

**Christiani & Nielsen (Thai) Public Company Limited,
its subsidiaries and joint ventures
Notes to financial statements
For the years ended 31 December 2010 and 2009**

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 2010 and 2009.

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 prepared in accordance with the notification of the Department of Business Development, the Ministry of Commerce dated 30 January 2009, regarding the condensed form which should be included in the financial statements B.E. 2552 and the regulation of the Securities and Exchange Commission regarding to preparation and presentation the financial report under the Securities and Exchange Act B.E. 2535.

The 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	
			2010	2009	2010	2009
			(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	100
PAN ASIA - CNT Joint Venture	Thailand	Baht	4,000	4,000	45	45
Holding companies						
<i>Held by the Company</i>						
CNT Holdings Limited	Thailand	Baht	2,600,000	2,600,000	100	100
<i>Held by the Company and through the subsidiary</i>						
Indochina Investments Ltd.	Bermuda					
	Islands	USD	120	120	100	100
Harmony Property Group Ltd.	British Virgin					
	Islands	USD	200	200	100	100

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 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 2010 and 2009 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 2010 and 2009 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 30 million and Baht 33 million or 1% and 1% of the consolidated assets as at 31 December 2010 and 2009, 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

The Federation of Accounting Professions issued notification No.17/2553 which was announced in the Royal Gazettes on 26 May 2010 and No.50/2553 through 55/2553 which were announced in the Royal Gazettes on 15 December 2010, as pertinent to Accounting Standards (Revised 2009), Financial Reporting Standards (Revised 2009), and Interpretation of Financial Reporting Standards announced implementing 32 accounting standards, financial reporting standards, and interpretation of financial reporting standards. These comprise 25 standards replacing the previous versions with identification numbers rearranged to be identical to international accounting standards, of which certain standards were unchanged in principle, certain others were with partial change in principle, and 7 standards were newly implemented detailed as follows:

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

Accounting standards/financial reporting standards	Effective date
Framework for the Preparation and Presentation of Financial Statements (Revised 2009)	26 May 2010
TAS 1 (revised 2009) Presentation of Financial Statements	1 January 2011
TAS 2 (revised 2009) Inventories	1 January 2011
TAS 7 (revised 2009) Cash Flow Statements	1 January 2011
TAS 8 (revised 2009) Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2011
TAS 10 (revised 2009) Events after the Reporting Period	1 January 2011
TAS 11 (revised 2009) Construction Contracts	1 January 2011
TAS 16 (revised 2009) Property, Plant and Equipment	1 January 2011
TAS 17 (revised 2009) Leases	1 January 2011
TAS 18 (revised 2009) Revenue	1 January 2011
TAS 20 (revised 2009) Accounting for Government Grants and Disclosure of Government Assistance	1 January 2013
TAS 21 (revised 2009) The Effects of Changes in Foreign Exchange Rate	1 January 2013
TAS 23 (revised 2009) Borrowing Costs	1 January 2011
TAS 24 (revised 2009) Related Party Disclosures	1 January 2011
TAS 27 (revised 2009) Consolidated and Separate Financial Statements	1 January 2011
TAS 28 (revised 2009) Investments in Associates	1 January 2011
TAS 31 (revised 2009) Interests in Joint Ventures	1 January 2011
TAS 33 (revised 2009) Earnings per Share	1 January 2011
TAS 34 (revised 2009) Interim Financial Reporting	1 January 2011
TAS 36 (revised 2009) Impairment of Assets	1 January 2011
TAS 37 (revised 2009) Provisions, Contingent Liabilities and Contingent Assets	1 January 2011
TAS 38 (revised 2009) Intangible Assets	1 January 2011
TAS 40 (revised 2009) Investment Property	1 January 2011
TFRS 3 (revised 2009) Business Combination	1 January 2011
TFRS 5 (revised 2009) Non-current Assets Held for Sale and Discontinued Operations	1 January 2011

The management of the Company assessed that TAS 20 (Revised 2009), TAS 23 (Revised 2009) and TFRS 3 (Revised 2009) are not relevant to the Company's business. The Company will apply the related accounting standards and financial reporting standards on the effective date which the management of the Company believes that those standards do not have material impacts on the financial statements except for TAS 16 (Revised 2009) is under evaluation the effect on the financial statements when it is applied on the effective date.

