

**CHRISTIANI & NIELSEN (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006**

**1. GENERAL INFORMATION**

**1.1 Corporate information**

Christiani & Nielsen (Thai) Public Company Limited is a limited company incorporated under Thai law and domiciled in Thailand and was transformed to be a public company under the Public Limited Companies Act on 26 November 1992. The Company is principally engaged in the construction business and its registered address and head office is at 451, La Salle Road (Sukhumvit 105), Kwaeng Bangna, Khet Bangna, Bangkok. The Company has various local and overseas subsidiary companies and jointly controlled entities as detailed in Note 2.2.

**1.2 Discontinued operation information**

As part of the Company's rehabilitation plan approved by the Stock Exchange of Thailand on 19 November 1996, the Company has discontinued the operations of certain units. The net assets/liabilities and operating results of the discontinued operation units have been separately shown in the consolidated balance sheets and income statements as at and for the years ended 31 December 2007 and 2006.

**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. The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 14 September 2001, issued under the Accounting Act B.E. 2543.

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 incorporate the financial statements of Christiani & Nielsen (Thai) Public Company Limited (the “Company”), its subsidiary companies (the “subsidiaries”), and the jointly controlled entities as follows :-

	Country of incorporation	Currency	Paid-up share capital		Percentage of shareholding by the group	
			2007 (Unit: Thousand)	2006	2007 Percent	2006 Percent
<u>Construction business</u>						
<u>Held by the Company</u>						
<u>Christiani &amp; Nielsen Construction</u>						
(Thai) Company Limited	Thailand	Baht	1,000	1,000	100.0	100.0
NWR, ITD, CNT & AS Joint Venture	Thailand	Baht	8,000	8,000	25.0	25.0
PAN ASIA - CNT Joint Venture	Thailand	Baht	4,000	-	45.0	-
<u>Holding companies</u>						
<u>Held by the Company</u>						
CNT Holdings Limited	Thailand	Baht	2,600,000	2,600,000	100.0	100.0
<u>Held through the subsidiaries</u>						
Indochina Investments Ltd.	Bermuda Islands	USD	12	12	100.0	100.0
Harmony Property Group Ltd.	British Virgin Islands	USD	50	50	100.0	100.0
<u>Property Development</u>						
<u>Held through the subsidiaries</u>						
CN Place Silom Development Ltd.	Thailand	Baht	69,063	69,063	100.0	100.0
<u>Plan Administrator</u>						
<u>Held by the Company</u>						
CN Advisory Company Limited	Thailand	Baht	1,000	1,000	100.0	100.0

The subsidiaries are those companies in which the Group holds both directly and indirectly the voting rights and has effective control of their activities.

In situations where a decision has been made to close down or dispose of an investment in a subsidiary operation, provision has been made for all necessary closure costs.

Since 2002, the Company entered into a joint venture agreement with Nawarat Patanakam Public Company Limited, Italian Thai Development Public Company Limited and A.S. Associate Engineering (1964) Company Limited, forming a jointly controlled entity namely “NWR, ITD, CNT & AS Joint Venture”, to construct the Waste Water Treatment System

**Phase IV in Bangkok for the Bangkok Metropolitan Administration. Each party has 25% interest in this jointly controlled entity.**

During the year 2007, the Company entered into a joint venture agreement with Pan Asia Engineering & Construction (Thailand) Co., Ltd., forming a jointly controlled entity namely "PAN ASIA - CNT Joint Venture" to construct the civil work of HMC PDH petrochemical plant. The Company has invested in 45% interest in this jointly controlled entity.

The consolidated financial statements as at 31 December 2007 and 2006 and for the years then ended had therefore included the proportion of the assets, liabilities, revenues and expenses of those jointly controlled entities.

- b) The financial statements of overseas subsidiaries are translated into Thai Baht at the average exchange rate ruling on the balance sheet date as to assets and liabilities and at the average exchange rate for the year as to revenues and expenses. The resultant differences have been shown under the caption of "Translation adjustments" in the shareholders' equity.
  - c) Material balances and transactions and investments in the subsidiaries and the jointly controlled entities in the Company's accounts, the subsidiaries' share capital and capital of the jointly controlled entities are eliminated from the consolidated financial statements.
  - d) The results of the operations of the subsidiaries and the jointly controlled entities are included in the consolidated financial statements from the date of acquisition or up to the effective date of disposal by the Group.
  - e) The financial statements of the overseas subsidiaries for the years ended 31 December 2007 and 2006 as included in the consolidated financial statements were prepared by the management of those subsidiaries and have not been audited by their auditors. Their aggregate assets were approximately Baht 377 million and Baht 367 million or 11% and 12% of the consolidated assets as at 31 December 2007 and 2006 respectively and their aggregated revenues were approximately Baht 1.2 million and Baht 1.6 million or 0.02% and 0.03% of the consolidated revenues for the years then ended respectively.
- 2.3 The separate financial statements, which present investments in subsidiaries and jointly controlled entities under the cost method, have been prepared solely for the benefit of the public.

