THAI TAP WATER

บริษัท น้ำประปาไทย จำกัด (มหาชน)
Thai Tap Water Supply Public Company Limited

The Infinity of Progressive
น้ำประปาไทย ก้าวไกล ก้าวต่อไปไม่สิ้นสุด



รายงานประจำปี 2552

Annual Report 2009



..Clarity.. and accountability

Improving confidence in management. The pillars of good governance are transparent, fair and accountable. Step forward with sustainable development of Thailand Industrial Sector and quality of life.

..โปร่งใส จริงใจ.. พร้อมให้การตรวจสอบ

มั่นใจในกระบวนการบริหารงานที่ยึดหลักความโปร่งใส เป็นธรรม และตรวจสอบได้ ก้าวไปอีกขั้นเพื่อการพัฒนาอุตสาหกรรมไทยอย่างยั่งยืนและคุณภาพชีวิตที่ดีขึ้น



"น้ำประปาไทย" มุ่งสู่การเติบโตอย่างต่อเนื่อง
ด้วยทิศทางที่ชัดเจนและมั่นคง

..Progressive.. and sustainable growth

..เติบโต.. อย่างต่อเนื่อง

"Thai Tap Water Supply" driving dynamic business growth and success with focus and constant.

..Stable.. and reliable revenue stream

Stability and reliability in revenue stream from 2 long-term contracts with Provincial Waterworks Authority – a utility government agency, from being the largest privately owned tap water producer in Thailand, and from diversify customer based of Industrial and household water users.

..มั่นคงจากรายได้.. ที่มีการรับประกันแน่นอน

ความมั่นคง ด้วยสัญญาซื้อขายระยะยาว 2 สัญญากับกปภ. - หน่วยงานภาครัฐ ด้วยการเป็นบริษัทผู้ผลิตน้ำประปาภาคเอกชนรายใหญ่ที่สุดในประเทศไทย และด้วยฐานลูกค้าที่มีความหลากหลาย ทั้งภาคอุตสาหกรรม และภาคครัวเรือน



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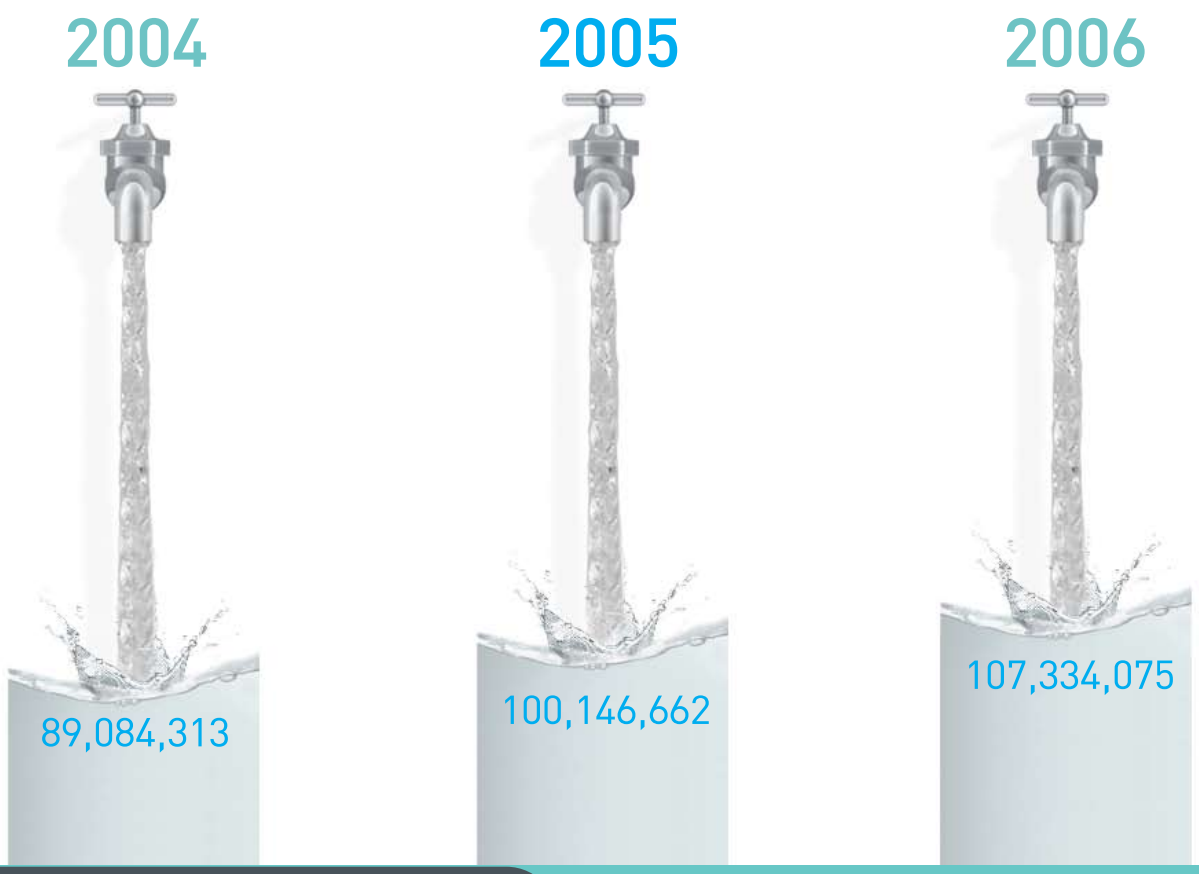
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Infinity of Progressive since 2004



Mile Stone since 2004

2004

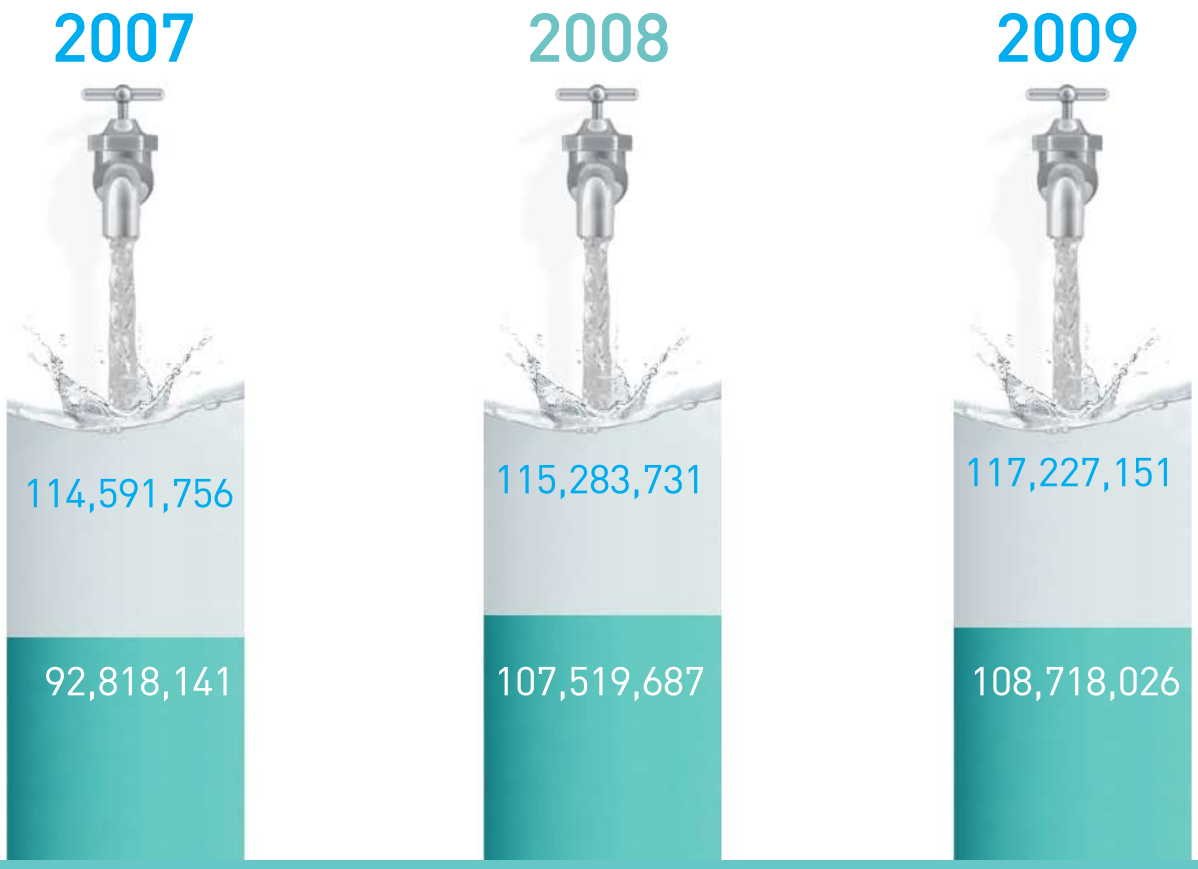
- Start of tap water production and distribution to PWA in Nakhorn Pathom – Samut Sakhorn Provinces, with minimum off-take quantity (MOQ) at 200,000 cu.m. per day.
- The Company began using the corporate tax exemption benefit under the Certificate of Investment Promotion no. 1382(2)/2545 received from the Board of Investment.

2005

- Changing in shareholding structure, from 2 major shareholders CH. Karnchang Plc. and Thames Water Group, to become 4 major shareholders which are CH. Karnchang Plc., Bangkok Expressway Plc., Bangkok Bank Plc. and TMB Bank Plc.
- The sales volume increased more than 50 percent from the previous year.

2006

- Took-over Waterflow Co., Ltd. - an outsource company that responsible for operation and maintenance of the Company's production and distribution process - and made it the Company's production unit.
- Mitsui Water Holding (Thailand) Ltd. purchased the Company's ordinary shares from CH. Karnchang Plc. That made Mitsui to become the second largest shareholder of the Company.
- Converted itself into a public company and increased its registered capital from 3,250 million Baht to 3,990 million Baht
- Certified for ISO 9001 : 2000
- Adjusted MOQ, according to the contract, to be 250,000 cu.m. per day.



2007

- Purchased 98% of total ordinary shares in Pathum Thani Water Co., Ltd. made it became the Company's subsidiary
- Offered 40 million newly issued ordinary shares to the Company's directors, executives and employees

2008

- Be listed in the Stock Exchange of Thailand
- Adjusted MOQ, according to the contract, to be 300,000 cu.m. per day
- Amended the original Water Purchase and Sales Agreement with PWA to expand the MOQ and additional sale volume.

2009

- Started the construction of "The West Bangkok Water Treatment and Distribution Facilities Project Expansion Phase 1" to expand the existing tap water production capacity from 320,000 cu.m. per day to 440,000 cu.m. per day
- Issued debenture of 7 billion Baht to refinance its 6 billion Baht long-term loan and spend the rest of the amount in the water treatment plant expansion project
- Acquired 30-year Rights to Operate Tap Water and Waste Water Services in Bangpa-In Industrial Estate, worth 1.4 billion Baht
- Refinanced long-term debt of 3 billion Baht of Pathum Thani Water Co., Ltd. (PTW) - the Company's subsidiary.

B3G model with Sustainble Water Business



There are various businesses in our world today and one common issue that they are facing is how to build sustainable business. The solution can be comprised of 3 factors, namely, market growth, community and environmental friendly, and good investment returns. Moreover, it also require an appropriate administration and costs management. Only one business, which is "water business", is different from the others as it naturally comes with 3 components altogether. For a better understanding, 4 characteristics (Blue Green Gold and Glitter: B3G) of the water business is presented here.



Blue

blue market of the water market

Total world water is 1.4 billion cubic kilometers. Of that amount, 35 million cubic kilometers or accounting of 2.5% of total water is the fresh water. From total freshwater resource, we could access to only 0.3% while the rest is freshwater in the form of snow covering the mountains and iceberg in the North and South poles. This means that we can use the freshwater only 0.0075% of total world water.

Water is a valuable natural resource. Although it is inexhaustible natural resources, the 2 factors which are an increasing world population and water pollution caused by the human have increasingly limited the use of freshwater.

Several countries throughout the world are facing the scarcity of freshwater and this had becoming bigger concerns due to the population and economic expansion. It is expected that by 2025 more than 30 countries in the world shall be facing the lack of accessible freshwater.

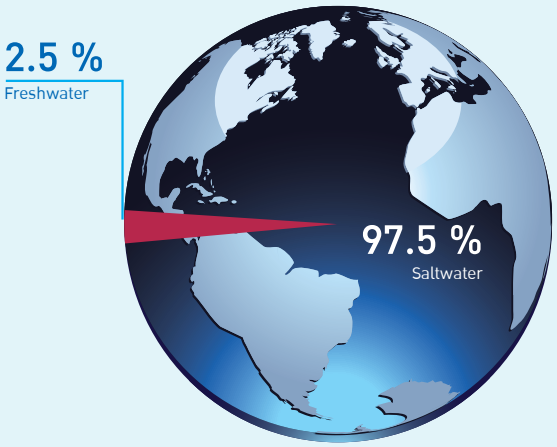
Clean drinking and consuming water and the world problem

The United Nations has estimated that average water use for drinking, cooking and cleaning per person per day in urban district is 200 liters. However, one-sixth of the world population or more than 894 million people cannot access to the clean water resource.

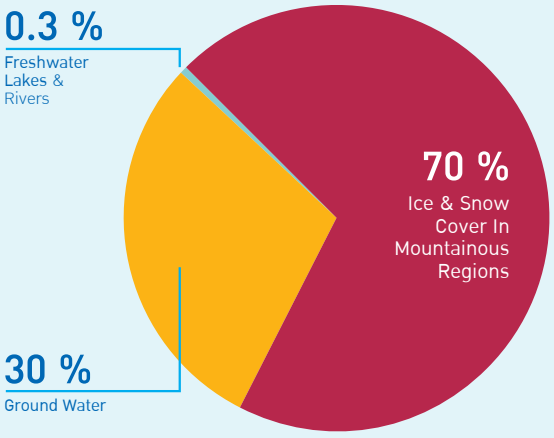
Currently, 2.5 billion people including 1 billion kids are lack of the basic hygiene. As such, kids are dying in every 20 seconds. Total death each year is approximately 1.5 billion from the bad hygiene of water.

Less than 50% of population in Africa, central and Middle East Asia, including South America can access to hygiene system. In 2000, more than 884 million people, to which half live in Asia, still use water from non-treatment activity.

Total World Water



Breakdown of freshwater resources



Source : UN-Water, 2008

From problem to investment opportunity

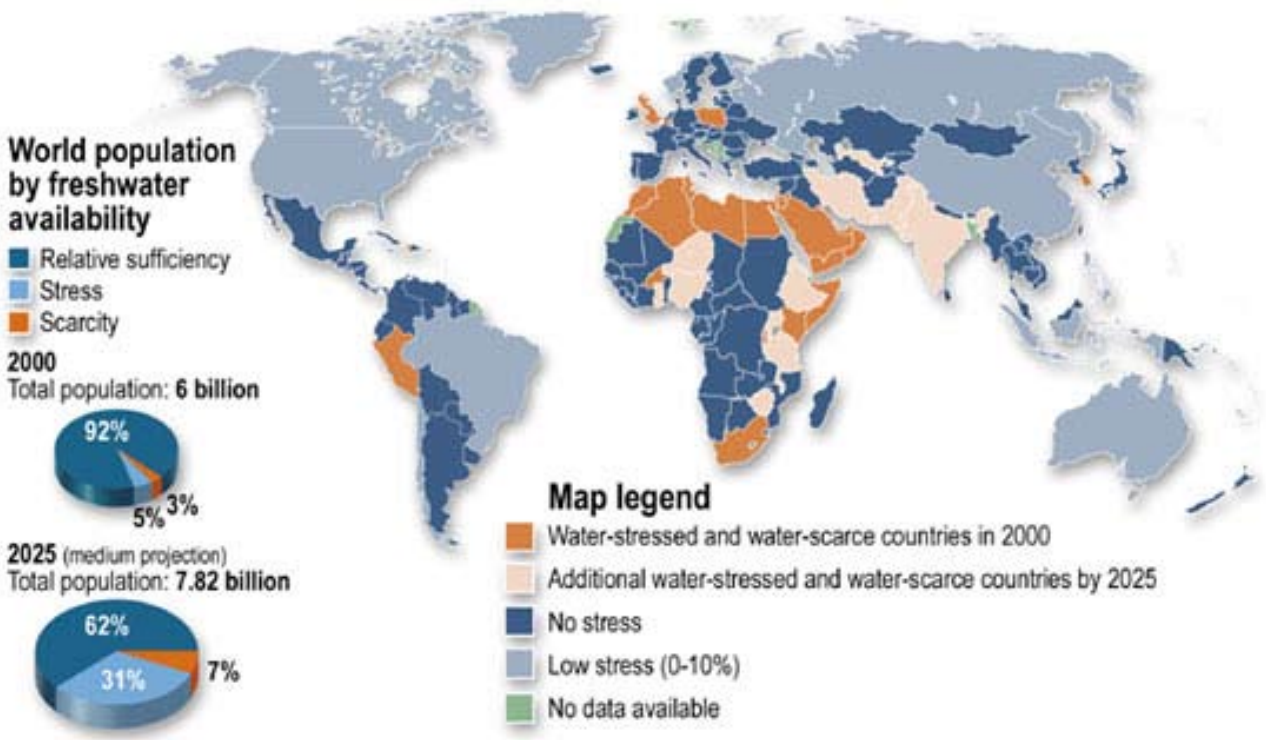
The United Nations (UN) has estimated that in 2025 with the world population growth ap-proximately of 7.82 billion people, the World Health Organization (WHO) needs to invest more than USD 11.3 billion per year for 15 years (2005-2020) in order to develop the water resource and water hygiene throughout the world to be in accordance with Millennium Development Goals (MDG) which is to reduce any problems from not being able to access to clean water.

Thailand

In Thailand, the freshwater is from the average rain per year, underground water, steam in the ozone, surface water and the water reservoir, totaling of 1,700,000 million cubic meters. The water demand is approximately 70,000 million cubic meters. Of that amount, 75% is for agriculture, 18% is for environmental conservation, 4% is for consumption and 3% is for industry and tourism sectors. The water demand across country is increasing at an average rate of 1% per year.

As for the accessibility to tap water in Thailand, only 50% has accessed to the tap water. Most industrial estates have accessed to the collection system of wastewater. However, for household, they will use the collection system with the rain water pipe. The wastewater treatment system in Thailand is considered to be in the beginning stage.

From the abovementioned information, it has shown that with the increase in the water demand and the revolution of effective use of water, the water business still has great opportunity in Thailand and oversea.



Source : UN-Water,2008



Green

community and environmental friendly of the water business

Water and environments, these 2 things cannot be separated one from another. Moreover, water and community also cannot be separated from each other. One of the factors causing water scarcity is the water pollution which has caused by the human from consumption, agriculture, industry and others etc., causing the available water to be less. Therefore, a good water management and wastewater treatment are things that the persons in water business highly involve.

Water-wastewater management

A business is an economic activity that makes the great use of limited natural resources. Therefore, the water business has driven the environmental management starting from the beginning, the middle and the end of the water stream. Example of the country with a good water management is Singapore. With its geography of island at the size of 699 square kilometers, Singapore applies ""Four Taps" strategy to intake the raw water from 4 channels, namely, 1. rain and reservoir 2. water from neighboring countries 3. reuse of the treated wastewater and 4. sea water whereby this is under the management of Public Utilities Board (PUB). The water management in Singapore then emphasizes on its efficiency in order to sustain. Every drop of water shall be used twice. As such, the water business is the main engine driving the use of water to be the best efficiency and environmental friendly. For a better understanding, you should imagine that you live in an island whereby it has waterfall as the only water resource and you highly depend on that water resource. Therefore, would you not cooperate to look after that water resource? Would you not cooperate to care for the forests? Would you not encourage using water in its most efficient way? Would you not treat the waste water before releasing it back to the river?

Water hygiene

Since everyone needs to use water everyday, to access to the clean water is a major factor to a good health according to the report of World Business Council for Sustainable Development in the topic of "It is time for business to act". In this report, it is stated that every one dollar invested on water by the government or private sector shall create the economic return to a better hygiene of the community of USD10 or 10 times. It is obvious that the water investment has made a better quality of life. Please imagine how happy you are when using the water each day and comparing to the day when the water is out.

Global warming- green technology

Global warming is the major phenomenon affecting every life in this planet. The water resource has also been affected. From the study of World Wildlife Fund (WWF) where they has conducted the study on a changing climate in the area of Yangtze River, it is found that the temperature at Yangtze River has increased by 0.33 degree Celsius per year. Since 1990 until present the temperature has continued to rise, causing more natural disasters. These include the flood, heat wave and drought. Moreover, the sea level at Shanghai has risen by 11.5 centimeters for the past 30 years and it tends to rise another 18 centimeters by 2050 where this shall threaten the water resource. The Chairman of the WWF has stated about the result of the abovementioned research that "this study on Yangtze River has greatly raised the importance of the investment in altering the changing climates".

Besides the evident seen in Yangtze River, there are still more impacts of global warming. With the awareness of the people, this is a major step in seriously implementing the green technology. In the water business, technology development can be categorized into various groups, for example, chemical, production process, distribution process, water treatment and renewable water, in order to efficiently increase the most use of water resources and release the wastewater that has been treated to the nature.



Gold

good investment in the water business

With the water scarcity and a continued increase in clean water demand, both the UN and the World Bank have provided several of financial supports which include the research funds and investments for developing the water resource, water treat ment for consumption in order to return it back to the natural water resource. In Asia, the Asian Development Bank (ADB) is the major funding source including other international organizations e.g. JICA.

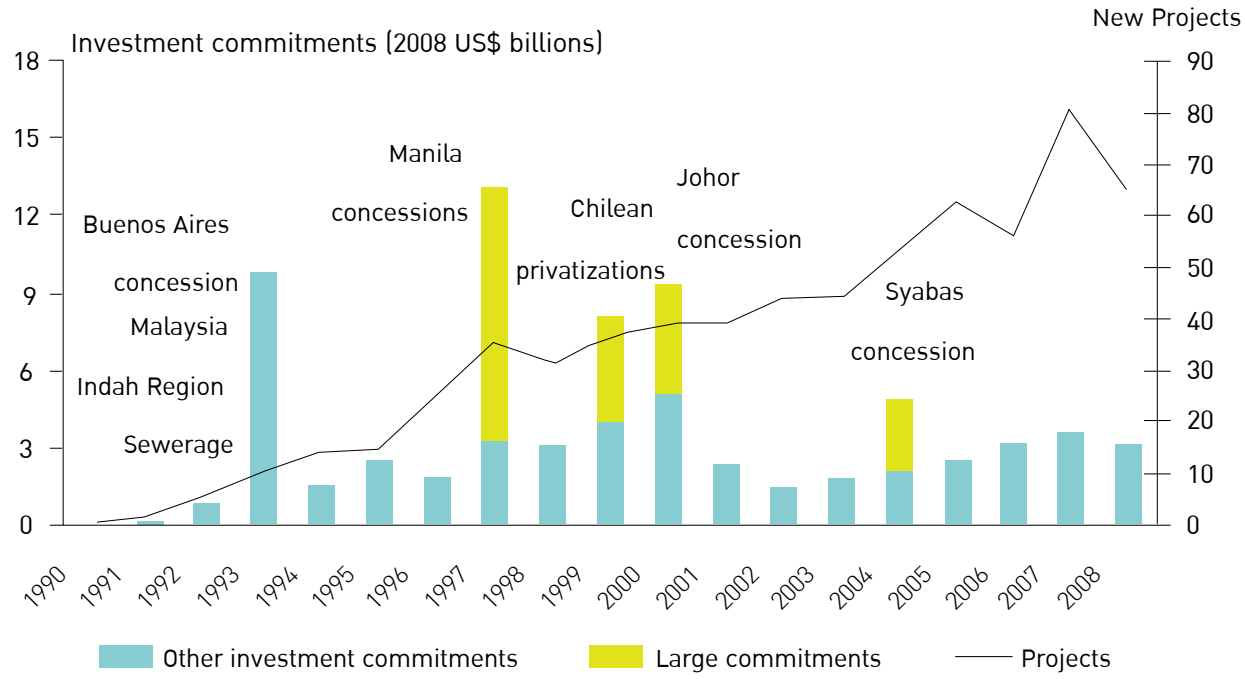
The big question of the public and private sectors is that whether or not the investment in the water business is worth to invest especially in Thailand where the public utilities still belong to the public sector. To illustrate that, we shall look at the stock price of the water business in the stock market around the world.

The study on one of the stocks in water business in NASDAQ stock market finds that investors who have invest USD 10,000 in 2000 shall receive the return of more than USD 71,051.43 in February, 2006. Moreover, the report of Global summit management has stated that between the year 2000-2005 the average return of the water business stock is 134.57% while the S&P 500 has average return of only 2.74%. These show a successful of the water business in oversea and its great investment returns.

Regarding the article on the “MSN Money”, online magazine, on the topic of “Invest in the coming global water shortage”, it has quoted the statement “water is the blue gold”, made by Maude Barlow, the Canadian Parliament President. It has shown that over the past 10 years the index of the public utilities-water has risen by 133% or double the return of the public utilities of the Dow Jones Index. For the past 5 years, the return of the water business has increased by more than 32% while the return of the public utilities and industry in Dow Jones Index has been flat. One of the factors driving the water investment is that this demand is real and increasing and it does not depend on the inflation rate, the economic situation, the investment return or change of taste.

During 1990-2008, the private sector has continually invested in water business in the developing country with average investment of USD 3.84 billion per year. Each year there are around 35 new projects on average (for the last 5 years there are 64 projects per year) whereby most investments are made in Asian e.g. in 1993 the Indah Water has invested in the water treatment system in Malaysia, in 1997 USD 9.9 billion has been invested in Manila, in 2000 another big investment in Johor (USD 4.2 billion).

The water business in the foreign countries, especially the developed countries, has already been privatized. Many countries have started as a state owned then changed its status to state enterprise and to private sector. While each country has its own pattern, in Thailand the water business is still in the form of state and state enterprise. However, they have started to outsource some services e.g. raw water distribution, water production, billing, laying down pipe and reducing the water lost, etc.. Moreover, with the opportunity at the industrial estate where they are required to have their water management system, including, the future opportunity if the Public-Private Partnership (PPP) law has been more widely implemented, these shall create more opportunity for the private sector to jointly invest in water business with the state especially the local government. This has shown that the water business is a business with a bright future to be invested.



