72,212	366,882
	<u>16,573,158</u>	<u>15,763,539</u>	<u>10,035,301</u>	<u>9,107,479</u>
Other comprehensive income				
Remeasurement for:				
Post-employment benefits	(3,371,809)	-	7,734,133	-
	<u>(3,371,809)</u>	<u>-</u>	<u>7,734,133</u>	<u>-</u>

23.1 Defined benefit plan

The amount recognised in the statement of financial position is as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Present value of funded obligations	131,578,876	125,261,380	95,076,377	74,921,158
Liability in the statement of financial position	<u>131,578,876</u>	<u>125,261,380</u>	<u>95,076,377</u>	<u>74,921,158</u>

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

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
At 1 January	125,261,380	115,851,824	74,921,158	71,565,422
Current service cost	12,053,752	11,285,248	7,285,163	6,406,446
Interest expense	4,170,240	3,772,869	2,677,926	2,334,151
Remeasurements:				
Loss from change in financial assumptions	4,415,980	-	2,979,407	-
Experience (gain)/loss	(7,787,789)	-	4,754,726	-
Transfer employees from a subsidiary	-	-	8,992,684	-
Benefits paid	(6,534,687)	(5,648,561)	(6,534,687)	(5,384,861)
At 31 December	<u>131,578,876</u>	<u>125,261,380</u>	<u>95,076,377</u>	<u>74,921,158</u>

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23 Employee benefit obligations (Cont'd)

23.1 Defined benefit plan (Cont'd)

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

	(Unit: % per annum)	
	2017	2016
Discount rate	3.0	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)	
	2017	2016
Change in assumption	2017	2016
Discount rate	Increase 1%	Increase 1%
	(9,404,894)	(8,075,556)
	Decrease 1%	Decrease 1%
	11,049,436	9,483,262
Salary growth rate	Increase 1%	Increase 1%
	10,573,678	9,111,922
	Decrease 1%	Decrease 1%
	(9,224,552)	(7,948,377)

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 method and type 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 38.5 years. (2016: 37.6 years)

23.2 Other long-term benefits

The amount recognised in the statement of financial position is as follows:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Present value of funded obligations	3,483,117	3,825,907	1,905,193	1,783,660
Liability in the statement of financial position	3,483,117	3,825,907	1,905,193	1,783,660

23 Employee benefit obligations (Cont'd)

23.2 Other long-term benefits (Cont'd)

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

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
At 1 January	3,825,907	3,835,158	1,783,660	1,795,104
Current service cost	605,454	585,236	354,284	309,548
Interest expense	127,614	120,186	66,974	57,334
Past service cost	-	-	-	-
Remeasurements:				
Loss from change in financial assumptions	306,087	-	182,756	-
Experience loss	(689,989)	-	(531,802)	-
Transfers employees from a subsidiary	-	-	470,981	-
Benefits paid	(691,956)	(714,673)	(421,660)	(378,326)
At 31 December	3,483,117	3,825,907	1,905,193	1,783,660

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

	2017	2016
Discount rate	3.3%	3.3%
One Baht weight of gold	20,200 Baht	20,087 Baht
Gold price inflation rate	6.0%	6.0%

	Impact on other long-term benefits	
	Increase/ (decrease) in assumption (Baht)	
	2017	2016
Discount rate		
Increase 1%	Increase 1%	(132,967)
Decrease 1%	Decrease 1%	(103,974)
		147,434
		114,940

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24 Long term provisions

	(Unit: Baht) Consolidated financial statements
	<u>Contractual obligations from service concession arrangements</u>
At 1 January 2016	20,670,053
Addition	21,490,806
Utilised during the year	(8,972,321)
At 31 December 2017	<u>33,188,538</u>

25 Other non-current liabilities

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Retention payable	231,914,544	255,763,601	192,501,141	223,799,426
Bank guarantee received	381,814,119	371,735,146	381,814,119	371,735,146
Rental guarantee received from a subsidiary (Note 33.2)	-	-	58,000	58,000
	<u>613,728,663</u>	<u>627,498,747</u>	<u>574,373,260</u>	<u>595,592,572</u>

26 Legal reserve

Legal reserve comprises of:

- 1) 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.
- 2) Reserve under the requirement of tap water concession agreements which require the Company to set aside a reserve equal to 10 percent of net profit arising from concession agreements. The reserve shall be maintained by the deposit at bank. This reserve is non-distributable. The Company sets aside a concession reserve after the legal reserve of the above is fully provided.