### 3 ADOPTION OF NEW ACCOUNTING STANDARDS

The Federation of Accounting Professions (FAP) has issued Notifications No. 9/2550, 38/2550 and 62/2550 regarding Accounting Standards. The notifications mandate the use of the following new Accounting Standards.

a) Thai Accounting Standards which are effective for the current year

TAS 44 (revised 2007) Consolidated and Separate Financial Statements

TAS 45 (revised 2007) Investments in Associates

TAS 46 (revised 2007) Interests in Joint Ventures

These accounting standards become effective for the financial statements for fiscal years beginning on or after 1 January 2007. During the fourth quarter of 2006, the Company changed its accounting policy for recording investments in subsidiaries and jointly controlled entities in the separate financial statements in order to comply with the revised Thai Accounting Standard No. 44, as discussed in Note 4.

b) Thai Accounting Standards which are not 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 will 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 they will not have any significant impact on the financial statements for the year in which they are initially applied.

#### 4 CHANGES IN ACCOUNTING POLICIES

##### 4.1 Change in accounting policy for recording investments in subsidiaries and jointly controlled entities in the separate financial statements

During the fourth quarter of 2006, the Company changed its accounting policy for recording investments in subsidiaries and jointly controlled entities in the separate financial statements from the equity method to the cost method, in compliance with Accounting Standard No. 44 (revised 2007) “Consolidated and Separate Financial Statements”, under which investments in subsidiaries, jointly controlled entities and associates are to be presented in the separate financial statements under the cost method.

In this regard, the Company had restated the previous period’s separate financial statements, as though the investments in the subsidiaries and jointly controlled entities had originally been recorded using the cost method. The change has the effect of decreasing net income in the separate income statement for the year ended 31 December 2006 by Baht 14 million (Baht 0.04 per share). The cumulative effect of the change in accounting policy has been presented under the heading of “Cumulative effect of the change in accounting policy for investments in subsidiaries and jointly controlled entities” in the separate statement of changes in shareholders’ equity.

Such change in accounting policy affects only the accounts related to investments in subsidiaries and jointly controlled entities in the separate financial statements, with no effect to the consolidated financial statements.

##### 4.2 Change in accounting policy for recording revaluation of assets

In October 2006, the Federation of Accounting Professions issued Notification No. 25/2006 allowing entities which carry their property, plant and equipment at revalued amounts to calculate depreciation to be charged to the income statement based on the historical cost of the assets instead of on the revalued amounts. The Company had carried out a new revaluation of its building and decided to follow the Notification.

In this regard, the Company had restated the previous period’s financial statements as though the Company had originally followed such notification. The change has the effect of increasing net income in the income statements for the years ended 31 December 2007 and 2006 by Baht 0.6 million (Baht 0.002 per share) and Baht 0.3 million (Baht 0.001 per share), respectively, with no effect to the retained earnings or shareholders’ equity.



However, had the depreciation charge been calculated based on the revalued amounts, net income and earnings per share would have been changed to the following.

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Net income (Million Baht)	116.51	65.55	76.98	51.55
Basic earnings per share (Baht per share)	0.30	0.17	0.19	0.13

## 5. SIGNIFICANT ACCOUNTING POLICIES

### 5.1 Revenue recognition

#### *Construction income*

Revenues from construction contracts, excluding value added tax, are recognised on the percentage-of-completion method based on the assessment of the project management. Provision for the total anticipated loss on construction projects will be made in the accounts as soon as the possibility of loss is ascertained.

#### *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.

### 5.2 Cash and cash equivalents

Cash and cash equivalents include cash and deposits at banks and finance companies, and all highly liquid investments with an original maturity of 3 months or less and not subject to withdrawal restrictions.

### 5.3 Construction contract debtors and allowance for doubtful accounts

Construction contract debtors 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 experience and analysis of debtor aging

#### 5.4 Construction contracts in progress and deferred construction revenues

The costs of construction contracts comprise the costs of materials, labour, subcontractors' charges, other services and overheads.

Contracts of which construction cost plus attributable profit exceeds amounts billed are shown as "Construction contracts in progress" under current assets in the balance sheets. Contracts of which amounts billed exceed construction cost plus attributable profit are shown as "Deferred construction revenues" under current liabilities in the balance sheets.

#### 5.5 Inventories

Inventories, which comprise construction materials and spare parts, are valued at the lower of cost (average method) and net realisable value.

Allowance for diminution in inventory value is made for deteriorated inventories.

#### 5.6 Investments

Investments in the subsidiaries and jointly controlled entities are accounted for in the separate financial statements under the cost method.

Investment in the associate is accounted for under the cost method. The management believes that equity interest in the associate is immaterial to the Group and the Company.

Investments in other companies are stated at cost. Allowance for impairment loss will be made when the net realisable value is lower than the cost of investments.

#### 5.7 Plant and equipment

Plant and equipment are stated at cost or revalued amount less accumulated depreciation and allowance for impairment loss.

All items of plant and equipment are initially recorded at cost on acquisition dates. Buildings are subsequently revalued, by independent professional valuer, to their fair value. Revaluations are made with sufficient regularity to ensure that their carrying amount does not differ materially from their fair value at the balance sheet date.