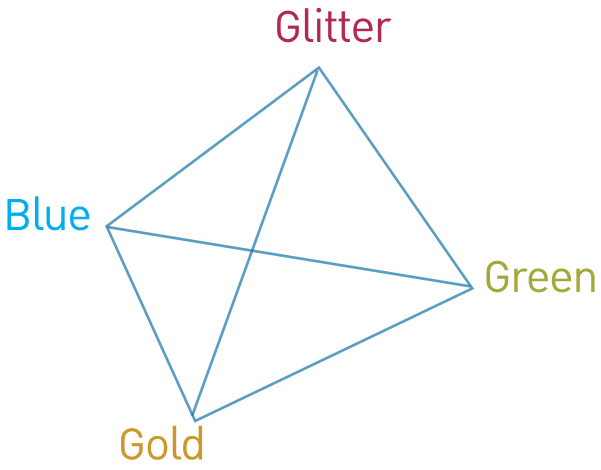
Glitter

Summary of the glory days of the water business

As stated in the first paragraph that the important factor required by the business is sustainability, hence, the equation can be written as follows:

Blue + Green + Gold = Glitter or **B3G**

In order to be complete glitter, this shall not only be glitter to those who are in the water business but it shall also have a good cooperation amongst other parties. The benefit sharing from the use of this natural resource shall be fair whereby those who have direct and indirect benefits from the water business shall receive equal benefits or based on the corporate governance. As such, this business comprises of these 3 factors



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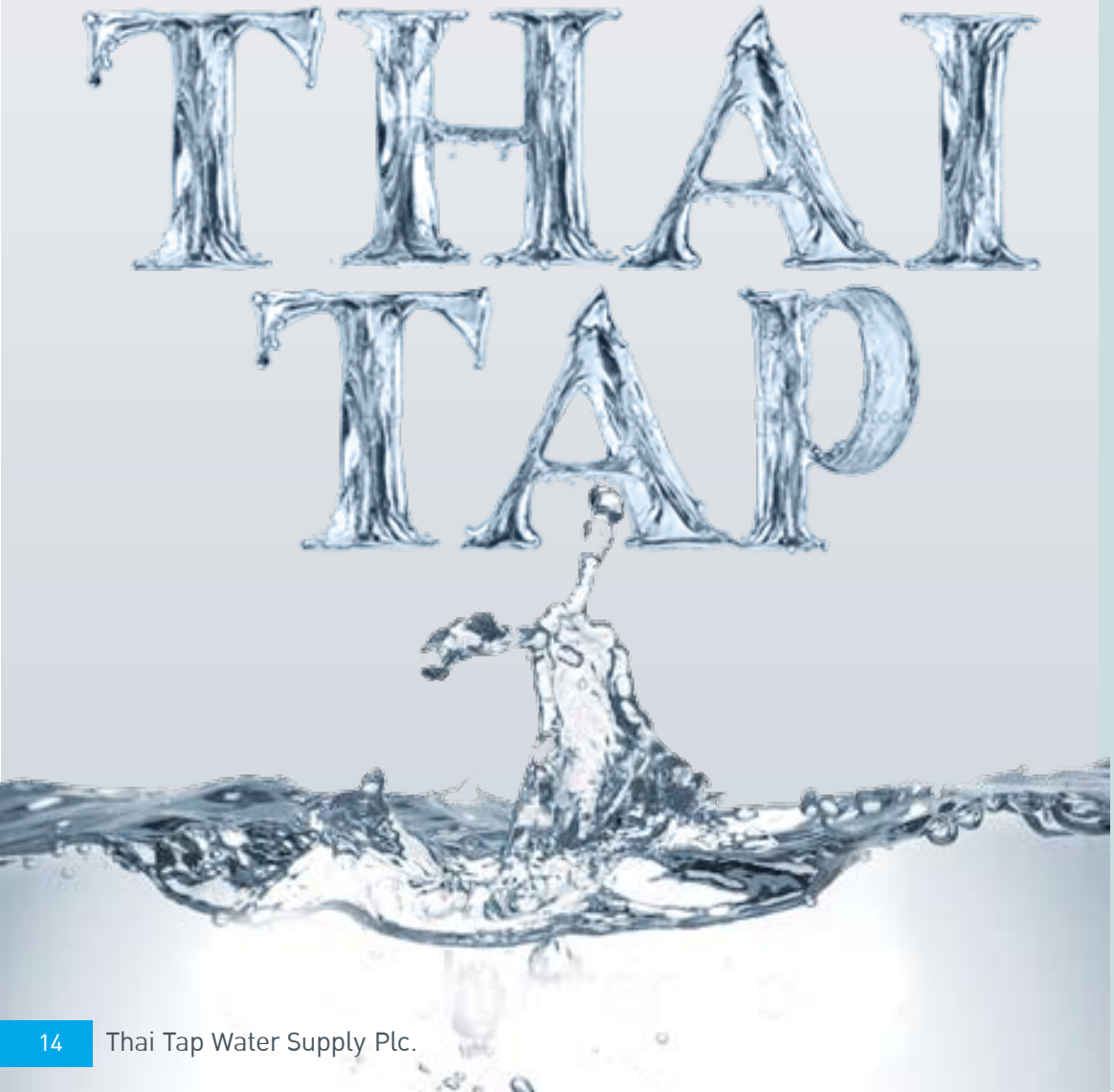
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THAI
TAP



Dr. Thanong Bidaya
Chairman of the Board of Directors

Message from
Chairman of the Board of Directors

The year 2009 is considered to be another successful year for Thai Tap Water Supply Public Company Limited as its business operations have met the target with the total revenue increase by 10.9% from 2008. Moreover, this year, the Company has distributed more than 500 million cubic meters of tap water to Provincial Waterworks Authority. Those are good signs for the Company. And to maintain a sustainable growth, the Company not only concerns and emphasizes on the hygiene, sufficiency, continuity of tap water but also be responsible to the community, society, environment and stakeholders.

The key highlight of the Company in 2009 is that the Company has acquired the rights to operate the tap water and waste water in Bangpa-in industrial estate for the period of 30 years. This is to expand our customer base and business model whereby this is in accordance with the vision of the company, which is, to be a leading water company providing a full range of water services. This year the company and its subdiariey have managed our financial cost, by issuing the debenture of 7 billion Baht in February and restructuring the subsidiary's debt of 3 billion Baht in October. These cost reduction reflect in the higher shareholders' dividends.

With our great success in 2009, as a Chairman of the Board of Directors, I would like to express our gratitude to our tap water consumers in the service areas, relating government agencies, shareholders and investors for their generous support throughout the year. My special thanks to all employees of Thai Tap Water Supply Public Company Limited for their dedication toward the growth and success of the Company. I am confident that we can maintain our sustainable growth with continued support and contribution from all of you.



(Dr. Thanong Bidaya)
Chairman of the Board of Directors

Report
of the Audit Committee

With the resolution passed at the Board of Directors' Meeting No.1/2549 of Thai Tap Water Supply Public Company Limited on 28 July 2006, the Audit Committee was appointed and would comprise of 3 independent directors who were knowledgeable and had the expertise in finance, accounting, law, engineering and management, including the qualifications as specified in the Charter of the Audit Committee by the Securities and Exchange Commission.

Three independent directors were appointed, namely, Mr. Techapit Sangsingkeo as the Chairman of the Audit Committee, Mr.Phairuch Mekarporn and Mr.Somnuk Chaidejsuriya as the members of the Audit Committee, and the Internal Audit Section Chief acted as the Secretary of the Audit Committee.



The Board of Directors has specified the scope of work to the Audit Committee whereby the Audit Committee shall hold at least 4 meetings annually. In 2009, the Audit Committee held 5 meetings, whereby all meetings were fully attended, to consider and approve various matters which could be summarized as follows:

1. The Audit Committee reviewed the quarterly and the 2009 annual financial statements whereby the auditor and the management of the Company were responsible to prepare the accurate and reliable financial reports as required by Generally Accepted Accounting Principles and disclose sufficient information of financial statements in a timely manner. The Audit Committee agreed with the auditor that the abovementioned financial statements showed the financial position and the results of operation in accordance with Generally Accepted Accounting Principles.

2. The Audit Committee approved the internal audit plan and reviewed the internal audit results, including evaluating the performance and the internal control system during the year 2009. It could be concluded that the Company had sufficient and appropriate internal control system which had been reviewed and revised to efficiently accommodate changing circumstances.

3. The Audit Committee reviewed transactions and the disclosure of information on related party transaction or conflicts of interest transaction during the year 2009. This was to ensure that the related party transactions were justified and provided the greatest benefits to the Company and the shareholders. Moreover, the Audit Committee reviewed those transactions to ensure their compliance with the policy on related party transactions specified according to rules and regulations set by the Stock Exchange of Thailand (SET) and Securities and Exchange Commission (SEC).

4. The Audit Committee reviewed the Company's operations to ensure its compliance with the securities and exchange law, the SET regulations, and the laws relating on the Company's business, including regulations of the Company.

5. The Audit Committee proposed the Board of Directors to appoint Miss Siraporn Aueanankul, Certified Public Accountant No.3844, and/ or Miss Thipawan Nananuwat, Certified Public Accountant No. 3459, and/ or Mr. Supachai Phanyawattano, Certified Public Accountant No. 3930, of Ernst & Young Office Ltd., as the Company's auditor for the year 2009 with the audit fee not exceeding 1,050,000 Baht.



Mr.Techapit Sangsingkeo
Chairman of the Audit Committee

6. The Audit Committee considered the supporting procedures to ensure that the stakeholders had received the proper care according to their legal rights and supervised the company to disclose any material information on the financial and non-financial information with accuracy, adequacy, transparency, fairness and reliability, and in a timely manner.

The Audit Committee had used its know-ledge and capabilities to perform their duties with cautiousness and independence. The Audit Committee had no access limit to any information. Moreover, the Audit Committee had provided advices on the relating matters through proper cooperation of the Company's management, internal and external auditors. The Audit Committee had monitored the operations of the Company in 2009 according to the scope of their roles and responsibilities and stated that the financial statements of the Company were correctly prepared and in accordance with Generally Accepted Accounting Principles. As a result, the financial reports fairly presented accurate and reliable information with adequate disclosure of related party transactions or any transactions that would give rise to conflicts of interest. An appropriate authorization and approval procedures had been set and complied according to a good internal control system without any material weakness. Furthermore, risks were appropriately managed to the nature of business with the compliance with the SET regulations and any relevant laws.

(Mr. Techapit Sangsingkeo)
Chairman of the Audit Committee



Vision, Mission, *Corporate Values*

Vision

Be a Leader in the Country's Private Sector Operating in all Water Related Business.

Mission

- Produce and supply quality tap water to our customers with high standard cleanliness, sufficiency and availability in order to achieve utmost satisfaction and preserve the environment.
- Improve our staff's skill and knowledge, promote them to their full potential, maintain high morale and provide reasonable returns and benefits in order to make our staff proud and loyal to the Company.
- Administrate and operate our business with transparency, truthfulness and efficiency in order to obtain satisfied performance and yield maximum benefits to the shareholders.



Corporate Values

Running business to fulfill our mission on the basis of sharing highest satisfaction and benefits among customers, staff and shareholders by means of:

- *continuous improvement*
- *proactive & initiative*
- *teamwork*

2009
Summary



Financial Highlight

(Unit : Million Baht)

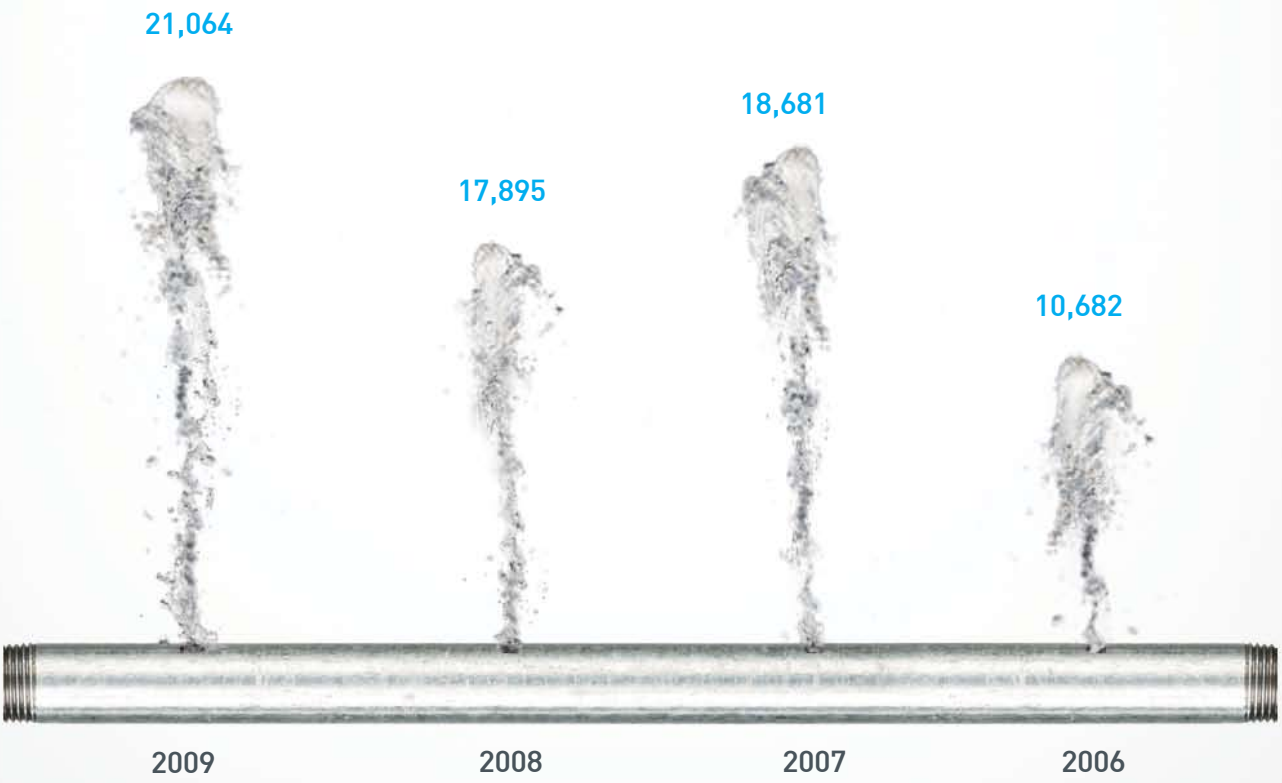
Financial Information

Description	Consolidated Financial Statements For the year ended 31 December				Separate Financial Statements For the year ended 31 December			
	2009	2008	2007	2006	2009	2008	2007	2006
Total assets	21,064	17,895	18,681	10,682	20,868	14,547	15,226	11,293
Total liabilities	12,370	9,558	13,966	6,792	12,260	6,188	10,123	6,800
Shareholders' equity	8,695	8,336	4,715	3,890	8,608	8,360	5,103	4,493
Revenues from sales of tap water	3,994	3,569	2,567	1,698	2,647	2,356	1,986	1,698
Total revenues	4,067	3,639	2,623	1,722	2,991	2,478	2,016	1,721
Cost of sales of treated water and services	1,199	1,177	781	496	683	629	533	509
Administration and Management expenses	208	168	158	105	147	118	126	97
Gross profit	2,850	2,428	1,809	1,202	1,976	1,727	1,454	1,189
Net profit	1,594	1,358	920	674	1,485	1,000	724	677
Book value per share (Baht/share)	2.18	2.08	1.43	1.20	2.16	2.10	1.55	1.20
Earnings per share (Baht/share)	0.40	0.37	0.28	0.21	0.37	0.27	0.22	0.21

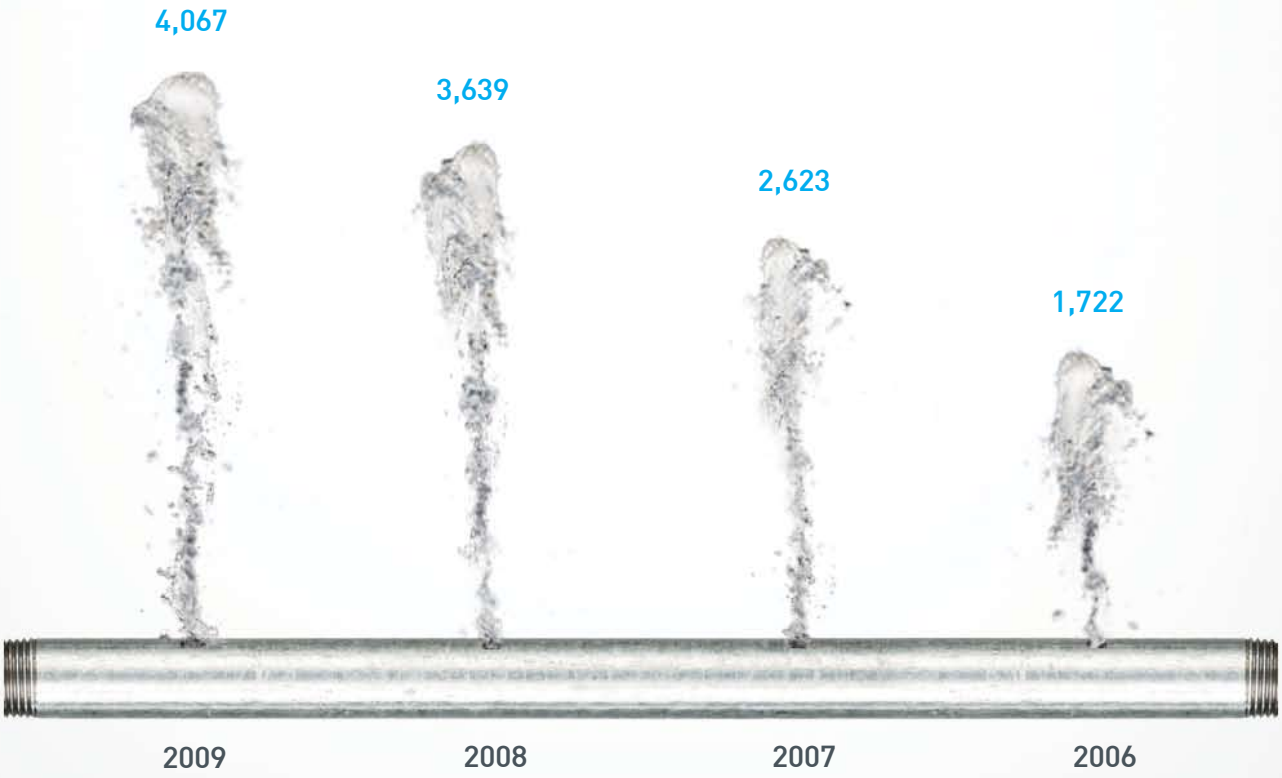
Financial Ratio

Description	Consolidated Financial Statements For the year ended 31 December				Separate Financial Statements For the year ended 31 December			
	2009	2008	2007	2006	2009	2008	2007	2006
Profitability ratios								
Gross profit margin (%)	70.39	67.36	70.48	70.78	74.33	73.28	73.18	69.99
Net profit margin (%)	39.18	37.33	35.07	39.16	49.67	40.36	35.94	39.36
Return on equity (%)	18.77	20.89	21.39	18.64	17.51	14.86	15.10	17.28
Efficiency Ratios								
Return on assets (%)	8.18	7.43	6.27	6.41	8.39	6.72	5.46	6.26
Return on fixed assets (%)	16.03	14.64	11.58	9.84	18.99	14.78	10.94	9.88
Debt service coverage ratio								
Debt / Equity (times)	1.42	1.15	2.96	1.75	1.42	0.74	1.98	1.51
EBITDA / Interest (times)	5.63	4.69	3.47	2.69	5.36	3.90	3.18	1.72
Net Debt / EBITDA (times)	2.52	2.96	5.83	4.12	3.50	2.44	5.32	4.17
Dividend Yield (%)	77.61	44.06	17.66	38.11	83.27	59.85	22.43	37.94

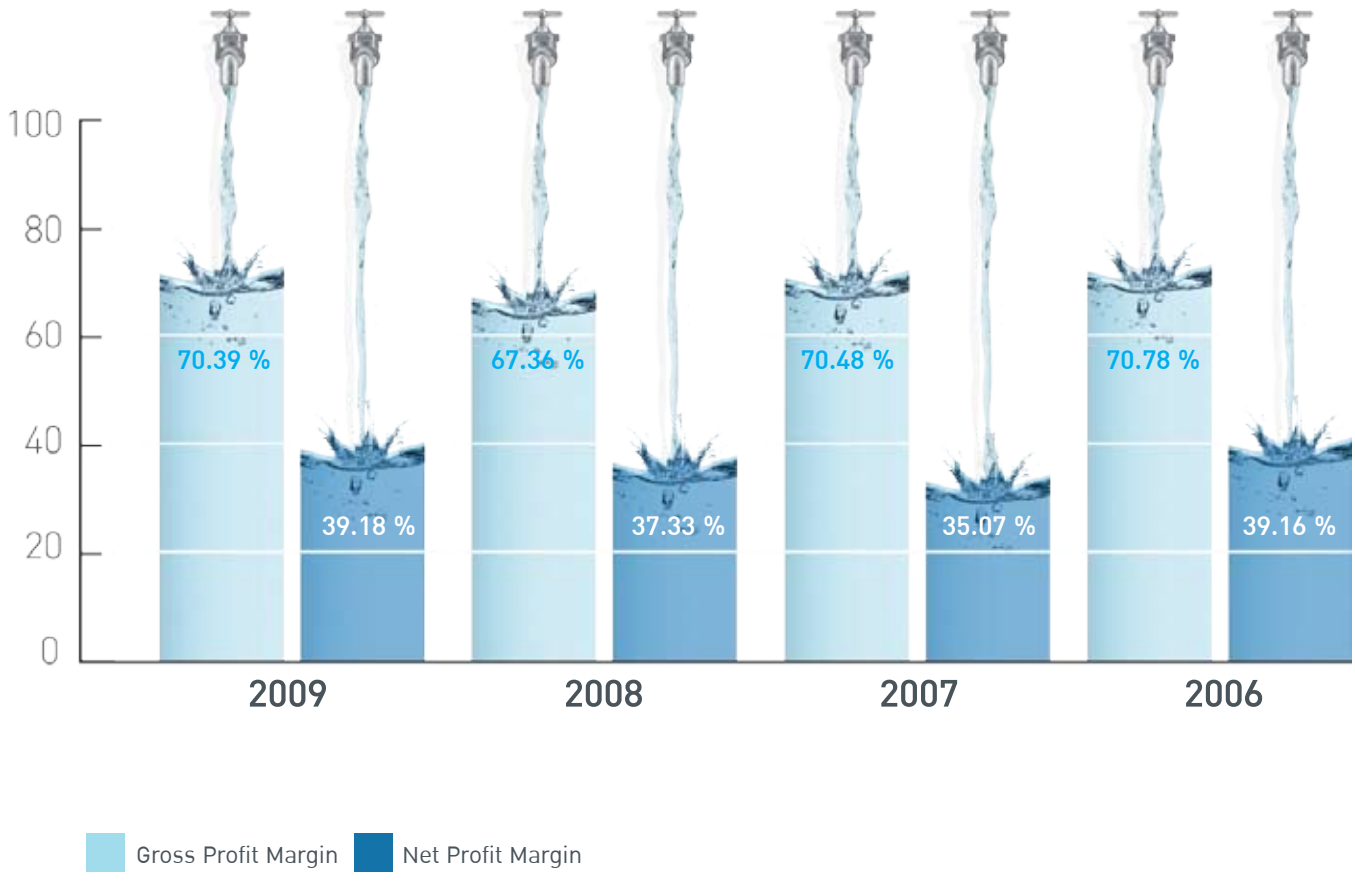
Total asset
(Unit : Million Baht)



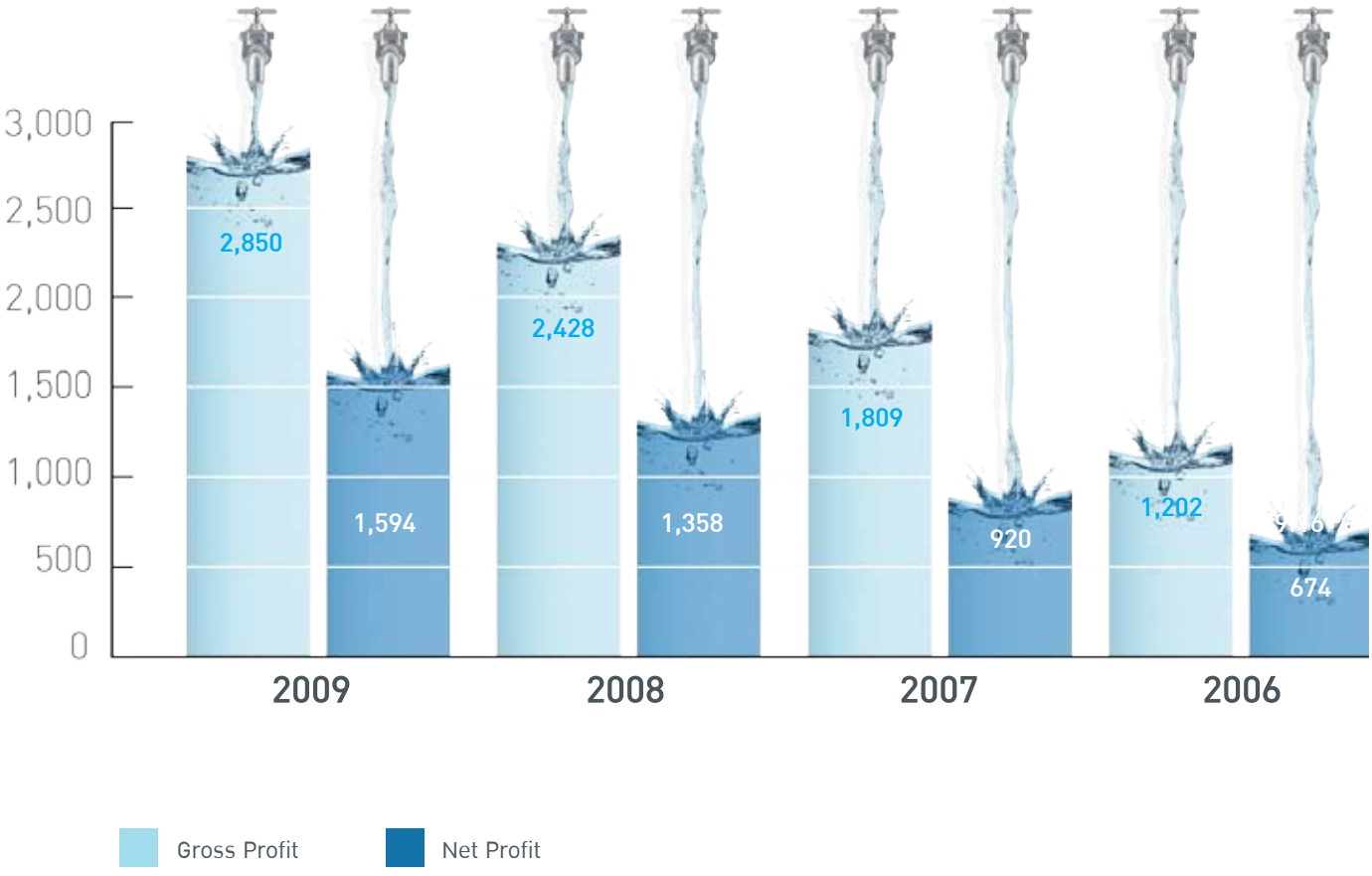
Total Revenue
(Unit : Million Baht)



Gross Profit Margin /Net Profit Margin (%)



Gross Profit/Net Profit
(Unit : Million Baht)



Revenue Structure

The Company invested in PTW's ordinary shares by purchasing 98 percent of the total shares. As a result, the Company has prepared the consolidated financial statements which also include the financial statements of Pathum Thani Water Company Limited and BJT Company Limited (subsidiary of Pathum Thani Water Company Limited), and the results of operations of such subsidiary in the consolidated financial statements for the year ended December 31, 2009.

