

**Christiani & Nielsen (Thai) Public Company Limited,
its subsidiaries and jointly controlled entities**

Notes to interim financial statements

For the three-month periods ended 31 March 2008 and 2007

1. General information

1.1 Corporate information

Christiani & Nielsen (Thai) Public Company Limited (“the Company”) is a public limited company incorporated under Thai laws and domiciled in Thailand. The Company operates in Thailand and is principally engaged in the construction business. Its registered address is at No. 451, La Salle Road (Sukhumvit 105), Kwaeng Bangna, Khet Bangna, Bangkok.

1.2 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Accounting Standards Pronouncement No. 41 (revised 2007) “Interim Financial Reporting”, with the Company choosing to present condensed interim financial statements. However, the Company has presented the balance sheets, and the statements of income, changes in shareholders’ equity and cash flows in the same format as that used for the annual financial statements.

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

1.3 Basis of consolidation

These interim consolidated financial statements include the financial statements of Christiani & Nielsen (Thai) Public Company Limited, its subsidiaries and jointly controlled entities (collectively called “the Group”) and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2007, with no changes in the structure of the Group during the current period.

The financial statements of the overseas subsidiaries for the three-month period ended 31 March 2008 as included in the consolidated financial statements were prepared by the management of those subsidiaries, and have not been reviewed by their auditors. Their aggregate assets were approximately Baht 383 million or 12% of the consolidated assets as at 31 March 2008 and their aggregate revenues were approximately Baht 0.2 million or 0.02% of the consolidated revenues for the three-month period then ended.

The consolidated financial statements as at 31 March 2008 and for the three-month period then ended included the proportion of the assets of the jointly controlled entity of Baht 20 million or 0.6% of the consolidated assets and its revenue of Baht 13 million or 1.2% of the consolidated revenue for the three-month period then ended.

1.4 Accounting standards which are effective for the current year

TAS 25 (revised 2007)	Cash Flow Statements
TAS 29 (revised 2007)	Leases
TAS 31 (revised 2007)	Inventories
TAS 33 (revised 2007)	Borrowing Costs
TAS 35 (revised 2007)	Presentation of Financial Statements
TAS 39 (revised 2007)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 41 (revised 2007)	Interim Financial Reporting
TAS 43 (revised 2007)	Business Combinations
TAS 49 (revised 2007)	Construction Contracts
TAS 51	Intangible Assets

These accounting standards become effective for the financial statements for fiscal years beginning on or after 1 January 2008. The management has assessed the effect of these accounting standards and believes that TAS 33, TAS 39 and TAS 43 are not relevant to the business of the Company, whereas the remaining seven accounting standards described above do not have any significant impact on the financial statements for the current period.

1.5 Significant accounting policies

These interim financial statements are prepared using the same accounting policies and method of computation as were used for the financial statements for the year ended 31 December 2007.

(Unaudited but reviewed)

2. Cash and cash equivalents/restricted deposits

Cash and cash equivalents as at 31 March 2008 and 2007 as reflected in the statements of cash flows consist of the following:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Cash and deposits at banks	288,549	263,531	231,778	218,316
Fixed deposits at banks	85,647	59,237	85,647	59,237
Deposits at finance companies	<u>5,600</u>	<u>3,100</u>	<u>-</u>	<u>-</u>
Total	379,796	325,868	317,425	277,553
Less: Restricted deposits	<u>(162,570)</u>	<u>(110,424)</u>	<u>(162,570)</u>	<u>(110,424)</u>
Cash and cash equivalents	<u><u>217,226</u></u>	<u><u>215,444</u></u>	<u><u>154,855</u></u>	<u><u>167,129</u></u>

As at 31 March 2008, the Company had pledged its bank deposits of approximately Baht 162.6 million (31 December 2007: Baht 162.5 million) with banks to secure the bank overdrafts and the letters of guarantees issued by the banks on behalf of the Company.

