

**Christiani & Nielsen (Thai) Public Company Limited,
its subsidiaries and joint ventures
Notes to financial statements
For the years ended 31 December 2009 and 2008**

1. General information

1.1 Corporate information

Christiani & Nielsen (Thai) Public Company Limited (“the Company”) is a limited company incorporated under Thai laws and domiciled in Thailand and was transformed to be a public company under the Public Limited Companies Act on 26 November 1992. 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 and head office is at No. 451, La Salle Road (Sukhumvit 105), Kwaeng Bangna, Khet Bangna, Bangkok.

The Company has various local and overseas subsidiary companies and joint ventures 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 2009 and 2008.

2. Basis of preparation

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

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

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

2.2 Basis of consolidation

- a) The consolidated financial statements incorporate the financial statements of Christiani & Nielsen (Thai) Public Company Limited (the “Company”), its subsidiary companies (the “subsidiaries”) and the joint ventures as follows:

	Country of incorporation	Currency	Paid-up share capital		Percentage of shareholding by the group	
			<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
			(Unit: Thousand)		Percent	Percent
Construction business						
<i>Held by the Company</i>						
Christiani & Nielsen Construction						
(Thai) Company Limited	Thailand	Baht	1,000	1,000	100.0	100.0
NWR, ITD, CNT & AS Joint						
Venture	Thailand	Baht	-	8,000	-	25.0
PAN ASIA - CNT Joint Venture	Thailand	Baht	4,000	4,000	45.0	45.0
Holding companies						
<i>Held by the Company</i>						
CNT Holdings Limited	Thailand	Baht	2,600,000	2,600,000	100.0	100.0
<i>Held by the Company and through the subsidiary</i>						
Indochina Investments Ltd.	Bermuda					
	Islands	USD	120	120	100.0	100.0
Harmony Property Group Ltd.	British Virgin					
	Islands	USD	200	200	100.0	100.0
Property Development						
<i>Held through the subsidiary</i>						
CN Place Silom Development Ltd.	Thailand	Baht	-	69,063	-	100.0
Plan Administrator						
<i>Held by the Company</i>						
CN Advisory Company Limited	Thailand	Baht	-	1,000	-	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 Patanakarn Public Company Limited, Italian Thai Development Public Company Limited and A.S. Associate Engineering (1964) Company Limited, forming a joint venture 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 joint venture. During the current year, "NWR, ITD, CNT & AS Joint Venture" had liquidated and completed its liquidation process.

In addition, CN Place Silom Development Ltd. and CN Advisory Co., Ltd. deregistered and liquidated with the Ministry of Commerce during the current year.

The consolidated balance sheet as at 31 December 2009 had therefore not included the balance sheets of NWR, ITD, CNT & AS Joint Venture, CN Place Silom Development Ltd. and CN Advisory Co., Ltd. and the consolidated income statement for the year then ended included their operating results up to the date of liquidation.

Since 2007, the Company entered into a joint venture agreement with Pan Asia Engineering & Construction (Thailand) Co., Ltd., forming a joint venture 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 joint venture. The consolidated financial statements as at 31 December 2009 and 2008 and for the years then ended had therefore included the proportion of the assets, liabilities, revenues and expenses of the joint venture.

- b) Subsidiaries are fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the effective date when such control ceases.
- c) The financial statements of the subsidiaries and the joint ventures are prepared for the same reporting period as the parent company, using consistent significant accounting policies.

- d) The financial statements of overseas subsidiaries are translated into Thai Baht at the average exchange rate ruling at 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 are shown under the caption of "Translation adjustments" in the shareholders' equity.
- e) Material balances and transactions and investments in the subsidiaries and the joint ventures in the Company's accounts, the subsidiaries' share capital and capital of the joint ventures are eliminated from the consolidated financial statements.
- f) The financial statements of the overseas subsidiaries for the years ended 31 December 2009 and 2008 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 33 million and Baht 29 million or 1% and 1% of the consolidated assets as at 31 December 2009 and 2008, respectively.

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

3. Adoption of new accounting standards

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

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

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

Framework for the Preparation and Presentation of Financial Statements (revised 2007)

TAS 36 (revised 2007) Impairment of Assets

TFRS 5 (revised 2007) Non-current Assets Held for Sale and Discontinued
Operations

Accounting Treatment Guidance for Leasehold Right

Accounting Treatment Guidance for Business Combination under Common Control

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

3.2 Accounting standards which are not effective for the current year

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

However, TAS 24 (revised 2007) and TAS 40 allow early adoption by the entity before the effective date.

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

4. Significant accounting policies

4.1 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.

4.2 Cash and cash equivalents

Cash and cash equivalents consist cash in hand 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.

4.3 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 debt aging.

4.4 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.