The main revenues of the Company and its subsidiary are described below:

Rights and Privileges from Investment Promotion

On June 19, 2002, the Company was granted the rights and privileges from an investment promotion pursuant to the Investment Promotion Act B.E. 2520 (1977), as per Investment Promotion Certificate No. 1382(2)/2545 for the public utility and basic infrastructure service. Such rights and privileges currently being exercised by the Company under the Investment Promotion Certificate include corporate income tax exemption in respect of net profit from the promoted business for eight years from the date such revenue is first derived from the promoted business, which will be valid until the year 2012.



a) As of 26 February 2009, the Company has issued the 3-year, 5-year and 7-year senior and non-secured debentures, totaling of 7,000 million Baht in order to repay the long term loans from the financial institutions and to expand the tap water production capacity and distribution of the company. Details of these debentures can be summarized as follows:

Debentures	Maturity date	Interest rate	Amount (Baht)
Debenture series 1 : 3-year tenor	26 February 2012	4.00% per annum	3,500,000,000
Debenture series 2 : 5-year tenor	26 February 2014	4.75% per annum	1,700,000,000
Debenture series 3 : 7-year tenor	26 February 2016	5.35% per annum	1,800,000,000

Regarding the issuance of these debentures, the company has to pay the prepayment fees of 116.8 million Baht. However, the company can mitigate the interest rate risk that may rise from the high interest rate in the future.

b) As of 7 August 2009, the Company has acquired the rights to manage the tap and waste water of Bangpa-in industrial estate (operating right) from the Bangpa-in Land Development Co., Ltd. for the amount of 1,400 million Baht. The Company has received the 10-year loan with floating rate of MLR-2.00% to 2.25% from the financial institution. After acquiring such operating rights, the Company has the revenues from the sales of tap water of Baht 54.2 million and the water treatment of 12.5 million Baht starting from the acquiring date of the operating right until 30 December 2009.

c) As of 30 October 2009, the Company has restructured the long-term loans of the Pathum Thani Water Company Limited (its subsidiary) from the financial institution. The Company has received the 10-year loan with floating rate of MLR-2.00% to 2.25% for the amount of 3,600 million Baht. After the Company has received such loans, the Company has lent them to its subsidiary for the amount of 3,100 million Baht. With this 10-year loan, the subsidiary is paying higher interest rate than those charged by the financial institution by 0.125% per annum. The objective of this loan is to repay the loan from the financial institution whereby the subsidiary would be charged for the prepayment fees of 60.7 million Baht.

Revenues analysis of the sales of tap water

(Unit : Million Baht)

Revenues	2009	2008	Changes	% change
Tap water – Company	2,646.6	2,355.8	290.8	12.3%
Tap water– Pathum Thani Water Co., Ltd.	1,347.2	1,213.4	133.8	11.0%
Total	3,993.8	3,569.2	424.6	11.9%

In 2009, the tap water revenues of the Company and its subsidiary have increased by 424.6 million Baht or accounting of 11.9%. Such increases are from 1) an increase in the water distribution by 1.2 million cubic meters or by 1.1% and higher sales price of tap water from last year, 2) revenues from water supply management at Bangpa-in industrial estate for the amount of 54.2 million Baht, whereby of that amount 2.4 million Baht is the revenues from the sales of tap water, after the acquisition of operating right of 1,400 million Baht in August 2009 and 3) an increase in the water distribution from its subsidiary by 1.9 million cubic meters or accounting of 1.7% and the higher sales price of the tap water from last year.

Service revenue analysis

(Unit : Million Baht)

Revenues	2009	2008	Changes	% change
Service – Thai Tap Water Supply PCL.	12.5	-	12.5	100.0 %
Service – BJT Water Co., Ltd.	42.1	36.0	6.1	16.9 %
Total	54.6	36.0	18.6	51.7 %

In 2009, the service revenues of the company and its subsidiary have increased by 18.6 million Baht or accounting of 51.7%. Since the company has acquired the abovementioned operating right, the company has the revenues from the water treatment of 12.5 million Baht.

Expense analysis

(Unit : Million Baht)

Expense	2009	2008	Change	% change
Cost of sales and service	1,198.6	1,176.9	21.7	1.8 %
Selling and administrative expenses	207.6	168.2	39.4	23.4 %
Amortisation of rights to produce and sell treated water and treat waste water	9.7	-	9.7	100.0 %
Financial expenses	667.0	728.7	(61.7)	(8.5 %)
Corporate income tax	188.0	2.1	185.9	8,852.4 %
Total	2,270.9	2,075.9	195.0	9.4 %

The costs of tap water sales and service have increased by 21.6 million Baht or accounting of 1.8% due to the cost of water supply management and water treatment in Bangpa-in industrial estate for the amount of 12.6 million Baht and an increase in the tap water sales.

The selling and administrative expenses have increased by 39.4 million Baht or accounting of 23.4% due to 1) the advertising expense and marketing activities of 14.6 million Baht, 2) loan origination fees of 7 million Baht, 3) an increase in the employee expenses of 2.2 million Baht and 4) the bonus of the directors in 2009 of Baht 7.7 million.

The royalty fee for tap water production and amortization of water treatment have increased by 9.7 million Baht or accounting of 100% as in August 2009, the company has acquired the operating right of 1,400 million Baht whereby this shall be amortized by using the unit of production method.

The financial expenses has decreased by 61.7 million Baht or accounting of 8.5%. There are several transactions causing the financial expenses to decrease and increase. The main reasons causing such decreases in financial expenses are as follows; 1) the company has repaid the short-term loan at MLR floating rate for the amount of 3,000 million Baht in May 2008, 2) in February 2009, the company has issued 3-yaer, 5-year and 7-year, totaling of 7,000 million Baht with average interest in 2009 of 4.35% per annum in order to repay the long-term loan at floating rate of MLR-1% with the amount of 5,839.8 million Baht, and 3) the interest rate of the long-term loan of its subsidiary has decreased whereby the average MLR of the long-tern loan in 2009 is at 6% per annum (in 2008: 7% per annum). The main reasons causing the increase in the financial expenses are as follows; 1) the company has prepaid the loans by issuing the abovementioned debentures, as such, the company has to pay the prepayment fee of 116.8 million Baht, 2) the company has borrowed the long-term loan of 1,072 million Baht at the floating-rate of MLR-2.00% to 2.25% from the financial institution in order to acquire the operating right and 3) the Pathum Thani Water Co., Ltd. has prepaid the loan, therefore, it has to paid the prepayment fee of 60.7 million Baht.

The corporate income tax has increased by 185.9 million Baht or accounting of 8,852.4%. This is because the Pathum Thani Water Co., Ltd. (subsidiary) has been informed by the letter on the changes in its net loss from the Revenue Office. From the estimation of the Revenue Office, the subsidiary has to pay the corporate income tax from the year 2009 in order to decrease any loss that might arise in the future. Therefore, the subsidiary has paid and recorded such corporate income tax.

From the abovementioned analysis of revenue and expenses, the company and its subsidiary have net profit of 1,593.6 million Baht, increasing from the 2008 figure by 17.3%.

Report and analysis of financial position

(Unit : Million Baht)

Revenues	31 December 2009	31 December 2008	Changes	% Change
Total Asset	21,064.2	17,894.6	3,169.6	17.7 %
Total Liabilities	12,369.5	9,558.2	2,811.3	29.4 %
Shareholders' equity	8,694.7	8,336.4	358.3	4.3 %

Analysis of assets

As of 31 December 2009, the Company and its subsidiary have total assets of 21,064.2 million Baht, increasing by 3,169.6 million Baht when comparing to figures on 31 December 2008. Such increase is due to the acquisition of the operating right of 1,400 million Baht and an increase in cash and cash equivalents of the company and its subsidiary of 1,416.7 million Baht during the year.

Analysis of liabilities

As of 31 December 2009, the Company and its subsidiary have total liabilities of Baht 12,369.5 million, increasing by Baht 2,811.3 million when comparing to figures on 31 December 2008. This is due to 1) the issuance of 3-year, 5-year and 7-year senior and non-secured debentures, totaling of Baht 7,000 million in February 2009 whereby of that amount, the Baht 1,000 million debentures is for expanding the tap water production capacity and distribution of the company, 2) the long-term loan from the financial institution to acquire the operating right of Baht 1,072 million and other account payables-related parties of Baht 428 million and 3) an excess of loan of Baht 500 million received from the financial institution of the Pathum Thani Water Co., Ltd. for the long-term loan restructuring.

Analysis of shareholders' equity

As of 31 December 2009, the Company has shareholders' equity of 8,694.7 million Baht, increasing by 358.4 million Baht when comparing to figure on 31 December 2008. This is due to in 2009 the company has net profit of 1,593.6 million Baht and dividend payment of 1,236.9 million Baht.

Cash flow analysis

In 2009, the Company and its subsidiary has the cash flows from operating of 2,439.5 million Baht, cash flows from investing of Baht 2,037.1 million and cash flows from financing of 1,014.3 million Baht. In 2009, the Company and its subsidiary have significant operations which can be summarized as follows:

1. In February 2009, the Company has issued the 3-year, 5-year and 7-year debentures totaling of 7,000 million as stated in a).
2. In August 2009, the Company has acquired the water supply management and water treatment of Bangpa-in industrial estate as stated in b).
3. In October 2009, the Company has restructured the long-term loans of the Pathum Thani Water Co., Ltd. from its financial institution as stated in c).
4. During the year 2009, the Company has expanded its production capacity from maximum capacity of 320,000 cubic meters per day to 440,000 cubic meters per day whereby the Company has paid for the work in process of 537.1 million Baht.
5. During the year 2009, the Company has paid the dividends of 1,236.9 million Baht.

Auditor's fees

With the resolution passed at the 2009 Annual General Meeting of shareholders on 3 April 2009, the Ernst & Young Office Limited has been appointed as the auditor of the Company with the audit fees of Baht 1,050,000.

Summary of major events in 2009



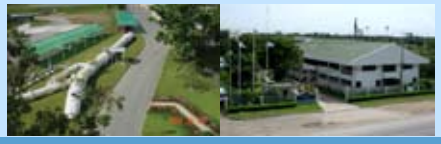
January
2009

Start the construction of "The West Bangkok Water Treatment and Distribution Facilities Project Expansion Phase 1" to expand the existing tap water production capacity from 320,000 cu.m. per day to 440,000 cu.m. per day



26 February
2009

The Company issued debenture of 7 billion Baht to refinance its 6 billion Baht long-term loan and spend the rest of the amount in the water treatment plant expansion project.



1 August
2009

The Minimum Off-take Quantity (MOQ) of Pathum Thani Water Co., Ltd. - the Subsidiary - is adjusted from 310,000 cu.m. per day to 320,000 cu.m. per day according to the contract signed with the Provincial Waterworks Authority (PWA).

The importance

In 2008, the Company evaluated the trend of water consumption in the service areas in west Bangkok and found that if the growing in tap water demand still be at the current rate, it is possible that, in 2009, the tap water supply from the Company will not be sufficient. Therefore, to plan ahead for the increasing demand in the near future, and to support the government's policy of switching ground water usage to tap water usage, the Company started the construction to expand it's existing production capacity.

The Company, then, can eliminate the risk of bank interest-rates instability as the long-term loan use floating interest-rate at MLR-1.5%, which is not under control of the Company. Changing the long-term loan to debenture makes the Company paying fix interest rate for the debt amount average 7 years at 4.9% per year.

The MOQ help to reduce the risk of instability in revenue in case the demand for tap water in Pathum Thani is decline.











7 August
2009

The Company acquired 30-year Rights to Operate Tap Water and Waste Water Services at Bangpa-In Industrial Estate worth 1.4 billion Baht

29 October
2009

Using the Company's credit to take a long-term loan from financial institutions to refinance long-term debt of 3 billion Baht of Pathum Thani Water Co., Ltd. (PTW) - the Company's subsidiary.

The importance

1. it makes The Company to be a "full-cycle water operator" in 2 dimensions

1.1 Operations - we complete the natural cycle of water which starts from taking raw water from the river, filters it and distributes it to end users. Then we collect waste water from end users and treat it before release back to the river.

1.2. Services - we take charge from the starting of the production process. Then we also responsible for all services which are measure the metres, issuing the water bills, collect money, including receive complains from end users in case of any inconvenience happen.

2. The Company did not spend its own cash flow to invest in this project because 100% of needed fund could be raised from banks.

3. As the Company's vision is to be the leader in water related business, this project is seen as a pilot project to prepare the employees for the next similar project in a larger scale.

1. PTW has lower interest rate, from MLR-0.5% reduced to MLR-2%. This helps to save the interest expense of PTW by 1.5%

2. The Company is able to receive more dividends from PTW because, in the previous loan contract, PTW needs to reserve cash for principle repayment and interest payment. After this refinancing, PTW has more cash available and paid dividend of 294 million Baht to the Company in October 2009.

Corporate
Social Responsibility - CSR

Corporate Governance

The Board of Directors of Thai Tap Water Supply Public Company Limited realizes the significance and benefits of the best practices for directors as disseminated by the Stock Exchange of Thailand. In this regard, the Company adopts such practices for compliance by the Board of Directors which has been performing duties in compliance with such practices.







Corporate Governance Policy

The Board of Directors gives priority to the compliance with the good corporate governance principles to ensure transparency, responsibility for duties by the Board of Directors and executives, and confidence of shareholders, investors and all parties concerned, hence the policies in support of the corporate governance which cover key principles as follows:

1 The Board of Directors is committeed to creating value added to the Company's operations in the long run through monitoring as well as due care and prudence within its capacity, thereby giving rise to optimum benefits to the shareholders, preventing any conflicts of interest and assuming responsibility for making any decision and actions undertaken in the capacity as directors on the Board of Direcctors.

Result

In 2009, the Company followed the best practices and completed all the tasks and obligations set by the Stock Exchange of Thailand, and the Securities and Exchange Commission.

2 The Board of Directors shall treat the shareholders and interested parties equally and fairly.

Result

In 2009, the Company followed the best practices and completed all the tasks and obligations set by the Stock Exchange of Thailand, and the Securities and Exchange Commission.

3 The Board of Directors shall perform duties transparently and auditably by way of accurate and complete disclosure in a timely manner to all relevant parties.

Result

In 2009, the Company followed the best practices and completed all the tasks and obligations set by the Stock Exchange of Thailand, and the Securities and Exchange Commission.

4 The Board of Directors shall, in the business operations, always take into account various risks through appropriate risk control and management.

Result

The Company evaluates the risks of the business operation yearly.

5 The Board of Directors shall also introduce the code of conduct for compliance by directors, executives and staff. In this regard, the Board of Directors shall set a good example to executives and staff relating to the code of conduct in accordance with the Company's corporate governance principles.

Result

The Company evaluates the business managing and operating yearly, according to laws, rules, regulations, and standard best practices.

CSR Activity







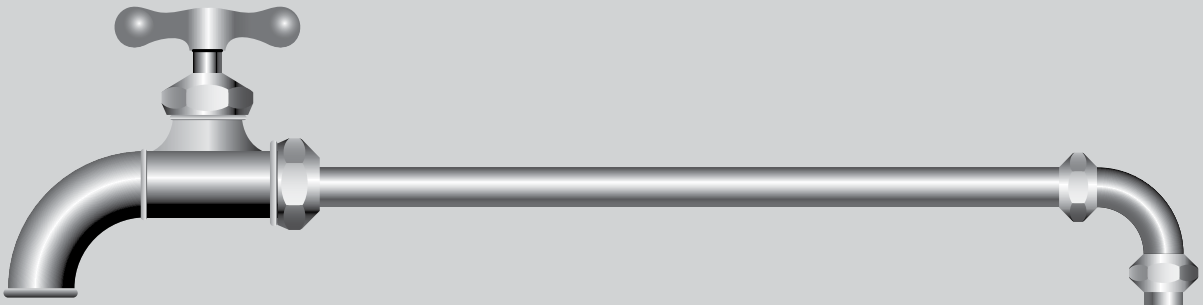








CSR Activity



09·01·09

Children's Day

- Strengthen relationships with people in the service areas
- Make known and remind the Company's name and reputation

The activity was in the surrounding area of Banglen Water Treatment Plant.

The Company and Bang Ragum Municipal arranged a Children's day 2009 event at Wat Suk Wattanaram School to encourage parents and their family to realise the importance of children and paying more attention to them. A lot of toys and students-kit were offered to children that won games and activities.


09/01/2009 09:23

CSR Activity



19-20·01·09

Renovate PWA Omnoi Branch's office

- Improve the image of PWA
- Strengthen the relationship with PWA

PWA Omnoi branch

The Company supported budget for renovating PWA Omnoi Branch's office and landscape


19/01/2009 11:10

CSR Activity



02·03·09

Provided cooling machine with water filtered to Wat Suk Wattanaram School

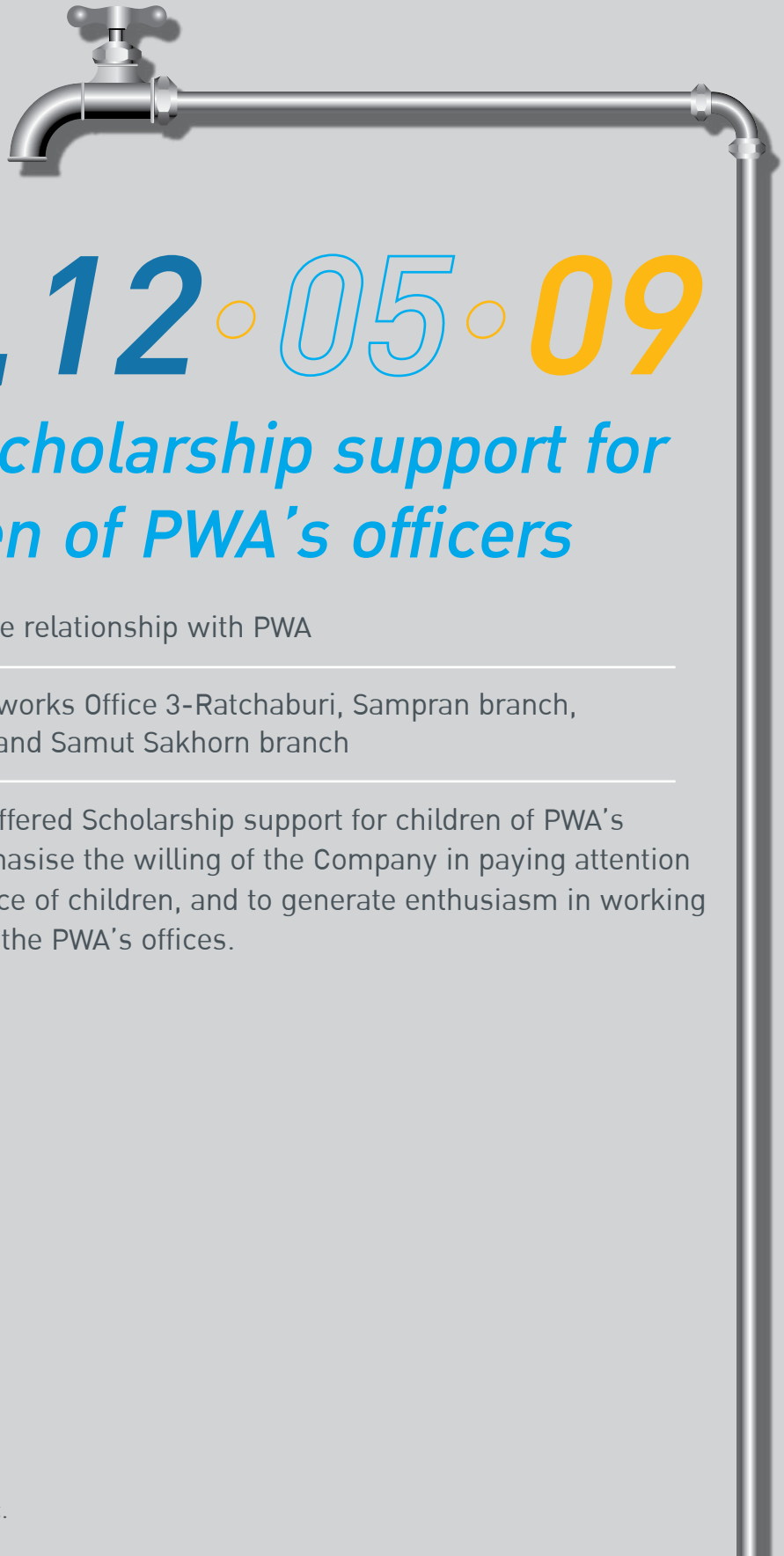
- Strengthen relationships with people in the service areas
- Make known and remind the Company's name and reputation

Wat Suk Wattanaram School is a school in the surrounding area of Banglen Water Treatment Plant.

The Company provided the cooling machine with water filtered for the school to increase the standard of health and safety of drinking water for children.


สนับสนุนโดย

CSR Activity



07,12·05·09

Offer Scholarship support for children of PWA's officers

- Strengthen the relationship with PWA

For PWA, Waterworks Office 3-Ratchaburi, Sampran branch, Omnoi branch, and Samut Sakhorn branch

The Company offered Scholarship support for children of PWA's officers to emphasise the willing of the Company in paying attention to the importance of children, and to generate enthusiasm in working environment of the PWA's offices.


สำนักงานประปาเขต 3
การประปาส่วนภูมิภาค

CSR Activity



22, 25-26 • 06 • 09

Offer Funding and Scholarship support for children

- Strengthen relationships with people in the service areas
- Make known and remind the Company's name and reputation

Schools in the service area in the west Bangkok

The Company offered funding support for education, lunch, student-kits, and sport equipments for children in the school in the service areas to emphasise the willing of the Company in paying attention to the importance of children, and to facilitate the parent in providing extra educations and activities for their children.


พิธีมอบทุนการศึกษา ทุนอาหารกลางวัน ให้นักเรียน 10 แห่ง
วันที่ 22, 25 และ 26 มิถุนายน พ.ศ. 255

CSR Activity



09·08·09

Mobile Water-users registration



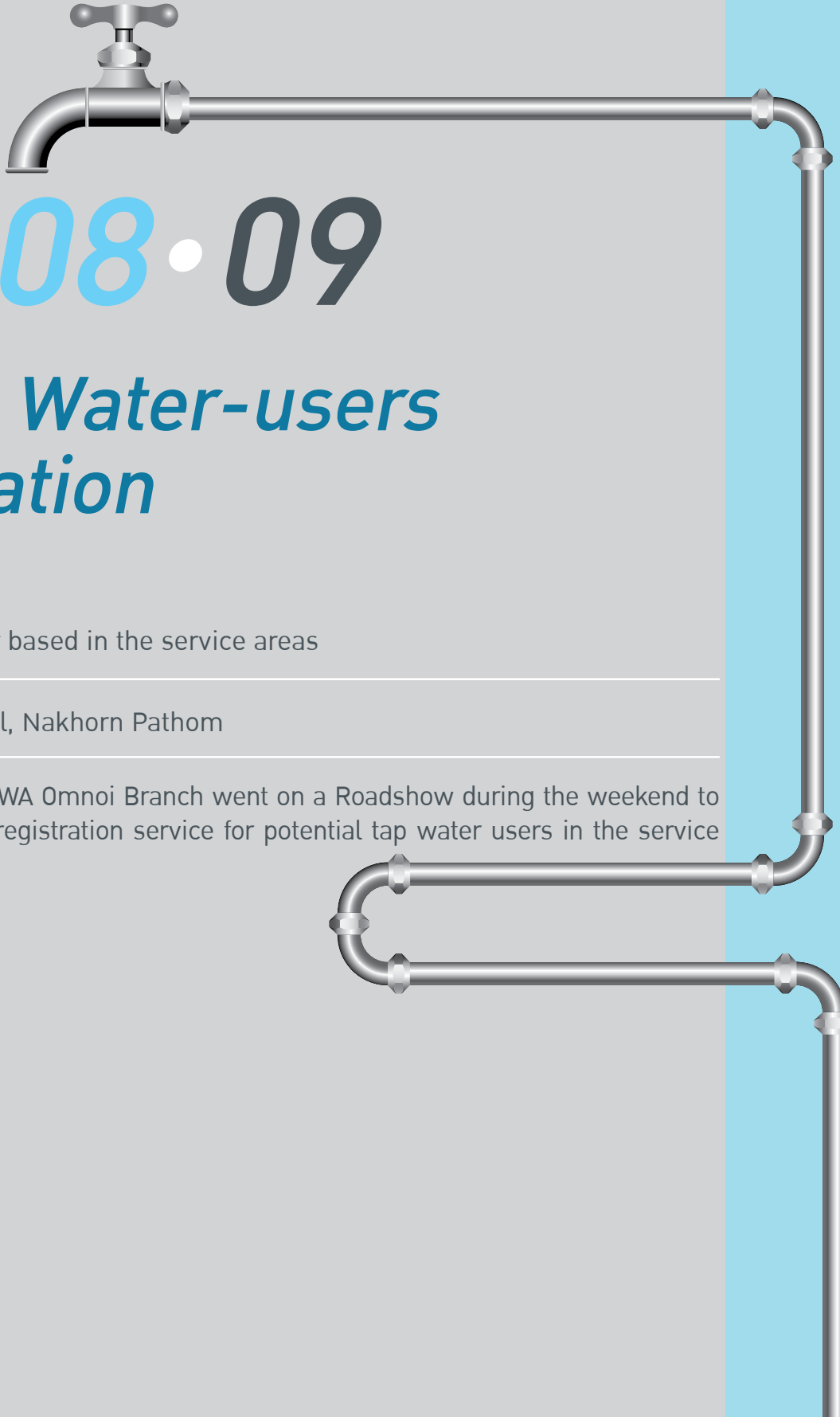
- Expand customer based in the service areas

Siwarat Villa 2, Sampran, Nakhorn Pathom

The Company and PWA Omnoi Branch went on a Roadshow during the weekend to provide convenient registration service for potential tap water users in the service areas.