Differences arising from the revaluation are dealt with in the financial statements as follows :-

- When an asset's carrying amount is increased as a result of a revaluation of the Company's assets, the increase is credited directly to equity under the heading of "Revaluation surplus on assets". However, a revaluation increase will be recognised as income to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense.
- When an asset's carrying amount is decreased as a result of a revaluation of the Company's assets, the decrease is recognised as an expense in the income statement. However, a revaluation decrease is to be charged directly against the related "Revaluation surplus on assets" to the extent that the decrease does not exceed the amount held in the "Revaluation surplus on assets" in respect of those same assets. Any excess amount is to be recognised as an expense in the income statement.

## 5.8 Depreciation

Depreciation of plant and equipment is calculated by reference to their costs or the revalued amounts on the straight-line basis (to write off the cost or the revalued amount of assets to be expenses) over the following estimated useful lives :

Building on leasehold land	-	period of lease
Construction machinery and equipment	-	3- 10 years
Furniture, fixtures and equipment	-	3- 6 years
Motor vehicles	-	3- 6 years

Depreciation of revaluation of buildings is calculated on the straight-line basis over the remaining lease period.

The depreciation is dealt with in the financial statements as follows :-

- Depreciation attributed to the original cost portion is included in determining income.
- Depreciation attributed to the surplus portion is deducted against revaluation surplus in the shareholders' equity.

## 5.9 Investments in real estate

Investments in real estate are stated at cost. If the fair value of the real estate declines to significantly less than its cost, the investments in real estate are stated at cost net allowance for impairment loss.

#### 5.10 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.

#### 5.11 Long-term leases

Leases of equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to the income statements over the lease period. The asset acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease period.

Leases of equipment which all the risks and rewards of ownership remain with the leasing company are accounted for as operating leases. Rentals applicable to such operating leases are charged to the income statement on a straight-line basis over the lease period.

#### 5.12 Provident fund and employees' benefits

The Company has a provident fund scheme to provide benefits to employees upon retirement or resignation. The scheme's assets are managed by separate trustee administered fund. In addition, the Company has other welfares to its employees including retirement, resignation and termination, in which provision has been made based on the estimation of the management.

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

### 5.13 Foreign currencies

Foreign currency transactions are translated into Baht at the exchange rates ruling on the transaction dates. Assets and liabilities denominated in foreign currencies outstanding on the balance sheet date are translated into Baht at the exchange rates ruling on the balance sheet date.

Exchange gains and losses are included in determining income.

### 5.14 Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the income statement. An asset's recoverable amount is the higher of fair value less costs to sell and its value in use.

### 5.15 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

### 5.16 Income Tax

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

### 5.17 Use of accounting estimates

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 CASH AND CASH EQUIVALENTS/RESTRICTED DEPOSITS

Cash and cash equivalents as at 31 December 2007 and 2006 as reflected in the balance sheets and the statements of cash flows consisted of the following :-

	(Unit : Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Cash and deposits at banks	271,874,767	191,023,211	208,530,724	128,372,128
Fixed deposits at banks	85,626,320	99,237,292	85,626,320	99,237,292
Deposits at finance companies	1,000,000	3,100,000	-	-
Total	<u>358,501,087</u>	<u>293,360,503</u>	<u>294,157,044</u>	<u>227,609,420</u>
Less : Restricted deposits	<u>(162,539,648)</u>	<u>(139,586,538)</u>	<u>(162,539,648)</u>	<u>(139,586,538)</u>
Cash and cash equivalents	<u><u>195,961,439</u></u>	<u><u>153,773,965</u></u>	<u><u>131,617,396</u></u>	<u><u>88,022,882</u></u>

As at 31 December 2007, the Company had pledged its bank deposits of approximately Baht 162.5 million (2006 : Baht 139.6 million) with banks to secure the bank overdrafts and the letters of guarantees issued by the banks on behalf of the Company.

## 7. CONSTRUCTION CONTRACT DEBTORS

The balance included amounts receivable from several construction projects of which the developers have experienced financial difficulties and delayed payments for the construction services provided and some of these projects have been subject to legal actions taken by the Company. All outstanding contract debtors as at 31 December 2007 and 2006 were as follows :-

	(Unit : Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Construction contract debtors	603,215,066	548,112,644	594,052,787	548,112,644
Retention payment under construction contracts	386,546,494	330,862,368	385,898,103	330,862,368
Total	<u>989,761,560</u>	<u>878,975,012</u>	<u>979,950,890</u>	<u>878,975,012</u>
Less : Allowance for doubtful accounts	<u>(107,922,671)</u>	<u>(107,922,670)</u>	<u>(107,922,671)</u>	<u>(107,922,670)</u>
Construction contracts debtors - net	<u><u>881,838,889</u></u>	<u><u>771,052,342</u></u>	<u><u>872,028,219</u></u>	<u><u>771,052,342</u></u>

As at 31 December 2007 and 2006, the outstanding balance of construction contract debtors are aged, based on due date, as follows :-

	(Unit : Baht)			
	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
<u>Past due</u>				
Not over 3 months	478,247,400	432,243,920	469,085,121	432,243,920
3- 6 months	18,057,126	18,806,115	18,057,126	18,806,115
6- 12 months	24,184,296	12,382,563	24,184,296	12,382,563
Over 12 months	82,726,244	84,680,046	82,726,244	84,680,046
	<u>603,215,066</u>	<u>548,112,644</u>	<u>594,052,787</u>	<u>548,112,644</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.