During 2017, the Company recorded concession reserve under the requirement of tap water concession agreements totalling Baht 39.3 million.

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27 Other components of equity

	Consolidated		(Unit: Baht)	
	financial statements		Separate	
	2017	2016	2017	2016
At 1 January	18,695,728	22,668,406	18,695,728	22,668,406
Amortisation of assets transferred from customers	(3,390,304)	(3,397,523)	(3,390,304)	(3,397,523)
Fair value adjustment of available-for-sale investments	-	(575,155)	-	(575,155)
Transfer to profit or loss, net of tax	(531,196)	-	(531,196)	-
At 31 December	<u>14,774,228</u>	<u>18,695,728</u>	<u>14,774,228</u>	<u>18,695,728</u>

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

28 Dividends

Dividends declared during the year consist of the following.

	Approved by	Total dividend Million Baht	Dividend per share Million Baht	Paid on
<u>Year 2017</u>				
Dividend for the year 2016	Annual General Meeting of the shareholders on 18 April 2017	449.2	0.27	16 May 2017
Interim dividend on operating results for the six-month period ended 30 June 2017	Board of Director's meeting on 31 August 2017	382.6	0.23	26 September 2017
		<u>831.8</u>		
<u>Year 2016</u>				
Dividend for the year 2015	Annual General Meeting of the shareholders on 25 April 2016	415.9	0.25	23 May 2016
Interim dividend 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>		

29 Other income

	Consolidated		(Unit: Baht)	
	financial statements		Separate	
	2017	2016	2017	2016
Interest income	6,938,348	9,557,141	1,154,879	3,146,929
Dividend income	-	-	105,569,986	108,629,985
Gain on disposal of long-term investments	1,862,672	3,173,211	1,862,672	3,173,211
Claims	12,550,037	6,136,098	3,968,819	6,136,098
Others	27,241,838	18,159,091	26,266,909	20,997,543
	<u>48,592,895</u>	<u>37,025,541</u>	<u>138,823,265</u>	<u>142,083,766</u>

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30 Expenses by nature

Significant expenses by nature are as follow:

	Consolidated		(Unit: Baht)	
	financial statements		Separate	
	2017	2016	2017	2016
Salary and wages and other employee benefits	305,678,381	293,345,635	203,855,006	191,778,596
Depreciation and amortisation expenses	696,839,469	634,225,816	379,550,679	358,022,614
Rental expenses	100,555,891	96,453,621	78,689,576	75,397,475
Raw materials and consumables used	28,119,836	32,418,212	-	-
Electricity expenses	510,440,747	647,754,620	351,937,816	494,831,796
Purchase of raw water	206,485,887	257,299,263	130,406,310	179,626,335
Purchase of tap water	-	-	53,861,053	62,151,167
Hiring and service expenses	231,417,629	216,837,136	49,550,305	46,521,003
Repair and maintenance	151,792,487	133,008,422	89,091,101	74,881,355
Loss on impairment of assets	1,960,000	3,320,000	-	-
Waterwork management expense	-	-	162,991,785	155,689,913
Expense for development of quality of life and environment	22,039,787	17,288,601	22,039,787	17,288,601
Finance cost	140,848,473	119,556,066	87,875,737	62,745,098

31 Income tax

	Consolidated		(Unit: Baht)	
	financial statements		Separate	
	2017	2016	2017	2016
Current tax:				
Current tax on profit for the year	330,139,992	341,574,298	248,400,783	255,350,655
Adjustment in respect of prior year	(4,873,766)	(3,162,745)	33,254	(1,112)
Total current tax	325,266,226	338,411,553	248,434,037	255,349,543
Deferred tax:				
Items related to temporary differences	(23,612,476)	(11,755,286)	4,326,451	13,752,374
Total deferred tax	(23,612,476)	(11,755,286)	4,326,451	13,752,374
Total tax expense	301,653,750	326,656,267	252,760,488	269,101,917

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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:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Profit before tax	1,533,669,095	1,645,264,369	1,355,256,564	1,452,989,945
Tax calculated at a tax rate of 20% (2016: 20%)	306,733,819	329,052,874	271,051,313	290,597,989
Tax effect of:				
Income not subject to tax	(3,709,067)	(3,407,030)	(24,823,064)	(25,133,027)
Expenses not deductible for tax purpose	3,502,764	4,173,167	6,498,985	3,638,067
Adjustment in respect of prior year	(4,873,766)	(3,162,744)	33,254	(1,112)
Tax charged	<u>301,653,750</u>	<u>326,656,267</u>	<u>252,760,488</u>	<u>269,101,917</u>

The effective tax rate is 18.65% (2016: 18.52%).

