

CHRISTIANI & NIELSEN (THAI) PUBLIC COMPANY LIMITED,
ITS SUBSIDIARIES AND JOINT VENTURES
NOTES TO FINANCIAL STATEMENTS
AS AT 30 June 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, its subsidiaries and joint ventures have been prepared under the historical cost convention, except as transaction disclosed in related accounting policy.

The consolidated financial statements as at 30 June 2010 included the proportion of the assets of the joint ventures of Baht 13 million or 0.40% of the consolidated assets.

3. New Accounting Standards Issuance

The Federation of Accounting issued notification No. 17/2553 and announced in the Royal Gazette on May 26, 2010, pertaining to the adoption of the accounting standards and financial reporting standards (Revised 2009) total 24 standards divided into 21 standards that have already implemented which modified

number to be matched for corresponding International Accounting Standards of which undergone the certain changes in significant principles and the other 3 standards were not yet implemented as following details:

3.1 Accounting standards/financial reporting standards in issue instead of the former standards

Accounting standards/financial reporting standard	Effective date
Framework for the Preparation and Presentation of Financial Statements (Revised 2009)	26 May 2010
TAS 1 (revised 2009) Presentation of Financial Statements	1 January 2011
TAS 2 (revised 2009) Inventories	1 January 2011
TAS 7 (revised 2009) Cash Flow Statements	1 January 2011
TAS 8 (revised 2009) Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2011
TAS 10 (revised 2009) Events after the Reporting Period	1 January 2011
TAS 11 (revised 2009) Construction Contracts	1 January 2011
TAS 17 (revised 2009) Leases	1 January 2011
TAS 20 (revised 2009) Accounting for Government Grants and Disclosure of Government Assistance	1 January 2013
TAS 23 (revised 2009) Borrowing Costs	1 January 2011
TAS 24 (revised 2009) Related Party Disclosures	1 January 2011
TAS 27 (revised 2009) Consolidated and Separate Financial Statements	1 January 2011
TAS 28 (revised 2009) Investments in Associates	1 January 2011
TAS 31 (revised 2009) Interests in Joint Ventures	1 January 2011
TAS 33 (revised 2009) Earnings per Share	1 January 2011
TAS 34 (revised 2009) Interim Financial Reporting	1 January 2011
TAS 36 (revised 2009) Impairment of Assets	1 January 2011
TAS 37 (revised 2009) Provisions, Contingent Liabilities and Contingent Assets	1 January 2011
TAS 38 (revised 2009) Intangible Assets	1 January 2011
TAS 40 (revised 2009) Investment Property	1 January 2011
TFRS 5 (revised 2009) Non-current Assets Held for Sale and Discontinued Operations	1 January 2011

The management of the Company assessed that TAS 20 and TAS 23 (Revised 2009) are not relevant to the Company's business. The Company will apply the related accounting standards and financial reporting standards on the effective date which the management of the Company believes that those standards do not have material impacts on the financial statements.

3.2 Accounting standards/financial reporting standards in issue for adoption

Accounting standards/financial reporting standard		Effective date
TAS 12	Income tax	1 January 2013
TAS 29	Financial Reporting in Hyperinflationary Economies	1 January 2011
TFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2011

TAS 29 and TFRS 6 are not relevant to the Company's business. The Company will apply TAS 12 on the effective date which the management of the Company assesses and believes that it will not have material impacts on the financial statements.

4 Accounting Policies

These interim financial statements have been prepared by using the accounting policy and estimates of the financial statements for the year ended December 31, 2009, with the following additional accounting policies.

Temporary investments

Investments in debt securities expected to be held to maturity due within one year, are recorded at amortised cost. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

5 Cash and cash equivalents/restricted deposits

Cash and cash equivalents as at 30 June 2010 and 2009 as reflected in the statements of cash flows consist of the following:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	financial statements
	2010	2009	2010	2009
Cash and deposits at banks	617,247	173,234	555,591	150,537
Fixed deposits at banks	270,114	229,032	222,614	142,988
Deposits at finance companies	-	86,600	-	81,000
Total	887,361	488,866	778,205	374,525
Less: Restricted deposits	(245,998)	(284,447)	(198,498)	(198,403)
Cash and cash equivalents	641,363	204,419	579,707	176,122

As at 30 June 2010, the Company and its subsidiaries had pledged their bank deposits of approximately Baht 245.99 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 198.49 million (31 December 2009: Baht 190.93 million)).