## 8 INVESTMENTS IN THE SUBSIDIARIES

	Shareholding percentage		Separate financial statements					
			Investment value under cost method		Allowance for impairment of investments		Carrying amounts based on cost method - net	
			2007	2006	2007	2006	2007	2006
	Percent	Percent	Baht	Baht	Baht	Baht	Baht	Baht
<u>Construction business</u>								
Christiani & Nielsen Construction (Thai) Company Limited	100.0	100.0	1,000,000	1,000,000	(1,000,000)	(1,000,000)	-	-
<u>Holding company</u>								
CNT Holdings Limited	100.0	100.0	2,599,999,930	2,599,999,930	(2,265,000,000)	(2,265,000,000)	334,999,930	334,999,930
<u>Plan Administrator</u>								
CN Advisory Company Limited	100.0	100.0	1,000,000	1,000,000	-	-	1,000,000	1,000,000
					(2,266,000,000)	(2,266,000,000)		
Total investments in the subsidiaries			<u>2,601,999,930</u>	<u>2,601,999,930</u>	<u>(2,266,000,000)</u>	<u>(2,266,000,000)</u>	<u>335,999,930</u>	<u>335,999,930</u>

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.

## 9 INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

### 9.1 Detail of investments in jointly controlled entities

	Separate financial statements					
	Shareholding percentage		Investment value under cost method		Dividend received for the year ended 31 December	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
	Percent	Percent	Baht	Baht	Baht	Baht
<u>Construction business</u>						
NWR, ITD, CNT & AS Joint Venture	25.0	25.0	-	-	2,000,000	0
PAN ASIA - CNT Joint Venture	45.0	-	1,800,000	-	-	-
						12,000,00
Total investments in jointly controlled entities			1,800,000	-	2,000,000	0

Since 2002, the Company has 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.

### 9.2 Summarised financial information of jointly controlled entities

The Company's proportionate shares of the assets, liabilities, revenue, and expenses of the jointly controlled entities are as follows :-

#### a) NWR, ITD, CNT & AS Joint Venture

	(Unit : Million Baht)	
	As at 31 December	
	<u>2007</u>	<u>2006</u>
Current assets	1	3
Net assets	1	3

  

	(Unit : Million Baht)	
	For the year ended 31 December	
	<u>2007</u>	<u>2006</u>
Revenue	-	13
Cost	-	(10)
Selling and administrative expenses	-	(5)

Net loss

-

(2)

b) PAN ASIA - CNT Joint Venture

	(Unit: Million Baht)	
	As at 31 December	
	<u>2007</u>	<u>2006</u>
Current assets	31	-
Current liabilities	(29)	-
Net assets	<u>2</u>	<u>-</u>

	(Unit: Million Baht)	
	For the year ended 31 December	
	<u>2007</u>	<u>2006</u>
Revenue	19	-
Cost	(17)	-
Selling and administrative expenses	(1)	-
Net income	<u>1</u>	<u>-</u>

## 10. INVESTMENTS IN THE ASSOCIATE AND OTHER COMPANIES

Investments in the associate and other companies consist of investments in the ordinary shares of the following companies :-

	Shareholding percentage		Consolidated financial statements		Separate financial statements	
	<u>2007</u> Percent	<u>2006</u> Percent	<u>2007</u> Baht	<u>2006</u> Baht	<u>2007</u> Baht	<u>2006</u> Baht
<u>Investment in the associate</u>						
International Machinery Supplies Co., Ltd.	31.94	31.94	7,500,000	7,500,000	-	-
Total			7,500,000	7,500,000	-	-
Less : Allowance for impairment of investment			(7,500,000)	(7,500,000)	-	-
Investment in the associate - net			-	-	-	-
<u>Investments in other companies</u>						
Satum Inc.	13.11	13.11	2,218,125	2,218,125	-	-
Phuket Land Development Co., Ltd.	15.00	15.00	3,000,000	3,000,000	-	-
Thai Worldwide Contractors Co., Ltd.	2.94	2.94	100,000	100,000	100,000	100,000
Thai Contractors Asset Co., Ltd.	0.20	-	500,000	-	500,000	-
Total			5,818,125	5,318,125	600,000	100,000
Less : Allowance for impairment of investment			(3,000,000)	(3,000,000)	-	-
Investments in other companies - net			2,818,125	2,318,125	600,000	100,000
Total investments in the associate and other companies - net			2,818,125	2,318,125	600,000	100,000

During 2007, CNT Holdings Limited received a dividend of approximately Baht 14 million (2006: Baht 10 million) from Satum Inc., which was shown in the consolidated income statements.

According to the unaudited financial statements of Satum Inc., the net worth attributable to the subsidiary's investment as at 31 December 2007 was approximately Baht 5 million (2006 : Baht 14 million, audited).