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

	Consolidated financial statements					
	2017			2016		
	Before tax	Tax (charge) credit	After tax	Before tax	Tax (charge) credit	After tax
Fair value adjustment of: available-for-sale investments	(663,994)	132,798	(531,196)	718,944	(143,789)	575,155
Actuarial gain/loss on remeasurement of post-employment benefit obligations	(3,371,809)	674,361	(2,697,448)	-	-	-
Other comprehensive income	<u>(4,035,803)</u>	<u>807,159</u>	<u>(3,228,644)</u>	<u>718,944</u>	<u>(143,789)</u>	<u>575,155</u>

	Separate financial statements					
	2017			2016		
	Before tax	Tax (charge) credit	After tax	Before tax	Tax (charge) credit	After tax
Fair value adjustment of: available-for-sale investments	(663,994)	132,798	(531,196)	718,944	(143,789)	575,155
Actuarial gain/loss on remeasurement of post-employment benefit obligations	7,734,133	(1,546,827)	6,187,306	-	-	-
Other comprehensive income	<u>7,070,139</u>	<u>(1,414,029)</u>	<u>5,656,110</u>	<u>718,944</u>	<u>(143,789)</u>	<u>575,155</u>

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32 Earnings per share

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

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Net profit attributable to owners of the parent (Baht)	1,221,179,490	1,309,225,662	1,102,496,076	1,183,888,028
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)	0.73	0.79	0.66	0.71

There are no potential dilutive ordinary shares in issue for the years ended 2017 and 2016. Therefore, diluted earnings per share is not presented.

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 first major of shareholder is the Provincial Waterworks Authority which owns 40.20% of the Company's share.

33.1 Transactions incurred during the year

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
(Unit: Baht)				
Sales - raw water				
Major shareholders				
Provincial Waterworks Authority	371,704,222	607,255,347	371,704,222	607,255,347
Industrial Estate Authority of Thailand	949,078,900	942,619,832	949,078,900	942,619,832
Subsidiary				
Universal Utilities Public Company Limited	-	-	49,402,257	63,380,101
	<u>1,320,783,122</u>	<u>1,549,875,179</u>	<u>1,370,185,379</u>	<u>1,613,255,280</u>
Sales - tap water				
Major shareholder				
Provincial Waterworks Authority	<u>1,221,046,180</u>	<u>1,199,316,066</u>	<u>180,333,063</u>	<u>189,053,859</u>

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33 Related parties transactions (Cont'd)

33.1 Transactions incurred during the year (Cont'd)

	Consolidated financial statements		(Unit: Baht) Separate financial statements	
	2017	2016	2017	2016
<u>Construction revenue under concession agreement</u>				
Major Shareholder				
Provincial Waterworks Authority	160,539,445	50,242,320	-	-
<u>Rental and service income</u>				
Major shareholder				
Provincial Waterworks Authority	27,421,925	27,712,704	-	-
Subsidiary				
Universal Utilities Public Company Limited	-	-	26,145,384	8,649,206
	<u>27,421,925</u>	<u>27,712,704</u>	<u>26,145,384</u>	<u>8,649,206</u>
<u>Dividend income</u>				
Subsidiary				
Universal Utilities Public Company Limited	-	-	105,569,986	108,629,985
<u>Other income</u>				
Subsidiary				
Universal Utilities Public Company Limited	-	-	11,421,831	11,626,811
<u>Cost of sales and cost of services</u>				
Subsidiary				
Universal Utilities Public Company Limited	-	-	216,852,838	224,861,080
<u>Administrative expenses</u>				
Major Shareholder				
Provincial Waterworks Authority	13,736	8,245,631	-	-

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.