4.5 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.

4.6 Investments

Investments in subsidiaries and joint ventures are accounted for in the separate financial statements under the cost method.

Investments in 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.

4.7 Plant and equipment and depreciation

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.

Depreciation of plant and equipment is calculated by reference to their costs or the revalued amounts on the straight-line basis 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 the surplus portion 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.

4.8 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.

4.9 Related party transactions

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

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

4.10 Long-term leases

Finance leases

Leases of assets 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.

Operating leases

Leases of assets, which a significant portion of the risks and rewards of ownership are not transferred to the lessee, are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statements on a straight-line basis over the lease period. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

4.11 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.

4.12 Foreign currencies

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the balance sheet date.

Gains and losses on exchange are included in determining income.

4.13 Impairment of assets

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

An impairment loss is recognised in the income statement. However in cases where plant was previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation. Any excess amount is recognised as an expense in the income statement.

4.14 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.

4.15 Income Tax

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

5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. Significant judgments and estimates are as follows:

5.1 Construction contracts

The Company recognises construction income by reference to the stage of completion of the construction contract activity, when the outcome of a construction contract can be estimated reliably. The stage of completion is measured by reference to surveys of works and estimates performed by project management. The management is required to make judgment and estimates based on past experience and information obtained from the project management.

5.2 Estimated construction project costs

The Company estimates costs of construction projects based on details of the construction work, taking into account the volume and value of construction materials to be used in the project, labour costs and other miscellaneous costs to be incurred to complete the construction service, taking into account the direction of the movement in these costs. Estimates are reviewed regularly or whenever actual costs differ significantly from the figures used in the original estimates.

5.3 Estimated expenses for construction projects

In determining estimated expenses for construction projects, the management is required to use judgment and relevant information to estimate losses that may be incurred from warranties and claims on the construction contract works. The estimates are made through a combination of specific reviews of construction projects, analysis of actual claims incurred and historical statistic information, among others. However, the use of different estimates and assumptions could affect the amounts of estimated expenses for construction projects.

5.4 Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

5.5 Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

5.6 Impairment of investments

The Company treats other investments as impaired when the management judges that there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment.

5.7 Plant and equipment and depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and salvage values of the Company’s plant and equipment and to review estimate useful lives and salvage values when there are any changes.

The Company measures buildings at revalued amounts. Such amounts are determined by the independent valuer using the market approach. The valuation involves certain assumptions and estimates.

In addition, the management is required to review plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

5.8 Post-retirement benefits

In determining post-retirement benefit costs, the management is required to make estimates. Inherent within these estimates are assumptions as to the length of employees services and average remuneration of the employees, among others.

5.9 Litigation

The Company has contingent liabilities as a result of litigation. The Company’s management has used judgment to assess of the results of the litigation and believes that provisions as recorded as at the balance sheet date is adequate.

6. Cash and cash equivalents/Restricted bank deposits

Cash and cash equivalents as at 31 December 2009 and 2008 as reflected in the balance sheets and statements of cash flows consist of the following:

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Cash and deposits at banks	574,664,972	206,997,299	521,674,160	190,693,693
Fixed deposits at banks	209,529,465	427,953,324	153,679,465	341,909,324
Deposits at finance companies	-	5,600,000	-	-
Total	784,194,437	640,550,623	675,353,625	532,603,017
Less: Restricted bank deposits	(246,778,529)	(282,949,919)	(190,928,529)	(196,905,919)
Cash and cash equivalents	<u>537,415,908</u>	<u>357,600,704</u>	<u>484,425,096</u>	<u>335,697,098</u>

As at 31 December 2009, the Company and its subsidiaries had pledged their bank deposits of approximately Baht 246.8 million (2008: Baht 282.9 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 190.9 million (2008: Baht 196.9 million)).

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.

The balance of construction contract debtors as at 31 December 2009 and 2008 aged on the basis of due dates are summarised below.