## 11. RELATED PARTY TRANSACTIONS

During the years, the Company, its subsidiaries and the 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: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing and lending policy
	2007	2006	2007	2006	
<u>Transactions with the subsidiaries</u>					
Rental and service income	-	-	0.1	0.1	Based on the prices agreed between the parties, which approximate the market prices
Interest income	-	-	0.8	0.8	Interest at MOR plus 0.25% per annum
<u>Transactions with the jointly controlled entities</u>					
Construction income	44	-	18.2	2.0	Cost plus margin
Operating cost	2.5	-	3.5	-	Cost plus margin
Dividend income	-	-	2.0	12.0	At the declared rate

The balances of the accounts as at 31 December 2007 and 2006 between the Company and those related parties are as follows :-

Amounts due from and loans to the subsidiaries and the jointly controlled entity

	(Unit : Baht)			
	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
<u>Amounts due from the subsidiaries and the jointly controlled entity</u>				
CNT Holdings Limited	-	-	-	2,808,147
Christiani & Nielsen Construction (Thai) Company Limited	-	-	20,152,573	19,367,585
CN Advisory Company Limited	-	-	32,100	32,100
PAN ASIA - CNT Joint Venture	1,048,772	-	3,807,512	-
<b>Total</b>	<u>1,048,772</u>	<u>-</u>	<u>23,992,185</u>	<u>22,207,832</u>
Less : Allowance for doubtful accounts	-	-	(20,150,000)	(18,500,000)
<b>Total amounts due from the subsidiaries and the jointly controlled entity - net</b>	<u>1,048,772</u>	<u>-</u>	<u>3,842,185</u>	<u>3,707,832</u>
<u>Loans to the subsidiary and the jointly controlled entity</u>				
Christiani & Nielsen Construction (Thai) Company Limited	-	-	10,300,000	10,300,000
PAN ASIA - CNT Joint Venture	-	-	2,700,000	-
	<u>-</u>	<u>-</u>	<u>13,000,000</u>	<u>10,300,000</u>
Less : Allowance for doubtful accounts	-	-	(10,300,000)	(10,300,000)
<b>Total loans to the subsidiary and the jointly controlled entity - net</b>	<u>-</u>	<u>-</u>	<u>2,700,000</u>	<u>-</u>
<b>Total amounts due from and loans to the subsidiaries and the jointly controlled entity - net</b>	<u>1,048,772</u>	<u>-</u>	<u>6,542,185</u>	<u>3,707,832</u>

During the year 2007, movements of loans to the subsidiary and the jointly controlled entity were as follows :-

(Unit : Baht)

	Separate financial statements			Balances as at 31 December 2007
	Balances as at 1 January 2007	Movements during the year		
		Increase	Decrease	
Christiani & Nielsen Construction (Thai) Company Limited	10,300,000	-	-	10,300,000
PAN ASIA - CNT Joint Venture	-	2,700,000	-	2,700,000
<b>Total</b>	<b>10,300,000</b>	<b>2,700,000</b>	<b>-</b>	<b>13,000,000</b>

#### Directors and management's remuneration

In 2007, the Company paid salaries, meeting allowances and gratuities to their directors and management of totaling approximately Baht 35.5 million (2006 : Baht 37.3 million).

#### Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 29 to the financial statements.

## 12. PLANT AND EQUIPMENT

(Unit : Baht)

	Consolidated financial statements				
	Revaluation basis	Cost basis			Total
	Buildings on leasehold land	Construction machinery and equipment	Furniture, fixtures and equipment	Motor vehicles	
<u>Cost/Revalued amount :</u>					
As at 31 December 2006	71,595,732	549,490,786	67,537,312	103,949,922	792,573,752
Additions	-	46,937,014	11,328,699	5,610,133	63,875,846
Disposals	(9,723,741)	(15,578,189)	(2,863,706)	(731,449)	(28,897,085)
Revaluation	9,668,077	-	-	-	9,668,077
As at 31 December 2007	<u>71,540,068</u>	<u>580,849,611</u>	<u>76,002,305</u>	<u>108,828,606</u>	<u>837,220,590</u>
<u>Accumulated depreciation :</u>					
As at 31 December 2006	58,274,924	423,965,028	51,041,969	69,102,710	602,384,631
Depreciation for the year (on cost)	1,567,510	24,397,706	7,524,962	9,237,051	42,727,229
Depreciation on revalued portion	670,071	-	-	-	670,071
Depreciation on disposals	(8,751,367)	(13,253,098)	(2,564,889)	(701,603)	(25,270,957)
As at 31 December 2007	<u>51,761,138</u>	<u>435,109,636</u>	<u>56,002,042</u>	<u>77,638,158</u>	<u>620,510,974</u>
<u>Allowance for impairment loss :</u>					
As at 31 December 2006	972,374	19,603,495	690,302	21,000	21,287,171
Decrease during the year	(972,374)	-	-	-	(972,374)
As at 31 December 2007	<u>-</u>	<u>19,603,495</u>	<u>690,302</u>	<u>21,000</u>	<u>20,314,797</u>
<u>Net book value :</u>					
As at 31 December 2006	<u>12,348,434</u>	<u>105,922,263</u>	<u>15,805,041</u>	<u>34,826,212</u>	<u>168,901,950</u>
As at 31 December 2007	<u>19,778,930</u>	<u>126,136,480</u>	<u>19,309,961</u>	<u>31,169,448</u>	<u>196,394,819</u>
<u>Depreciation for the year :</u>					
2006					<u>31,851,138</u>
2007					<u>42,727,229</u>

(Unit : Baht)

