

CHRISTIANI & NIELSEN (THAI) PUBLIC COMPANY LIMITED,
ITS SUBSIDIARIES AND JOINT VENTURES
NOTES TO FINANCIAL STATEMENTS
AS AT 31 MARCH 2010 (UNAUDITED/REVIEWED ONLY)
AS AT 31 DECEMBER 2009 (AUDITED)

1. General information

Christiani & Nielsen (Thai) Public Company Limited (“the Company”) is a public limited company incorporated under Thai laws and domiciled in Thailand. Its parent company is CPB Equity Company Limited, a company also incorporated 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.

2. Preparation of interim financial statement basis

These interim consolidated financial statements and separate financial statements have been prepared in conformity with TAS 34 (Revised 2007) "Interim Financial Statements" for the purpose to provide an update information on the latest complete set of annual financial statements. Accordingly, it focuses on new activities, events, and circumstances and does not duplicate information previously reported. However, the balance sheets, statements of income, statements of changes in shareholders' equity and statements of cash flows are presented the same as previous annual financial statements. Therefore, these interim financial statements should access to the most recent annual financial statements.

These interim consolidated financial statements and separate financial statements have been presented in accordance with the Notification of the Department of Business Development, the Ministry of Commerce dated 31 January 2009 regarding "The condensed form which must be shown in the financial statements of year 2009" and prepared in conformity with the generally accepted accounting principles as prescribed by the Accounting Act B.E. 2543 including accounting standards issued by the Accounting Professions Act B.E. 2547 and the regulation of the Securities and Exchange Commission regarding to preparation and presentation the financial report under the Securities and Exchange Act B.E. 2535.

The interim financial statements of the Company and subsidiaries have been prepared under the historical cost convention, except as transaction disclosed in related accounting policy.

The consolidated financial statements as at 31 March 2010 and for the three months then ended included the proportion of the assets of the joint ventures of Baht 12 million or 0.40% of the consolidated assets.

3. Significant accounting policies

These interim financial statements have been prepared by using the accounting policy and estimate as same as the financial statements for the year ended 31 December 2009.

4 Cash and cash equivalents/restricted deposits

Cash and cash equivalents as at 31 March 2010 and 2009 as reflected in the statements of cash flows consist of the following:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Cash and deposits at banks	685,667	273,121	625,677	253,571
Fixed deposits at banks	329,806	225,384	282,306	139,098
Deposits at finance companies	-	5,600	-	-
Total	<u>1,015,473</u>	<u>504,105</u>	<u>907,983</u>	<u>392,669</u>
Less: Restricted deposits	<u>(257,818)</u>	<u>(280,641)</u>	<u>(210,318)</u>	<u>(194,355)</u>
Cash and cash equivalents	<u><u>757,655</u></u>	<u><u>223,464</u></u>	<u><u>697,665</u></u>	<u><u>198,314</u></u>

As at 31 March 2010, the Company and its subsidiaries had pledged their bank deposits of approximately Baht 257.82 million (31 December 2009: Baht 246.78 million) with banks to secure the bank overdrafts and the letters of guarantees issued by the banks on behalf of the Group (the Company only: Baht 210.32 million (31 December 2009: Baht 190.93 million)).

5. Construction contract debtors

As at 31 March 2010 and 31 December 2009, the balance of construction contract debtors classified by aging from the due date was as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	31 March 2010	31 December 2009	31 March 2010	31 December 2009
<u>Age of receivables</u>				
Related party				
Not yet due	11,225	38,850	11,225	38,850
Past due				
Not over 1 month	64	28,958	64	28,958
1 - 3 months	9,653	-	9,653	-
Total	<u>20,942</u>	<u>67,808</u>	<u>20,942</u>	<u>67,808</u>
Retention payment under construction contracts	-	-	3,089	3,089
Total construction contract debtors - related party	<u>20,942</u>	<u>67,808</u>	<u>24,031</u>	<u>70,897</u>
Unrelated parties				
Not yet due	283,295	83,517	283,295	83,517
Past due				
Not over 1 month	25,592	199,477	25,592	199,477
1 - 3 months	38,861	25,002	37,881	25,002
3 - 6 months	11,694	22,807	11,694	22,807
6 - 12 months	17,591	1,191	17,591	1,191
Over 12 months	213,254	214,958	213,254	214,958
Total	<u>590,287</u>	<u>546,952</u>	<u>589,307</u>	<u>546,952</u>
Retention payment under construction contracts	284,710	296,410	277,482	289,182
Total construction contract debtors - unrelated parties	<u>874,997</u>	<u>843,362</u>	<u>866,789</u>	<u>836,134</u>
Less: Allowance for doubtful accounts	<u>(161,908)</u>	<u>(163,066)</u>	<u>(161,908)</u>	<u>(163,066)</u>
Total construction contract debtors - unrelated parties - net	<u>713,089</u>	<u>680,296</u>	<u>704,881</u>	<u>673,068</u>
Total construction contract debtors - net	<u>734,031</u>	<u>748,104</u>	<u>728,912</u>	<u>743,965</u>

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

6 Investments in subsidiaries

(Unit: Thousand Baht)