3. Construction contract debtors

As at 31 March 2008 and 31 December 2007, the balance of construction contract debtors classified by aging from the due date was as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March <u>2008</u>	31 December <u>2007</u>	31 March <u>2008</u>	31 December <u>2007</u>
Related party				
<i>Overdue</i>				
Not over 3 months	<u>-</u>	<u>-</u>	<u>4,718</u>	<u>-</u>
Total	<u>-</u>	<u>-</u>	<u>4,718</u>	<u>-</u>
Retention under construction contracts	<u>-</u>	<u>-</u>	<u>860</u>	<u>197</u>
Construction contract debtors - related party	<u>-</u>	<u>-</u>	<u>5,578</u>	<u>197</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2008	31 December 2007	31 March 2008	31 December 2007
Unrelated parties				
<i>Overdue</i>				
Not over 3 months	329,212	478,248	325,588	469,085
3 - 6 months	23,930	18,057	23,930	18,057
6 - 12 months	20,484	24,184	20,484	24,185
Over 12 months	85,698	82,726	85,698	82,726
Total	459,324	603,215	455,700	594,053
Retention under construction contracts	395,347	386,547	392,816	385,701
Total construction contract debtors	854,671	989,762	848,516	979,754
Less: Allowance for doubtful accounts	(107,923)	(107,923)	(107,923)	(107,923)
Construction contract debtors - unrelated parties - net	746,748	881,839	740,593	871,831
Total construction contract debtors - net	746,748	881,839	746,171	872,028

The Company has transferred the calling right for the collections from the construction contract debtors of certain projects to a bank to secure the credit facilities of the Company granted by that bank.

4. Investments in the subsidiaries

(Unit: Thousand Baht)

	Shareholding		Separate financial statements					
	percentage		Investment value under cost method		Allowance for impairment of investments		Carrying amounts based on cost method - net	
	31 March 2008	31 December 2007	31 March 2008	31 December 2007	31 March 2008	31 December 2007	31 March 2008	31 December 2007
	Percent	Percent						
Construction business								
Christiani & Nielsen Construction (Thai) Company Limited	100.0	100.0	1,000	1,000	(1,000)	(1,000)	-	-
Holding company								
CNT Holdings Limited	100.0	100.0	2,600,000	2,600,000	(2,265,000)	(2,265,000)	335,000	335,000
Plan administrator								
CN Advisory Company Limited	100.0	100.0	1,000	1,000	-	-	1,000	1,000
Total investments in the subsidiaries			2,602,000	2,602,000	(2,266,000)	(2,266,000)	336,000	336,000

The Company has pledged the shares of Christiani & Nielsen Construction (Thai) Company Limited and CNT Holdings Limited with a bank to secure the credit facilities of the Company granted by that bank.

5. Investments in the jointly controlled entities

(Unit: Thousand Baht)

	Separate financial statements					
	Shareholding percentage		Investment value under cost method		Dividend received for the period ended	
	31	31	31	31	31	31
	March 2008	December 2007	March 2008	December 2007	March 2008	March 2007
	Percent	Percent				
Construction business						
NWR, ITD, CNT & AS Joint Venture	25.0	25.0	-	-	-	2,000
PAN ASIA - CNT Joint Venture	45.0	45.0	1,800	1,800	-	-
Total investments in jointly controlled entities			1,800	1,800	-	2,000

Since 2002, the Company had invested Baht 2 million, representing 25% interest of NWR, ITD, CNT & AS Joint Venture, and had received its return from investment during the year 2006. The jointly controlled entity is in the liquidation process.

6. Investments in the associate and other companies

(Unit: Thousand Baht)

	Shareholding percentage		Consolidated financial statements		Separate financial statements	
	31	31	31	31	31	31
	March 2008	December 2007	March 2008	December 2007	March 2008	December 2007
		Percent	Percent			
Investments in the associate						
International Machinery Supplies Co., Ltd.	31.94	31.94	7,500	7,500	-	-
Total			7,500	7,500	-	-
Less: Allowance for impairment of investments			(7,500)	(7,500)	-	-
Investments in the associate - net			-	-	-	-
Investments in other companies						
Saturn Inc.	13.11	13.11	2,218	2,218	-	-
Phuket Land Development Co., Ltd.	15.00	15.00	3,000	3,000	-	-
Thai Worldwide Contractors Co., Ltd.	2.94	2.94	100	100	100	100
Thai Contractors Asset Co., Ltd.	0.20	0.20	500	500	500	500
Total			5,818	5,818	600	600
Less: Allowance for impairment of investments			(3,000)	(3,000)	-	-
Investments in other companies - net			2,818	2,818	600	600
Total investments in the associate and other companies - net			2,818	2,818	600	600

According to the latest unaudited financial statements of Saturn Inc., the net worth attributable to the subsidiary's investment as at 31 December 2007 was approximately Baht 5 million.

7. Related party transactions

During the periods ended 31 March 2008 and 2007, the Company, its subsidiaries and jointly controlled entities had significant business transactions with related parties, which have been concluded on commercial terms and bases agreed upon in the ordinary course of business between the Company and those companies. Below is a summary of those transactions.