## Separate financial statements

	Revaluation	Cost basis			Total
	basis	Construction machinery and equipment	Furniture, fixtures and equipment	Motor vehicles	
<u>Cost/Revalued amount :</u>					
As at 31 December 2006	71,595,732	549,490,786	67,532,312	103,949,922	792,568,752
Additions	-	46,937,014	11,328,699	5,610,133	63,875,846
Disposals	(9,723,741)	(15,578,189)	(2,863,706)	(731,449)	(28,897,085)
Revaluation	9,668,077	-	-	-	9,668,077
As at 31 December 2007	71,540,068	580,849,611	75,997,305	108,828,606	837,215,590
<u>Accumulated depreciation :</u>					
As at 31 December 2006	58,274,924	423,965,028	51,036,970	69,102,710	602,379,632
Depreciation for the year (on cost)	1,567,510	24,397,706	7,524,962	9,237,051	42,727,229
Depreciation on revalued portion	670,071	-	-	-	670,071
Depreciation on disposals	(8,751,367)	(13,253,098)	(2,564,889)	(701,603)	(25,270,957)
As at 31 December 2007	51,761,138	435,109,636	55,997,043	77,638,158	620,505,975
<u>Allowance for impairment loss :</u>					
As at 31 December 2006	972,374	19,603,495	690,302	21,000	21,287,171
Decrease during the year	(972,374)	-	-	-	(972,374)
As at 31 December 2007	-	19,603,495	690,302	21,000	20,314,797
<u>Net book value :</u>					
As at 31 December 2006	12,348,434	105,922,263	15,805,040	34,826,212	168,901,949
As at 31 December 2007	19,778,930	126,136,480	19,309,960	31,169,448	196,394,818
<u>Depreciation for the year :</u>					
2006					31,743,564
2007					42,727,229

As at 31 December 2007, certain plant and equipment items have been fully depreciated but are still in use. The original cost of those assets amounted to approximately Baht 556 million (2006 : Baht 576 million).

During the year 2007, the Company arranged for an independent professional valuer to reappraise the value of its buildings. The revaluation was conducted on 23 February 2007 using the market approach, the result of which showed a Baht 9.7 million increase in the book value of the buildings. The Company recorded the revaluation increase of buildings as the “Revaluation surplus on assets” in the shareholders’ equity, and reversed to the income statement the previously recorded allowance for impairment loss of Baht 0.97 million.

The revaluation surplus can neither be offset against deficit nor be used for dividend payment.

Breakdown of buildings on leasehold land carried on the revaluation basis and their accumulated depreciation is as follows :-

	(Unit : Baht)	
	<u>2007</u>	<u>2006</u>
Original cost	55,023,249	64,746,990
Surplus from revaluation	16,516,819	6,848,742
Revalued amount	<u>71,540,068</u>	<u>71,595,732</u>
Accumulated depreciation on original cost	44,242,325	51,426,182
Accumulated depreciation on surplus from revaluation	7,518,813	6,848,742
Accumulated depreciation on revalued amount	<u>51,761,138</u>	<u>58,274,924</u>
Allowance for impairment loss	-	972,374
Net book value	<u>19,778,930</u>	<u>12,348,434</u>

### 13. NET ASSETS OF DISCONTINUED OPERATION UNITS

	(Unit : Baht)	
	<u>Consolidated financial statements</u>	
	<u>2007</u>	<u>2006</u>
Total assets	330,264,495	309,691,972
Total liabilities	(48,250)	(97,127)
Net assets before allowance	<u>330,216,245</u>	<u>309,594,845</u>
Less : Allowance for impairment of assets	(2,854,600)	(2,854,600)
Net assets	<u>327,361,645</u>	<u>306,740,245</u>

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

Harmony Property Group Limited has pledged its bank deposit of approximately EUR 2.8 million (or equivalent to Baht 136 million) with the bank to secure the credit facilities of the Company.

#### 14. INVESTMENTS IN REAL ESTATE

Investments in real estate consist of investments in the following assets :-

	(Unit : Baht)			
	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
Land	107,007,464	107,007,464	107,007,464	107,007,464
Condominium units	9,313,950	9,313,950	9,313,950	9,313,950
Total	116,321,414	116,321,414	116,321,414	116,321,414
Less : Allowance for impairment loss	(13,090,414)	(22,231,414)	(13,090,414)	(22,231,414)
Investments in real estate - net	<u>103,231,000</u>	<u>94,090,000</u>	<u>103,231,000</u>	<u>94,090,000</u>

During the year 2007, the Company reversed allowance for impairment loss of land and condominium units of Baht 9.1 million to the income statement.

The Company has mortgaged its 3 plots of land with net book value of Baht 14.6 million (2006 : Baht 6.8 million) with a bank to secure the bank overdrafts granted by that bank as discussed in Note 15.

#### 15. BANK OVERDRAFTS AND SHORT-TERM BANK LOAN

	Interest rate (percent per annum)	(Unit : Baht)			
		Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006
Bank overdrafts	5.25 - 8.25	16,727,074	7,135,451	16,727,074	7,135,451
Short-term bank loan	5.25	20,000,000	-	20,000,000	-
Total		<u>36,727,074</u>	<u>7,135,451</u>	<u>36,727,074</u>	<u>7,135,451</u>

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 subsidiary's shares, and the mortgage of the Company's land.