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<u>Age of receivables</u>				
Related parties				
Not yet due	38,850,335	6,407,726	38,850,335	6,407,726
Past due				
Not over 1 month	28,957,500	-	28,957,500	-
1 - 3 months	-	331,000	-	3,541,019
Total	<u>67,807,835</u>	<u>6,738,726</u>	<u>67,807,835</u>	<u>9,948,745</u>
Retention payment under construction				
contracts	-	-	3,089,279	1,972,499
Construction contract debtors -				
related parties	<u>67,807,835</u>	<u>6,738,726</u>	<u>70,897,114</u>	<u>11,921,244</u>
Unrelated parties				
Not yet due	83,516,725	309,309,675	83,516,725	306,609,142
Past due				
Not over 1 month	199,477,532	63,578,248	199,477,532	63,578,248
1 - 3 months	25,001,567	51,711,623	25,001,567	51,711,623
3 - 6 months	22,807,080	94,204,479	22,807,080	94,204,479
6 - 12 months	1,190,865	32,922,598	1,190,865	32,922,598
Over 12 months	<u>214,958,158</u>	<u>93,918,602</u>	<u>214,958,158</u>	<u>93,918,602</u>
Total	<u>546,951,927</u>	<u>645,645,225</u>	<u>546,951,927</u>	<u>642,944,692</u>
Retention payment under construction				
contracts	<u>296,410,138</u>	<u>387,452,734</u>	<u>289,182,183</u>	<u>382,814,864</u>
Total construction contract debtors -				
unrelated parties	843,362,065	1,033,097,959	836,134,110	1,025,759,556
Less: Allowance for doubtful accounts	<u>(163,066,042)</u>	<u>(167,165,464)</u>	<u>(163,066,042)</u>	<u>(167,165,464)</u>
Construction contract debtors -				
unrelated parties - net	<u>680,296,023</u>	<u>865,932,495</u>	<u>673,068,068</u>	<u>858,594,092</u>
Construction contract debtors - net	<u><u>748,103,858</u></u>	<u><u>872,671,221</u></u>	<u><u>743,965,182</u></u>	<u><u>870,515,336</u></u>

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

8. Other debtors

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Other debtors	42,677,302	31,678,737	42,677,272	31,678,667
Less: Allowance for doubtful accounts	<u>(13,542,848)</u>	<u>(13,593,837)</u>	<u>(13,542,848)</u>	<u>(13,593,837)</u>
Other debtors - net	<u>29,134,454</u>	<u>18,084,900</u>	<u>29,134,424</u>	<u>18,084,830</u>

9. Investments in subsidiaries

Details of investments in subsidiaries as presented in the separate financial statements are as follows:

(Unit: Baht)

	Separate financial statements									
	Shareholding percentage		Investment value under cost method		Allowance for impairment of investments		Carrying amounts based on cost method - net		Dividend received during for year	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	Percent	Percent								
Construction business										
Christiani & Nielsen Construction										
(Thai) Company Limited	100.0	100.0	32,800,000	1,000,000	(32,232,000)	(1,000,000)	568,000	-	-	-
Holding companies										
CNT Holdings Limited	100.0	100.0	2,599,999,970	2,599,999,930	(2,503,300,000)	(2,503,300,000)	96,699,970	96,699,930	-	-
Indochina Investments Ltd.	90.0	90.0	3,784,320	3,784,320	-	-	3,784,320	3,784,320	-	39,970,022
Harmony Property Group Ltd.	75.0	75.0	5,256,000	5,256,000	-	-	5,256,000	5,256,000	-	230,382,768
Plan administrator										
CN Advisory Company Limited	-	100.0	-	1,000,000	-	-	-	1,000,000	-	-
Total investments in subsidiaries										
			2,641,840,290	2,611,040,250	(2,535,532,000)	(2,504,300,000)	106,308,290	106,740,250	-	270,352,790

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 the following resolutions:

- 1) Approving the winding up of CN Advisory Co., Ltd., whereby the subsidiary deregistered with the Ministry of Commerce on 2 July 2009 and completed its liquidation process on 22 September 2009 in which the Company received its return on investment of Baht 1.5 million.
- 2) Approving the increase of the registered share capital of Christiani & Nielsen Construction (Thai) Company Limited 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.

On 7 August 2009, the Extraordinary General Meeting of the shareholders No. 2/2009 of CN Place Silom Development Co., Ltd., a subsidiary of CNT Holdings Limited, passes a special resolution to dissolve the business of the subsidiary. The subsidiary deregistered with the Ministry of Commerce on 11 August 2009 and completed its liquidation process on 16 October 2009 in which CNT Holdings Limited received its return on investment of approximately Baht 0.04 million.

In November 2008, the Company invested in Harmony Property Group Limited and Indochina Investments Limited, foreign subsidiaries held by CNT Holdings Limited, of USD 150,000 and USD 108,000, respectively, as a result of the increase in registered capital of those two companies.

During 2008, the Company had set additional allowance for impairment loss of investment in CNT Holdings Limited of Baht 238.3 million, which was separately shown in the separate income statement.