3.2 Accounting standards /financial reporting standards/interpretation of financial reporting standards in issue for adoption

Accounting standards/financial reporting standards/ interpretation of financial reporting standards		<u>Effective date</u>
TAS 12	Income tax	1 January 2013
TAS 19	Employee Benefits	1 January 2011
TAS 26	Accounting and Reporting by Retirement Benefit Plans	1 January 2011
TAS 29	Financial Reporting in Hyperinflationary Economies	1 January 2011
TFRS 2	Share-Based Payment	1 January 2011
TFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2011
TFRIC 15	Agreements for the Construction of Real Estate	1 January 2011

TAS 29, TAS 26, TFRS 2 and TFRS 6 are not relevant to the Company's business. The Company's management is assessing the effect of TAS 12 and TFRIC 15 on the financial statements when they are applied on the effective date. In 2010, the Company had applied TAS 19 "Employee Benefits" before the effective date.

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

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.

The Company provides for post employment benefits, payable to employees under the labour laws applicable in Thailand. The liability in respect of employee benefits is the present value of the defined benefit obligation which is calculated by an independent actuary in accordance with the actuarial technique. The present value of the defined benefit obligation is determined by discounting estimated future cash flows using yields on government bonds which have terms to maturity approximating the terms of the related liability. The estimated future cash flows shall reflect employee salaries, turnover rate, mortality, length of service and other factors. Actuarial gains or losses will be recognised in the consolidated and company statements of income in the period to which they relate. The costs associated with providing these benefits are charged to the consolidated and company statements of income so as to spread the cost over the employment period during which the entitlement to benefits is earned.

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

Post-retirement benefit costs are based on actuarial calculations. Inherent within these calculations are assumptions as to salary increases and discount rate, 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 2010 and 2009 as reflected in the balance sheets and statements of cash flows consist of the following:

(Unit: Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Cash and deposits at banks	229,362,300	574,664,972	198,234,212	521,674,160
Fixed deposits at banks	219,177,675	209,529,465	179,569,493	153,679,465
Total	448,539,975	784,194,437	377,803,705	675,353,625
Less: Restricted bank deposits	<u>(185,966,864)</u>	<u>(246,778,529)</u>	<u>(179,746,864)</u>	<u>(190,928,529)</u>
Cash and cash equivalents	<u>262,573,111</u>	<u>537,415,908</u>	<u>198,056,841</u>	<u>484,425,096</u>

As at 31 December 2010, the Company and its subsidiaries had pledged their bank deposits of approximately Baht 185.9 million (2009: Baht 246.8 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 179.7 million (2009: Baht 190.9 million)).

7. Temporary investments

As at 31 December 2010, investments in debt securities expected to be held to maturity consist of the following:

(Unit: Baht)

	Coupon Rate	Maturity Date	Consolidated		Separate	
			financial statements		financial statements	
			<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Government	1.30%	9 January 2011-				
bond	2.64%	15 December 2012	314,744,813	-	314,744,813	-
Treasury bill	1.86%					
	1.91%	5-27 January 2011	<u>297,743,014</u>	-	<u>239,825,327</u>	-
Total			612,487,827	-	554,570,140	-
Less: Portion due over one year			<u>(1,798,825)</u>	-	<u>(1,798,825)</u>	-
Temporary investment			<u>610,689,002</u>	-	<u>552,771,315</u>	-

The Company has pledged government bonds of Baht 264 million as a guarantee to project tender, the electricity usage and to secure the credit facilities of the Company granted by that bank.

8. 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 2010 and 2009 aged on the basis of due dates are summarised below.

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<u>Age of receivables</u>				
Related parties				
Not yet due	19,989,649	38,850,335	19,989,649	38,850,335
Past due				
Not over 1 month	<u>2,525,732</u>	<u>28,957,500</u>	<u>4,853,416</u>	<u>28,957,500</u>
Total	<u>22,515,381</u>	<u>67,807,835</u>	<u>24,843,065</u>	<u>67,807,835</u>

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Retention payment under construction contracts	2,129,541	-	2,129,541	3,089,279
Construction contract debtors - related parties	24,644,922	67,807,835	26,972,606	70,897,114
Unrelated parties				
Not yet due	195,543,479	83,516,725	195,543,479	83,516,725
Past due				
Not over 1 month	177,462,005	199,477,532	177,462,005	199,477,532
1 - 3 months	29,688,284	25,001,567	29,688,284	25,001,567
3 - 6 months	18,532,368	22,807,080	18,532,368	22,807,080
6 - 12 months	2,416,909	1,190,865	2,416,909	1,190,865
Over 12 months	188,779,124	214,958,158	188,779,124	214,958,158
Total	612,422,169	546,951,927	612,422,169	546,951,927
Retention payment under construction contracts	209,032,057	296,410,138	209,032,057	289,182,183
Total construction contract debtors - unrelated parties	821,454,226	843,362,065	821,454,226	836,134,110
Less: Allowance for doubtful accounts	(156,086,587)	(163,066,042)	(156,086,587)	(163,066,042)
Construction contract debtors - unrelated parties – net	665,367,639	680,296,023	665,367,639	673,068,068
Construction contract debtors - net	690,012,561	748,103,858	692,340,245	743,965,182

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.