CSR Activity



21 • 08 • 09

Mobile Water-users registration

- Expand customer based in the service areas

Sanamjan Municipal, Nakhorn Pathom

The Company and PWA Omnoi Branch went on a Roadshow during the weekend to provide convenient registration service for potential tap water users in the service areas.



CSR Activity



20·09·09

Support activity "National Cannel Reserve Day" at Bang Ragum Municipal

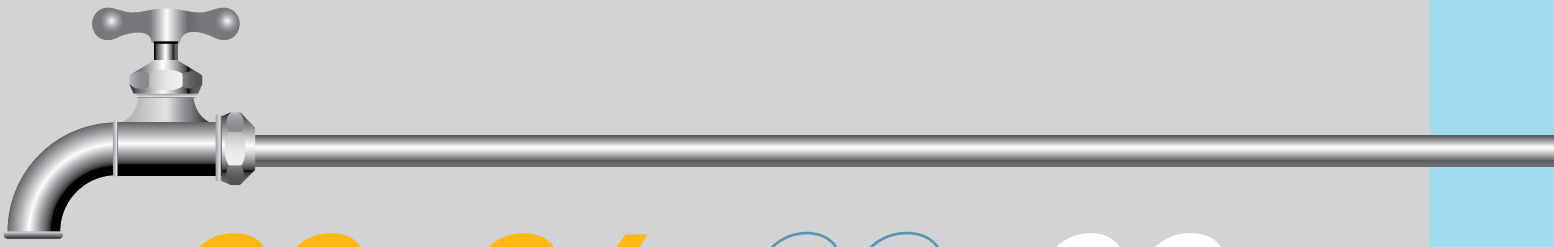
- Strengthen relationships with people in the service areas
- Make known and remind the Company's name and reputation

Bang Ragum Municipal

The Company supported "we love Tha Chin River" Club to hold "National Cannel Reserve Day" activity at Thai Rat Wittaya 4, Bang Ragum Municipal, Banglen, Nakhorn Pathom.



CSR Activity



23-24•09•09

Telephone Responding Training

- Improve the service image of PWA
- Strengthen the relationship with PWA

Rose Garden Hotel, Sampran

The Company arrange a "Telephone Responding" training by a well-recognise coach at Rose Garden Hotel, Sampran. This was to improve the service standard and efficiency of PWA.





CSR Activity



26·11·09

Strengthen the relationship with customers

- Strengthen the relationship with major customers

Royal Gems Golf Course, and Salaya Pavilion Hotel

The Company invited the first 10 major customers to join a golf event at Royal Gems Golf Course, and dinner at Salaya Pavilion Hotel.



CSR Activity



17•12•52
New Year Greeting

- Strengthen the relationship with PWA

PWA Head Quarter, Bangkok

The Company gave thank you presents to PWA for being support the Company and the Company's activities.





CSR Activity



Activities in year 2009



General Information
of the Company

Thai Tap Water Supply Public Company Limited

Registered No.	0107549000114
Head Office	30/10 Moo 12 Buddhamonthon 5 Road, Rai Khing, Sam Phran, Nakhon Pathom 73210
Telephone	0-2811-7528
Facsimile	0-2420-6064
Homepage	http://www.thaitap.com
Business	Production and distribution of tap water for the Provincial Waterworks Authority
Registered Capital	Baht 3,990,000,000
Ordinary Shares	3,990,000,000 shares
Par Value	Baht 1 per share
Paid-up Capital	Baht 3,990,000,000
Ticker	TTW
Contact	Investor Relations
Email	ir@thaitap.com
Telephone	0-2811-7528 Ext. 209





Nature of Business

The Company operates a public service business in the production and distribution of tap water to the Provincial Waterworks Authority (PWA) service area in the vicinity of Amphur Nakhon Chaisi, Amphur Sam Phran, Amphur Buddhamonthon, Nakhon Pathom Province, and Amphur Mueang Samut Sakhon, Amphur Krathum Baen, Samut Sakhon Province , to replace the tap water production from the PWA's groundwater wells and to increase the tap water production volume to sufficiently accommodate the consumers's demand so as to help alleviate the land subsidence problems and saltwater penetration in accordance with the government's policy.

The Company was incorporated on September 11,2000 with an initial registered capital of Baht 100,000, with the objectives to operate the business of production of tap water for distribution to the Provincial Waterworks Authority service area. At present the Company's rgistered capital is, 3,990 Million Baht of which is paid-up.

On September 21, 2000, the Company entered into the Water Purchase and Sale Agreement with the PWA for a period of 30 years or until July 20, 2034 on the Build-Own-Operate (BOO) basis, namely, the Company carries out construction of the tap water production and distribution systems to consumers with the maximum production capacity of 320,000 cubic meters/day, which represents the highest capacity as compared to other private tap water business operators in Thailand. The Company maintains the ownership of the tap water production and distribution systems to consumers without transfer of the ownership of the said production and distribution systems to the PWA. Furthermore, the Water Purchase and Sale Agreement also specifies the minimum order quantity (MOQ) to be purchased by the PWA from the Company throughout the 30-year period, whereby the MOQ increases during the period of the Agreement as follows:

Commencement	End of Period	MOQ (cubic meters/day)
July 21, 2004	July 20, 2006	200,000
July 21, 2006	July 20, 2008	250,000
July 21, 2008	July 20, 2034 (End of the Agreement)	300,000



According to the tap water demand, which increases continuously in Nakhon Pattom and Samut Sakhon Provinces, the Company estimates that, there might be a shortage of tap water in the Company's distribution areas in the near future. In order to accommodate such increased tap water demand and to support the government's policy on the use of tap water in replacement of groundwater, the Company, therefore, proposed to the PWA to enhance its existing the Company's production plant and transmission system from 320,000 cubic meters/day to 440,000 cubic meters/day, which represents the highest capacity as compared to other private tap water business operators in Thailand.

The Company has signed the Water Purchase and Sale Agreement for additional purchase with the PWA on 29 December, 2008. PWA agrees to purchase additional tap water in the mimimun quantity, throughout the term of the existing agreement as follows.

Actual Commencement Date of Sale	End of Period	MOQ Additional Water Purchase (cubic meter / day)
Within 660 days from the date of signing the amended contract or not after October 19, 2010	Oct 18, 2011	9,000
Oct 19, 2011	Oct 18, 2012	18,000
Oct 19, 2012	Oct 18, 2013	27,000
Oct 19, 2013	Oct 18, 2014	36,000
Oct 19, 2014	Oct 18, 2015	45,000
Oct 19, 2015	July 20, 2034 (End of Agreement)	54,000

Remarks : Actual Commencement Date of Sales shall mean the date on which the expansion of production capacity is completed.

However, in operating such tap water business, the Company needs to obtain a concession from the Ministry of Natural Resource and Environment. In this respect, the Company applied for the tap water business concession from the said Ministry and was granted such concession on March 11, 2005 from the Ministry of Natural Resource and Environment for a concession period of 25 years.

In the tap water production, the Company pumps water from the Tha Chin River for use as raw water for production. The produced tap water is distributed by the Bulk Transmission Main (BTM) from the water production plant at Amphur Banglen, Nakhon Pathom Province, to the Company's two distribution stations, namely, Buddhamonthon Distribution Station and Mahachai Distribution Station, and water is then pumped through the Local Distribution Network (LDN) for distribution to the public in the vicinity of the Sam Phran, Omnoi and Samut Sakhon Water Offices.

In the tap water production, the Company entered into an agreement to engage WaterFlow Co., Ltd. (WaterFlow) which is its subsidiary as a production unit to carry out such operation, to be in charge of the production, repair and maintenance as well as production control and distribution.

Pathum Thani Water Co., Ltd. (PTW), a subsidiary of the Company has its registered and paid-up capital amount to 1,200 million Baht and it operates the business of tap water production and distribution to the PWA in the same manner as the Company. On August 31, 1995, PTW entered into the agreement for operation of tap water production and distribution to the PWA on the Build Own Transfer (BOT) for a contract term of 25 years. However, PTW obtained a concession from the Ministry of Interior on January 13, 2000 for a Concession period of 25 years.

PTW carried out construction of the tap water production and distribution system and should transfer the ownership of the production and distribution systems to the PWA at the end of the Agreement or at 24.00 hrs. on October 14, 2023. Moreover, PTW may rent the facilities from PWA after the facilities are transferred to PWA. The rental agreement can be for 2 periods of 10 years each.

The tap water production of PTW starts from pumping raw water from the Chao Phraya River into the production process in the water production plant at Amphur Sam Khok, Pathum Thani Province. The tap water is distributed through the Bulk Transmission Main (BTM) to PTW's three distribution stations, namely, Rangsit Distribution Station, Thammasat Distribution Station and Pathum Thani Distribution Station, and water is then pumped through the Local Distribution Network (LDN) for distribution for service to the public in the vicinity of the Pathum Thani and Rangsit Water Offices. In light of the increasing demand in water consumption in the service areas, on September 15, 2006, PTW entered into a water purchase and sale agreement with the PWA to increase the volume of tap water to be purchased from PTW in an additionals volume of 70,000 cubic meters/day, which would be for service to the Rangsit Water Office.

PTW entered into an agreement to engage BJT Water Co., Ltd. (BJT) which is its subsidiary to carry out production operation and to be in charge of the production repair and maintenance as well as production control and distribution. PTW has a maximum production capacity of 388,000 cubic meters/day and sell the tap water to the PWA in the minimum quantity at 388,000 cubic meters/day.

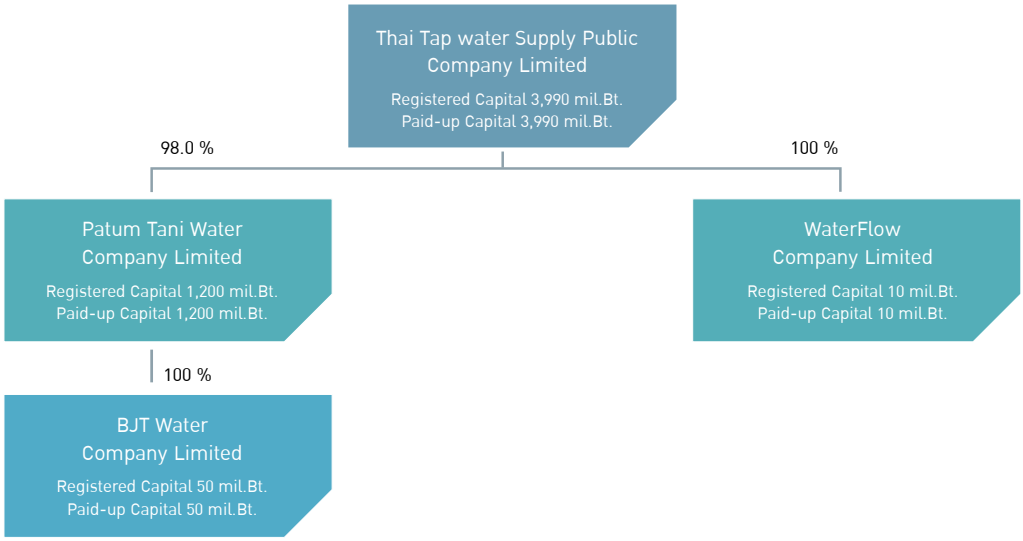
On 7 August 2009, the Company has signed the contract acquiring rights to manage the tap water and waste water of Bangpa-in industrial estate for the periods of 30 years with the amount of 1,400 million Baht. The capacity of the water production is at 48,000 cubic meters per day with its distribution price of 22.5 Baht per cubic meters. The capacity of water treatment is at 18,000 cubic meters per day with the water treatment charge for Baht 7-9 per cubic meters, depending on the quality of the waste water. If the quality of the waste water is exceeding the specific level, the charge shall be at the rate of 20 Baht per cubic meters. The main reasons that the Company has acquired the right on the Bangpa-in property are 1) to reduce their income dependence on solely customer which is Provincial Waterworks Authority (PWA) and to expand its service networks, 2) to enhance the skills, knowledge and experience of water treatment business and 3) to directly provide a complete service to customers.



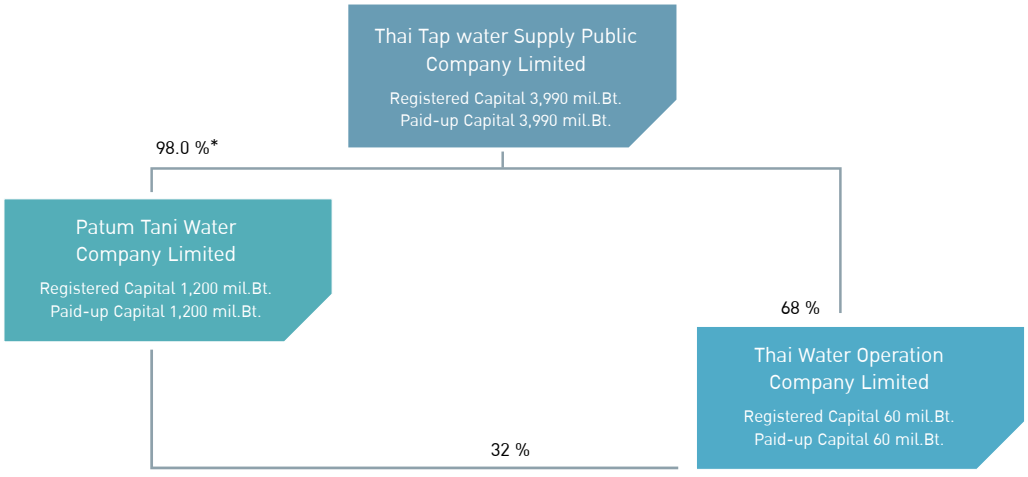




TTW and its Subsidiaries Structure



As at January 8, 2010 the Company merged two subsidiaries, Waterflow Company Limited and BJT Water Company Limited, into one company. The Company's group structure after the merger are as follow:



Remark : *2 % hold by PWA

List
of Subsidiaries

Pathum Thani Water Company Limited

Address	43 Moo 3 Chiang Rak Noi-Bang Sai Road, Ban Pathum, Sam Khok, Pathum Thani 12160
Telephone	0-2979-8530-2
Facsimile	0-2979-8533
Business	Production and distribution of tap water for the Provincial Waterworks Authority
Registered Capital	Baht 1,200,000,000
Ordinar Shares	12,000,000 shares
Par Value	Baht 100 per share
Paid-up Capital	Baht 1,200,000,000

WaterFlow Company Limited

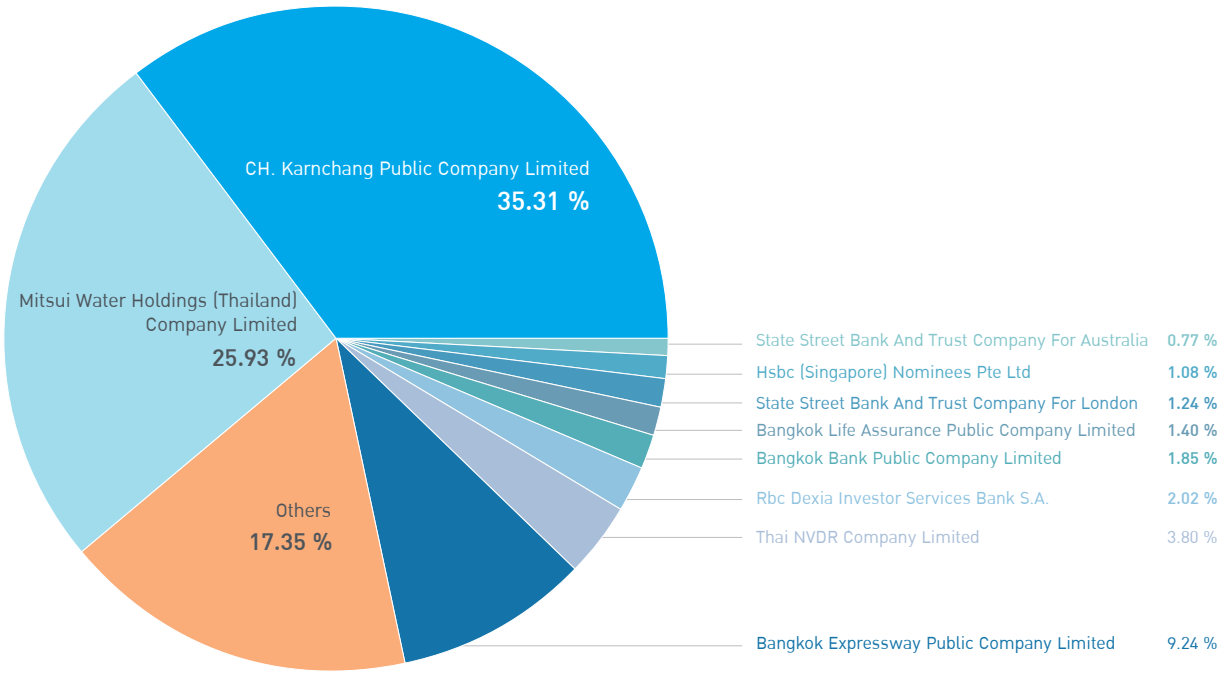
Address	30/10 Moo 12 Buddhamonthon 5 Road, Rai Khing, Sam Phran, Nakhon Pathom 73210
Telephone	0-2811-7526
Facsimile	0-2420-6064
Business	Administration and management of tap water production and distribution systems
Registered Capital	Baht 10,000,000
Ordinary Shares	100,000 shares
Par Value	Baht 100 per share
Paid-up Capital	Baht 10,000,000

BJT Water Company Limited

Address	587 Viriyathavorn Building, CH Floor, Sutthisarnvinitchai Road Dindaeng, Dindaeng, Bangkok 10400
Business	Administration and management of tap water production and distribution system and wastewater treatment system
Registered Capital	Baht 50,000,000
Ordinary Shares	500,000 shares
Par Value	Baht 100 per share
Paid-up Capital	Baht 50,000,000

Shareholding Structure

List of top ten shareholders as at December 31, 2009 :

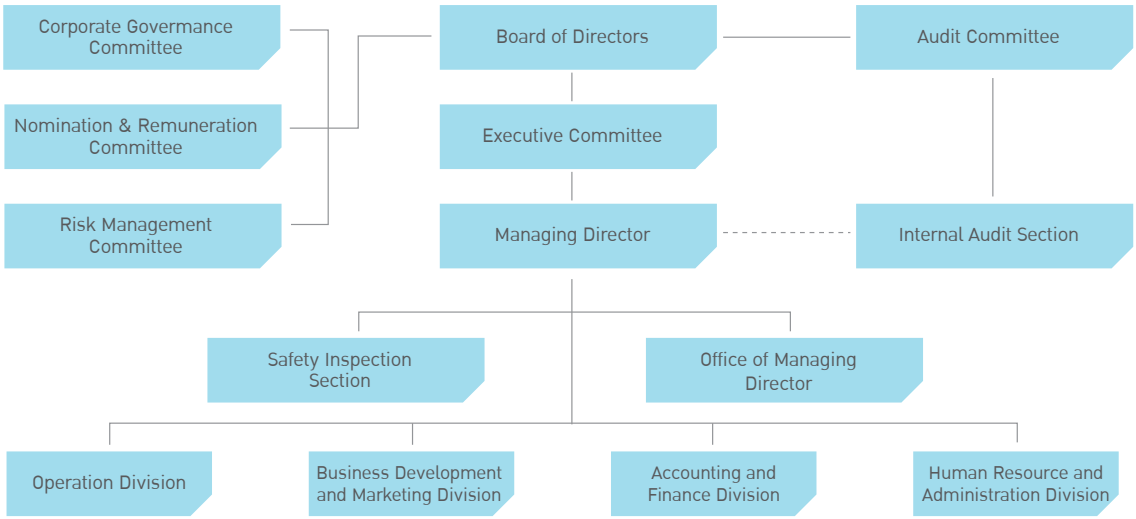


- CH. Karnchang Public Company Limited
  1,408,777,400 Shares
- Mitsui Water Holdings (Thailand) Company Limited
  1,034,500,000 Shares
- Others
  692,421,000 Shares
- Bangkok Expressway Public Company Limited
  368,750,000 Shares
- Thai NVDR Company Limited
  151,475,400 Shares
- Rbc Dexia Investor Services Bank S.A.
  80,681,200 Shares
- Bangkok Bank Public Company Limited
  73,895,000 Shares
- Bangkok Life Assurance Public Company Limited
  55,955,000 Shares
- State Street Bank And Trust Company For London
  49,600,000 Shares
- Hsbc (Singapore) Nominees Pte Ltd
  43,055,500 Shares
- State Street Bank And Trust Company For Australia
  30,889,500 Shares

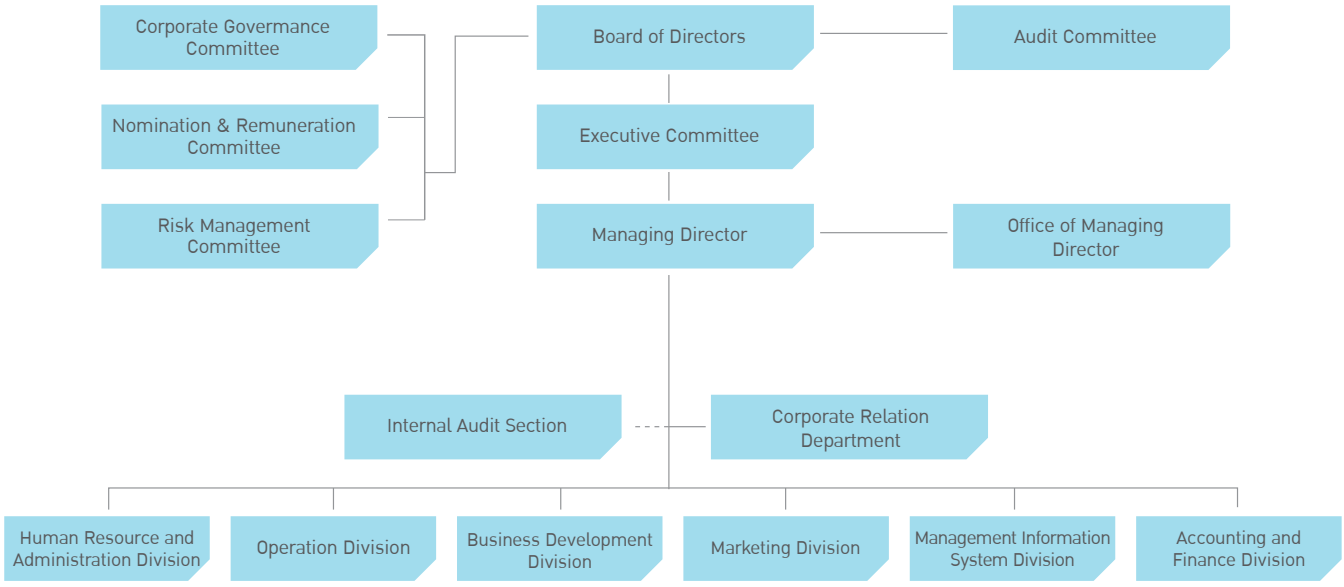
Total numbers of shares : 3,990,000,000 Shares

Management Structure

As at December 31, 2009, the Company's management structure is as follows:



As at January 1, 2010, the Company's restructured the organization to be as follows:





Board of Directors

1. Dr.Thanong Bidaya
   Director and
   Chairman of the Board of Directors
2. Mr.Plew Trivisvavet
   Director and Vice-Chairman
3. Mr.Techapit Sangsingkeo
   Director, Chairman of Audit Committee,
   Chairman of Risk Management Committee
   and Corporate Governance Committee
4. Mr.Phairuch Mekarporn
   Director, Chairman of Nomination and
   Remuneration Committee,
   Audit Committee and Corporate
   Governance Committee
5. Mr.Somnuk Chaidejsuriya
   Director, Audit Committee and Chairman
   of Corporate Governance Committee
6. Mr.Narong Sangsuriya
   Director and Chairman of Executive
   Committee



7. Mr.Prasert Marittanaporn
Director, Nomination and Remuneration Committee and Risk Management Committee

8. Mr.Suvich Pungchareon
Director and Executive Committee

9. Dr.Sombat Kitjalaksana
Director and Executive Committee

10. Mr.Koichi Wakana
Director and Nomination and Remuneration Committee

11. Mr.Kazushige Katamura
Director, Executive Committee and Risk Management Committee

12. Mr.Sompodh Sripoom
Director, Executive Committee, Corporate Governance Committee, Risk Management Committee Managing Director and Company Secretary

totaling at least five persons, but no more than 15 persons, provided that not less than one half of the total number of directors shall be non-executive directors, and at least three persons or one-third of the total number of directors shall be independent directors.

The Company's management structure comprises six committees, namely, the Board of Directors, the Executive Committee, the Audit Committee, the Nomination and Remuneration Committee, the Corporate Governance Committee and the Risk Management Committee, as well as the executive management. The Board of Directors has four independent directors who have the following qualifications:

The directors shall have such qualifications and have no prohibited characteristics as set forth in the Public Limited Companies Act, with a three-year term of office.

The appointment of directors shall be transparent and comply with the Company's Articles of Association as well as the criteria and procedures as established by the Nomination and Remuneration Committee. Names and backgrounds of candidates nominated for appointment as directors shall be submitted through the Nomination and Remuneration Committee and the Board of Directors for consideration to seek approval from the shareholders' meeting. The said nomination process shall also allow the minority shareholders to nominate candidates for consideration and selection.

The term of office is three years each. At every Annual Ordinary General Meeting, one-third of the total number of directors shall retire, provided that those retiring directors for the first and second years after the Company's incorporation shall be drawn by lots, and for subsequent years, such directors with the longest term of office shall retire. Retiring directors may be re-elected for appointment as directors.