10. Investments in joint ventures

10.1 Detail of investments in joint ventures

Investments in joint ventures represent investments in entities which are jointly controlled by the Company and other companies. Details of these investments are as follows:

(Unit: Baht)

Jointly controlled entities	Separate financial statements			
	Shareholding percentage		Investment value under cost method	
	2009	2008	2009	2008
	Percent	Percent		
Construction business				
NWR, ITD, CNT & AS Joint Venture	-	25.0	-	-
PAN ASIA - CNT Joint Venture	45.0	45.0	1,800,000	1,800,000
Total			1,800,000	1,800,000
Less: Allowance for impairment of investment			(1,800,000)	-
Investments in joint ventures - net			-	1,800,000

Since 2002, the Company had invested Baht 2 million, representing 25% interest of NWR, ITD, CNT & AS Joint Venture, and had received its return on investment during the year 2006. During the current year, the joint venture completed its liquidation process from which the Company received its return on investment of approximately Baht 0.09 million.

During 2009 the Company had set allowance for impairment loss of investment in PAN ASIA - CNT Joint venture of Baht 1.8 million, which was separately shown in the separate income statement.

10.2 Summarised financial information of joint ventures

a) NWR, ITD, CNT & AS Joint Venture

The Company's proportionate shares of the assets of NWR, ITD, CNT & AS Joint Venture according to proportion under joint venture agreement are as follows:

(Unit: Million Baht)

	As at 31 December	
	2009	2008
Current assets	-	1
Net assets	-	1

b) PAN ASIA - CNT Joint Venture

The Company's proportionate shares of the assets, liabilities, revenue, and expenses of PAN ASIA - CNT Joint Venture according to proportion under joint venture agreement are as follows:

	(Unit: Million Baht)	
	As at 31 December	
	<u>2009</u>	<u>2008</u>
Current assets	15	32
Current liabilities	(17)	(28)
Net assets (liabilities)	<u>(2)</u>	<u>4</u>

	(Unit: Million Baht)	
	For the years ended	
	31 December	
	<u>2009</u>	<u>2008</u>
Construction income	14	47
Cost of construction	(12)	(43)
Administrative expenses	(8)	(2)
Income (loss) before corporate income tax	(6)	2
Corporate income tax	-	(1)
Net income (loss)	<u>(6)</u>	<u>1</u>

11. Investments in associate and other companies

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

	Shareholding		Consolidated		(Unit: Baht)	
	percentage		financial statements		Separate	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	Percent	Percent				
Investment in associate						
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 associate - net			-	-	-	-
Investments in other companies						
Saturn Inc.	-	13.11	-	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	0.20	1,000,000	750,000	1,000,000	750,000
G.E.C. Engineering Co., Ltd.	0.03	-	69,400	-	69,400	-
Total			4,169,400	6,068,125	1,169,400	850,000
Less: Allowance for impairment of investments			(3,000,000)	(3,000,000)	-	-
Investments in other companies - net			1,169,400	3,068,125	1,169,400	850,000
Total investments in associate and other companies - net			<u>1,169,400</u>	<u>3,068,125</u>	<u>1,169,400</u>	<u>850,000</u>

During 2008, CNT Holdings Limited, a subsidiary of the Company, received a dividend of approximately Baht 4.28 million from Saturn Inc., which was presented as revenue in the consolidated income statement. During 2009, the subsidiary received its return on investment from Saturn Inc. of Baht 2.25 million since this company had liquidated.

12. Related party transactions

During the years, 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: Million Baht)

	Consolidated		Separate		Transfer pricing and lending policy
	financial statements		financial statements		
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	
Transactions with parent company and its affiliated companies					
Construction income	285.2	151.2	285.2	151.2	Cost plus margin
Purchases of goods and service	461.4	201.5	461.4	201.5	Cost plus margin
Transactions with the subsidiaries					
Rental and service income	-	-	-	0.1	Prices agreed between the parties, which approximate the market prices
Interest income	-	-	0.3	0.8	Interest rate at MOR plus 0.25% per annum
Dividend income	-	-	-	270.4	At the declared rate
Transactions with the joint ventures					
Service income	2.6	-	14.7	35.3	Cost plus margin
Operating cost reimbursement	4.4	0.5	5.4	2.9	Cost plus margin
Interest income	-	-	0.2	0.1	Interest rate of 3.75% and 7.00% per annum (2008: 3.75% per annum)