9. Other debtors

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Other debtors	2,313,114	42,677,302	2,313,084	42,677,272
Less: Allowance for doubtful accounts	(910,865)	(13,542,848)	(910,865)	(13,542,848)
Other debtors – net	1,402,249	29,134,454	1,402,219	29,134,424

(Unit: Baht)

10. 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	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	Percent	Percent								
Construction business										
Christiani & Nielsen Construction										
(Thai) Company Limited	100	100	32,800,000	32,800,000	(32,232,000)	(32,232,000)	568,000	568,000	-	-
Holding companies										
CNT Holdings Limited	100	100	2,599,999,970	2,599,999,970	(2,497,400,000)	(2,503,300,000)	102,599,970	96,699,970	-	-
Indochina Investments Ltd.	90	90	3,784,320	3,784,320	-	-	3,784,320	3,784,320	70,200,000	-
Harmony Property Group Ltd.	75	75	5,256,000	5,256,000	-	-	5,256,000	5,256,000	-	-
Total investments in subsidiaries										
			<u>2,641,840,290</u>	<u>2,641,840,290</u>	<u>(2,529,632,000)</u>	<u>(2,535,532,000)</u>	<u>112,208,290</u>	<u>106,308,290</u>	<u>70,200,000</u>	<u>-</u>

The Company has pledged the shares of CNT Holdings Limited with a bank to secure the credit facilities of the Company granted by that bank. During the year 2010, the company has withdrawn all the shares of CNT Holdings Limited pledged with a bank.

During 2010, CNT Holdings had received dividend income from its investment. The company had therefore reversed provision of approximately baht 5.9 million. The amount was shown in "Reversal of allowance impairment loss of investment in related parties" which was separately shown in the separate income statement.

On 19 June 2009, the meeting of the Board of Directors of the Company No. 384 passed resolutions approving the increase of the registered share capital of Christiani & Nielsen Construction (Thai) Company Limited, a subsidiary, of Baht 31.8 million for the purpose of solving its debts and also approving the winding up of the subsidiary. The subsidiary deregistered with the Ministry of Commerce on 31 July 2009 and completed its liquidation process on 24 February 2011 in which the Company received its return on investment of approximately Baht 0.97 million.

11. Investments in joint ventures -net -net

11.1 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	
	2010	2009	2010	2009
	Percent	Percent		
Construction business				
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	-

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.

During 2010, Pan Asia-CNT Joint Venture had increase in net assets. The company had therefore reversed provision of approximately baht 1.8 million. The amount was shown in “Reversal of allowance impairment loss of investment in related parties” which was separately shown in the separate income statement.

11.2 Summarised financial information of joint ventures

a) 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	
	2010	2009
Current assets	17	15
Current liabilities	(15)	(17)
Net assets (liabilities)	2	(2)

(Unit: Million Baht)

For the years ended
31 December

	<u>2010</u>	<u>2009</u>
Construction income	-	14
Cost of construction	-	(12)
Other income	8	-
Administrative expenses	(3)	(8)
Income (loss) before corporate income tax	5	(6)
Corporate income tax	(1)	-
Net income (loss)	<u>4</u>	<u>(6)</u>

12. Investments in associate and other companies - net

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

(Unit: Baht)

	Shareholding		Consolidated		Separate	
	percentage		financial statements		financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</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						
Phuket Land Development Co., Ltd.	15.00	15.00	3,000,000	3,000,000	-	-
Thai Worldwide Contractors Co., Ltd.	-	2.94	-	100,000	-	100,000
Thai Contractors Asset Co., Ltd.	0.20	0.20	1,000,000	1,000,000	1,000,000	1,000,000
G.E.C. Engineering Co., Ltd.	0.03	0.03	69,400	69,400	69,400	69,400
Total			4,069,400	4,169,400	1,069,400	1,169,400
Less: Allowance for impairment of investments			(3,000,000)	(3,000,000)	-	-
Investments in other companies - net			1,069,400	1,169,400	1,069,400	1,169,400
Total investments in associate and other companies - net			<u>1,069,400</u>	<u>1,169,400</u>	<u>1,069,400</u>	<u>1,169,400</u>

During 2010, the Company received share refund in amount of Baht 0.011 million from Thai Worldwide Contractor Co., Ltd because such company registered the liquidation.