Cost 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

	Consolidated financial statements		(Unit: Baht) Separate financial statements	
	2017	2016	2017	2016
<u>Trade receivables - billed</u>				
Major shareholders				
Provincial Waterworks Authority	78,426,468	102,040,318	41,750,348	62,776,488
Industrial Estate Authority of Thailand	87,366,356	86,540,032	87,366,356	86,540,031
Subsidiary				
Universal Utilities Public Company Limited	-	-	2,576,902	5,196,817
	<u>165,792,824</u>	<u>188,580,350</u>	<u>131,693,606</u>	<u>154,513,336</u>
<u>Trade receivables - unbilled</u>				
Major shareholder				
Provincial Waterworks Authority	99,749,355	95,920,527	-	-
Subsidiary				
Universal Utilities Public Company Limited	-	-	448,313	-
	<u>99,749,355</u>	<u>95,920,527</u>	<u>448,313</u>	<u>-</u>
<u>Water loss treatment service income receivables</u>				
Major shareholder				
Provincial Waterworks Authority				
- billed	2,508,969	1,798,528	-	-
- unbilled	3,808,413	2,112,180	-	-
	<u>6,317,382</u>	<u>3,910,708</u>	<u>-</u>	<u>-</u>
<u>Other receivables</u>				
Major shareholder				
Provincial Waterworks Authority	15,325	16,285	-	-
Subsidiary				
Universal Utilities Public Company Limited	-	-	11,526,097	1,102,923
	<u>15,325</u>	<u>16,285</u>	<u>11,526,097</u>	<u>1,102,923</u>
<u>Trade payables</u>				
Major shareholder				
Provincial Waterworks Authority	38,055,249	30,144,731	3,555,569	2,027,846
Subsidiary				
Universal Utilities Public Company Limited	-	-	19,290,475	20,408,855
	<u>38,055,249</u>	<u>30,144,731</u>	<u>22,846,044</u>	<u>22,436,701</u>
<u>Rental guarantees</u>				
Subsidiaries				
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:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Short-term benefits	100,588,008	103,132,689	74,221,141	75,527,983
Post-employment benefits	5,265,292	4,199,371	3,468,440	2,513,469
Other long-term benefits	47,776	29,107	21,405	8,901
	<u>105,901,076</u>	<u>107,361,167</u>	<u>77,710,986</u>	<u>78,050,353</u>

34 Commitments and contingent liabilities

34.1 Capital commitments

As at 31 December 2017, the Group had commitments in respect of construction in-progress and installation of the water distribution pipeline in the consolidated and separate financial statements totalling Baht 525.4 million and Baht 418.5 million, respectively (2016: Baht 457.8 million and Baht 384.9 million, respectively).

34.2 Operating lease commitments

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

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Within 1 year	21.7	11.4	11.0	7.1
1 to 5 years	25.1	9.1	11.0	6.5
More than 5 years	4.1	4.1	-	-
	<u>50.9</u>	<u>24.6</u>	<u>22.0</u>	<u>13.6</u>

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

34.3.1 As at 31 December 2017 and 2016, the Group had commitment under an agreement to purchase raw water from the Royal Irrigation Department at the price as specified in a Ministerial Regulation. The agreement does not specify the expiring date.

34.3.2 As at 31 December 2017, the Group had commitment under the contract to purchase raw water from a private company with the minimum about of Baht 519.2 million.

34.3.3 As at 31 December 2017, the Group had commitments under the service agreement that the Group has to pay in the future of Baht 192.2 million (2016 : Baht 83.5 million).

34.4 Guarantees

34.4.1 As at 31 December 2017, the Group and the Company had contingent liabilities from letters of guarantee issued by local commercial banks to (1) the Provincial Electricity Authority for electricity consumption, (2) the Ministry of Finance for management and operation of the major water distribution pipeline systems in the Eastern Seaboard area, (3) the Provincial Water Authority and the Royal Irrigation Department for compliance to agreements, and (4) counterparty for bidding the project totalling Baht 191.4 million and Baht 93.6 million, respectively. (2016: Baht 190.7 million and Baht 96.5 million, respectively).

34.4.2 As at 31 December 2017 and 2016, the Group had contingent liabilities in respect of being a guarantor of subsidiaries for letters of guarantee issued by local commercial banks to those subsidiaries in a credit limit of Baht 200 million for guarantees of electricity consumption, tap water production and distribution and information records of water consumers.