6 Temporary investments

As at 30 June 2010, investments in debt securities expected to be held to maturity consist of the following:

			(Unit: Thousand Baht)	
			Consolidated financial statements/ Separate financial statements	
	Coupon Rate	Maturity Date	30 June 2010	31 December 2009
Government bond	3.875%	9 January 2011	43,581	-
Treasury bill	1.13%	13 July 2010	49,978	-
Total			93,559	-

7 Construction contract debtors

As at 30 June 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 financial statements		Separate financial statements	
	30 June 2010	31 December 2009	30 June 2010	31 December 2009
<u>Age of receivables</u>				
Related party				
Not yet due	742	38,850	742	38,850
Past due				
Not over 1 month	11,225	28,958	11,225	28,958
1 - 3 months	-	-	-	-
3 - 6 months	9,653	-	9,653	-
Total	21,620	67,808	21,620	67,808
Retention payment under construction contracts	143	-	3,232	3,089
Total construction contract debtors - related party	21,763	67,808	24,852	70,897
Unrelated parties				
Not yet due	160,260	83,517	160,260	83,517
Past due				
Not over 1 month	77,842	199,477	77,842	199,477
1 - 3 months	5,639	25,002	5,639	25,002

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	30 June 2010	31 December 2009	30 June 2010	31 December 2009
3 - 6 months	18,335	22,807	17,355	22,807
6 - 12 months	22,551	1,191	22,551	1,191
Over 12 months	214,395	214,958	214,395	214,958
Total	499,022	546,952	498,042	546,952
Retention payment under construction contracts	215,954	296,410	208,726	289,182
Total construction contract debtors - unrelated parties	714,976	843,362	706,768	836,134
Less: Allowance for doubtful accounts	(161,858)	(163,066)	(161,858)	(163,066)
Total construction contract debtors - unrelated parties - net	553,118	680,296	544,910	673,068
Total construction contract debtors - net	574,881	748,104	569,762	743,965

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.

8 Investments in subsidiaries - Net

	(Unit: Thousand Baht)							
	Shareholding percentage		Separate financial statements					
			Investment value under cost method		Allowance for impairment of investments		Carrying amount based on cost method - net	
30 June 2010	31 December 2009	30 June 2010	31 December 2009	30 June 2010	31 December 2009	30 June 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
Hamony Property Group Ltd	75	75	5,256	5,256	-	-	5,256	5,256
Total investments in subsidiaries			2,641,840	2,641,840	(2,535,532)	(2,535,532)	106,308	106,308

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.

9 Investments in joint ventures - Net

	(Unit: Thousand Baht)			
	Separate financial statements			
	Shareholding percentage		Investment value under cost method	
	30 June 2010	31 December 2009	30 June 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			-	-

10 Investments in associate and other companies - Net

	(Unit: Thousand Baht)					
	Shareholding percentage		Consolidated financial statements		Separate financial statements	
	30 June 2010	31 December 2009	30 June 2010	31 December 2009	30 June 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			(3,089)	(3,000)	(89)	-
Investments in other companies - net			1,080	1,169	1,080	1,169
Investments in associate and other companies - net			1,080	1,169	1,080	1,169

During the period, the Company was informed by Thai Worldwide Contractor Co., Ltd. That the Company will receive share refund in amount of Baht 0.011 million because the Company registered the liquidation. Therefore, the Company provided allowance for impairment of investment of such company in amount of Baht 0.089 million

11. Related party transactions

During the periods ended 30 June 2010 and 2009, the Company, its subsidiaries and joint ventures 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: Thousand Baht)

	Consolidated financial statements				Transfer pricing and lending policy
	For the three months ended 30 June		For the six months ended 30 June		
	2010	2009	2010	2009	
Transactions with the subsidiaries					
Construction income	-	5,042	-	12,487	Cost plus margin
Operating cost reimbursement	-	108	-	4,480	Cost plus margin

(Unit: Thousand Baht)

	Separate financial statements				Transfer pricing and lending policy
	For the three months ended 30 June		For the six months ended 30 June		
	2010	2009	2010	2009	
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	-	166	-	342	Interest rate at MOR plus 0.25% per annum
Transactions with the joint ventures					
Construction income	-	7,198	-	24,984	Cost plus margin
Operating cost reimbursement	-	491	-	5,376	Cost plus margin
Interest income	47	48	94	80	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 30 June 2010 and 31 December 2009 between the Company and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	30 June 2010	31 December 2009	30 June 2010	31 December 2009
Construction contract debtors - related party				
<i>Parent company and its affiliated companies</i>				
The Crown Property Bureau	20,878	57,915	20,878	57,915
SiamSindhom Company Limited	885	-	885	-
Thai Polyethylene Company Limited	-	9,893	-	9,893
Total	21,763	67,808	21,763	67,808
<i>Joint venture</i>				
PAN ASIA - CNT Joint Venture	-	-	3,089	3,089
Total construction contract debtors - related party	21,763	67,808	24,852	70,897
Amounts due from and loans to related parties				
<i>Amounts due from subsidiaries and joint venture</i>				
PAN ASIA - CNT Joint Venture	6,068	6,011	8,791	8,595
Total	6,068	6,011	8,791	8,595
<i>Loans to subsidiary and joint venture</i>				
PAN ASIA - CNT Joint Venture	-	-	2,700	2,700
Total	-	-	2,700	2,700
Total amounts due from and loans to related parties	6,068	6,011	11,491	11,295
Advances from customers - related party				
<i>Parent company and its affiliated companies</i>				
SiamSindhom Company Limited	11,070	-	11,070	-
Total	11,070	-	11,070	-
<i>Joint venture</i>				
PAN ASIA - CNT Joint Venture	2,463	2,463	4,478	4,478
Total advances from customers - related party	13,533	2,463	15,548	4,478

During the six months ended 30 June 2010, there was no movement of loans to the subsidiary and joint venture.