13. 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>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	
Transactions with parent company and its affiliated companies					
Construction income	83.7	285.2	83.7	285.2	Cost plus margin
Purchases of goods and service	112.0	461.4	112.0	461.4	Cost plus margin
Transactions with the subsidiaries					
Interest income	-	-	-	0.3	Interest rate at MOR plus 0.25% per annum
Dividend income	-	-	70.2	-	At the declared rate
Transactions with the joint ventures					
Service income	-	2.6	-	14.7	Cost plus margin
Operating cost reimbursement	-	4.4	-	5.4	Cost plus margin
Interest income	-	-	0.2	0.2	Interest rate of 3.75% and 7.00% per annum

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

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2010	2009	2010	2009
Construction contract debtors - related party				
<i>Parent company and its affiliated companies</i>				
The Crown Property Bureau	15,482,032	57,915,000	15,482,032	57,915,000
Siam Sindhorn Company Limited	9,162,890	-	9,162,890	-
Thai Polyethylene Company Limited	-	9,892,835	-	9,892,835
Total	24,644,922	67,807,835	24,644,922	67,807,835
<i>Joint venture</i>				
PAN ASIA - CNT Joint Venture	-	-	2,327,684	3,089,279
Total	-	-	2,327,684	3,089,279
Total construction contract debtors - related party	24,644,922	67,807,835	26,972,606	70,897,114
Amounts due from and loans to related parties				
<i>Amounts due from joint venture</i>				
PAN ASIA - CNT Joint Venture	-	6,011,439	8,921,712	8,595,165
Total	-	6,011,439	8,921,712	8,595,165
<i>Loans to joint venture</i>				
PAN ASIA - CNT Joint Venture	-	-	2,700,000	2,700,000
Total	-	-	2,700,000	2,700,000
Total amounts due from and loans to related parties	-	6,011,439	11,621,712	11,295,165

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Amounts due to related party				
<i>Subsidiary company</i>				
CNT Holdings Limited	-	-	-	40
Total amounts due to related party	<u>-</u>	<u>-</u>	<u>-</u>	<u>40</u>
Advances from customers				
<i>Joint venture</i>				
PAN ASIA - CNT Joint Venture	-	2,462,870	-	4,477,946
Total advances from customers - related party	<u>-</u>	<u>2,462,870</u>	<u>-</u>	<u>4,477,946</u>

During the year ended 31 December 2010, movements of loans to related parties were as follows:

	Separate financial statements			Balance as at 31 December 2010
	Balance as at 1 January 2010	Movements during the year		
		Increase	Decrease	
<i>Joint venture</i>				
PAN ASIA - CNT Joint Venture	2,700,000	-	-	2,700,000
Total	<u>2,700,000</u>	<u>-</u>	<u>-</u>	<u>2,700,000</u>

Directors and management's remuneration

During the year ended 31 December 2010, the Company paid salaries, bonus, meeting allowances and gratuities to their directors and management totaling approximately Baht 29.6 million (2009: Baht 25.6 million).

14. 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 2009	76,095,024	706,225,486	81,650,506	107,607,526	971,578,542
Additions	1,934,078	43,385,186	4,927,750	1,530,377	51,777,391
Disposals	(826,434)	(39,984,386)	(4,799,717)	(2,431,458)	(48,041,995)
As at 31 December 2010	<u>77,202,668</u>	<u>709,626,286</u>	<u>81,778,539</u>	<u>106,706,445</u>	<u>975,313,938</u>
Accumulated depreciation					
As at 31 December 2009	55,518,700	484,667,166	67,943,654	87,525,511	695,655,031
Depreciation for the year (on cost)	1,459,825	44,600,339	5,612,166	3,893,999	55,566,329
Depreciation on revalued portion	756,880	-	-	-	756,880
Depreciation on disposals	(231,285)	(12,882,648)	(4,299,783)	(1,353,184)	(18,766,900)
As at 31 December 2010	<u>57,504,120</u>	<u>516,384,857</u>	<u>69,256,037</u>	<u>90,066,326</u>	<u>733,211,340</u>
Allowance for impairment loss					
As at 31 December 2009	-	20,803,495	4,690,302	21,000	25,514,797
As at 31 December 2010	-	20,803,495	4,690,302	21,000	25,514,797
Net book value					
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>
As at 31 December 2010	<u>19,698,548</u>	<u>172,437,934</u>	<u>7,832,200</u>	<u>16,619,119</u>	<u>216,587,801</u>
Depreciation for the year					
2009 (Baht 54 million included in cost of construction, and the balance in administrative expenses)					<u>58,019,694</u>
2010 (Baht 52 million included in cost of construction, and the balance in administrative expenses)					<u>55,566,329</u>