(Unit: Thousand Baht)

	Consolidated		Separate		Transfer pricing and lending policy
	financial statements		financial statements		
	For the three-month		For the three-month		
	periods ended 31 March		periods ended 31 March		
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	
Transactions with the subsidiaries					
Rental and service income	-	-	15	30	Based on the prices agreed between the parties, which approximate the market prices
Interest income	-	-	189	207	Interest rate at MOR plus 0.25% per annum
Transactions with the jointly controlled entities					
Service income	1,737	-	13,682	-	Cost plus margin
Operating cost	1,031	-	1,422	-	Cost plus margin
Interest income	-	-	25	-	Interest rate at 3.75% per annum
Dividend income	-	-	-	2,000	At the declared rate

(Unaudited but reviewed)

The balances of the accounts as at 31 March 2008 and 31 December 2007 between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2008	31 December 2007	31 March 2008	31 December 2007
Construction contract debtors				
<i>Jointly controlled entity</i>				
PAN ASIA - CNT Joint Venture	-	-	5,578	197
Total construction contract debtors - jointly controlled entity	<u>-</u>	<u>-</u>	<u>5,578</u>	<u>197</u>
Amounts due from and loans to the subsidiaries and jointly controlled entity				
<i>Amounts due from the subsidiaries and jointly controlled entity</i>				
Christiani & Nielsen Construction (Thai) Company Limited	-	-	20,342	20,153
CN Advisory Company Limited	-	-	16	32
PAN ASIA - CNT Joint Venture	-	1,049	1,538	3,807
Total	-	1,049	21,896	23,992
Less: Allowance for doubtful accounts	-	-	(20,150)	(20,150)
Total amounts due from the subsidiaries and jointly controlled entity - net	<u>-</u>	<u>1,049</u>	<u>1,746</u>	<u>3,842</u>
<i>Loans to the subsidiary and jointly controlled entity</i>				
Christiani & Nielsen Construction (Thai) Company Limited	-	-	10,300	10,300
PAN ASIA - CNT Joint Venture	-	-	2,700	2,700
Total	-	-	13,000	13,000
Less: Allowance for doubtful accounts	-	-	(10,300)	(10,300)
Total loans to the subsidiary and jointly controlled entity - net	<u>-</u>	<u>-</u>	<u>2,700</u>	<u>2,700</u>
Total amounts due from and loans to the subsidiaries and the jointly controlled entity - net	<u>-</u>	<u>1,049</u>	<u>4,446</u>	<u>6,542</u>
Advances from customers				
<i>Jointly controlled entity</i>				
PAN ASIA - CNT Joint Venture	-	-	8,937	10,263
Total advances from customers - jointly controlled entity	<u>-</u>	<u>-</u>	<u>8,937</u>	<u>10,263</u>

During the three-month period ended 31 March 2008, there was no movement of loans to the subsidiary and jointly controlled entity.

Directors and management's remuneration

During the three-month period ended 31 March 2008, the Company paid salaries, meeting allowances and gratuities to their directors and management of totaling approximately Baht 9.1 million (2007: Baht 8.9 million).

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 18.

8. Plant and equipment

Movements of the plant and equipment account during the three-month period ended 31 March 2008 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 31 December 2007	196,395	196,395
Acquisitions during the period - at cost	3,879	3,879
Disposals during the period - net book value at disposal date	(644)	(644)
Depreciation for the period	(11,101)	(11,101)
Amortisation of surplus on revaluation of assets for the period	(196)	(196)
Net book value as at 31 March 2008	<u><u>188,333</u></u>	<u><u>188,333</u></u>

9. Net assets of discontinued operation units

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	31 March 2008	31 December 2007
Total assets	331,500	330,265
Total liabilities	(58)	(48)
Net assets before provision	331,442	330,217
Less: Allowance for diminution in value of assets	(2,855)	(2,855)
Net assets	<u><u>328,587</u></u>	<u><u>327,362</u></u>

The net assets of discontinued operation units represent the net assets of Harmony Property Group Limited and CN Place Silom Development Limited.

As at 31 March 2008, Harmony Property Group Limited had pledged its bank deposit of approximately EUR 5.3 million (or equivalent to Baht 261 million) with the bank to secure the credit facilities of the Company (31 December 2007: EUR 2.8 million or equivalent to Baht 136 million).

10. Investments in real estate

The Company has mortgaged its 3 plots of land with a bank to secure the bank overdrafts granted by that bank as discussed in Note 11.

11. Bank overdrafts

The Company's bank overdrafts are secured by the pledge of bank deposits, the transfer of the calling right for the collections from the construction contract debtors of certain projects, the pledge of the subsidiaries' shares, and the mortgage of the Company's land.