Directors and management's remuneration

During the three months and six months ended 30 June 2010, the Company paid salaries, meeting allowances and gratuities to their directors and management of totaling approximately Baht 7 million and Baht 13.1 million, respectively. (30 June 2009: Baht 6.7 million and Baht 13.2 million, respectively).

12. Plant and equipment

Movements of the plant and equipment account during the three months ended 30 June 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	32,078	32,078
Disposals during the period - net book value at disposal date	(4,105)	(4,105)
Depreciation for the period - on cost	(28,935)	(28,930)
Depreciation of the surplus portion	(392)	(392)
Net book value as at 30 June 2010	249,055	249,019

13. Net assets of discontinued operation units

	(Unit: Thousand Baht)	
	Consolidate financial statements	
	30 June 2010	31 December 2009
Total assets	15,797	17,207
Total liabilities	-	-
Net assets	15,797	17,207

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

14. Investments in real estate

The Company has mortgaged its 7 plots of land with banks to secure the bank overdrafts granted by that bank as discussed in Note 15.

15. 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.

16. 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 30 June 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.

17. Share capital

	(Unit: Thousand Baht)	
	30 June 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>

18. 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.

19. Corporate income tax

The Company had no corporate income tax for the six-month periods ended 30 June 2010 as expenses which were allowed for tax computation purpose exceeded estimate net income for the periods.

20. Dividend paid

	Approved by	Total dividends		Dividends	Paid on
		Consolidated financial statements (Thousand Baht)	Separate financial statements (Thousand Baht)	per share (Baht)	
Dividends on 2009 income	Annual General Meeting of the shareholders No. 77 on 9 April 2010	77,520	80,230	0.20	7 May 2010
Total dividends paid for 2010		<u>77,520</u>	<u>80,230</u>	<u>0.20</u>	
Dividends on 2008 income	Annual General Meeting of the shareholders No. 76 on 30 April 2009	31,008	32,091	0.08	20 May 2009
Total dividends paid for 2009		<u>31,008</u>	<u>32,091</u>	<u>0.08</u>	

21. Supplementary information of the construction contracts

The total construction costs after being adjusted realised gains or losses of the construction contracts up to 30 June 2010 were approximately Baht 8,053 million (the Company only: Baht 8,035 million). The Company and its joint venture had already billed for the contract in progress to project owners of approximately Baht 7,650 million (the Company only: Baht 7,576 million).

22. 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 and the six months ended 30 June 2010 and 2009 was as follows:

(Unit: Million Baht)

Consolidated financial statements for the
three months ended 30 June

	Thailand	Other countries in Asia	Eliminated	Total	
				2010	2009
Revenue from external customers	902	-	-	902	1,060
Inter-segment revenue	-	-	-	-	5
Total revenues	902	-	-	902	1,065
Segment operating income	136	-	-	136	56
Results of discontinued operation units	-	(1)	-	(1)	1
Unallocated income and expenses:					
Other income				4	1
Administrative expenses				(48)	(45)
Finance cost				(1)	(1)
Corporate income tax				16	(2)
Net profit				106	10

(Unit: Million Baht)

Consolidated financial statements for the
six months ended 30 June

	Thailand	Other countries in Asia	Eliminated	Total	
				2010	2009
Revenue from external customers	1,945	-	-	1,945	2,290
Inter-segment revenue	-	-	-	-	13
Total revenues	1,945	-	-	1,945	2,303
Segment operating income	313	-	-	313	103
Results of discontinued operation units	-	(1)	-	(1)	-
Unallocated income and expenses:					
Other income				7	7
Administrative expenses				(95)	(85)
Finance cost				(3)	(3)
Corporate income tax				-	(2)
Net profit				221	20

Transfer prices between business segments are set out in Note 11.

23. Commitments

23.1 As at 30 June 2010, the Company had commitments in respect of subcontractor agreements payable in the future of approximately Baht 1,200 million (31 December 2009: Baht 847 million)

23.2 As at 30 June 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 136.2 million as follows:

	<u>Million Baht</u>
Payable within	
Less than 1 year	13.5
1 - 5 years	79.5
More than 5 years	43.2
Total	<u>136.2</u>

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

24. Contingent liabilities

As at 30 June 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 264 million (31 December 2009: Baht 162 million).
- (b) The Company had outstanding bank guarantees of approximately Baht 1,344 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:

	30 June 2010	(Unit: Million Baht) 31 December 2009
Type of guarantee		
Contractual performance	637	614
Advances	540	693
Project tender	21	19
Payment due to creditors	12	23
Retention	134	143
Total	<u>1,344</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 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.

25. Subsequent event

According to the Board of Directors' Meeting of a subsidiary held on 13 July 2010, the subsidiary passed the resolution to sell common share of the Company for 13.55 million shares in Note 18 to other persons at market price.

26. 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.

27. Approval of interim financial statements

These interim financial statements were authorised for issue by the Board of Directors of the Company on 10 August 2010