Board of Directors

As at December 31, 2009, the Board of Directors comprises twelve directors as follows:

1.	Dr. Thanong Bidaya	Director and Chairman of the Board of Directors and Independent Director
2.	Mr. Plew Trivisvavet	Director and Vice-Chairman
3.	Mr. Techapit Sangsingkeo	Director, Chairman of Audit Committee, Chairman of Risk Management Committee and Corporate Governance Committee, Independent Director
4.	Mr. Phairuch Mekarporn	Director, Chairman of Nomination and Remuneration Committee, Audit Committee and Corporate Governance Committee, Independent Director
5.	Mr. Somnuk Chaidejsuriya	Director, Audit Committee and Chairman of Corporate Governance Committee, Independent Director
6.	Mr. Narong Sangsuriya	Director and Chairman of Executive Committee
7.	Mr. Prasert Marittanaporn	Director, Nomination and Remuneration Committee and Risk Management Committee
8.	Mr. Suvich Pungchareon	Director and Executive Committee
9.	Dr. Sombat Kitjalaksana	Director and Executive Committee
10.	Mr. Koichi Wakana	Director and Nomination and Remuneration Committee
11.	Mr. Kazushige Katamura	Director, Executive Committee and Risk Management Committee
12.	Mr. Sompodh Sripoom	Director, Executive Committee, Corporate Governance Committee, Risk Management Committee Managing Director and Company Secretary

The Company's Authorized Signatory Directors

The Company's authorized signatory directors shall be: (1) any two of these five directors, namely, Mr.Plew Trivisvavet, Mr.Narong Sangsuriya, Mr.Sombat Kitjalaksana, Mr.Prasert Marittanaporn and Mr.Sompodh Sripoom, jointly sign and affix the Company's seal; or (2) either Mr.Plew Trivisvavet or Mr.Narong Sangsuriya or Mr.Sombat Kitjalaksana or Mr.Prasert Marittanaporn or Mr.Sompodh Sripoom, and either Mr.Yoshio Kometani or Mr.Tomoaki Matsumoto, totaling two directors, jointly sign and affix the Company's seal.

The Board of Directors shall regularly meet every three months, with additional meetings as necessary. Agenda of each meeting shall be clearly determined in advance, with regular agenda item for follow-up on operations. The Office of the Managing Director shall send notice of the meeting, together with agenda of the meeting, at least 10 days prior to the meeting date, and such documents in support of the meeting shall be delivered at least seven days in advance, so as to allow the Board of Directors to have sufficient time to review such information prior to attending the meeting. The Board of Directors held ten meetings in the year 2008.

Powers and duties of the Board of Directors

The Board of Directors shall take responsibility towards the shareholders in respect of the Company's business operations, and supervision of the Company's operations to be in line with the guidelines and goals, which would give rise to the optimum benefits to the shareholders, subject to the code of ethics and taking into account the benefits of all interested parties:

1) Supervising the Company's operations to ensure compliance with laws, objectives and the Company's Articles of Association, as well as resolutions of the shareholders' meetings, and protecting the Company's interest based on the good corporate governance principles.

2) Determining policies and directions of the Company's operations and supervising the management to take actions to ensure compliance with the policy with efficiency and effectiveness so as to result in the optimum economic value to the business and great prosperity to the shareholders.

3) Approving vision, mission, corporate value as anticipated by the Company, and the business ethics.

4) Arranging for and supervising the administration in compliance with the good corporate governance principles.

5) Considering approval for budget for investment and budget for the Company's annual business operations, including monitoring the use of the Company's resources.

6) Providing complete, correct and sufficient reports on financial information, data and general information which are important for shareholders, and affirming the certification of the reported information.

7) Arranging for the Company to have an efficient internal control and audit system as well as appropriate and adequate risk management measures, including following up on such matters on a regular basis.

8) Considering clearly determing and separating roles, duties and responsibilities among the Board of Directors, the Executive Committee, subcommittees and the management, with regular communication regarding such roles, duties and responsibilities to the Board of Directors, the Executive Committee, subcommittees, the management and staff of the Company.

9) Supervising the Executive Committee, subcommittees and the management to comply with the specified policies.

10) Considering performance evaluation, determination of salaries, wages, welfare, bonus, allowance and other remuneration, including expenses and facilities of the Managing Director, as well as determining backup plan for nominating personnel to hold major office of the management should the management become unable to perform the duties.

11) Considering revision of the scope of powers, duties, responsibilities and roles of the Executive Committee, subcommittees and the management as appropriate.

Executive Committee

As at December 31, 2009, the Executive Committee comprises five members as follows:

1.	Mr. Narong Sangsuriya	Chairman of the Executive Committee
2.	Mr. Suvich Pungchareon	Member
3.	Dr. Sombat Kitjalaksana	Member
4.	Mr. Kazushige Katamura	Member
5.	Mr. Sompodh Sripoom	Member

Scope of powers and duties of the Executive Committee

1) Supervising the Managing Director's performance to ensure compliance with resolutions, policies and strategies as determined by the Board of Directors, as well as providing advice and suggestions to the Managing Director.

2) Supervising the conduct of feasibility studies on new projects, and approving implementation of projects as it deems appropriate within an amount under (3).

3) Having power to approve execution of any juristic acts which would have binding effect upon the Company within an amount of not exceeding Baht 50 (Fifty) Million, provided that such approval shall involve neither any transactions giving rise to conflict or interest against the Company or its subsidiaries.

4) Having power to consider, approve and/or determine policies on administration and business operation of the Company or any actions which would have binding effect upon the Company, subject to the scope of policies and strategies as determined by the Board of Directors.

5) Having power to employ, appoint, impose disciplinary action, terminate, dismiss, remove, determine salary, bonus, benefits, and other remunerations, including expenses and facilities of the Company's officers or staff in the position of Division Manager or equivalent and higher, but excluding the Managing Director.

6) Having power to appoint, determine authorities and duties, delegate direction of supervision policy, determine remunerations, allowances, expenses and facilities for special workgroups for carrying out specific works, including to approve proposals of special workgroups within an amount under (3).

7) Having power to appoint chairman of the advisors, advisors and/or advisory board to the Executive Committee as appropriate, whereby remunerations, allowances, expenses and facilities for the said chairman of the advisors, advisors and/or advisory board shall be determined by the Nomination and Remuneration Committee.

8) Performing other duties as delegated from time to time by the Board of Directors.

Audit Committee

As at December 31, 2009, the Audit Committee comprises three independent directors as follows:

1.	Mr. Techapit Sangsingkeo	Chairman of the Audit Committee
2.	Mr. Somnuk Chaidejsuriya	Member
3.	Mr. Phairuch Mekarporn	Member

Scope of powers and duties of the Audit Committee

1) Reviewing the Company's financial reports to ensure the correctness and adequate disclosure.

2) Reviewing the internal control and internal audit systems of the Company to ensure the suitability and efficiency.

3) Reviewing the Company's operation to ensure its compliance with the laws on securities and exchange, the regulations of the Stock Exchange, or such laws, rules and regulations and policies relating to the business of the Company.

4) Considering the Company's disclosure in respect of related party transactions or such transactions which may give rise to conflict of interest, to ensure the accuracy, completeness and timeliness.

5) Considering, selecting, nominating for appointment and proposing remuneration for the Company's auditor to the Board of Directors for further submission to seek approval of the shareholders.

6) Preparing the Audit Committee's corporate governance report to be disclosed in the Company's annual report, whereby such report shall be signed by the Chairman of the Audit Committee.

7) Performing other duties as delegated by the Board of Directors and with approval of the Audit Committee.

Nomination and Remuneration Committee

The Board of Directors appoints the Nomination and Remuneration Committee to help consider selecting qualified persons to take office as directors, the Managing Director as well as setting out criteria for consideration of remuneration. As at December 31, 2009, the Nomination and Remuneration Committee comprises three members as follows:

1.	Mr. Phairuch Mekarporn	Chairman of the Nomination and Remuneration Committee
2.	Mr. Prasert Marittanaporn	Member
3.	Mr. Koichi Wakana	Member

Scope of powers and duties of the Nomination and Remuneration Committee

1) Considering the criteria and procedures for recruiting persons qualified to take office as directors of the Company, including selecting persons in accordance with the specified nomination procedures for submission to the Board of Directors for consideration and appointment, or for submission to the shareholders' meeting for consideration and appointment, as the case may be, provided that such procedures for consideration and selection of qualified persons as aforesaid shall also allow minority shareholders to nominate persons for such consideration and selection.

2) Considering the criteria and procedures for recruiting person qualified to take office as the Managing Director, including nominating and selecting such person in accordance with the specified nomination procedures for submission to the Board of Directors for consideration and appointment.

3) Arranging for Succession Plan for key positions in management or persons eligible to take office of high level executive, with regular review of such Plan.

4) Determining the criteria for consideration of remuneration for directors and the Managing Director.

5) Considering proposing remuneration of directors to the Board of Directors for approval and submission to the shareholders' meeting for further consideration and approval.

6) Considering proposing salary and adjustment of salary rate, including other remuneration of the Managing Director to the Board of Directors for consideration and approval.

7) Performing other duties as delegated by the Board of Directors.

Corporate Governance Committee

The Board of Directors appoints the Corporate Governance Committee to help consider policies and practices on good corporate governance and business ethics. As at December 31, 2009, the Corporate Governance Committee comprises four members as follows:

1.	Mr. Somnuk Chaidejsuriya	Chairman of the Corporate Governance Committee
2.	Mr. Techapit Sangsingkeo	Member
3.	Mr. Phairuch Mekarporn	Member
4.	Mr. Sompodh Sripoom	Member

Scope of powers and duties of the Corporate Governance Committee

1) Proposing practical guidelines for good corporate governance to the Board of Directors.

2) Supervising the operation of the Board of Directors, the Executive Committee, various subcommittees and the management to ensure compliance with the good corporate governance principles.

3) Reviewing the practical guidelines for good corporate governance, by comparing with the good corporate governance principles based on international standard and of the Stock Exchange of Thailand, for submission to the Board of Directors for consideration and regular update.

4) Delegating policies on good corporate governance to the Company's good corporate governance workgroup and reporting the results of the good corporate governance to the Board of Directors.

5) Having authority to invite any external persons having knowledge and expertise to act as advisors and attend meetings at the Company's expenses.

6) Performing other duties as delegated by the Board of Directors.

Risk Management Committee

The Board of Directors appoints the Risk Management Committee to help consider setting out policy on measures and plan for risk management in the Company's operations. As at December 31, 2009, the Risk Management Committee comprises four members as follows:

1.	Mr. Techapit Sangsingkeo	Chairman of the Risk Management Committee
2.	Mr. Prasert Marittanaporn	Member
3.	Mr. Kazushige Katamura	Member
4.	Mr. Sompodh Sripoom	Member

Scope of powers and duties of the Risk Management Committee

1) Setting out the Risk Management Policy for the Company as a whole, and assigning the management to perform in compliance with such Policy, including reporting the performance results to the Risk Management Committee.

2) Developing and reviewing the Company's Risk Management System to ensure its continual efficiency and effectiveness, by way of regular evaluation and follow-up of the risk management procedures to be consistent with the specified policy.

3) Supporting and encouraging the mutual cooperation in risk management at every level of the Company.

4) Preparing reports on risks and suggestions to the Board of Directors.

5) Performing other duties as delegated by the Board of Directors.

Executive Management

As at December 31, 2009, the Company's Executive Management comprises five executives as follows:

	Name	Position
1.	Mr. Sompodh Sripoom	Managing Director
2.	Mr. Sahachai Hengtrakool	Operations Manager
3.	Mr. Somkiat Pattamamongkolchai	Accounting and Finance Manager
4.	Mr. Nathin Tongsiri	Business Development and Marketing Manager
5.	Miss Pathida Chaiyasen	Human Resource and Administration Manager

As at January 1, 2010, the Company's Executive Management comprises seven executives as follows:

	Name	Position
1.	Mr. Sompodh Sripoom	Managing Director
2.	Mr. Sompol Krisadasima	Business Development Director
3.	Mr. Somkiat Pattamamongkolchai	Accounting and Finance Director
4.	Miss Pathida Chaiyasen	Human Resource and Administration Director
5.	Mr. Sahachai Hengtrakool	Acting Operations Director
6.	Mr. Nathin Tongsiri	Acting Marketing Director
7.	Mr. Sivar Nagdhary	Acting Management Information System Director

Scope of powers and duties of the Managing Director

1) Having power to approve execution of any juristic acts which would have binding effect upon the Company within an amount of not exceeding Baht 5,000,000 (Five Million Baht Only).

2) Having power to issue, amend, adjust the Company's work rules, orders and regulations, e.g., employment, appointment, demotion, discipline of staff and employees, determination of salaries and other payments, including welfare and benefits.

3) Having power to delegate authority to the Company's executive staff, namely, Division Managers, to perform duties on behalf of the Managing Director in particular matters (such as, purchasing, employment, payment instruction) as deemed appropriate.

4) Having power to appoint any person or group of persons to opereate the business of the Company under the supervision of the Managing Director, or authorizing such person to take actions as the Managing Director deems appropriate, and also having power to change, amend, cancel or revoke such authorization.

5) Having power for adjustment, transfer, closure and merger or expansion of the organization structure at such levels lower than the Divisional Level, as appropriate, as long as the Company still has four divisions and the total number of staff not exceeding 143 persons.

6) Having power to determine salary rates and other remunerations, including expenses and facilities of the Division Managers or equivalent and higher, to seek approval of the Executive Committee.

7) Having power to determine the structure of salary rates and other remunerations of staff at such levels lower than the Division Managers or equivalent, provided that the salary rates (excluding other remunerations and benefits), in both 6) and 7), shall altogether not exceed three percent of the Company's revenue.

8) Having power to employ, appoint, impose disciplinary action, terminate, dismiss, remove, determine salary, bonus, welfare, and other remunerations, including expenses and facilities of the Company's staff who receive salary at the rate (only the salary rate, excluding any other benefits received) of not exceeding Baht 150,000 per month, and/or the Company's staff in such positions lower than the Division Managers or equivalent. Apart from those mentioned, the Managing Director shall seek approval of the Executive Committee. In this regard, the authority to take the following actions may be delegated, either in whole or in part, to workgroups, the Board of Directors, the management, group of persons or any manager, as appropriate.

9) Having duty to supervise all businesses of the Company to ensure compliance with resolutions and policies of the Board of Directors.

10) Having duty to submit balance sheets, financial statements and income statements of the Company to the Board of Directors for approval.

11) Having duty to propose significant issues to the Board of Directors or the shareholders' meeting for consideration and approval or for any other purposes as appropriate.

12) Having duty to conduct feasibility studies on new projects and having power to approve such projects, as delegated by the Executive Committee.

13) In case the Managing Director is unable to perform duties, the Managing Director shall appoint a Division Manager or another person to act for and on behalf of the Managing Director from time to time, whereby such person shall have the powers and duties equivalent to the Managing Director.

14) Performing other duties as delegated by the Board of Directors from time to time.

However, the Managing Director or the person authorized by the Managing Director has no power to approve any matters or transactions in which the Managing Director or persons who may have conflict, have interest or may have conflict of interest in any other manner, would enter into with the Company or its subsidiaries, as defined by the Securities and Exchange Commission.

In 2009, the Board of Directors and subcommittees held a total of 28 meetings as follows:

The Board of Directors held a total of 10 ordinary and extraordinary meetings.

The Executive Committee held a total of 6 ordinary and extraordinary meetings.

The Audit Committee held a total of 5 ordinary and extraordinary meetings.

The Risk Management Committee held a total of 2 meetings.

The Corporate Governance Committee held a total of 2 meetings.

The Nomination and Remuneration Committee held a total of 3 meetings.

Meeting Attendances in the Year 2009

Name	Ordinary General Meeting of Shareholders	Extraordinary General Meeting of Shareholders	Board of Directors
1. Dr. Thanong Bidaya	1/1	1/1	10/10
2. Mr. Plew Trivisvavet	1/1	1/1	10/10
3. Mr. Narong Sangsuriya	1/1	1/1	10/10
4. Mr. Prasert Marittanaporn	1/1	1/1	10/10
5. Mr. Sombat Kitjalaksana	1/1	1/1	9/10
6. Mr. Sompodh Sripoom	1/1	1/1	10/10
7. Mr. Yoshio Kometani	1/1	-	5/10
8. Mr. Koichi Wakana	-	1/1	5/10
9. Mr. Tomoaki Matsumoto	1/1	-	3/10
10. Mr. Kazushige Katamura	-	1/1	7/10
11. Mr. Techapit Sangsingkeo	1/1	1/1	10/10
12. Mr. Phairuch Mekarporn	1/1	1/1	10/10
13. Mr. Somnuk Chaidejsuriya	1/1	1/1	10/10
14. Mr. Suvich Pungchareon	1/1	1/1	10/10

Executive Committee

1. Mr. Narong	Sangsuriya	6/6
2. Mr. Sombat	Kitjalaksana	6/6
3. Mr. Sompodh	Sripoom	6/6
4. Mr. Tomoaki	Matsumoto	2/6
5. Mr. Kazushige	Katamura	3/6
6. Mr. Suvich	Pungchareon	6/6

Audit Committee

1. Mr. Techapit	Sangsingkeo	5/5
2. Mr. Phairuch	Mekarporn	5/5
3. Mr. Somnuk	Chaidejsuriya	5/5

Nomination and Remuneration Committee

1. Mr. Prasert	Marittanaporn	3/3
2. Mr. Yoshio	Kometani	2/3
3. Mr. Koichi	Wakana	1/3
4. Mr. Phairuch	Mekarporn	3/3

Corporate Governance Committee

1. Mr. Sompodh	Sripoom	2/2
2. Mr. Techapit	Sangsingkeo	2/2
3. Mr. Phairuch	Mekarporn	2/2
4. Mr. Somnuk	Chaidejsuriya	2/2

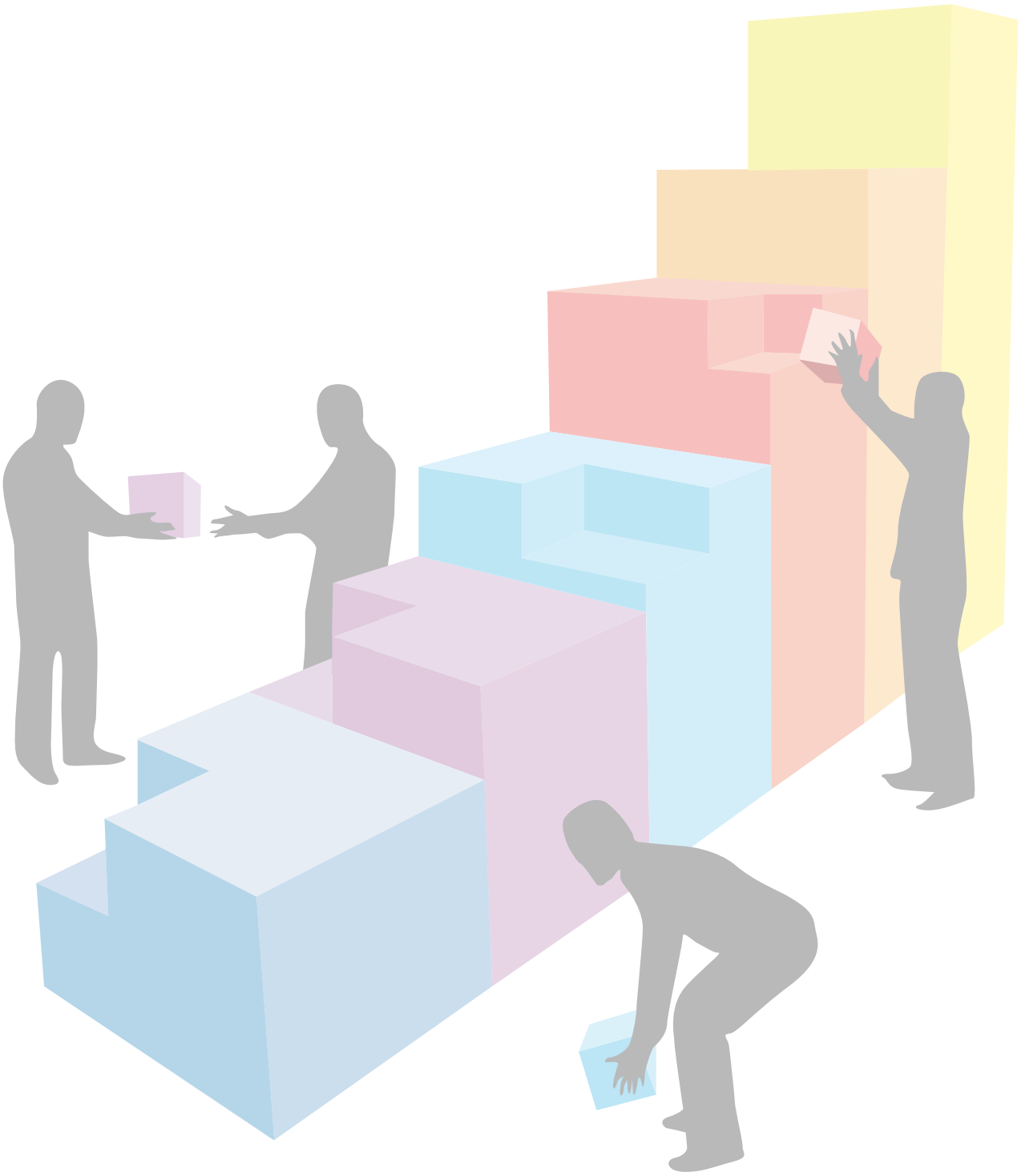
Risk Management Committee

1. Mr. Prasert	Marittanaporn	2/2
2. Mr. Sompodh	Sripoom	2/2
3. Mr. Tomoaki	Matsumoto	1/2
4. Mr. Kazushige	Katamura	1/2
5. Mr. Techapit	Sangsingkeo	2/2

note

Mr. Kazushige Katamura became director since 4th April 2009, taking the position of Mr. Tomoaki Matsumoto.

Mr. Koichi Wakana became director since 1st June 2009, taking the position of Mr. Yoshio Kometani.



Administration
and Management

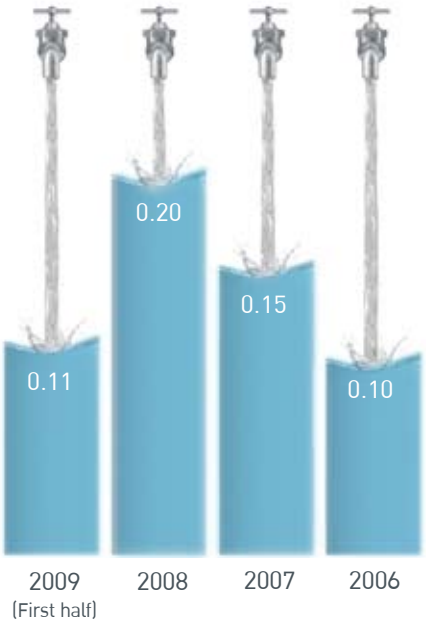


Dividend Policy

To maintain a consistent dividend payment, and the benefit of the shareholders, the Company has set dividend payment policy as follow:

The Company will prioritise the financial needs for the next five years and the maintenance of the appropriate level of the debt-equity ratio. In case of considering that it is possible to pay dividend, the Company will consider paying dividend to the shareholders as the highest rate as its available cash and cash flow allow. However, such rate shall not be less than 50% of its net profit after corporate income tax, statutory reserve, and other reserves required by terms of relevant agreements.

Devidend
(Unit : Baht/Share)



The Company well realizes that the continuity of the provision of services is important for being a basic public utilities service provider, especially tap water which is essential for daily life. Therefore, the Company is required to systematically manage risks in every respect to limit such risks to stay at an acceptable level to always ensure that the Company is able to sufficiently and continuously produce and distribute clean tap water.

The Board of Directors shall control the Company's business operations and risk management, to ensure that the risks are at an acceptable level.

Risk Factors Possibly Affecting the Company's Business Operation

1.Water Quantity in Water Sources

Tah Chin River is the main water resource. The water in the river that is diverted from dams in Chai Nat and Kanchanaburi, combine together with seasonal rainfall is sufficient for tap water production. In dry season, the water level in Tah Chin River shall depend on the level of water contained in the dam.

As of 31 December 2009, total amount of water contained in the dam and capable to be diverted to other rivers is 17,736 million cubic meters, decreasing from the 2008 figure by 15%. This is still sufficient for diverting to Tah Chin River and for producing tap water. However, the Company has developed a coordination plan with relevant government agencies e.g. Royal Irrigation Department, in order to regularly and continuously obtain information of the water situation.

Pathum Thani Water Company Limited (PTW) used the water from Chao Phraya River in the area locates near the raw water pumping station of Metropolitan Waterworks Authority. It is found that the raw water is sufficient throughout the year and it has coordinated with relevant government agencies to continually monitor and obtain information of water situation.

2. Quality of Water Sources

In 2008-2009, the overall quality of water in central part of Tah Chin River is in acceptable level for tap water production. It is categorized as water source type 4 with average dissolved oxygen (DO) of 1.99-2.49 milligrams per liter in the area of Klong Prayabunlue, Song Phi Nong District, Suphanburi, and average Biochemical Oxygen Demand (BOD) of 2.0-2.8 milligrams per liter around the area of Wat Thian Dat, Sam Phran District and area of Bang Lane Bridge, Nakhon Pathom. The source that may cause major pollution is the community living along the river and agricultures (swine farm, orchid nursery and fisheries). According to data from 2004-2008, it is found that the water quality at central of Tah Chin River is slightly better with higher average DO, however, the water quality still remains below standard.

As for the water quality at Chao Praya River which is the source of raw water of PTW, it shows that it has a standard quality. The PTW has closely monitored, regularly checked, shared and exchanged information with relevant agencies and Metropolitan Waterworks Authority.

3. Fluctuation of interest rate

The Company has issued three lots of debenture totaling of 7,000 million Baht on 27 February 2009 with the first lot of 3,500 million Baht with interest rate of 4.00% per annum, due in 2012, second lot of 1,700 million Baht with interest rate of 4.74% per annum, due in 2014, and third lot of 1,800 million Baht with interest rate of 5.35% per annum, due in 2016. The purpose of this debenture is to pay back the loans of those financial institutions. By having fixed rate debentures, the Company can mitigate the risk from the fluctuation of such interest rate.

As of 31 December 2009, the Company has a floating rate term loan with the 2 financial institutions at the amount of 4,582 million Baht whereby its floating interest rate is based on the MLR of the lending bank.

As of 31 December 2009, the Company and its subsidiaries have debt to equity ratio of 1.42. From the abovementioned financial ratio, this shows that the Company and its subsidiaries have financing policy depends of debt. If the interest rate increases, this shall affect the Company and its subsidiaries as the interest payment burdens increase which would affect the ability to pay-off the loan principle, financial position and operations.

4.Labor

The risk management for human resources is of great importance to the success of the organization. To control the man power risk within an acceptable level, the Company conducts effective recruitment from several sources. The Company encourages its staff to continuously expand their knowledge based and improve their skill. With all the staff moving to the same direction, it would push the Company to be a learning organization. The training policy is one of the tools to retain our staff, and create positive attitude toward their work and the Company.