As at 31 December 2009 and 2008, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2009	2008	2009	2008
Construction contract debtors - related party				
<i>Parent company and its affiliated companies</i>				
The Crown Property Bureau	57,915,000	331,000	57,915,000	331,000
Thai Polyethylene Company Limited	9,892,835	6,407,726	9,892,835	6,407,726
Total	67,807,835	6,738,726	67,807,835	6,738,726
<i>Joint venture</i>				
PAN ASIA - CNT Joint Venture	-	-	3,089,279	5,182,518
Total	-	-	3,089,279	5,182,518
Total construction contract debtors - related party	67,807,835	6,,738,726	70,897,114	11,921,244
Amounts due from and loans to related parties				
<i>Amounts due from subsidiaries and joint venture</i>				
CNT Holdings Limited	-	-	-	890
Christiani & Nielsen Construction (Thai) Company Limited	-	-	-	20,932,551
CN Advisory Company Limited	-	-	-	16,050
PAN ASIA - CNT Joint Venture	6,011,439	1,336,695	8,595,165	3,067,958
Total	6,011,439	1,336,695	8,595,165	24,017,449
Less: Allowance for doubtful accounts	-	-	-	(20,932,000)
Total amounts due from the subsidiaries and joint venture - net	6,011,439	1,336,695	8,595,165	3,085,449
<i>Loans to subsidiary and joint venture</i>				
Christiani & Nielsen Construction (Thai) Company Limited	-	-	-	10,300,000
PAN ASIA - CNT Joint Venture	-	-	2,700,000	2,700,000
Total	-	-	2,700,000	13,000,000
Less: Allowance for doubtful accounts	-	-	-	(10,300,000)
Total loans to subsidiary and joint venture - net	-	-	2,700,000	2,700,000
Total amounts due from and loans to related parties - net	6,011,439	1,336,695	11,295,165	5,785,449

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2009	2008	2009	2008
Amounts due to related party				
<i>Subsidiary company</i>				
CNT Holdings Limited	-	-	40	-
Total amounts due to related party	<u>-</u>	<u>-</u>	<u>40</u>	<u>-</u>
Advances from customers				
<i>Joint venture</i>				
PAN ASIA - CNT Joint Venture	2,462,870	3,533,113	4,477,946	6,711,506
Total advances from customers - related party	<u>2,462,870</u>	<u>3,533,113</u>	<u>4,477,946</u>	<u>6,711,506</u>

During the year ended 31 December 2009, movements of loans to related parties were as follows:

	Separate financial statements			Balance as at 31 December 2009
	Balance as at 1 January 2009	Movements during the year		
		Increase	Decrease	
<i>Subsidiary and joint venture</i>				
Christiani & Nielsen Construction (Thai) Company Limited	10,300,000	-	10,300,000	-
PAN ASIA - CNT Joint Venture	2,700,000	-	-	2,700,000
Total	<u>13,000,000</u>	<u>-</u>	<u>10,300,000</u>	<u>2,700,000</u>

Directors and management's remuneration

During the year ended 31 December 2009, the Company paid salaries, bonus, meeting allowances and gratuities to their directors and management totaling approximately Baht 25.6 million (2008: Baht 21.2 million).

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 16.

13. Plant and equipment

(Unit: Baht)

Consolidated financial statements					
	Revaluation		Cost basis		
	basis				
	Buildings on leasehold land	Construction machinery and equipment	Furniture, fixtures and equipment	Motor vehicles	Total
Cost/Revalued amount					
As at 31 December 2008	72,989,282	600,296,302	81,140,408	106,919,137	861,345,129
Additions	3,105,742	127,949,256	653,370	1,071,000	132,779,368
Disposals	-	(22,020,072)	(143,272)	(382,611)	(22,545,955)
As at 31 December 2009	<u>76,095,024</u>	<u>706,225,486</u>	<u>81,650,506</u>	<u>107,607,526</u>	<u>971,578,542</u>
Accumulated depreciation					
As at 31 December 2008	53,484,257	458,462,444	59,496,918	82,607,575	654,051,194
Depreciation for the year (on cost)	1,250,545	43,044,446	8,560,159	5,164,544	58,019,694
Depreciation on revalued portion	783,898	-	-	-	783,898
Depreciation on disposals	-	(16,839,724)	(113,423)	(246,608)	(17,199,755)
As at 31 December 2009	<u>55,518,700</u>	<u>484,667,166</u>	<u>67,943,654</u>	<u>87,525,511</u>	<u>695,655,031</u>
Allowance for impairment loss					
As at 31 December 2008	-	20,803,495	4,690,302	21,000	25,514,797
As at 31 December 2009	-	20,803,495	4,690,302	21,000	25,514,797
Net book value					
As at 31 December 2008	<u>19,505,025</u>	<u>121,030,363</u>	<u>16,953,188</u>	<u>24,290,562</u>	<u>181,779,138</u>
As at 31 December 2009	<u>20,576,324</u>	<u>200,754,825</u>	<u>9,016,550</u>	<u>20,061,015</u>	<u>250,408,714</u>
Depreciation for the year					
2008 (Baht 39 million included in cost of construction, and the balance in administrative expenses)					<u>44,362,227</u>
2009 (Baht 54 million included in cost of construction, and the balance in administrative expenses)					<u>58,019,694</u>

(Unit: Baht)