12. Estimated liabilities for guarantee obligations and other payables

During the year 2003, the Company had recorded reserve for potential loss of Baht 112 million from guarantee obligations and other payables which were claimed by the creditors under the Company's rehabilitation plan. The reserve was estimated at the rate of 3% of guarantee obligations and payables claimed, which included guarantee payables of the Group's loans, the Group's and the Company's bank guarantees, the specified and non-specified value of letter of guarantees in respect of performance bonds for the construction projects of the Group and the Company, the Revenue Department creditors, and other payables. The management believes that such reserve will cover losses and besides such obligations there will be no significant liabilities to be incurred.

During the year 2004 until 2006, as ordered by the Comptroller of Bankruptcy, the Company was forgiven certain liabilities of approximately Baht 24 million and repaid the debts of totaling approximately Baht 19 million, and there were outstanding estimated liabilities of Baht 69 million as at 31 March 2008 and 31 December 2007.

The Court had on 1 September 2005 ordered the release from the rehabilitation plan, whereby, the Company had reserved cash of approximately Baht 4 million with the Central Office of Deposit of Property, the Legal Execution Department, for settlement of debts that the final order has not been made.

13. Share capital

	(Unit: Thousand Baht)	
	31 March	31 December
	2008	2007
	<u> </u>	<u> </u>
Authorised and registered		
401,162,888 ordinary shares of Baht 1 each	<u>401,163</u>	<u>401,163</u>
Issued and fully paid up		
401,161,682 ordinary shares of Baht 1 each	<u>401,162</u>	<u>401,162</u>

14. Own shares held by the subsidiary

Own shares held by the subsidiary represented the cost of 13.55 million ordinary shares of Baht 1 each, totaling Baht 13.55 million, issued by the Company following its capital restructuring plan and held by the subsidiary. This holding has been treated in the balance sheets as a deduction in the shareholders' equity to determine the net equity attributable to the Company's shareholders.

15. Supplementary information of the construction contracts

The total construction costs after being adjusted realized gains or losses of the construction contracts up to 31 March 2008 were approximately Baht 10,570 million (the Company only: Baht 10,564 million). The Company and its jointly controlled entity had already billed for the contract in progress from project owners of approximately Baht 9,691 million (the Company only: Baht 9,662 million).

16. Financial information by segment

The Company's, its subsidiaries' and jointly controlled entities' operations involve virtually a single industry segment, i.e. construction business which are carried on both in Thailand and foreign countries.

Geographical segment information of the Company, its subsidiaries and jointly controlled entities for the three-month periods ended 31 March 2008 and 2007 was as follows:

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated financial statements for the three-month periods ended 31 March				
	Other countries in			Total	
	Thailand	Asia	Eliminated	2008	2007
Revenue from external customers	1,119	-	-	1,119	1,450
Inter-segment revenue	12	-	(12)	-	-
Total revenues	<u>1,131</u>	<u>-</u>	<u>(12)</u>	<u>1,119</u>	<u>1,450</u>
Segment operating profit	50	-	-	50	57
Results of discontinued operation units	-	23	-	23	5
Other income				1	4
Administrative expenses				(52)	(49)
Interest expenses				(1)	(1)
Net income				<u>21</u>	<u>16</u>

Transfer prices between business segments are set out in Note 7.

17. Commitments

As at 31 March 2008, the Group and the Company had commitments other than those disclosed in other notes as follows:

- (a) Commitment in respect of long-term lease of land on which the Group's and Company's office and warehouse are located, for 20 years ending 14 June 2009. The rental payable in the future under the lease agreements is approximately Baht 0.5 million (31 December 2007: Baht 0.5 million).

On 30 August 2007, the Company renewed the lease agreement for another 10 years from 15 June 2009 to 14 June 2019. The future rental payable under this lease agreement is approximately Baht 156.2 million, and the Company is committed to pay leasehold right of Baht 9 million (31 December 2007: Baht 12 million).

- (b) The Company had other commitments mainly in respect of operating leases of approximately Baht 7.3 million (31 December 2007: Baht 8.8 million).

18. Contingent liabilities

As at 31 March 2008, the Group and the Company had contingent liabilities other than those disclosed in other notes as follows:

- (a) The Company had issued letters of guarantees, mainly in respect of contractual payments, performance bonds and finance facilities of approximately Baht 159 million (31 December 2007: Baht 134 million). Furthermore, the Company had issued both specified and non-specified value of letters of guarantees in respect of performance bonds for the construction projects of the overseas subsidiary companies. Since 2003, the Company recorded liabilities in respect of these guarantee obligations, which were estimated based on the maximum guarantees claimed by the creditors under the Company's rehabilitation plan.
- (b) The Company had outstanding bank guarantees of approximately Baht 1,718 million (31 December 2007: Baht 1,782 million) issued by the banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business of the Company. These included letters of guarantee as follows:

	(Unit: Million Baht)	
	31 March 2008	31 December 2007
<u>Type of guarantee</u>		
Contractual performance	675	598
Advances	491	554
Project tender	222	305
Payment due to creditors	185	186
Retention	145	139
	<u>1,718</u>	<u>1,782</u>

Furthermore, the Group had bank guarantees of approximately Baht 1,121 million issued by the banks on behalf of the Group in which the Company recorded liabilities in respect of these guarantee obligations, which were estimated based on the maximum guarantees claimed by the creditors under the Company's rehabilitation plan.