5. Raw Materials

The Company main purchases of raw materials are chemicals for tap water production, such as liquid alum, liquid chlorine, lime, potassium permanganate, polymer type 22S & 27AG and powder activated carbon. Normally, there is no problem of shortage of raw materials. However, the cost of raw materials is affected by gas and oil pricing, and depends on supply and demand which affects some categories of chemical. For example sulfuric acid is necessary for the manufacture of liquid alum. In the Asian market, the demand for sulfuric acid and alumina powder in China, India and Japan is high and there is competition in the market. Furthermore, raw material supply is affected by heavy rain or flooding. Although a chemical crisis has not yet happened in Thailand, the Company still focuses on raw material supply for protection against the risk of cost and availability. In view of this, Human Resource and Administration division has prepared a raw material plan, which monitors the use and reviews the demand forecast.

In particular, liquid alum is the main raw material with the highest volume purchased to produce tap water for the Company. Bidding is the best method of supplier selection, which gives us the best price and sufficient capacity for production. In 2008, The Company selected a major supplier, Siam Chemical Public Company Limited, to provide liquid alum under annual purchase contracts and also appointed the minor suppliers in case the major supplier is unable to satisfy the Company requirements.

This year, the Company is still following the policy of bidding for liquid alum and other chemicals to seek the best suppliers, who can produce the highest quality product, with enough capacity and available stock to satisfy our demand for raw materials.

Internal Control

The Company has played a great emphasis on a good internal control system which is in accordance with good corporate governance. It is stated that everyone should perform their duties with transparency, fairness, reliability, balance of power and cross checking whereby these shall bring the greatest benefit to shareholders, employees and related parties.

The Company has appointed Dharmniti Auditing Company Limited to assess the adequacy of the internal control systems of the Company and the WaterFlow Company Limited with a service period of at least 1 year starting from 30 October 2006 onwards. In 2009, the Company has continued to hire Dharmniti Auditing Co.,Ltd. to continue its internal control assessment whereby the Dharmniti Auditing Co., Ltd. shall be co-working with the internal audit section of the Company. Moreover, it has started to assess the internal control of the subsidiaries of the Company. to ensure the good corporate governance, transparency and reliability at least once a year.

In 2009, the head of internal audit section of the Company and the Dharmniti Auditing Co., Ltd. have conducted an internal audit and assessed the internal control system and the risks of the subsidiaries of the Company. for 6 times. This is in accordance with the audit plan approved by the Audit Committee and the Managing Director of the company. The audit result shows that there is no significant mistake or error that may be materially affected the objective and the operating target of the company. The Audit Committee has provided some guidelines to the internal audit section and the Dharmniti Auditing Co., Ltd. to propose the plan to enhance the current system to be more efficient and concise, including conducting the audit to ensure that the internal control system is still good and there is no unexplainable reason for not being complied with the system.

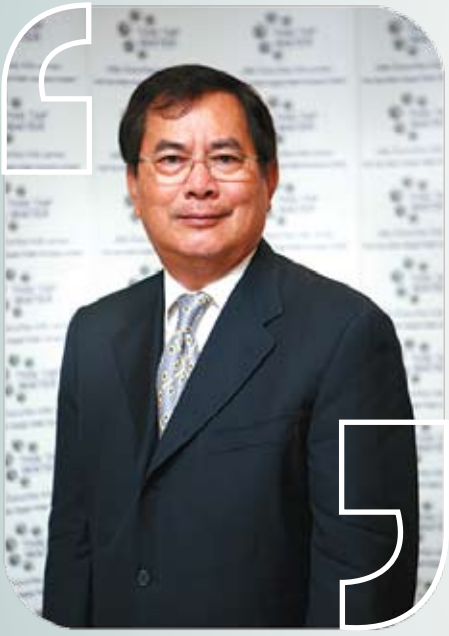
Moreover, the Ernst & Young Office Ltd., an auditor of the Company, has reviewed the efficiency of the accounting control system of the Company as deemed necessary for the year ended 31 December 2005 to 2009 for the benefit in setting the audit scope, giving the concise and appropriate opinions on the financial statements without finding any significant error on the accounting control system.

Board of Directors




TAP

Board of Directors
As at December 31, 2009 comprises:



Dr.Thanong Bidaya

Director and Chairman of the Board of Directors

Age	62 Years
Education Background	
Doctor's Degree	Ph.D. in Management, Northwestern University, USA
Experience	
Feb 2009 – Present	**Director and Chairman of the Board of Directors** Thai Tap Water Supply Public Company Limited
Present	**Chairman of the Advisory Board** TMB Asset Management Co.,Ltd. **Chairman of Risk Management Committee** TMB Asset Management Co.,Ltd **Vice Chairman of the Advisory Board** King Power Group of Company **Visiting Professor** Shinawatra University
Seminar and Training Records	
2004	Directors Accreditation Program (DAP) 25/2004 Thai Institute of Directors Association
TTW Shareholdings	0.009 %
Meeting attendance in 2009	10/10



Mr.Plew Trivisvavet

Director and Vice-Chairman

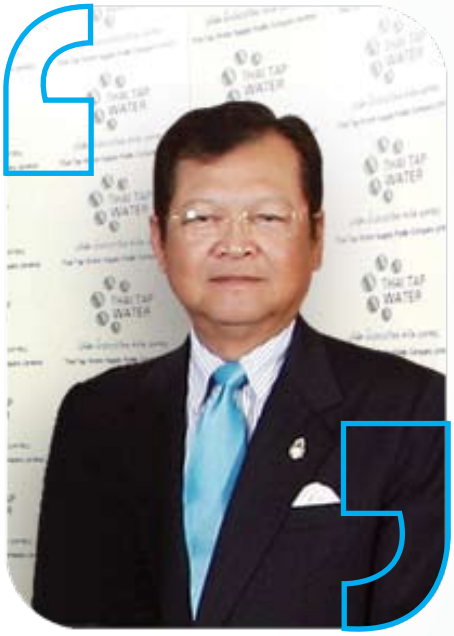
Age	64 Years
Education Background	
Master's Degree	Electrical Engineering Osaka University, Japan
Experience	
Feb 2009 – Present	**Director and Vice-Chairman** Thai Tap Water Supply Public Company Limited
2006 –Feb 2009	**Director and Chairman of the Board of Directors** Thai Tap Water Supply Public Company Limited
1998 – Present	**Chairman** Bangkok Metro Public Company Limited
1994 - Present	**Chairman of Executive Board** Bangkok Expressway Public Company Limited
1990 – Present	**Director** Siam CBB Engineering Company Limited
1974 - Present	**President and CEO** Ch.Karnchang Public Company Limited
Seminar and Training Records	
2004	Directors Accreditation Program (DAP) 25/2004 Thai Institute of Directors Association
TTW Shareholdings	0.075 %
Meeting attendance in 2009	10/10



Mr.Narong Sangsuriya

Director and Chairman of Executive Committee

Age	65 Years
Education Background	
Bachelor's Degree	Civil Engineering Chulalongkorn University
Experience	
2000 – Present	**Director and Chairman of Executive Committee** Thai Tap Water Supply Public Company Limited
1993 – Present	**Director** Siam CBB Engineering Company Limited
1983 – Present	**Director and Senior Executive Vice President** Ch.Karnchang Public Company Limited
Seminar and Training Records	
2005	Directors Certification Program (DCP) 54/2005 Thai Institute of Directors Association
TTW Shareholdings	0.050 %
Meeting attendance in 2009	10/10



Mr.Techapit Sangsingkeo

Director, Chairman of Audit Committee, Chairman of Risk Management Committee, and Corporate Governance Committee

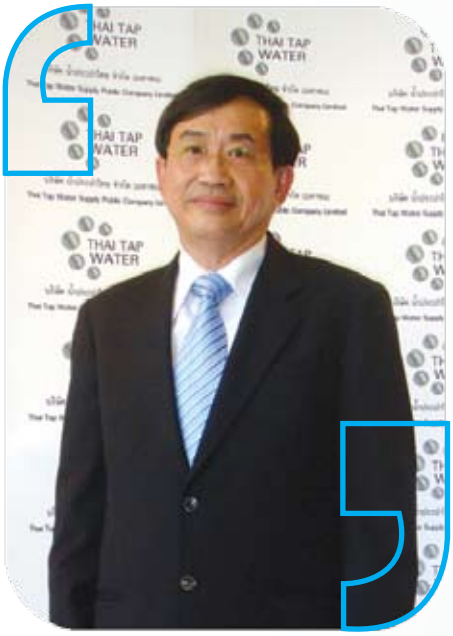
Age	66 Years
Education Background	
Master's Degree	Economics KEIO University, Japan (Bank of Thailand Scholarship)
Experience	
Jul 2007 – Present	**Director** Pathum Thani Water Company Limited
2006 - Present	**Director, Chairman of Audit Committee, Chairman of Risk Management Committee and Corporate Governance Committee** Thai Tap Water Supply Public Company Limited
Present	**Chairman of Audit Committee and Director** Star Sanitary Ware Company Limited **Advisor** Thai-Lao for Friendship Association **Executive Director** Life Development Foundation,Under Patronage of Her Royal Highness, Princess Kalayanee Watana **Chairman** Sukhumvit Asset Management Company Limited **Executive Director** Thai Asset Management Corporation
Seminar and Training Records	
2006	Audit Committee Program (ACP) Thai Institute of Directors Association
2005	Directors Accreditation Program (DAP) 34/2005 Thai Institute of Directors Association
TTW Shareholdings	0.050 %
Meeting attendance in 2009	10/10



Mr.Phairuch Mekarporn

Director, Chairman of Nomination and Remuneration Committee, Audit Committee, and Corporate Governance Committee

Age	64 Years
Education Background	
Master's Degree	Mechanical Engineering California State University Long Beach, California, USA
Experience	
Jul 2007 – Present	**Chairman of the Board of Director** Pathum Thani Water Company Limited
2006 - Present	**Director, Audit Committee, Chairman of Nomination and Remuneration Committee and Corporate Governance Committee** Thai Tap Water Supply Public Company Limited
Present	**Director** Thai Optical Group Public Company Limited Danchang Bio-Energy Company Limited Phukhiew Bio-Energy Company Limited
Seminar and Training Records	
2007	Audit Committee Program (ACP) 17/2007 Thai Institute of Directors Association
2006	Directors Certification Program (DCP) 81/2006 Thai Institute of Directors Association
2004	Directors Accreditation Program (DAP) 18/2004 Thai Institute of Directors Association
TTW Shareholdings	0.050 %
Meeting attendance in 2009	10/10



Mr.Somnuk Chaidejsuriya

Director, Audit Committee, and Chairman of Corporate Governance Committee

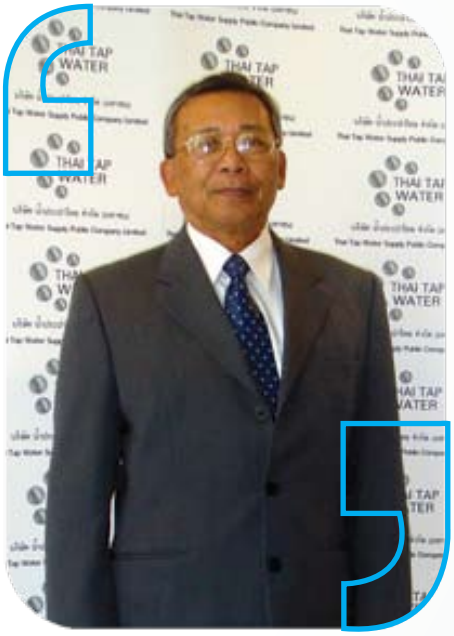
Age	59 Years
Education Background	
Master's Degree	Master of Law Chulalongkorn University
Experience	
2006 - Present	Director, Audit Committee and Chairman of Corporate Governance Committee Thai Tap Water Supply Public Company Limited
Present	Audit Committee Don Muang Tollway Public Company Limited
	Chairman of Audit Committee Unique Engineering and Construction Public Company Limited
	Chairman of Audit Committee Cathay Leaseplan Public Company Limited
	Audit Committee Thai Sri Insurance Company Limited
Seminar and Training Records	
2005	Audit Committee Program (ACP) 9/2005 Thai Institute of Directors Association
2004	Directors Accreditation Program (DAP) 9/2004 Thai Institute of Directors Association
2004	Directors Certification Program (DCP) 46/2004 Thai Institute of Directors Association
TTW Shareholdings	0.050 %
Meeting attendance in 2009	10/10



Mr.Prasert Marittanaporn

Director, Nomination and Remuneration Committee, and Risk Management Committee

Age	54 Years
Education Background	
Master's Degree	Business Administration Kasetsart University
Experience	
2006 – Present	Director Southeast Asia Energy Company Limited
2001 – Present	Director and Senior Executive Vice President – Administration Group Ch.Karnchang Public Company Limited
2000 – Present	Director, Nomination and Remuneration Committee and Risk Management Committee Thai Tap Water Supply Public Company Limited
1990 – Present	Director Siam CBB Engineering Company Limited
Seminar and Training Records	
2005	Directors Certification Program (DCP) 54/2005 Thai Institute of Directors Association
TTW Shareholdings	0.050 %
Meeting attendance in 2009	10/10



Mr.Suvich Pungchareon

Director and Executive Committee

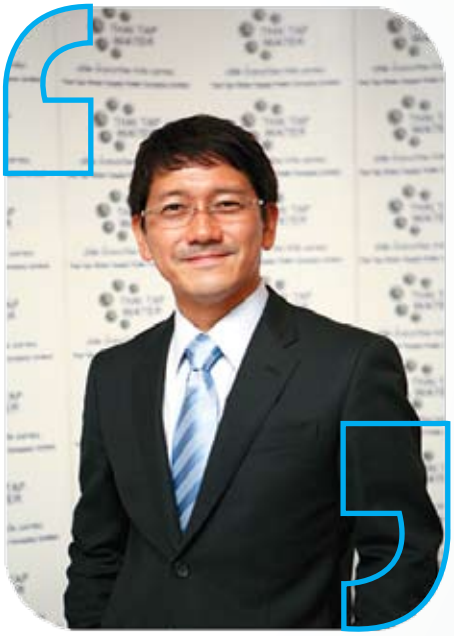
Age	63 Years
Education Background	
Master's Degree	Master of Political Science (Politics and Government) Sukhothai Thammathirat Open University
Experience	
2007 – Present	Advisor Bangkok Expressway Public Company Limited
2006 – Present	Director and Executive Committee Thai Tap Water Supply Public Company Limited
Seminar and Training Records	
2003	Director Certification Program (DCP) 37/2003 Thai Institute of Directors Association
TTW Shareholdings	0.014 %
Meeting attendance in 2009	10/10



Dr.Sombat Kitjalaksana

Director and Executive Committee

Age	54 Years
Education Background	
Doctor's Degree	Dr.Techn. (Soil Mechanic) University of Innsbruck, Austria
Experience	
2006 – Present	**Director** Ch.Karnchang Public Company Limited
2004 – Present	**Director and Executive Director** Bangkok Metro Public Company Limited **Director** Metro Mott Development Company Limited BMCL Network Company Limited Triads Networks Company Limited
2001 – Present	**Executive Vice President (Business Development)** Ch.Karnchang Public Company Limited
2000 – Present	**Director and Executive Committee** Thai Tap Water Supply Public Company Limited
2000 – Present	**Managing Director** Bangkok Metro Public Company Limited
Seminar and Training Records	
2006	Directors Certification Program (DCP) 81/2006 Thai Institute of Directors Association
2005	Directors Accreditation Program (DAP) 36/2005 Thai Institute of Directors Association
TTW Shareholdings	0.075 %
Meeting attendance in 2009	9/10



Mr.Kazushige Katamura

Director, Executive Committee, and Risk Management Committee

Age	41 Years
Education Background	
Bachelor's Degree	Mechanical Engineering KEIO University, Japan
Experience	
Apr. 2009 - Present	**Director, Executive Committee and Risk Management Committee** Thai Tap Water Supply Public Company Limited
2006 - Present	**Director** Mitsui Water Holdings (Thailand) Ltd.
2006 - Present	**Executive Vice President** General Manager, Infrastructure Projects Division Mitsui & Co. (Thailand) Limited
Seminar and Training Records	
2008	Directors Accreditation Program (DAP) 74/2008 Thai Institute of Directors Association
TTW Shareholdings	0.025 %
Meeting attendance in 2009	7/10 (Mr. Kazushige Katamura became director since 4th April 2009)



Mr.Koichi Wakana

Director and Nomination and Remuneration Committee

Age	41 Years
Education Background	
Bachelor's Degree	Mechanical Engineering KEIO University, Japan
Experience	
Jun 2009 - Present	Director and Nomination and Remuneration Committee Thai Tap Water Supply Public Company Limited
Present	General Manager, Second Dept. , First Projects Development Division, Mitsui & Co., Ltd. (Tokyo)
Seminar and Training Records	
2008	Directors Accreditation Program (DAP) 74/2008 Thai Institute of Directors Association
TTW Shareholdings	0.025 %
Meeting attendance in 2009	5/10 (Mr. Koichi Wakana became director since 1st June 2009)



Mr.Sompodh Sripoom

Director, Executive Committee, Corporate Governance Committee, Risk Management Committee, Managing Director, and Company Secretary

Age	50 Years
Education Background	
Master's Degree	Master of Science in Resource Planning and Management Naval Postgraduate School, Monterey, California, U.S.A.
Master's Degree	Master of Engineering in Structural Engineering and Structural Mechanics (Civil Engineering) University of California at Berkeley, California, U.S.A.
Experience	
July 2007 – Present	**Director and Managing Director** Pathum Thani Water Company Limited
2005 – Present	**Director, Executive Committee, Corporate Governance Committee, Risk Management Committee, Managing Director and Company Secretary** Thai Tap Water Supply Public Company Limited
2005 – Present	**Chairman of the Board of Director** WaterFlow Company Limited
Seminar and Training Records	
2009	Successful Formulation & Execution the Strategy (SEF) Thai Institute of Directors Association
2006	Directors Certification Program (DCP) 73/2006 Thai Institute of Directors Association
TTW Shareholdings	0.067 %
Meeting attendance in 2009	10/10

Management

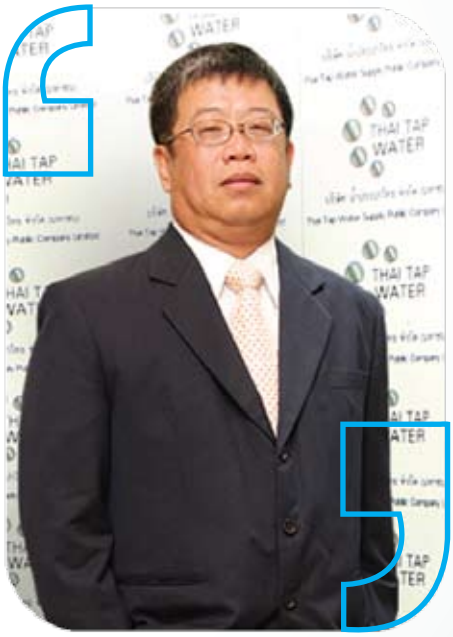
As of December 31, 2009, the Company's management comprises five executives as follows:



Mr.Sompodh Sripoom

Director, Executive Committee, Corporate Governance Committee, Risk Management Committee, Managing Director, and Company Secretary

Age	50 Years
Education Background	
Master's Degree	Master of Science in Resource Planning and Management Naval Postgraduate School, Monterey, California, U.S.A.
Master's Degree	Master of Engineering in Structural Engineering and Structural Mechanics (Civil Engineering) University of California at Berkeley, California, U.S.A.
Experience	
July 2007 – Present	**Director and Managing Director** Pathum Thani Water Company Limited
2005 – Present	**Director, Executive Committee, Corporate Governance Committee, Risk Management Committee, Managing Director and Company Secretary** Thai Tap Water Supply Public Company Limited
2005 – Present	**Chairman of the Board of Director** WaterFlow Company Limited
Seminar and Training Records	
2009	Successful Formulation & Execution the Strategy (SEF) Thai Institute of Directors Association
2006	Directors Certification Program (DCP) 73/2006 Thai Institute of Directors Association
TTW Shareholdings	0.067 %



Mr.Sahachai Hengtrakool

Operations Manager

Age	45 Years
Education Background	
Master's Degree	Master of Business Administration Chulalongkorn University
Experience	
2007 - Present	Director BJT Water Company Limited
2006 - Present	Director and General Manager WaterFlow Company Limited
2005 - Present	Operations Manager Thai Tap Water Supply Public Company Limited
TTW Shareholdings	0.030 %



Mr.Nathin Tongsiri

Business Development and Marketing Manager

Age	43 Years
Education Background	
Bachelor's Degree	Political Sciences in International Affairs Thammasat University
Experience	
2008 - Present	**Business Development and Marketing Manager** Thai Tap Water Supply Public Company Limited
Jan - Mar 2006	**Acting Safety and Quality Manager** Bangkok Metro Company Limited
2004 - 2005	**Deputy Stations Manager** Bangkok Metro Company Limited
TTW Shareholdings	none



Mr.Somkiat Pattamamongkolchai

Accounting and Finance Manager

Age	36 Years
Education Background	
Master's Degree	Master of Accounting Thammasat University
Experience	
2007 - Present	**Director** Pathum Thani Water Company Limited BJT Water Company Limited
2005 - Present	**Accounting and Finance Manager** Thai Tap Water Supply Public Company Limited
2000 - 2005	**Assistant Audit Manager** Ernst & Young Office Limited
TTW Shareholdings	0.038 %



Miss Pathida Chaiyasen

Human Resource and Administration Manager

Age	36 Years
Education Background	
Master's Degree	Master of Education (Education Management) Chulalongkorn University
Experience	
2006 - Present	**Human Resource and Administration Manager** Thai Tap Water Supply Public Company Limited
1993 - 2006	**Human Resource Manager** Bangkok Microbus Company Limited
TTW Shareholdings	0.038 %

Shareholding by Directors and Management

At at December 31, 2009 comprises:

Shareholding by Directors and Management			Number of Shares
1.	Dr.Thanong Bidaya	Chairman of Board Director	342,000
2.	Mr. Plew Trivisvavet	Vice-Chairman	2,997,000
3.	Mr. Narong Sangsuriya	Director	2,000,100
4.	Mr. Techapit Sangsingkeo	Independent Director	2,000,000
5.	Mr. Phairuch Mekarporn	Independent Director	2,000,000
6.	Mr. Somnuk Chaidejsuriya	Independent Director	2,000,000
7.	Mr. Suvich Pungchareon	Director	550,000
8.	Mr. Prasert Marittanaporn	Director	2,000,100
9.	Dr. Sombat Kitjalaksana	Director	3,000,100
10.	Mr. Koichi Wakana	Director	1,000,000
11.	Mr. Kazushige Katamura	Director	1,000,000
12.	Mr. Sompodh Sripoom	Director and Managing Director	2,675,100
13.	Mr. Sahachai Hengtrakool	Operations Manager	1,187,000
14.	Mr. Somkiat Pattamamongkolchai	Accounting and Finance Manager	1,500,000
15.	Miss Pathida Chaiyasen	Human Resource and Administration Manager	1,500,000

Remuneration for Director in 2009

No.	Name-Surname	Position	Remuneration	Meeting Allowance	Total	Bonus (2008)	Total
1	Dr. Thanong Bidaya	Director and Chairman of the Board Director	626,000	74,000	700,000	13,000	713,000
2	Mr. Plew Trivisvavet	Vice-Chairman	426,000	74,000	500,000	955,000	1,455,000
3	Mr. Narong Sangsuriya	Chairman of Executive Committee	356,000	109,000	465,000	627,000	1,092,000
4	Mr. Prasert Marittanaporn	Director / Nomination and Remuneration Committee and Risk Management Committee	261,000	114,000	375,000	480,000	855,000
5	Dr. Sombat Kitjalaksana	Director and Executive Committee	251,000	109,000	360,000	480,000	840,000
6	Mr. Sompodh Sripoom	Director and Executive Committee	341,000	149,000	490,000	633,000	1,123,000
7	Mr. Tomoaki Matsumoto	Director / Executive Committee and Risk Management Committee	76,467	33,326	109,793	40,200	149,993
8	Mr. Yoshio Kometani	Director and Nomination and Remuneration Committee	90,083	26,833	116,916	402,000	518,916
9	Mr. Suvich Pungchareon	Director and Executive Remuneration Committee	251,000	109,000	360,000	479,000	839,000
10	Mr. Techapit Sangsingkeo	Director / Chairman of the Audit Committee / Chairman of Risk Management Committee and Corporate Governance Committee	428,000	142,000	570,000	721,000	1,291,000
11	Mr. Phairuch Mekarporn	Director / Chairman of the Audit Committee / Chairman of Risk Management Committee and Corporate Governance Committee	372,000	142,000	514,000	676,000	1,190,000
12	Mr. Somnuk Chaidejsuriya	Director / Chairman of the Corporate Governance Committee / Audit Committee	327,000	122,000	449,000	599,000	1,048,000
13	Mr. Kazushige Katamura	Director / Executive Committee and Risk Management Committee	186,158	76,612	262,770	-	262,770
14	Mr. Koichi Wakana	Director and Nomination and Remuneration Committee	125,917	54,834	180,751	-	180,751
	Total		***4,117,625***	***1,335,605***	***5,453,230***	***6,105,200***	***11,558,430***

note

Mr. Kazushige Katamura became director since 4th April 2009, taking the position of Mr. Tomoaki Matsumoto.

Mr. Koichi Wakana became director since 1st June 2009, taking the position of Mr. Yoshio Kometani.

Reference

Auditor :

Ernst & Young Office Limited 33rd Floor, Lake Rajada Office Complex 193/136-137 New Rajadapisek Road, Bangkok 10110. Telephone 0-2264-0777, 0-2661-9190, Facsimile 0-2264-0789-90, 0-2661-9192

Legal Counsel :

The Legists Limited 990 Abdulrahim Place, 9th Floor Rama IV Road, Silom Subdistrict, Bangrak District Bangkok 10500. Telephone 0-2636-1111, Facsimile 0-2636-0000

Financial Institutions :

Siam Commercial Bank Public Company Limited, TMB Bank Public Company Limited, Bangkok Bank Public Company Limited, Kasikornbank Public Company Limited, Krung Thai Bank Public Company Limited

Connected Transactions

During the year, the Company and its subsidiaries have transactions with related persons and related companies. The transactions were complied according to common commercial practices and the agreements between the Company and those related companies. the details are shown in the accompanying notes attached to the annual financial statement of the Company.