	Separate financial statements				
	Revaluation	Cost basis			
	basis	Construction			Total
Buildings on leasehold land	machinery and equipment	Furniture, fixtures and equipment	Motor vehicles		
Cost/Revalued amount					
As at 31 December 2008	72,989,282	600,245,189	81,135,408	106,919,137	861,289,016
Additions	3,105,742	127,949,256	653,370	1,071,000	132,779,368
Disposals	-	(22,020,072)	(143,272)	(382,611)	(22,545,955)
As at 31 December 2009	76,095,024	706,174,373	81,645,506	107,607,526	971,522,429
Accumulated depreciation					
As at 31 December 2008	53,484,257	458,462,444	59,491,919	82,607,575	654,046,195
Depreciation for the year (on cost)	1,250,545	43,033,921	8,560,159	5,164,544	58,009,169
Depreciation on revalued portion	783,898	-	-	-	783,898
Depreciation on disposals	-	(16,839,724)	(113,423)	(246,608)	(17,199,755)
As at 31 December 2009	55,518,700	484,656,641	67,938,655	87,525,511	695,639,507
Allowance for impairment loss					
As at 31 December 2008	-	20,803,495	4,690,302	21,000	25,514,797
As at 31 December 2009	-	20,803,495	4,690,302	21,000	25,514,797
Net book value					
As at 31 December 2008	19,505,025	120,979,250	16,953,187	24,290,562	181,728,024
As at 31 December 2009	20,576,324	200,714,237	9,016,549	20,061,015	250,368,125
Depreciation for the year					
2008 (Baht 39 million included in cost of construction, and the balance in administrative expenses)					44,362,227
2009 (Baht 54 million included in cost of construction, and the balance in administrative expenses)					58,009,169

As at 31 December 2009, the Company had construction machinery and equipment and motor vehicles under finance lease agreements with net book value amounting to Baht 101 million (2008: Baht 21.8 million).

As at 31 December 2009, certain plant and equipment items have been fully depreciated but are still in use. The original cost of those assets amounted to approximately Baht 597 million (2008: Baht 577 million).

Since 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.

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>2009</u>	<u>2008</u>
Original cost	59,578,205	56,472,463
Surplus from revaluation	<u>16,516,819</u>	<u>16,516,819</u>
Revalued amount	<u>76,095,024</u>	<u>72,989,282</u>
Accumulated depreciation on original cost	46,432,090	45,181,545
Accumulated depreciation on surplus from revaluation	<u>9,086,610</u>	<u>8,302,712</u>
Accumulated depreciation on revalued amount	<u>55,518,700</u>	<u>53,484,257</u>
Net book value	<u>20,576,324</u>	<u>19,505,025</u>

In October 2006, the Federation of Accounting Professions issued Notification No. 25/2549 allowing entities which carry their property, plant and equipment at revalued amounts to calculate depreciation to be charged to the income statements based on the historical costs of the assets instead of on the revalued amounts. The Company has decided to follow the notification. 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:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Net income (Million Baht)	152.21	3.11	158.31	66.38
Basic earnings per share (Baht per share)	0.39	0.01	0.39	0.17

14. Net assets of discontinued operation units

(Unit: Baht)

	Consolidated	
	financial statements	
	<u>2009</u>	<u>2008</u>
Total assets	17,206,713	18,034,859
Total liabilities	-	(48,476)
Net assets	<u>17,206,713</u>	<u>17,986,383</u>

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

15. Investments in real estate

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

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
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	(9,605,414)	(13,090,414)	(9,605,414)	(13,090,414)
Investments in real estate - net	<u>106,716,000</u>	<u>103,231,000</u>	<u>106,716,000</u>	<u>103,231,000</u>

The Company has mortgaged its 3 plots of land of Baht 14.6 million (2008: Baht 14.6 million) with a bank to secure the bank overdrafts and loans granted by that bank.

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 31 December 2009 and 2008 (3% of of both specified and non-specified value of letters of guarantees in respect of performance bonds for the construction projects of the overseas subsidiary companies, bank guarantees of approximately Baht 1,121 million issued by the banks on behalf of the Group, and 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).

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.

17. Bank overdrafts and short-term bank loans

	Interest rate (percent per annum)	(Unit: Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
		<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Bank overdrafts	MOR	-	2,847,170	-	2,847,170
Short-term bank loans	7.25	-	41,293,921	-	41,293,921
Total		-	44,141,091	-	44,141,091

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.

18. Liabilities under hire-purchase and finance lease agreements

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Liabilities under hire-purchase and finance lease agreements	86,403,471	16,427,361	86,403,471	16,427,361
Less: Deferred interest expenses	(7,620,435)	(1,608,655)	(7,620,435)	(1,608,655)
	78,783,036	14,818,706	78,783,036	14,818,706
Less: Portion due within one year	(33,169,337)	(7,687,914)	(33,169,337)	(7,687,914)
Liabilities under hire-purchase and finance lease agreements - net of current portion	<u>45,613,699</u>	<u>7,130,792</u>	<u>45,613,699</u>	<u>7,130,792</u>

The Company entered into hire-purchase and finance lease agreements with leasing companies for lease of vehicles and machine for use in its operations, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally 4 years.