## 16. LIABILITIES UNDER HIRE-PURCHASE AND FINANCE LEASE AGREEMENTS

	(Unit : Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Liabilities under hire-purchase and finance lease agreements	26,348,297	29,520,076	26,348,297	29,520,076
Less : Deferred interest expenses	<del>(3,208,868)</del>	<del>(3,824,806)</del>	<del>(3,208,868)</del>	<del>(3,824,806)</del>
	<u>23,139,429</u>	<u>25,695,270</u>	<u>23,139,429</u>	<u>25,695,270</u>
Less : Portion due within one year	<del>(10,120,829)</del>	<del>(9,520,844)</del>	<del>(10,120,829)</del>	<del>(9,520,844)</del>
Liabilities under hire-purchase and finance lease agreements - net of current portion	<u>13,018,600</u>	<u>16,174,426</u>	<u>13,018,600</u>	<u>16,174,426</u>

The Company entered into finance lease agreements with leasing companies for lease of vehicles used in operations with commitment to pay rental on a monthly basis. Rental payable during the year 2008 - 2011 under the agreements was totaling approximately Baht 26.3 million. The assets acquired under the finance lease agreements were recorded as the assets of the Company at their cash price. As at 31 December 2007, the net book value of these assets was approximately Baht 27.6 million (2006 : Baht 27.5 million).

## 17. 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, as agreed by the Central Bankruptcy Court on 2 May 2003. The reserve was estimated at the rate of 3 percent of guarantee obligations and payables claimed, which included guarantee payables, 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 creditor, 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 due to the 9th and 12th group creditors of approximately Baht 24 million and repaid the debts due to the 8th and 9th group creditors of totaling approximately Baht 19 million, and there were outstanding estimated liabilities of approximately Baht 69 million as at 31 December 2007 (2006 : Baht 69 million).

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.

## 18. SHARE CAPITAL

	2007	(Unit : Baht) 2006
Authorised and registered 401,162,888 ordinary shares of Baht 1 each	<u>401,162,888</u>	<u>401,162,888</u>
Issued and fully paid up 401,161,682 ordinary shares of Baht 1 each	<u>401,161,682</u>	<u>401,161,682</u>

## 19. 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.

## 20. 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 in the consolidated financial statements to determine the net equity attributable to the Company's shareholders.

## 21. CORPORATE INCOME TAX

The Company is not liable to corporate income tax for the year 2007 and 2006 due to tax loss brought forward.

## 22. EARNINGS PER SHARE

Earnings per share as presented in the income statements is the basic earnings per share which is calculated by dividing net income for the year by the weighted average number of ordinary shares in issue during the year, which is presented net of own shares held by the subsidiary in the consolidated financial statements, as detailed below.

	2007	(Unit : Shares) 2006
Weighted average number of ordinary shares (separate financial statements)	401,161,682	401,161,682
Less : The Company's shares held by the subsidiary	<u>(13,552,457)</u>	<u>(13,552,457)</u>
Weighted average number of ordinary shares - net (consolidated financial statements)	<u>387,609,225</u>	<u>387,609,225</u>

## 23. DIVIDEND PAID

(Unit: Baht)

Dividends	Approved by	Total dividends		Dividend per share	Payment date
		Consolidated financial statements	Separate financial statements		
Final dividends for 2006	Annual General Meeting of the shareholders No. 74 on 23 April 2007	19,379,852	20,057,475	0.05	21 May 2007
Total dividends for 2007		<u>19,379,852</u>	<u>20,057,475</u>	<u>0.05</u>	
Final dividends for 2005	Annual General Meeting of the shareholders No. 73 on 21 April 2006	38,759,687	40,114,933	0.10	15 May 2006
Total dividends for 2006		<u>38,759,687</u>	<u>40,114,933</u>	<u>0.10</u>	

## 24. SUPPLEMENTARY INFORMATION OF THE CONSTRUCTION CONTRACTS

The consolidated construction costs after being adjusted realised gains or losses of the construction contracts up to 31 December 2007 were approximately Baht 13,927 million (the Company only : Baht 13,923 million). The Company and the jointly controlled entity have already billed for the contract in progress from project owners of approximately Baht 13,071 million (the Company only : Baht 13,056 million).

## 25. PROVIDENT FUND

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 5 percent of basic salary. The fund, which is managed by Siam Commercial Bank Asset Management Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. During the year 2007, the Company contributed Baht 9.8 million (2006: Baht 8.3 million) to the fund.

## 26. NUMBER OF EMPLOYEES AND RELATED COSTS

	Separate financial statements	
	<u>2007</u>	<u>2006</u>
Number of employees at the end of the year (persons)	6,964	6,594
Employee costs for the year (Thousand Baht)	1,060,584	727,672

## 27. 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 as at and for the years ended 31 December 2007 and 2006 was as follows :

(Unit : Million Baht)

	Consolidated for the years ended 31 December				
	Thailand	Other countries in Asia	Eliminated	Total	
				2007	2006
Construction income	6,316	-	(14)	6,302	4,837
Operating gross profit	256	-	(1)	255	213
Other income				37	30
Administrative expenses				(154)	(161)
Depreciation				(43)	(32)
Interest expenses				(3)	(2)
Results of discontinued operation units				25	18
Net income				117	66

(Unit : Million Baht)

	Consolidated as at 31 December				
	Thailand	Other countries in Asia	Eliminated	Total	
				2007	2006
Construction contract debtors - net	882	-	-	882	771
Construction contracts in progress	870	-	(9)	861	1,045
Plant and equipment - net	197	-	-	197	169
Other assets	5,281	364	(4,284)	1,361	1,054
Total assets	7,230	364	(4,293)	3,301	3,039

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

## 28. COMMITMENTS

As at 31 December 2007, 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 twenty years ending 14 June 2009. The rental payable in the future under the lease agreements is approximately Baht 0.5 million (2006: Baht 1.1 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 12 million.