Financial
Statement

Report on Responsibility of the Board of Directors to the Financial Report

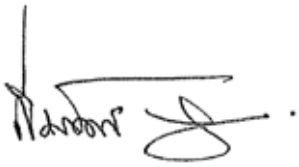
The Board of Directors gives priority to its duties and responsibilities for the governance of the Company's business to ensure good management in accordance with the laws, objectives and Articles of Association of the Company, as well as resolutions of the shareholders' meeting, with integrity, due care for the benefits of the Company, shareholders and general investors, so that the Company's financial report shall contain accurate and complete accounting records which reflect the Company's actual financial position and results of operation.

The Board of Directors has appointed the Audit Committee, comprising independent directors who are fully qualified to ensure that the Company's financial reporting is sufficiently accurate, including disclosure of accurate and complete information on related party transactions or such transactions which may give rise to conflict of interest in accordance with the relevant rules and regulations, in respect of which the Audit Committee has already reported its performance to the Board of Direcctors.

The Board of Directors is of the opinion that the financial report for the year 2009 of the Company and its subsidiaries which has been reviewed by the Audit Committee in cooperation with the management as well as audited by the Company's auditor fairly shows the financial position and results of operation in accordance with generally accepted accounting principles.



(Dr. Thanong Bidaya)
Chairman of the Board of Directors



(Mr. Sompodh Sripoom)
Managing Director

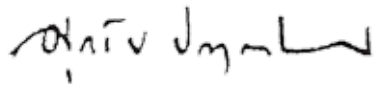
Report of Independent Auditor

To the Shareholders of Thai Tap Water Supply Public Company Limited

I have audited the accompanying consolidated balance sheets of Thai Tap Water Supply Public Company Limited and its subsidiaries as at 31 December 2009 and 2008, the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended, and the separate financial statements of Thai Tap Water Supply Public Company Limited for the same periods. These financial statements are the responsibility of the management of the Company and its subsidiaries as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thai Tap Water Supply Public Company Limited and its subsidiaries and of Thai Tap Water Supply Public Company Limited as at 31 December 2009 and 2008, the results of their operations, and cash flows for the years then ended in accordance with generally accepted accounting principles.



Supachai Phanyawattano
Certified Public Accountant
(Supachai PhanyawattanoThailand)
No. 3930
Ernst & Young Office Limited
Bangkok: 5 February 2010

Thai Tap Water Supply Public Company Limited and its subsidiaries

Balance sheets

As at 31 December 2009 and 2008

(Unit : Baht)

Description	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Assets					
Current assets					
Cash and cash equivalents		2,285,587,568	868,935,254	1,740,130,052	662,386,195
Current investments		1,084,842,552	281,649,081	1,084,842,552	299,313,882
Restricted bank deposits		-	257,675,630	-	-
Trade accounts receivable	7	384,018,525	346,797,578	255,746,702	232,699,978
Other receivable - related parties	6	21,558	89,376	138,558	4,689,068
Current portion of long-term loans to related party and interest receivable	6	-	-	310,601,295	-
Raw materials and supplies	8	22,503,474	18,325,519	13,729,929	9,769,627
Advance payment for construction					
Related party	6	41,452,975	95,838,900	41,452,975	95,838,900
Unrelated party		48,724,059	-	48,724,059	-
Other current assets					
Interest receivable		3,469,124	3,756,494	3,469,124	3,742,395
Refundable input tax, net		10,707,702	-	17,310,709	-
Prepaid expenses		12,476,924	20,019,186	8,309,429	13,749,124
Withholding tax deducted at source		17,650,465	33,951,607	1,016,992	302,392
Others		35,996,603	13,958,434	33,337,335	9,947,176
Total current assets		3,947,451,529	1,940,997,059	3,558,809,711	1,332,438,737
Non-current assets					
Long-term loans to related party, net of current portion	6	-	-	2,712,500,000	-
Investments in subsidiaries	9	-	-	4,131,841,866	4,353,336,014
Property, plant and equipment, net	10	9,125,396,830	8,925,500,387	9,056,195,998	8,854,282,058
Assets for production of treated water that must be transferred at end of concession, net	11	3,884,248,162	4,134,413,210	-	-
Rights to produce and sell treated water and treat waste water, net	12	1,400,318,539	-	1,400,318,539	-
Rights to produce and sell treated water, net	13	2,689,191,996	2,884,138,387	-	-
Other non-current assets					
Withholding tax deducted at source		10,336,429	2,559,642	1,079,618	777,227
Others		7,313,699	7,024,689	6,893,035	6,664,877
Total non-current assets		17,116,805,655	15,953,636,315	17,308,829,056	13,215,060,176
Total assets		21,064,257,184	17,894,633,374	20,867,638,767	14,547,498,913

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

Thai Tap Water Supply Public Company Limited and its subsidiaries

Balance sheets (continued)

As at 31 December 2009 and 2008

(Unit : Baht)

Description	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts		-	353,722	-	-
Trade accounts payable					
Related party	6	-	-	3,420,284	2,506,683
Unrelated parties		40,612,258	49,207,679	29,480,176	37,643,710
Amounts due to related parties	6	29,803,369	102,580,543	29,763,331	102,547,623
Other payable					
Related party	6,12	214,000,000	-	214,000,000	-
Unrelated parties		18,861,072	6,696,005	14,501,163	-
Retention payable					
Related party	6	7,900,746	-	7,900,746	-
Unrelated parties		8,984,832	3,897,435	8,686,235	3,598,644
Current portion of long-term loans					
from financial institutions	14	420,000,000	1,103,955,215	420,000,000	598,955,215
Other current liabilities					
Accrued interest		112,085,535	2,112,241	112,085,535	2,112,241
Accrued expenses		56,878,867	42,923,288	29,549,735	16,937,339
Unbilled output tax		25,481,558	21,839,583	16,745,620	13,969,187
Value added tax payable		-	13,139,877	-	11,846,754
Corporate income tax payable		64,153,394	-	-	-
Others		6,273,466	6,152,938	4,012,496	2,227,050
Total current liabilities		1,005,035,097	1,352,858,526	890,145,321	792,344,446
Non-current liabilities					
Retention – subsidiary	6	-	-	5,000,000	5,000,000
Long-term other payable – related party	6,12	214,000,000	-	214,000,000	-
Debentures, net	15	6,988,482,316	-	6,988,482,316	-
Long-term loans from financial institutions,					
net of current portion	14	4,162,000,000	8,205,390,504	4,162,000,000	5,390,596,937
Total non-current liabilities		11,364,482,316	8,205,390,504	11,369,482,316	5,395,596,937
Total liabilities		12,369,517,413	9,558,249,030	12,259,627,637	6,187,941,383

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

Balance sheets (continued)

As at 31 December 2009 and 2008

(Unit : Baht)

Description	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Shareholders' equity					
Share capital					
Registered					
3,990,000,000 ordinary shares					
of Baht 1 each		3,990,000,000	3,990,000,000	3,990,000,000	3,990,000,000
Issued and fully paid up					
3,990,000,000 ordinary shares					
of Baht 1 each		3,990,000,000	3,990,000,000	3,990,000,000	3,990,000,000
Share premium		2,637,769,601	2,637,769,601	2,637,769,601	2,637,769,601
Retained earnings					
Appropriated - statutory reserve	16	399,000,000	399,000,000	399,000,000	399,000,000
Appropriated - other reserve	17	172,450,096	72,446,825	172,450,096	72,446,825
Unappropriated		2,067,968,638	1,811,236,880	1,408,791,433	1,260,341,104
Difference on reorganization of business					
of group companies		(600,362,866)	(600,362,866)	-	-
Equity attributable to the company's shareholders		8,666,825,469	8,310,090,440	8,608,011,130	8,359,557,530
Minority interest – equity attributable to minority					
shareholders of subsidiaries		27,914,302	26,293,904	-	-
Total shareholders' equity		8,694,739,771	8,336,384,344	8,608,011,130	8,359,557,530
Total liabilities and shareholders' equity		21,064,257,184	17,894,633,374	20,867,638,767	14,547,498,913

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

Thai Tap Water Supply Public Company Limited and its subsidiaries

Income statements

For the years ended 31 December 2009 and 2008

(Unit : Baht)

Description	Note	Consolidated financial statements		Separate financial statements	
		2009	2008	2009	2008
Revenues					
Sales of treated water	18	3,993,848,075	3,569,255,805	2,646,617,194	2,355,871,315
Service income		54,607,843	36,009,815	12,547,248	-
Interest income		14,969,951	30,592,704	29,758,433	22,202,462
Dividend income	9	-	-	293,993,325	97,958,576
Other income		3,651,478	2,933,286	7,593,100	1,620,208
Total revenues		4,067,077,347	3,638,791,610	2,990,509,300	2,477,652,561
Expenses					
Cost of sales of treated water and service		1,198,555,159	1,176,902,482	682,683,499	629,396,152
Administrative expenses		154,974,067	127,335,279	114,350,426	95,609,602
Management benefit expenses	6	52,613,818	40,900,338	32,898,658	22,208,220
Amortisation of investments in subsidiaries	9	-	-	221,494,148	222,100,981
Amortisation of rights to produce and Sell treated water and treat waste water	12	9,756,047	-	9,756,047	-
Amortisation of rights to produce and sell treated water	13	194,946,391	195,480,491	-	-
Total expenses		1,610,845,482	1,540,618,590	1,061,182,778	969,314,955
Income before finance cost and corporate income tax		2,456,231,865	2,098,173,020	1,929,326,522	1,508,337,606
Finance cost		(666,999,122)	(728,698,639)	(443,980,743)	(508,304,897)
Income before corporate income tax		1,789,232,743	1,369,474,381	1,485,345,779	1,000,032,709
Corporate income tax	20,25	(187,978,462)	(2,132,777)	-	-
Net income for the year		1,601,254,281	1,367,341,604	1,485,345,779	1,000,032,709
Net income attributable to:					
Equity holders to the parent		1,593,627,208	1,358,407,761	1,485,345,779	1,000,032,709
Minority interests of the subsidiaries		7,627,073	8,933,843		
		1,601,254,281	1,367,341,604		
Earnings per share	21				
Basic earnings per share					
Net income attributable to equity holders of the parent		0.40	0.37	0.37	0.27
Weighted average number of ordinary shares (shares)		3,990,000,000	3,718,415,300	3,990,000,000	3,718,415,300

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

Thai Tap Water Supply Public Company Limited and its subsidiaries

Cash flow statements

For the years ended 31 December 2009 and 2008

(Unit : Baht)

Description	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Cash flows from operating activities				
Net income before tax	1,789,232,743	1,369,474,381	1,485,345,779	1,000,032,709
Adjustments to reconcile net income before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	598,639,102	582,220,464	338,382,611	328,503,885
Amortisation of investments in subsidiaries	-	-	221,494,148	222,100,981
Amortisation of rights to produce and sell treated water	194,946,391	195,480,491	-	-
Amortisation of rights to produce and sell treated water and treat waste water	9,756,047	-	9,756,047	-
Gain on sales of equipment	(439,782)	(1,270,371)	(24,177)	(256,457)
Dividend income from subsidiary	-	-	(293,993,325)	(97,958,576)
Interest expenses	482,151,914	702,381,019	326,386,160	485,892,271
Income from operating activities before changes in operating assets and liabilities	**3,074,286,415**	**2,848,285,984**	**2,087,347,243**	**1,938,314,813**
Operating assets (increase) decrease				
Trade accounts receivable	(37,220,947)	(54,093,049)	(23,046,724)	(46,757,411)
Other receivable - related parties	67,818	(73,488)	4,550,510	-
Raw materials and supplies	(4,177,955)	(4,208,438)	(3,960,302)	(2,722,459)
Other current assets	(7,519,246)	34,945,272	(11,589,195)	14,196,163
Other non-current assets	(289,010)	(1,476,886)	(228,158)	(1,473,887)
Operating liabilities increase (decrease)				
Trade accounts payable - related party	-	-	913,601	(2,133,020)
Trade accounts payable - unrelated parties	(8,595,421)	(9,689,038)	(8,163,534)	(5,518,685)
Amounts due to related parties	(102,072,219)	(105,706,221)	(102,079,337)	-
Other payable – unrelated parties	(2,336,096)	6,696,005	-	-
Other current liabilities	11,181,213	7,007,224	5,327,521	2,544,753
Cash flows from operating activities	**2,923,324,552**	**2,721,687,365**	**1,949,071,625**	**1,896,450,267**
Cash paid for interest expenses	(368,559,706)	(714,868,601)	(212,793,951)	(490,750,811)
Cash paid for corporate income tax	(115,300,713)	(25,173,301)	(1,016,992)	(302,392)
Net cash flows from operating activities	**2,439,464,133**	**1,981,645,463**	**1,735,260,682**	**1,405,397,064**

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

Cash flow statements (continued)

For the years ended 31 December 2009 and 2008

(Unit : Baht)

Description	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Cash flows from investing activities				
Decrease (increase) in current investments	(803,193,471)	463,653,215	(785,528,670)	444,884,118
Decrease (increase) in restricted bank deposits	257,675,630	(73,192,641)	-	-
Decrease in advance payment for construction - related party	54,385,925	42,592,517	54,385,925	-
Increase in advance payment for construction - unrelated party	(48,724,059)	-	(48,724,059)	-
Increase in long-term loans to related party	-	-	(3,100,000,000)	-
Decrease in long-term loans to related party	-	-	77,500,000	-
Increase in property, plant and equipment	(461,647,602)	(67,033,899)	(455,322,082)	(59,610,976)
Increase in assets for production of treated water that must be transferred at end of concession	(2,359,605)	(114,408,207)	-	-
Acquisition of rights to produce and sell of treated water and treat waste water	(1,010,074,585)	-	(1,010,074,585)	-
Interest expense capitalised as part of assets	(37,179,026)	(30,368,052)	(37,179,026)	-
Proceeds from disposal of equipment	1,051,726	3,707,266	24,942	654,325
Dividend received from subsidiary	-	-	293,993,325	97,958,576
Increase (decrease) in retention payable	12,988,143	(531,165)	12,988,336	1,084,210
Net cash flows from (used in) investing activities	**(2,037,076,924)**	**224,419,034**	**(4,997,935,894)**	**484,970,253**
Cash flows from financing activities				
Net cash received from issuance of additional ordinary shares	-	2,854,769,600	-	2,854,769,600
Decrease in bank overdrafts and short-term loans from financial institutions	(353,722)	(3,004,482,418)	-	(3,000,000,000)
Increase in long-term loans from financial institutions	4,672,000,000	83,000,000	4,672,000,000	-
Decrease in long-term loans from financial institutions	(9,399,345,719)	(1,446,766,571)	(6,079,552,152)	(1,028,757,748)
Net cash received from issuance of debentures	6,984,863,400	-	6,984,863,400	-
Dividend paid for minority interest	(6,006,675)	(2,001,422)	-	-
Dividend paid	(1,236,892,179)	(598,498,845)	(1,236,892,179)	(598,498,845)
Net cash flows from (used in) financing activities	**1,014,265,105**	**(2,113,979,656)**	**4,340,419,069**	**(1,722,486,993)**
Net increase in cash and cash equivalents	1,416,652,314	92,084,841	1,077,743,857	117,880,324
Cash and cash equivalents at beginning of year	868,935,254	776,850,413	662,386,195	544,505,871
Cash and cash equivalents at end of year	**2,285,587,568**	**868,935,254**	**1,740,130,052**	**662,386,195**
Supplemental cash flows information				
Non-cash transactions				
Increase in assets for production of treated water that must be transferred at end of concession from amounts due to related party	-	22,300,637	-	-
Increase in property, plant and equipment from amounts due to related parties and other payable	43,796,208	-	43,796,208	-
Transfer other current assets to construction in progress	4,000,000	-	4,000,000	-
Increase in rights to produced and sell of treated water and treat waste water from other payable and long-term other payable – related party	428,000,000	-	428,000,000	-

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

Thai Tap Water Supply Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the years ended 31 December 2009 and 2008

(Unit : Baht)

Consolidated financial statements

	Equity attributable to the parent's shareholders							Minority interest equity attributable to minority shareholders of subsidiaries	Total
			Retained earnings			Difference on reorganization of business of group companies	Total equity attributable to the parent's shareholders		
	Issued and paid up share capital	Share premium	Appropriated statutory reserve	Appropriated other reserve	Unappropriated				
Balance as at 31 December 2007	3,290,000,000	483,000,000	399,000,000	-	1,123,774,789	(600,362,866)	4,695,411,923	19,361,483	4,714,773,406
Net income for the year	-	-	-	-	1,358,407,761	-	1,358,407,761	8,933,843	1,367,341,604
Dividend paid (Note 24)	-	-	-	-	(598,498,845)	-	(598,498,845)	-	(598,498,845)
Unappropriated retained earnings transferred to statutory reserve (Note 17)	-	-	-	72,446,825	(72,446,825)	-	-	-	-
Share capital issued	700,000,000	2,154,769,601	-	-	-	-	2,854,769,601	-	2,854,769,601
Minority interest - equity attributable to minority shareholders of subsidiaries	-	-	-	-	-	-	-	(2,001,422)	(2,001,422)
Balance as at 31 December 2008	**3,990,000,000**	**2,637,769,601**	**399,000,000**	**72,446,825**	**1,811,236,880**	**(600,362,866)**	**8,310,090,440**	**26,293,904**	**8,336,384,344**
Balance as at 31 December 2008	3,990,000,000	2,637,769,601	399,000,000	72,446,825	1,811,236,880	(600,362,866)	8,310,090,440	26,293,904	8,336,384,344
Net income for the year	-	-	-	-	1,593,627,208	-	1,593,627,208	7,627,703	1,601,254,281
Dividend paid (Note 24)	-	-	-	-	(1,236,892,179)	-	(1,236,892,179)	-	(1,236,892,179)
Unappropriated retained earnings transferred to other reserve (Note 17)	-	-	-	100,003,271	(100,003,271)	-	-	-	-
Minority interest - equity attributable to minority shareholders of subsidiaries	-	-	-	-	-	-	-	(6,006,675)	(6,006,675)
Balance as at 31 December 2009	**3,990,000,000**	**2,637,769,601**	**399,000,000**	**172,450,096**	**2,067,968,638**	**(600,362,866)**	**8,666,825,469**	**27,914,302**	**8,604,739,771**

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

(Unit : Baht)

Separate financial statements

			Retained earnings			Total
	Issued and paid-up Share capital	Share premium	Appropriated- Statutory reserve	Appropriated- Other reserve	Unappropriated	
Balance as at 31 December 2007	3,290,000,000	483,000,000	399,000,000	-	931,254,065	5,103,254,065
Net income for the year	-	-	-	-	1,000,032,709	1,000,032,709
Dividend paid (Note 24)	-	-	-	-	(598,498,845)	(598,498,845)
Unappropriated retained earnings transferred to statutory reserve (Note 17)	-	-	-	72,446,825	(72,446,825)	-
Share capital issued	700,000,000	2,154,769,601	-	-	-	2,854,769,601
Balance as at 31 December 2008	**3,990,000,000**	**2,637,769,601**	**399,000,000**	**72,446,825**	**1,260,341,104**	**8,359,557,530**
Balance as at 31 December 2008	3,990,000,000	2,637,769,601	399,000,000	72,446,825	1,260,341,104	8,359,557,530
Net income for the year	-	-	-	-	1,485,345,779	1,485,345,779
Dividend paid (Note 24)	-	-	-	-	(1,236,892,179)	(1,236,892,179)
Unappropriated retained earnings transferred to other reserve (Note 17)	-	-	-	100,003,271	(100,003,271)	-
Balance as at 31 December 2009	**3,990,000,000**	**2,637,769,601**	**399,000,000**	**172,450,096**	**1,408,791,433**	**8,608,011,130**

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

1. Corporate information

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

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

The Company's registered address is 30/10 Moo 12, Budha Monthon 5 Road, RaiKhing, Sam Pran, Nakhon Pathom.

On 29 December 2008, the Company entered into an amendment of the Water Purchase Agreement made with the PWA. Under this amendment, the Company agrees to sell treated water in addition to that under original agreement within 660 days commencing from the date in the amendment, in the quantity and at the price stipulated in the agreement.

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 30 January 2009, issued under the Accounting Act B.E. 2543.

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

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of the Company ("the Company") and the following subsidiary companies ("the subsidiaries"):

Company's name	Nature of business	Country of incorporation	Percentage of hareholding		Assets as a percentage to the consolidated total assets as at 31 December		Revenues as a percentage to the consolidated total revenues for for the year ended 31 December	
			2009	2008	2009	2008	2009	2008
			Percent	Percent	Percent	Percent	Percent	Percent
WaterFlow Company Limited	Operating and maintenance of water supply project	Thailand	100	100	0.32	0.37	0.07	-
Pathum Thani Water Company Limited	Production and sale of treated water in Pathumthani	Thailand	98	98	21.28	25.87	33.19	33.61
BJT Water Company Limited (100 percent held by Pathum Thani Water Company Limited)	Operating and maintenance of water supply project	Thailand	98 (Indirect holding)	98 (Indirect holding)	0.27	0.33	1.05	1.02

b) Subsidiaries are fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

c) The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent significant accounting policies.

d) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.

e) Minority interests represent the portion of net income or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.

2.3 The separate financial statements, which present investments in subsidiaries presented under the cost method, have been prepared solely for the benefit of the public.

3. Adoption of new accounting standards

In June 2009, the Federation of Accounting Professions has issued Notification No. 12/2552, assigning new numbers to Thai Accounting Standards that match the corresponding International Accounting Standards. The numbers of Thai Accounting Standards as referred to these financial statements reflect such change.

The Federation of Accounting Professions has issued Notification No. 86/2551 and 16/2552, mandating the use of new accounting standards, financial reporting standard and accounting treatment guidance as follows.

3.1 Accounting standards, financial reporting standard and accounting treatment guidance which are effective for the current year

Framework for the Preparation and Presentation of Financial Statements (revised 2007)	
TAS 36 (revised 2007)	Impairment of Assets
TFRS 5 (revised 2007)	Non-current Assets Held for Sale and Discontinued Operations
Accounting Treatment Guidance for Leasehold Right	
Accounting Treatment Guidance for Business Combination under Common Control	

These accounting standards, financial reporting standard and accounting treatment guidance became effective for the financial statements for fiscal years beginning on or after 1 January 2009. The management has assessed the effect of these standards and believes that TFRS 5 (revised 2007), Accounting Treatment Guidance for Leasehold Right and Accounting Treatment Guidance for Business Combination under Common Control are not relevant to the business of the Company, while Framework for Preparation and Presentation of Financial Statements (revised 2007) and TAS 36 (revised 2007) will not have any significant impact on the financial statements for the current year.

3.2 Accounting standards which are not effective for the current year

		Effective date
TAS 20	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2012
TAS 24 (revised 2007)	Related Party Disclosures	1 January 2011
TAS 40	nvestment Property	1 January 2011

However, TAS 24 (revised 2007) and TAS 40 allows early adoption by the entity before the effective date. The management of the Company has assessed the effect of these standards and believes that TAS 20 and TAS 40 are not relevant to the business of the Company, while TAS 24 (revised 2007) will not have any significant impact on the financial statements for the year in which it is initially applied.

4. Significant accounting policies

4.1 Revenues recognition

Sales of treated water

Sales of treated water are recognised when the Company and a subsidiary supply the water to the Provincial Waterworks Authority, and comprise the invoiced value, excluding value added tax, of the treated water supplied, after deducting discounts and allowances.

Service income

Service income presents the invoiced value, excluding value added tax, of services rendered.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

Dividends

Dividends are recognised when the right to receive the dividends is established.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

4.4 Raw materials and supplies

Raw materials and supplies are valued at the lower of cost (first - in, first - out method) and net realisable value and are charged to treated water production costs whenever consumed.

4.5 Investments in subsidiaries

Investments in subsidiaries are accounted for in the separate financial statements using the cost method. Investment costs of subsidiaries are the values paid for their acquisition. The subsidiary is engaged in business under the agreement for the production and sale of treated water with the Provincial Waterworks Authority and concessions granted by state enterprises or government agencies, which have defined fixed periods of operation, as stipulated in the agreement and concessions; and the subsidiary has committed to transfer most of its assets used in the operation to the Provincial Waterworks Authority. Hence, parts of the investment cost are deemed to be investments in the acquisition of rights to operate business under the agreement and concessions, and are amortised on a straight-line basis over the remaining periods of the agreements, commencing from the date of investment in the subsidiary. This amortised amount is presented as amortisation of investments in subsidiary, and recognised as an expense in the statements of income.

In addition, parts of the investment cost in the subsidiary to which the Company transferred most of its operations after investment, in order to reduce future operating costs, was amounts paid for acquisition of such operations. These are amortised on a straight-line basis over the remaining period of the Water Purchase Agreement made between the Company and the Provincial Waterworks Authority, commencing from the date of investing in the subsidiary, and presented as amortisation of investments in subsidiary. The amortised amount is recognised as expense in the statements of income.

4.6 Property, plant and equipment and depreciation

Land is stated at cost. Building and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation for assets is generally calculated by reference to their costs on the straight-line basis over estimated useful lives of 3, 5 and 10 years. However depreciation of the Company's assets used for production of treated water is calculated using the units-of-production method, based on the following formula:

Depreciation for the period	=	Net assets for production of treated water at the beginning of period x Percentage of treated water produced in the period
Percentage of treated water produced in the period	=	Current period's actual production of treated water / (Actual production of treated water for the period + Projected total productionof treated water over the remaining term of the Water Purchase Agreement)
Net assets for production of treated water as at the beginning of the period	=	Total assets for production of treated water - Accumulated depreciation as at the beginning of the period

Assets for production of treated water consist of costs of construction of a water treatment plant and distribution system, and related interest expenses and financial costs.
Depreciation is included in determining income.
No depreciation is charged for land and construction in progress.

4.7 Assets for production of treated water that must be transferred at end of concession and amortisation

Assets for production of treated water of Pathum Thani Water Company Limited that must be transferred to the Provincial Waterworks Authority at the end of the concession to produce and sell treated water (land, water treatment plant and distribution system) are stated at cost less accumulated amortisation and any impairment losses. Amortisation of assets for production of treated water is calculated using the units-of-production method, based on the following formula:

Amortisation for the period	=	Net assets for production of treated water that must be transferred at end of concession as at the beginning of period x Percentage of treated water produced in the period
Percentage of treated water produced in the period	=	Current period's actual production of treated water / (Actual production of treated water for the period + Projected total production of treated water over the remaining term of concession for production and sale of treated water)
Net assets for production of treated water that must be transferred at end of concession as at the beginning of the period	=	Total assets for production of treated water that must be transferred at end of concession - Accumulated amortisation as at he beginning of the period

Amortisation is included in determining income.
Construction in progress is stated at cost and is not amortised.