As at 31 December 2009, future minimum lease payments required under the hire-purchase and finance lease agreements were as follows:

	(Unit: Million Baht)		
	Less than 1 year	1 - 2 years	Total
Future minimum lease payments	37.5	48.9	86.4
Less: Deferred interest expenses	(4.3)	(3.3)	(7.6)
Present value of future minimum lease payments	<u>33.2</u>	<u>45.6</u>	<u>78.8</u>

19. Share capital

	(Unit: Baht)	
	2009	2008
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>

20. 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.

21. Own shares held by the subsidiary

Own shares held by the subsidiary represent 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.

22. Expenses by nature

Significant expenses by nature are as follows:

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Subcontractor costs	1,851,297,157	1,636,535,236	1,842,667,920	1,616,203,840
Construction material costs	982,648,380	1,733,820,195	980,529,991	1,718,884,077
Salary and wages and other employee benefits	881,028,272	878,743,839	880,694,607	878,003,775
Depreciation	58,019,694	44,362,227	58,009,169	44,362,227
Impairment loss of investments	-	-	1,800,000	238,300,000
Bad debts and doubtful debts	6,461,808	62,628,181	432,040	63,410,181

23. Corporate income tax

The Company is not liable to corporate income tax for the years 2009 and 2008 as expenses which were allowed for tax computation purpose in 2009 exceed income for the year, and there was tax loss brought forward in 2008.

24. 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.

(Unit: Shares)

	<u>2009</u>	<u>2008</u>
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><u>387,609,225</u></u>	<u><u>387,609,225</u></u>

25. Dividend paid

(Unit: Baht)

Dividends	Approved by	Total dividends		Dividend per share	Payment date
		Consolidated financial statements	Separate financial statements		
<u>Year 2009</u>					
Dividends on 2008 income	Annual General Meeting of the shareholders No. 76 on 30 April 2009	31,007,769	32,091,966	0.08	20 May 2009
Total dividends paid for 2009		<u>31,007,769</u>	<u>32,091,966</u>	<u>0.08</u>	
<u>Year 2008</u>					
Dividends on 2007 income	Annual General Meeting of the shareholders No. 75 on 10 April 2008	38,759,711	40,114,957	0.10	9 May 2008
Total dividends paid for 2008		<u>38,759,711</u>	<u>40,114,957</u>	<u>0.10</u>	

26. Supplementary information of the construction contracts

The total construction costs after being adjusted realised gains or losses of the construction contracts up to 31 December 2009 were approximately Baht 10,901 million (the Company only: Baht 10,883 million). The Company and the joint ventures had already billed for the contract in progress to project owners of approximately Baht 10,446 million (the Company only: Baht 10,374 million).

27. 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 2009, the Company contributed Baht 11.5 million (2008: Baht 11.0 million) to the fund.

28. 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 years ended 31 December 2009 and 2008 was as follows:

(Unit: Million Baht)

	Consolidated financial statements for the years ended 31 December				
	Other countries in			Total	
	Thailand	Asia	Eliminated	2009	2008
Revenue from external customers	4,343	-	-	4,343	5,012
Inter-segment revenue	15	-	(12)	3	-
Total revenues	<u>4,358</u>	<u>-</u>	<u>(12)</u>	<u>4,346</u>	<u>5,012</u>
Segment operating income	319	-	(1)	318	241
Results of discontinued operation units	-	(3)	3	-	(36)
Unallocated income and expenses:					
Other income				30	60
Administrative expenses				(164)	(231)
Management benefit expenses				(25)	(21)
Finance cost				(6)	(8)
Corporate income tax				-	(1)
Net income				<u>153</u>	<u>4</u>

(Unit: Million Baht)

	Consolidated as at 31 December				
	Other countries in			Total	
	Thailand	Asia	Eliminated	2009	2008
Construction contract debtors - net	751	-	(3)	748	873
Construction contracts in progress	521	-	(6)	515	906
Plant and equipment - net	250	-	-	250	182
Other assets	<u>5,888</u>	<u>45</u>	<u>(4,323)</u>	<u>1,610</u>	<u>1,377</u>
Total assets	<u>7,410</u>	<u>45</u>	<u>(4,332)</u>	<u>3,123</u>	<u>3,338</u>

Transfer prices between business segments are set out in Note 12.

29. Commitments

29.1 As at 31 December 2009, the Company had commitments in respect of subcontractor agreements payable in the future of approximately Baht 847 million.