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35 Litigation

The Group has significant litigation cases as follows:

35.1 Progress of prior year litigations

The Company

- 1) On 20 October 2008, the Company was sued by a private company in a lawsuit with a black case number 5930/2551 regarding a breach of a construction agreement. The plaintiff filed with the Civil Court 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. The Company filed with the Civil Court requested the defendants to pay damages totalling Baht 37.4 million.

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 30th and 31st 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.

In 2011, 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 in relation to fee of bank guarantees and interest totalling Baht 5.6 million.

On 18 April 2017, the Supreme Court delivered its judgement in accordance with the Appeal Court. Therefore, the case is finalised. The Company recorded transactions in the first quarter of 2017 by recognising other income as a result of a delay of work of Baht 8.8 million and property, plant and equipment of Baht 1.9 million.

- 2) On 9 January 2015, the Company was sued as a co-defendant together with the State Railway of Thailand in a lawsuit of a black case number Por 62/2558 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. The private company requested for an extension of time to file a petition and the Supreme Court has allowed the extension of filing a petition to 5 May 2017. However, the private company did not file a petition within the deadline. Therefore, the case is finalised.
- 3) 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. On 14 June 2017, the plaintiff withdrew the case. The Court ordered to dispose the case only for the Company's lawsuit part. The plaintiff confirmed the Court that he will not file a lawsuit against the Company as a new case.

35 Litigation (Cont'd)

35.1 Progress of prior year litigations (Cont'd)

The Company (Cont'd)

- 4) 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 incomplete. 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 and requested compensation, totalling Baht 1,746.8 million. This case is currently in a conciliation period at the Rayong Provincial Court.

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.

As at 31 December 2017, the Company recorded construction in progress and advance for construction Baht 1,495.1 million and Baht 242.9 million, respectively. 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 recognised in the financial statements.

- 5) 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 has to pay the private company Bath 20.5 million plus interest at 7.50% per annum and dismissed the case against 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. On 20 April 2017, Samed Utilities Company Limited filed a petition. This case is in process of consideration by the Supreme Court.

The subsidiary

- 6) 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.
- 7) On 16 February 2016, Universal Utilities Public Company Limited is a plaintiff filling a private company in the civil Black Case No. 710/2559 regarding a breach of the Raw Water Purchase Agreement, together with the payment of damages of Baht 2.3 million and interest of 7.5% per annum, starting from the date until the payment is completed. The subsidiary also claimed for the compensation at the rate of 0.1 million per day, starting from the date of filing until the execution of the Raw Water Purchase Agreement or until the end of the contract.

On 3 March 2016, Universal Utilities Public Company Limited was sued by a private company in a lawsuit of a 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 7.50% per annum, starting from the date of filing until the payment is completed.

On 5 June 2017, the Court agreed with a compromise by which between both parties in a lawsuit had compromised together. The plaintiff withdrew the lawsuit from the Court and Universal Utilities Public Company Limited had no negative impact from this case.

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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 the Company was to initially pay compensation for the projects at a percentage of the raw water sold from the commencing of the operating year (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.

37 Significant agreements

37.1 Concession arrangements

The Group has significant concession arrangements as follows:

- 1) Concession arrangements which the Group has to transfer assets to the grantor 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 Chaopraya Surasak Municipality / the Bo Win Sub-district Administrative Organisation	25 years from the date of the first tap water sale (1 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 to the grantor 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

37 Significant agreements (Cont'd)

37.1 Concession arrangements (Cont'd)

- 3) Concession arrangements which the Group has no condition to transfer assets to the 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 as 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 by linking to a 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.

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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, the Company 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 should not exceed 6 percent of the value of the assets leased from the Ministry of Finance, as assessed following the passage of time.
- 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. At present, 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 9 August 2017, the Company entered into raw water purchase agreements with a private company for 10 years starting from 1 November 2017. The counterparties can extend the agreement for two times, not more than 10 years for each time (the maximum agreement period is 30 years). The Company agrees to purchase raw water at a minimum of 8 million cubic meters per year during the 1st-3rd year and 12 million cubic meters per year from the 4th year onwards.

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 and 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.
- 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

The majority of the Group's financial asset and liabilities 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 in the consolidated and separate financial statements which have the fair values as at 31 December 2017 of Baht 4,008.6 million and Baht 4,644.1 million, respectively (2016: Baht 4,008.8 million and Baht 3,921.9 million, respectively). This fair value is categorised within level 3 (Note 3.2) which calculated by using the discounted future cash flow by market interest rate throughout the borrowing agreement period.