	Separate financial statements							
	Shareholding percentage		Investment value under cost method		Allowance for impairment of investments		Carrying amount based on cost method - net	
	31 March 2010	31 December 2009	31 March 2010	31 December 2009	31 March 2010	31 December 2009	31 March 2010	31 December 2009
	Percent	Percent						
Construction business								
Christiani & Nielsen Construction (Thai) Company Limited	100	100	32,800	32,800	(32,232)	(32,232)	568	568
Holding companies								
CNT Holdings Limited	100	100	2,600,000	2,600,000	(2,503,300)	(2,503,300)	96,700	96,700
Indochina Investments Ltd.	90	90	3,784	3,784	-	-	3,784	3,784
Harmony Property Group Ltd.	75	75	5,256	5,256	-	-	5,256	5,256
Total investments in subsidiaries			<u>2,641,840</u>	<u>2,641,840</u>	<u>(2,535,532)</u>	<u>(2,535,532)</u>	<u>106,308</u>	<u>106,308</u>

The Company has pledged the shares of CNT Holdings Limited with a bank to secure the credit facilities of the Company granted by that bank.

On 19 June 2009, the meeting of the Board of Directors of the Company No. 384 passed resolutions approving the increase of the registered share capital of Christiani & Nielsen Construction (Thai) Company Limited, a subsidiary, of Baht 31.8 million for the purpose of solving its debts and also approving the winding up of the subsidiary. The subsidiary deregistered with the Ministry of Commerce on 31 July 2009 and is presently in the liquidation process.

7 Investments in joint ventures

(Unit: Thousand Baht)

	Separate financial statements			
	Shareholding percentage		Investment value under cost method	
	31 March 2010	31 December 2009	31 March 2010	31 December 2009
Construction business				
PAN ASIA - CNT Joint Venture	45	45	1,800	1,800
Total			1,800	1,800
Less: Allowance for impairment of investment			(1,800)	(1,800)
Investments in joint ventures - net			<u>-</u>	<u>-</u>

8 Investments in associate and other companies

	Shareholding percentage		(Unit: Thousand Baht)			
			Consolidated financial statements		Separate financial statements	
	31 March 2010	31 December 2009	31 March 2010	31 December 2009	31 March 2010	31 December 2009
	Percent	Percent				
Investment in associate						
International Machinery Supplies Co., Ltd.	31.94	31.94	7,500	7,500	-	-
Total			7,500	7,500	-	-
Less: Allowance for impairment of investment			(7,500)	(7,500)	-	-
Investment in the associate - net			-	-	-	-
Investments in other companies						
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	1,000	1,000	1,000	1,000
G.E.C. Engineering Co., Ltd.	0.03	0.03	69	69	69	69
Total			4,169	4,169	1,169	1,169
Less: Allowance for impairment of investments			(3,000)	(3,000)	-	-
Investments in other companies - net			1,169	1,169	1,169	1,169
Investments in associate and other companies - net			1,169	1,169	1,169	1,169

9 Related party transactions

During the periods ended 31 March 2010 and 2009, the Company, its subsidiaries and joint ventures had significant business transactions with related parties. Such transactions, which are summarised 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: Thousand Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing and lending policy
	For the three months ended 31 March		For the three months ended 31 March		
	2010	2009	2010	2009	
Transactions with the subsidiaries					
Rental and service income	-	-	-	15	Based on the prices agreed between the parties, which approximate the market prices
Interest income	-	-	-	176	Interest rate at MOR plus 0.25% per annum
Transactions with the joint ventures					
Construction income	-	7,445	-	17,786	Cost plus margin
Operating cost reimbursement	-	4,372	-	4,885	Cost plus margin
Interest income	-	-	47	32	Fixed interest rate of 7.00% per annum (2009: 3.75% per annum and 7.00% per annum)

The balances of the accounts as at 31 March 2010 and 31 December 2009 between the Company and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	31 March 2010	31 December 2009	31 March 2010	31 December 2009
Construction contract debtors - related party				
<i>Parent company and its affiliated companies</i>				
The Crown Property Bureau	20,942	57,915	20,942	57,915
Thai Polyethylene Company Limited	-	9,893	-	9,893
Total	20,942	67,808	20,942	67,808
<i>Joint venture</i>				
PAN Asia - CNT Joint Venture	-	-	3,089	3,089
Total construction contract debtors - related party	20,942	67,808	24,031	70,897
Amounts due from and loans to related parties				
<i>Amounts due from subsidiaries and joint venture</i>				
CNT Holdings Limited	-	-	2	-
PAN Asia - CNT Joint Venture	6,040	6,011	8,693	8,595
Total	6,040	6,011	8,695	8,595
Less: Allowance for doubtful accounts	-	-	-	-
Total amounts due from the subsidiaries and joint venture - net	6,040	6,011	8,695	8,595
<i>Loans to subsidiary and joint venture</i>				
PAN ASIA - CNT Joint Venture	-	-	2,700	2,700
Total	-	-	2,700	2,700
Less: Allowance for doubtful accounts	-	-	-	-
Total loans to subsidiary and joint venture - net	-	-	2,700	2,700
Total amounts due from and loans to related parties - net	6,040	6,011	11,395	11,295
Advances from customers - related party				
<i>Joint venture</i>				
PAN Asia - CNT Joint Venture	2,463	2,463	4,478	4,478
Total advances from customers - related party	2,463	2,463	4,478	4,478

During the three months ended 31 March 2010, there was no movement of loans to the subsidiary and joint venture.