29.2 As at 31 December 2009, 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	10.0
1 to 5 years	75.0
More than 5 years	<u>61.2</u>
	<u><u>146.2</u></u>

- b) Commitments mainly under lease agreements for lease of vehicles of approximately Baht 7.3 Million.

30. Contingent liabilities

As at 31 December 2009, 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 162 million (2008: Baht 50 million).
- b) The Company had outstanding bank guarantees of approximately Baht 1,492 million (2008: Baht 2,181 million) issued by the banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business of the Company. These included letters of guarantee as follows:

	(Unit: Million Baht)	
	<u>2009</u>	<u>2008</u>
<u>Type of guarantee</u>		
Contractual performance	614	727
Advances	693	685
Project tender	19	188
Payment due to creditors	23	217
Retention	<u>143</u>	<u>364</u>
	<u><u>1,492</u></u>	<u><u>2,181</u></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.

31. Financial instruments

31.1 Financial risk management

The Company's and the subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 32 "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 amount 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, bank overdrafts and short-term bank loans. However, since most of the Company's and the subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at 31 December 2009 classified by type of interest rates are 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					
	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	1-5 years				
	(Million Baht)					
Financial assets						
Cash and cash equivalents	13	-	522	2	537	0.05 - 1.15
Construction contract debtors	-	-	-	748	748	-
Restricted bank deposits	150	47	50	-	247	0.25 - 2.75
Net assets of discontinued operation units	17	-	-	-	17	0.06 - 0.15
	<u>180</u>	<u>47</u>	<u>572</u>	<u>750</u>	<u>1,549</u>	
Financial liabilities						
Accounts payable and accrued construction costs	-	-	-	766	766	-
Liabilities under hire- purchase and financial lease agreements	-	79	-	-	79	3.64 - 8.50
	<u>-</u>	<u>79</u>	<u>-</u>	<u>766</u>	<u>845</u>	

	Separate financial statements					
	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Interest rate (% p.a.)
	Within					
	1 year	1-5 years				
(Million Baht)						
Financial assets						
Cash and cash equivalents	13	-	469	2	484	0.125 - 1.125
Construction contract debtors	-	-	-	744	744	-
Restricted bank deposits	94	47	50	-	191	0.25 - 2.75
Loans to related parties	-	3	-	-	3	7.00
	<u>107</u>	<u>50</u>	<u>519</u>	<u>746</u>	<u>1,422</u>	
Financial liabilities						
Accounts payable and accrued construction costs	-	-	-	766	766	-
Liabilities under hire- purchase and financial lease agreements	-	79	-	-	79	3.64 - 8.50
	<u>-</u>	<u>79</u>	<u>-</u>	<u>766</u>	<u>845</u>	

Foreign currency risk

The Company's and the subsidiaries' exposure to foreign currency risk arises mainly from investments and service payment transactions that are denominated in foreign currencies, which are currently not hedged by any derivative financial instruments. However, the balances of financial assets and liabilities denominated in foreign currencies are not significant, the foreign currency risk is expected to be minimal.

31.2 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.

32. Capital management

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

According to the balance sheet as at 31 December 2009, the Group's debt-to-equity ratio was 1.76:1 (2008: 2.30:1) and the Company's was 1.78:1 (2008: 2.34:1).

33. Subsequent event

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 Baht 80.23 million.

The payment of dividend will later be proposed for approval in the Annual General Meeting of the Company's shareholders.

34. Reclassification

Certain amounts in the financial statements for the year ended 31 December 2008 have been reclassified to conform to the current year classification but with no effect to previously reported net income or shareholders' equity. The reclassifications are as follows:

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
As	As previously	As	As previously	
reclassified	reported	reclassified	reported	
Balance sheets				
Construction contract debtors - related parties	6,738,726	-	11,921,244	5,182,518
Construction contract debtors - unrelated parties - net	865,932,495	872,671,221	858,594,092	865,332,818
Other current assets - other debtors - net	18,084,900	-	18,084,830	-
Other current assets - others	20,534,596	38,619,496	18,832,792	36,917,622

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	As	As previously	As	As previously
	reclassified	reported	reclassified	reported
Income statements				
Bad debt recovery and reversal of allowance for doubtful accounts	51,500	-	51,500	-
Other income - others	2,062,264	2,113,764	2,122,264	2,173,764
Cost of construction	4,770,872,647	4,731,804,010	4,761,264,219	4,722,195,582
Administrative expenses	168,459,354	184,318,356	167,362,566	183,221,568
Depreciation	-	44,362,227	-	44,362,227
Management benefit expenses	21,152,592	-	21,152,592	-

35. Approval of financial statements

These financial statements were authorised for issue by the Board of Directors of the Company on 2 March 2010.