39 Raw water usage and sales classified by distribution networks

A government agency, owner of the pipeline of distribution networks, requires the Company to disclose information regarding raw water usage and sales classified by distribution networks which is used for calculation of compensation as follows;

39.1 Usage and sales volume of raw water classified by distribution networks

	Separate financial statements			
	2017		2016	
	Volume Cubic Metres '000	Amount Baht'000	Volume Cubic Metres '000	Amount Baht'000
Total used volume of raw water				
Nong Pla Lai - Map Ta Pud Network	94,063	1,028,280	110,263	1,197,351
Dok Krai - Map Ta Pud Network	80,010	867,787	63,610	695,483
Chachoengsao - Chonburi Network	55,765	555,669	86,447	861,068
Nong Pla Lai - Nong Khor Network	26,291	279,778	21,697	231,407
Total	256,129	2,731,514	282,017	2,985,309
Less raw water used to produce tap water				
Dok Krai - Map Ta Pud Network	(16,858)	(166,890)	(17,082)	(169,112)
Nong Pla Lai - Nong Khor Network	(6,381)	(63,169)	(5,696)	(56,390)
Total sales of raw water	232,890	2,501,455	259,239	2,759,807

Sales of raw water from Chachoengsao - Chonburi Network consist of:

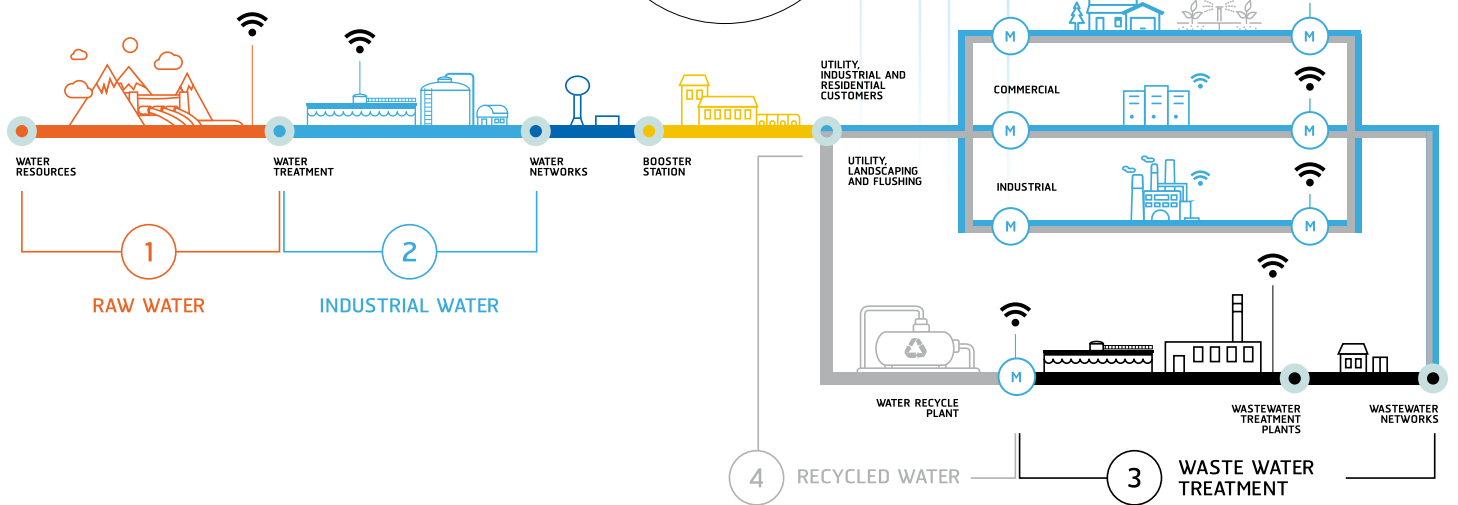
	(Unit: Baht'000) Separate financial statements	
	2017	2016
Nong Khor - Laem Chabang Network 1	332,702	554,936
Nong Khor - Laem Chabang Network 2	128,260	156,150
Chachoengsao Network	94,707	149,982
Total	555,669	861,068

39.2 Proportion of raw water sold to end users

	(Unit: %) Separate financial statements	
	2017	2016
Industrial Estates	60	54
Waterworks Authority	16	24
Factories	24	22
Total	100	100

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