4.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.9 Rights to produce and sell treated water and treat waste water

The Company recorded cost of rights to produce and sell treated water and treat waste water ("Operation rights") at cost as at the acquisition date, and allocated such cost in line with forecasted revenues calculated as at the acquisition date.

4.9.1 Rights to produce and sell treated water

Rights to produce and sell treated water are stated at cost less accumulated amortisation and any impairment losses. Amortisation of the rights is calculated using the units-of-production method, based on the following formula:

Amortisation for the period	=	Net rights to produce and sell treated water as at the beginning of period x Percentage of treated water produced in the period
Percentage of treated water produced in the period	=	Current period's actual production of treated water / (Actual production of treated water for the period + Projected total production of treated water over the remaining term of operation rights)
Net rights to produce and sell treated water as at beginning of the period	=	Total rights to treated water - Accumulated amortisation as at the beginning of of the period

Amortisation is included in determining income.

4.9.2 Rights to treat waste water

Rights to treat waste water are stated at cost less accumulated amortisation and any impairment losses. Amortisation of the rights is calculated using the units-of-production method, based on the following formula:

Amortisation for the period	=	Net rights to treat waste water as at the beginning of period x Percentage of waste water treated in the period
Percentage of waste water treated in the period	=	Current period's actual treatment of waste water / (Actual treatment of wasted water for the period + Projected total treatment of waste water over the remaining term of operation rights)
Net rights to treat waste water as at beginning of the period	=	Total rights to treat waste water - Accumulated amortisation as at the beginning of the period

Amortisation is included in determining income.

4.10 Rights to produce and sell treated water

Rights to produce and sell treated water, which arose as a result of the acquisition of ordinary shares in Pathum Thani Water Company Limited being made at a cost higher than the fair value of this subsidiary, is regarded as an intangible asset with a definite life. It is carried at cost less any accumulated amortization and any impairment losses.

The Company amortises it on a straight-line basis over the remaining period of the subsidiary's agreement for the production and sale of treated water, starting from the acquisition date, (approximately 16 years) and tested for impairment whenever there is an indication that it may be impaired. The amortization period and the amortization method for rights to produce and sell treated water are reviewed at least at each financial year end. The amortization expense is charged to the income statement.

4.11 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

4.12 Impairment of assets

At each reporting date, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company also carries out annual impairment

reviews in respect of rights to produce and sell treated water. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in the income statement.

4.13 Employee benefits

Salaries, wages, bonuses and contributions to the social security fund and provident fund are recognised as expenses when incurred.

4.14 Income tax

Income tax is provided in the accounts based on the taxable profits determined in accordance with tax legislation.

5. Use of accounting estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions in certain circumstances, affecting amounts reported in these financial statements and related notes. Actual results could differ from these estimates.

6. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarized below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer Pricing
	2009	2008	2009	2008	
Transactions with subsidiary company (eliminated from the consolidated financial statements)					
Other income	-	-	7.5	1.3	Based on contract
Interest income	-	-	19.4	-	Minimum Loan Rate minus stipulated margin per annum
Cost of sales and services	-	-	36.4	28.7	Based on contract
Administrative expenses	-	-	0.8	-	Based on contract
Transactions with related parties					
Service fee	0.8	0.8	-	-	Based on contract
Construction in progress	362.6	-	362.6	-	Based on contract
Assets for production of treated water that must be transferred at end of concession	-	77.8	-	-	Based on contract
Acquisition of rights to operate and sell treated water and treat water and treat waste water	1,400	-	1,400	-	Based on contract

The balances of the accounts as at 31 December 2009 and 2008 between the Company and those related companies are as follows:

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2009	2008	2009
Other receivable - related parties				
Subsidiary				
- WaterFlow Company Limited	-	-	117,000	4,689,068
	-	-	117,000	4,689,068
Related companies				
- CH. Karnchang Public Company Limited	-	89,376	-	-
- Others	21,558	-	21,558	-
	21,558	89,376	21,558	-
	21,558	**89,376**	**138,558**	**4,689,068**
Long-term loans to related party and interest receivable				
Subsidiary				
- Pathum Thani Water Company Limited				
Loan	-	-	3,022,500,000	-
Interest	-	-	601,295	-
Total	-	-	3,023,101,295	-
Less: current portion and interest receivable	-	-	(310,601,295)	-
Long-term loans to related party - net	-	-	**2,712,500,000**	-
Advance payment for construction - related party				
- CH. Karnchang Public Company Limited	41,452,975	95,838,900	41,452,975	95,838,900
	41,452,975	**95,838,900**	**41,452,975**	**95,838,900**
Trade accounts payable - related party				
Subsidiary				
- WaterFlow Company Limited	-	-	3,420,284	2,506,683
	-	-	**3,420,284**	**2,506,683**
Amounts due to related parties				
Subsidiary				
- Pathum Thani Water Company Limited	-	-	188,097	-
	-	-	**188,097**	-
Related companies				
- CH. Karnchang Public Company Limited	29,335,406	102,580,543	29,295,045	102,547,623
- Bangpa-in Land Development Company Limited	467,963	-	280,189	-
	29,803,369	102,580,543	29,575,234	102,547,623
	29,803,369	**102,580,543**	**29,575,234**	**102,547,623**
Other payable - related party				
- Bangpa-in Land Development Company Limited	214,000,000	-	214,000,000	-
	214,000,000	-	**214,000,000**	-

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Retention - related party				
- CH. Karnchang Public Company Limited	7,900,746	-	7,900,746	-
	7,900,746	-	7,900,746	-
Retention - subsidiary				
- WaterFlow Company Limited	-	-	5,000,000	5,000,000
	-	-	5,000,000	5,000,000
Long-term other payable - related party				
- Bangpa-in Land Development Company Limited	214,000,000	-	214,000,000	-
	214,000,000	-	214,000,000	-

During 2009, movements of long-term loans to related party were as follow:

(Unit : Baht)

	Separate financial statements			
	Balance as at 1 January 2009	During the year		Balance as at 31 December 2009
		Increase	Decrease	
Long-term loans				
- Pathum Thani Water Company Limited				
Loan	-	3,100,000,000	(77,500,000)	3,022,500,000
Interest	-	19,411,021	(18,809,726)	601,295
	-	3,119,411,021	(96,309,726)	3,023,101,295

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

Directors and management's remuneration

In 2009 the Company and the subsidiaries paid salaries, bonus, meeting allowance and gratuities to their directors and management totaling Baht 52.6 million (Separate financial statements: Baht 32.9 million) (2008: Baht 40.9 million, Separate financial statements: Baht 22.2 million).

7. Trade accounts receivable

As at 31 December 2009 and 2008, the outstanding balances of trade accounts receivable was over due less than 3 months.

8. Raw materials and supplies

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Raw materials	4,786,864	4,405,595	2,937,284	2,205,907
Spare parts	17,716,610	13,919,924	10,792,645	7,563,720
Total	22,503,474	18,325,519	13,729,929	9,769,627

9. Investments in subsidiaries

(Unit : Baht)

Company's name	Separate financial statements							
	Paid-up capital		Shareholding percentage		Investments at cost		Dividend received for the year ended 31 December	
	2009	2008	2009	2008	2009	2008	2009	2008
	Million	Million	Percent	Percent				
WaterFlow Company Limited	10	10	100	100	700,000,000	700,000,000	-	-
Pathum Thani Water Company Limited and its subsidiary	1,200	1,200	98	98	3,998,309,900	3,998,309,900	293,993,325	97,958,576
					4,698,309,900	4,698,309,900	293,993,325	97,958,576
Less: Accumulated amortisation of investments in subsidiaries					(546,468,034)	(324,973,886)	-	-
Less: Dividend received from income before purchase of shares					(20,000,000)	(20,000,000)	-	-
Total					4,131,841,866	4,353,336,014	293,993,325	97,958,576

During the year, the Company received dividend from Pathum Thani Water Company Limited amounting to Baht 294.0 million according to the resolution of the Board of Directors Meetings of Pathum Thani Water Company Limited on 29 October 2009.

Business combination of subsidiaries

On 30 September 2009, a meeting of the Company's Board of Directors passed a resolution to approve the restructuring of the group of the Company by combining the business of its two subsidiaries, WaterFlow Company Limited and BJT Water Company Limited. The new company will receive the assets, liabilities, rights and obligations of the two subsidiaries, and the business combination process will be completed in January 2010.

10. Property, plant and equipment

(Unit : Baht)

Consolidated financial statements								
	Land	Assets for production of treated water	Construction in progress	Building and building improvement	Furniture and office Equipment	Motor vehicles	Tools	Total
Cost:								
31 December 2008	452,264,402	9,546,709,065	57,223,738	9,893,267	49,914,445	31,497,138	20,756,675	10,168,258,730
Reclassification	-	-	-	-	(1,287,578)	-	-	(1,287,578)
Additions	-	-	537,050,317	-	6,607,145	2,611,289	354,085	546,622,836
Disposals/ written off	-	-	-	-	(589,138)	(1,663,005)	(2,756,700)	(5,008,843)
Transfer in (out)	-	-	(31,646,943)	405,238	29,241,705	-	2,000,000	-
31 December 2009	452,264,402	9,546,709,065	562,627,112	10,298,505	83,886,579	32,445,422	20,354,060	10,708,585,145
Accumulated depreciation:								
31 December 2008	-	1,170,408,353	-	1,909,601	38,664,533	16,699,921	15,075,935	1,242,758,343
Reclassification	-	-	-	-	(6,349)	-	-	(6,349)
Depreciation for the year	-	325,667,030	-	1,612,714	9,636,772	5,245,255	2,671,449	344,833,220
Depreciation on disposals/ written off	-	-	-	-	(581,351)	(1,058,849)	(2,756,699)	(4,396,899)
31 December 2009	-	1,496,075,383	-	3,522,315	47,713,605	20,886,327	14,990,685	1,583,188,315
Net book value:								
31 December 2008	452,264,402	8,376,300,712	57,223,738	7,983,666	11,249,912	14,797,217	5,680,740	8,925,500,387
31 December 2009	452,264,402	8,050,633,682	562,627,112	6,776,190	36,172,974	11,559,095	5,363,375	9,125,396,830
Depreciation for the year								
2008 (Baht 328 million included in cost of sales of treated water and service, and the balance in administrative expenses)								335,500,846
2009 (Baht 336 million included in cost of sales of treated water and service, and the balance in administrative expenses)								344,833,220

(Unit : Baht)

Separate financial statements								
	Land	Assets for production of treated water	Construction in progress	Building and building improvement	Furniture and office Equipment	Motor vehicles	Tools	Total
Cost:								
31 December 2008	397,531,902	9,546,709,066	57,223,738	9,893,267	11,441,279	12,187,321	7,270,272	10,042,256,845
Additions	-	-	537,050,317	-	2,572,999	674,000	-	540,297,316
Disposals	-	-	-	-	(291,744)	-	-	(291,744)
Transfer in (out)	-	-	(31,646,943)	405,238	29,241,705	-	2,000,000	-
31 December 2009	397,531,902	9,546,709,066	562,627,112	10,298,505	42,964,239	12,861,321	9,270,272	10,582,262,417
Accumulated depreciation:								
31 December 2008	-	1,170,408,352	-	1,909,601	5,315,049	7,054,713	3,287,072	1,187,974,787
Depreciation for the year	-	325,667,032	-	1,612,714	7,387,379	1,957,870	1,757,616	338,382,611
Depreciation on disposals	-	-	-	-	(290,979)	-	-	(290,979)
31 December 2009	-	1,496,075,384	-	3,522,315	12,411,449	9,012,583	5,044,688	1,526,066,419
Net book value:								
31 December 2008	397,531,902	8,376,300,714	57,223,738	7,983,666	6,126,230	5,132,608	3,983,200	8,854,282,058
31 December 2009	397,531,902	8,050,633,682	562,627,112	6,776,190	30,552,790	3,848,738	4,225,584	9,056,195,998
Depreciation for the year								
2008 (Baht 324 million included in cost of sales of treated water and service, and the balance in administrative expenses)								328,503,885
2009 (Baht 333 million included in cost of sales of treated water and service, and the balance in administrative expenses)								338,382,611

As at 31 December 2009, certain plant and equipment items have been fully depreciated but are still in use. The original cost of those assets amounted to approximately Baht 49.1 million (2008: Baht 38.9 million) (Separate financial statements: Baht 6.8 million, 2008: Baht 3.3 million).

During the year 2009, the Company capitalised interest expenses, of approximately Baht 37.2 million as part of property, plant and equipment.

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

(Unit : Baht)

	Consolidated financial statements			
	Land	Water treatment plant and local distribution reated water system	Construction in progress	Total
Cost:				
31 December 2008	413,087,705	5,933,703,006	2,360,832	6,349,151,543
Reclassification	-	1,287,578	-	1,287,578
Additions	-	2,268,150	91,455	2,359,605
Transfer in (out)	-	2,452,287	(2,452,287)	-
31 December 2009	413,087,705	5,939,711,021	-	6,352,798,726
Accumulated amortisation:				
31 December 2008	166,897,573	2,047,840,760	-	2,214,738,333
Reclassification	-	6,349	-	6,349
Amortisation for the year	15,061,345	238,744,537	-	253,805,882
31 December 2009	181,958,918	2,286,591,646	-	2,468,550,564
Net book value				
31 December 2008	246,190,132	3,885,862,246	2,360,832	4,134,413,210
31 December 2009	231,128,787	3,653,119,375	-	3,884,248,162

Amortisation for the year included in cost of sales of treated water in the income statements	
2008	246,719,618
2009	253,805,882

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

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

(Unit : Baht)

	Consolidated financial statements / Separate financial statements
	31 December 2009
Rights to produce and sell treated water and treat waste water	1,410,074,586
Less: Accumulated amortisation of rights to produce and sell treated water and treat waste water	(9,756,047)
Rights to produce and sell treated water and treat waste water, net	1,400,318,539

On 31 July 2009, the Extraordinary General Meeting of Shareholders No.1/2552 approved the acquisition of rights to produce and sell treated water and treat waste water at Bangpa-In Industrial Estate ("Operating Rights") from Bangpa-In Land Development Company Limited and execution of a related agreement. The rights were valued at Baht 1,400 million, which is to be paid in installments basis in accordance with the agreement.

The outstanding balances of this transaction, Baht 214 million is presented in the balance sheet as other payable - related party and Baht 214 million as long-term other payable - related party.

13. Rights to produce and sell treated water

(Unit : Baht)

	Consolidated financial statements	
	31 December 2009	31 December 2008
Rights to produce and sell treated water	3,169,108,803	3,169,108,803
Less: Accumulated amortisation of rights to produce and sell treated water	(479,916,807)	(284,970,416)
Rights to produce and sell treated water, net	2,689,191,996	2,884,138,387

14. Long-term loans from financial institutions

(Unit : Baht)

Loan	Interest rate (%)	Repayment schedule	Consolidated financial statements 2009	Consolidated financial statements 2008	Separate financial statements 2009	Separate financial statements 2008
1.	MLR - stipulated rate in agreement between 2.00% - 2.25%	Quarterly installments as from March 2010 to June 2019	1,072,000,000	-	1,072,000,000	-
2.	MLR - stipulated rate in agreement between 2.00% - 2.25%	Quarterly installments as from December 2009 to September 2019	3,510,000,000	-	3,510,000,000	-
3.	MLR – 1%	Quarterly installments as from January 2005 to October 2016	-	5,016,200,000	-	5,016,200,000
4.	MLR, MLR – 0.5%	Quarterly installments as from October 2008 to October 2016	-	973,352,152	-	973,352,152
5.	MLR – 0.5%	Semi-annual installments as from June 2005 to December 2015	-	2,626,932,846	-	-
6.	MLR	Semi-annual installments as from June 2008 to December 2012	-	692,860,721	-	-
Total			4,582,000,000	9,309,345,719	4,582,000,000	5,989,552,152
Less: Current portion			(420,000,000)	(1,103,955,215)	(420,000,000)	(598,955,215)
Long-term loans, net			4,162,000,000	8,205,390,504	4,162,000,000	5,390,596,937

During the year 2009, the Company issued debentures, as described in Note 15, in order to settle the balance of loans number 3 and 4. In addition, a subsidiary entered into a loan agreement with the Company. Such loans were used to settle the outstanding balance of long-term loans under loans number 5 and 6.

15. Debentures

On 26 February 2009, the Company issued Baht 7,000 million of unsecured senior debentures, with trustees, in 3 series; to be offered for sale to investors in accordance with the Notification of the Securities and Exchange Commission. Details of the debentures are as follow:-

A) Series #1 comprises 3,500,000 debentures with a face value of Baht 1,000, or a total of Baht 3,500 million. The debentures mature on 26 February 2012 and bear interest at a fixed rate of 4.00 percent per annum, payable every 6 months.

B) Series #2 comprises 1,700,000 debentures with a face value of Baht 1,000, or a total of Baht 1,700 million. The debentures mature on 26 February 2014 and bear interest at a fixed rate of 4.75 percent per annum, payable every 6 months.

C) Series #3 comprises 1,800,000 debentures with a face value of Baht 1,000, or a total of Baht 1,800 million. The debentures mature on 26 February 2016 and bear interest at a fixed rate of 5.35 percent per annum, payable every 6 months.

The Company is required to maintain certain financial ratios.

16. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

17. Other reserve

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

18. Sales of treated water

Sales of treated water of the Company as presented in the income statements for the years ended 31 December 2009 and 2008 included revenues from the Provincial Waterworks Authority amounting to Baht 49.8 and 19.3 million, respectively, which were received because actual quantities of water purchased by the Provincial Waterworks Authority over stipulated periods of 6 months were lower than the minimum off take quantity to which it has committed under the "Water Purchase Agreement".

19. Expenses by nature

Significant expenses by nature are as follow:

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2009	2008	2009	2008
Salary and wages and other employee benefits	111,248,699	100,457,484	32,132,985	29,959,705
Depreciation	344,833,220	335,500,846	338,382,611	328,503,885
Amortisation of assets for production of treated water that must be transferred at end of concession	253,805,882	246,719,618	-	-
Amortisation of investments in subsidiaries	-	-	221,494,148	222,100,981
Operate and maintenance expenses	-	-	35,288,373	28,732,053
Production and maintenance cost	480,610,823	510,165,601	253,815,726	247,032,466

20. Promotional privileges

The Company has received promotional privileges from the Board of Investment for production of treated water, pursuant to the promotion certificate No. 1382(2)/2545 issued on 19 June 2002. Subject to certain imposed conditions, the main privileges include the following:

- Exemption of import duty on imported machinery under specified condition.
- Exemption from corporate income tax on net income from promoted operations for a period of eight years from the date the promoted operations commenced generating revenues (21 July 2004).

The Company's operating revenues for the years are below shown dividend according to promoted and non-promoted operations.

	Promoted operations		Non-promoted operations		Total	
	2008	2009	2008	2009	2008	2009
Sales of treated water	2,592,395,254	2,355,871,315	54,221,940	-	2,646,617,194	2,355,871,315

21. Earnings per share

Basic earnings per share is calculated by dividing net income for the year by the weighted average number of ordinary shares in issue during the year.

22. Financial information by segment

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

23. Provident fund

The Company and its subsidiaries have established provident funds jointly with their employees in accordance with the Provident Fund Act B.E. 2530. The Company, the subsidiaries and their employees contribute to the funds monthly at a rate of 5 percent of basic salary. The funds, which are managed by TMB Asset Management Company Limited and Kasikorn Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2009, the Company and the subsidiaries contributed Baht 3.3 million (Separate financial statements: Baht 1.1 million) (2008: Baht 3.2 million, Separate financial statements: Baht 0.9 million) to the funds.

24. Dividends

(Unit : Baht)

Dividends	Approved by	Total dividends	Dividend per share
Dividends from the earnings of the promoted operations for the year 2007 to the shareholders listed in the share register book as at 20 November	xtraordinary General Meeting of the Company's shareholders No.1/2008 on 17 December 2008	598,498,845	0.15
Total dividend for 2008		598,498,845	
Dividends from the earnings of the romoted operations for the year 2008 to the shareholders listed in the share register book as at 13 March 2009.	Annual General Meeting of the Company's hareholders for the year 2009 on 3 April 2009	797,998,460	0.20
Dividends from the earnings of the promoted operations for January to June 2009 to the shareholders listed in the share register book as at 28 August 2009	Board of Directors Meeting No. 8/2009 on 11 August 2009	438,893,719	0.11
Total dividends for 2009		1,236,892,179	

25. Corporate income tax

During the second quarter of the year 2009, the subsidiary received notice of a change to its net operating loss brought forward from the Area Revenue Office. Based on the assessment made by the Area Revenue Office, the subsidiary has corporate income tax obligations for the year 2008 of approximately Baht 44 million. To reduce the risk of future loss, the subsidiary recorded corporate income tax expenses for the year 2008 of Baht 44 million and corporate income tax expenses for the year 2009 of Baht 143 million. However, the subsidiary disputes this assessment and has therefore appealed to the Appeals Committee of the Revenue Department. The appeal is being considered. If the Appeals Committee decides to cancel the assessment per the above notice, the already recorded corporate income tax will be reversed to revenue.

The Company had no corporate income tax payable on the net income from non-promoted operations for the years ended 31 December 2009 and 2008, since the Company had tax loss brought forward from previous years over its net income from the years.

26. Commitments and contingent liabilities

26.1 Capital commitments

As at 31 December 2009, the Company had capital commitments of Baht 520.8 million relating to the expansion project of water treatment plant.

26.2 Service commitments and other commitments

a) The Company has entered into an operation and maintenance agreement with WaterFlow Company Limited, whereby the subsidiary is to manage and maintenance of production and supply of treated water system and to manage the waste water system. Under the conditions of the agreement, the Company is to pay service fees at a rate stipulated in the agreement.

b) Pathum Thani Water Company Limited has entered into a maintenance agreement with BJT Water Company Limited, whereby its subsidiary is to maintenance. Under the conditions of the agreement, Pathum Thani Water Company Limited is to pay service fees at a rate stipulated in the agreement.

c) As at 31 December 2009, a subsidiary had commitments totaling Baht 4.1 million under a rental service agreement with related companies and under other service agreements.

26.3 Bank guarantees

As at 31 December 2009, there were outstanding bank guarantees of approximately Baht 248.9 million issued by banks on behalf of the Company and its subsidiaries in the normal course of business. These included letters of guarantee amounting to Baht 209.7 million required under the Water Purchase Agreement with the Provincial Waterworks Authority, Baht 39.2 million to guarantee electricity use (Separate financial statements: Baht 50.1 million under the Water Purchase Agreement with the Provincial Waterworks Authority and Baht 22.1 million to guarantee electricity use).

26.4 Litigation

Pathum Thani Water Company Limited

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

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

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

27. Financial instruments

27.1 Financial risk management

The Company's and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 32 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, current investments, trade accounts receivable, trade accounts payable, amounts due to related parties, other payable, retention payable, debentures and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable and there is a high concentration of risk since the Company and its subsidiaries have only one major customer, the Provincial Waterworks Authority. However, because the Provincial Waterworks Authority is a government agency, the Company and its subsidiaries do not expect to incur material financial losses. The maximum exposure to credit risk is limited to the carrying amounts of receivables as stated in the balance sheet.

Interest rate risk

The Company's and its subsidiaries' exposures to interest rate risk relate primarily to their cash at banks, current investments, long-term loans to related party, debentures and long-term loans. However, since most of the Company's and the subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at 31 December 2009 classified by type of interest rates are summarized in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

Consolidated financial statements

	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Effective interest rate
	Within 1 year	1-5 years	Over 5 years	(Million Baht)			(% p.a.)
Financial assets							
Cash and cash equivalents	-	-	-	2,286	-	2,286	0.50 - 0.85
Current investments	1,085	-	-	-	-	1,085	0.50 - 1.00
Trade accounts receivable	-	-	-	-	384	384	-
	1,085	-	-	2,286	384	3,755	
Financial liabilities							
Trade accounts payable	-	-	-	-	40	40	-
Amounts due to related parties	-	-	-	-	458	458	-
Other payable	-	-	-	-	18	18	-
Retention payable	-	-	-	-	17	17	-
Debentures	-	5,192	1,796	-	-	6,988	4.00 - 5.35
Long-term loans	-	-	-	4,582	-	4,582	3.38 - 3.88
	-	5,192	1,796	4,582	513	12,083	

Separate financial statements

	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Effective interest rate
	Within 1 year	1-5 years	Over 5 years	(Million Baht)			(% p.a.)
Financial assets							
Cash and cash equivalents	-	-	-	1,740	-	1,740	0.50 - 0.85
Current investments	1,085	-	-	-	-	1,085	0.50 - 1.00
Trade accounts receivable	-	-	-	-	256	256	-
Long-term loans to related party	-	-	-	3,023	-	3,023	3.50 - 3.98
	1,085	-	-	4,763	256	6,104	
Financial liabilities							
Trade accounts payable	-	-	-	-	33	33	-
Amounts due to related parties	-	-	-	-	458	458	-
Other payable	-	-	-	-	15	15	-
Retention payable	-	-	-	-	17	17	-
Debentures	-	5,192	1,796	-	-	6,988	4.00 - 5.35
Long-term loans	-	-	-	4,582	-	4,582	3.38 - 3.88
	-	5,192	1,796	4,582	502	12,072	

Foreign currency risk

The Company and its subsidiaries do not consider themselves exposed to foreign currency risk because they have no significant foreign currency transactions.

27.2 Fair values of financial instruments

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

The methods and assumptions used by the Company and its subsidiaries in estimating the fair value of financial instruments are as follows:

a) For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, current investments, accounts receivable, accounts payable, amount due to related parties, other payable and retention payable, their carrying amounts in the balance sheet approximate their fair value.

b) For long-term loans to related party and long-term loans carrying interest approximate to the market rate, their carrying amounts in the balance sheet approximates their fair value.

c) For fixed rate debentures, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions. The approximate fair value is estimated to be close to the carrying amounts in the balance sheet.

As at 31 December 2009, fair value of significant financial instruments are estimated to be close to the carrying amounts in the balance sheet, with no material differences.

28. Capital management

The Company and its subsidiaries have set various policies and objectives to leverage in the operation of their businesses. The policies are set to ensure the Company and its subsidiaries maintain financial stability for their operations. According to the balance sheet as at 31 December 2009, the Group's debt-to-equity ratio in was 1.42 : 1 and the Company's was 1.42:1.

29. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 5 February 2010.

THAI TAP WATER

www.thaitap.com

บริษัท น้ำประปาไทย จำกัด (มหาชน)

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