- (b) The Company had other commitments mainly in respect of operating leases of approximately Baht 8.8 million (2006: Baht 15.3 million).

## 29. CONTINGENT LIABILITIES

As at 31 December 2007, 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 contract payments, performance bonds and finance facilities of approximately Baht 134 million (2006 : Baht 359 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 1,782 million (2006 : Baht 1,449 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 :-

Type of guarantee	(Unit : Million Baht)	
	<u>2007</u>	<u>2006</u>
Contractual performance	598	513
Advances	554	516
Project tender	305	225
Payment due to creditors	186	160
Retention	139	35
	<u>1,782</u>	<u>1,449</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. Subsequently 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 provided guarantee 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.

- (d) During the year 2002, the Company filed an application for a refund of withholding tax deducted at source of the year 1999 - 2001 totalling 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 receive 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.

## 30. FINANCIAL INSTRUMENTS

### *30.1 Financial risk management*

The Company's and the subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 48 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, and investments. The financial risks associated with these financial instruments and how they are managed is described below.

#### *Credit risk*

The Company is exposed to credit risk primarily with respect to construction contract debtors. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company does not have high concentration of credit risk since it has a large customer base and the majority of construction services are made to creditworthy customers. The maximum exposure to credit risk is limited to the carrying amounts of receivables less allowance for doubtful accounts as stated in the balance sheet.

### *Interest rate risk*

The Company's and the subsidiaries' exposure to interest rate risk relates primarily to its cash at banks and bank overdrafts. 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 2007 classified by type of interest rates are summarised 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					Interest rate (% p.a)
	Fixed interest rates		Floating interest rate (Million Baht)	Non-interest bearing	Total	
	Within 1 year	1-5 years				
<b>Financial assets</b>						
Cash and cash equivalents	1	-	162	33	196	0.125- 3.50
Construction contract debtors	-	-	-	882	882	-
Restricted deposits	86	-	77	-	163	0.50- 3.375
Net assets of discontinued operation units	326	-	2	1	329	2.25- 8.15
	<u>413</u>	<u>-</u>	<u>241</u>	<u>916</u>	<u>1,570</u>	
<b>Financial liabilities</b>						
Bank overdrafts and short-term bank loan	20	-	17	-	37	5.25- 8.25
Accounts payable and accrued construction costs	-	-	-	1,064	1,064	-
Liabilities under hire purchase and financial lease agreements	-	23	-	-	23	7.24- 8.50
	<u>20</u>	<u>23</u>	<u>17</u>	<u>1,064</u>	<u>1,124</u>	

	Separate financial statements					Interest rate (% p.a.)
	Fixed interest rates		Floating interest rate (Million Baht)	Non-interest bearing	Total	
	Within 1 year	1-5 years				
<b>Financial assets</b>						
Cash and cash equivalents	-	-	101	31	132	0.125- 1.00
Construction contract debtors	-	-	-	872	872	
Restricted deposits	86	-	77	-	163	0.50- 3.375
Loans to the subsidiary and the jointly controlled entity	-	13	-	-	13	MOR plus 0.25 and 3.75
	<u>86</u>	<u>13</u>	<u>178</u>	<u>903</u>	<u>1,180</u>	
<b>Financial liabilities</b>						
Bank overdrafts and short-term bank loan	20	-	17	-	37	5.25- 8.25
Accounts payable and accrued construction costs	-	-	-	1,058	1,058	
Liabilities under hire-purchase and financial lease agreements	-	23	-	-	23	7.24- 8.50
	<u>20</u>	<u>23</u>	<u>17</u>	<u>1,058</u>	<u>1,118</u>	

### *Foreign currency risk*

The Company's and the subsidiaries' exposure to foreign currency risk arises mainly from trading and service transactions that are denominated in foreign currencies, which are currently not hedged by any derivative financial instruments.

The balances of financial assets and liabilities denominated in foreign currencies as at 31 December 2007 are summarised below.

Foreign currency	Assets	Liabilities	Average exchange rate as at 31 December 2007 (Baht per foreign currency unit)
USD	649,409	-	33.7673
GBP	-	12,525	67.4166
DKK	2,285	-	6.6167

### *30.2 Fair values of financial instruments*

Since the majority of the Company's and the subsidiaries' financial instruments are short-term in nature or bear interest rates close to market rates, their fair value is not expected to be materially different from the amounts presented in the balance sheets.

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.

### 31. SUBSEQUENT EVENT

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 payment of approximately Baht 40 million. The payment of dividend will later be proposed for approval in the annual general meeting of the Company's shareholders.

### 32. RECLASSIFICATION

Certain amounts in the financial statements for the year ended 31 December 2006 have been reclassified to conform to the current year's classification, with no effect on previously reported net income or shareholders' equity.

### 33. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Board of Directors of the Company on 26 February 2008.