On 16 August 2006, the Company received notification from an agency, with which the Company had expressed its intention to join the bidding for a construction project, advising that it had to retain the Company's bid guarantee of Baht 168 million since the Company had not complied with certain bidding conditions. Subsequently on 21 August 2006, the Company wrote a letter to the chairman of the Bidding Authorities to explain the reasons and request for a review of certain construction project bidding procedures. On 5 February 2007, the Company made a countercharge to the Central Administration Court to repeal an order to retain the bid guarantee. Later on 12 February 2007, the Company received notification from an Authority, to which the Company wrote a letter, stating that the retention of the bid guarantee was in accordance with bidding conditions and requirements and could not be exempted. However, the Company obtained an opinion from its legal counsel that the outcome of the case would be highly favorable to the Company. The management therefore believes that no significant liabilities will be incurred as a result of this event.

- (c) The Company has guaranteed to a local bank for the credit and guarantee facilities granted by that bank to an overseas associated company at the maximum facilities of DKK 103 million. However, the Company has obtained letter of guarantee from the major shareholder of that associated company for future contingent liabilities. Under the agreement between the bank and that associated company, no additional credit facilities are to be granted and the remaining guarantee will gradually reduce over the period of letter of guarantee. The management of the Company believes that the said guarantee will be ended within 5 years from April 2001. The Company had recorded liability in respect of this guarantee obligation, which was estimated based on the maximum guarantee claimed by the creditor under the Company's rehabilitation plan.

(Unaudited but reviewed)

- (d) During the year 2002, the Company filed an application for a refund of withholding tax deducted at source of the year 1999 - 2001 totaling approximately Baht 67 million with the Revenue Department. The subsequent investigation of the tax authorities resulted the Company in the additional tax assessment being made against corporate income tax, withholding tax, specific business tax and stamp duty totalling approximately Baht 118 million and the changes in tax losses brought forward of the same periods. On 17 October 2002, the Company appealed the tax assessment with the Tax Appeal Board and on 18 March 2005, the Company received the appeal result from the Tax Appeal Board with a reduction of certain tax assessments whereby total tax assessments including penalties and surcharges were reduced to Baht 93 million. On 5 April 2005, the Comptroller issued an order regarding the amount of Baht 118 million, being of the opinion that the creditor is entitled to offset such amount with the refundable withholding tax, and therefore ordering that the creditor received only approximately Baht 61 million. However, on 12 April 2005, the Company filed a petition to overrun the Tax Appeal Board's judgement, and on 19 April 2005 filed a petition opposing the order of the Comptroller. Subsequently on 23 June 2006, the Central Revenue Court announced a judgment and on 22 September 2006, the Company received a copy of the Central Revenue Court's judgment which was in favour of the Company on certain matters resulting in a reduction of tax assessments to Baht 16 million. The management believes that there will be no significant liabilities to be incurred from such event and general provision set aside in the accounts is adequate.

19. Foreign currency risk

The Company's exposure to foreign currency risk relates primarily to its assets and liabilities which are denominated in foreign currencies, which are currently not hedged by any derivative financial instruments.

As at 31 March 2008, the Company had foreign currency-denominated assets and liabilities as summarised below.

Foreign currency	Assets	Liabilities	Average exchange rate as at 31 March 2008
	(Unit: Thousand)	(Unit: Thousand)	(Baht per unit of foreign currency)
USD	649	-	31.5079
GBP	-	12	62.8230
DKK	2	-	6.6668

20. Proposed dividend

On 26 February 2008, the meeting of the Board of Directors of the Company No. 375 passed a resolution approving the payment of dividend from the 2007 income to the Company's shareholders at Baht 0.10 per share or a total dividend of approximately Baht 40 million. This proposed dividend was approved by the resolution of the Annual General Meeting of the Company's shareholders No. 75 on 10 April 2008 and will be paid to the shareholders on 9 May 2008.

21. Approval of interim financial statements

These interim financial statements were authorised for issue by the Board of Directors of the Company on 12 May 2008.