Directors and management's remuneration

During the three months ended 31 March 2010, the Company paid salaries, meeting allowances and gratuities to their directors and management of totaling approximately Baht 6.1 million (31 March 2009: Baht 6.5 million).

10. Plant and equipment

Movements of the plant and equipment account during the three months ended 31 March 2010 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 31 December 2009	250,409	250,368
Acquisitions during the period - at cost	18,539	18,539
Disposals during the period - net book value at disposal date	(3,897)	(3,897)
Depreciation for the period - on cost	(14,510)	(14,507)
Depreciation of the surplus portion	(196)	(196)
Net book value as at 31 March 2010	<u>250,345</u>	<u>250,307</u>

11. Net assets of discontinued operation units

	(Unit: Thousand Baht)	
	Consolidate financial statements	
	31 March 2010	31 December 2009
Total assets	16,306	17,207
Total liabilities	(60)	-
Net assets	<u>16,246</u>	<u>17,207</u>

The net assets of discontinued operation units represent the net assets of Harmony Property Group Limited.

12. Investments in real estate

The Company has mortgaged its 7 plots of land with a bank to secure the bank overdrafts granted by that bank as discussed in Note 13.

13. Bank overdrafts and short-term bank loans

The Company's bank overdraft and short-term bank loan facilities 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 subsidiary's shares, and the mortgage of the Company's land.

14. 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 2010 and 31 December 2009.

On 1 September 2005, the Court had 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. The reserve is presented as non-current assets in the balance sheet.

15. Share capital

	(Unit: Thousand Baht)	
	31 March 2010	31 December 2009
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>

16. 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.

17. Supplementary information of the construction contracts

The total construction costs after being adjusted realised gains or losses of the construction contracts up to 31 March 2010 were approximately Baht 7,185 million (the Company only: Baht 7,167 million). The Company and its joint venture had already billed for the contract in progress to project owners of approximately Baht 6,871 million (the Company only: Baht 6,798 million).

18 Financial information by segment

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

Geographical segment information of the Company, its subsidiaries and joint ventures for the three months ended 31 March 2010 and 2009 was as follows:

(Unit: Million Baht)

Consolidated financial statements for the
three months ended 31 March

	Other countries in			Total	
	Thailand	Asia	Eliminated	2010	2009
Revenue from external customers	1,043	-	-	1,043	1,230
Inter-segment revenue	-	-	-	-	8
Total revenues	1,043	-	-	1,043	1,238
Segment operating income	177	-	-	177	47
Results of discontinued operation units	-	(1)	-	(1)	(1)
Unallocated income and expenses:					
Other income				3	6
Administrative expenses				(47)	(40)
Finance cost				(1)	(2)
Corporate income tax				(16)	-
Net profit				115	10

Transfer prices between business segments are set out in Note 9.

19 Operating lease commitments

As at 31 March 2010, the Group and the Company had operating lease commitments 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 10 years from 15 June 2009 to 14 June 2019. The future rental payable under this lease agreement is approximately Baht 146.2 million as follows:

	<u>Million Baht</u>
Payable within	
Less than 1 year	100
1 - 5 years	75.0
More than 5 years	61.2
Total	146.2

- (b) Commitments under lease agreements for lease of vehicles of approximately Baht 12 million (31 December 2009: Baht 7 million).

20. Contingent liabilities

As at 31 March 2010, 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 156 million (31 December 2009: Baht 162 million).
- (b) The Company had outstanding bank guarantees of approximately Baht 1,431 million (31 December 2009: Baht 1,492 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:

	31 March 2010	(Unit: Million Baht) 31 December 2009
Type of guarantee		
Contractual performance	637	614
Advances	563	693
Project tender	65	19
Payment due to creditors	10	23
Retention	156	143
Total	<u>1,431</u>	<u>1,492</u>

- (c) 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 overturn 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.

21. Proposed dividend

On 2 March 2010, the meeting of the Board of Directors of the Company No. 387 passed a resolution approving the payment of dividend from the 2009 income to the Company's shareholders at Baht 0.20 per share or a total dividend of approximately Baht 80 million. This proposed dividend was approved by the resolution of the Annual General Meeting of the Company's shareholders No. 77 on 9 April 2010 and will be paid to the shareholders on 7 May 2010.

22. Other

On 9 March 2010, a joint venture has filed the statement of claim to the arbitrator for payment and damages accordance with construction agreement from one hire company amounting to Baht 85.06 million of which 45% of this claim is attributable to the Company. At present, the statement is under the consideration of the arbitrator and it is not finalized yet.

23. Approval of interim financial statements

These interim financial statements were authorised for issue by the Board of Directors of the Company on 14 May 2010.