(Unit: Baht)

	Separate financial statements				
	Revaluation		Cost basis		
	basis				
		Construction	Furniture,	Motor	Total
Buildings on leasehold Land	machinery and equipment	fixtures and equipment	vehicles		
Cost/Revalued amount					
As at 31 December 2009	76,095,024	706,174,373	81,645,506	107,607,526	971,522,429
Additions	1,934,078	43,385,186	4,927,750	1,530,377	51,777,391
Disposals	(826,434)	(39,984,386)	(4,799,717)	(2,431,458)	(48,041,995)
As at 31 December 2010	<u>77,202,668</u>	<u>709,575,173</u>	<u>81,773,539</u>	<u>106,706,445</u>	<u>975,257,825</u>
Accumulated depreciation					
As at 31 December 2009	55,518,700	484,656,641	67,938,655	87,525,511	695,639,507
Depreciation for the year (on cost)	1,459,825	44,589,813	5,612,166	3,893,999	55,555,803
Depreciation on revalued portion	756,880	-	-	-	756,880
Depreciation on disposals	(231,285)	(12,882,648)	(4,299,783)	(1,353,184)	(18,766,900)
As at 31 December 2010	<u>57,504,120</u>	<u>516,363,806</u>	<u>69,251,038</u>	<u>90,066,326</u>	<u>733,185,290</u>
Allowance for impairment loss					
As at 31 December 2009	-	20,803,495	4,690,302	21,000	25,514,797
As at 31 December 2010	-	20,803,495	4,690,302	21,000	25,514,797
Net book value					
As at 31 December 2009	<u>20,576,324</u>	<u>200,714,237</u>	<u>9,016,549</u>	<u>20,061,015</u>	<u>250,368,125</u>
As at 31 December 2010	<u>19,698,548</u>	<u>172,407,872</u>	<u>7,832,199</u>	<u>16,619,119</u>	<u>216,557,738</u>
Depreciation for the year					
2009 (Baht 54 million included in cost of construction, and the balance in administrative expenses)					<u>58,009,169</u>
2010 (Baht 52 million included in cost of construction, and the balance in administrative expenses)					<u>55,555,803</u>

As at 31 December 2010, the Company had construction machinery and equipment and motor vehicles under finance lease agreements with net book value amounting to Baht 65.4 million (2009: Baht 101 million).

As at 31 December 2010, certain plant and equipment items have been fully depreciated but are still in use. The original cost of those assets amounted to approximately Baht 648 million (2009: Baht 597 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>2010</u>	<u>2009</u>
Original cost	60,685,849	59,578,205
Surplus from revaluation	<u>16,516,819</u>	<u>16,516,819</u>
Revalued amount	<u><u>77,202,668</u></u>	<u><u>76,095,024</u></u>
Accumulated depreciation on original cost	47,660,630	46,432,090
Accumulated depreciation on surplus from revaluation	<u>9,843,490</u>	<u>9,086,610</u>
Accumulated depreciation on revalued amount	<u><u>57,504,120</u></u>	<u><u>55,518,700</u></u>
Net book value	<u><u>19,698,548</u></u>	<u><u>20,576,324</u></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>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Net income (Million Baht)	351.49	152.21	425.15	158.31
Basic earnings per share (Baht per share)	0.89	0.39	1.06	0.39

15. Net assets of discontinued operation units

(Unit: Baht)

	Consolidated financial statements	
	<u>2010</u>	<u>2009</u>
	Total assets	15,079,864
Total liabilities	-	-
Net assets	<u>15,079,864</u>	<u>17,206,713</u>

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

16. Investments in real estate

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

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	Land	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)	(9,605,414)	(9,605,414)	(9,605,414)
Investments in real estate - net	<u>106,716,000</u>	<u>106,716,000</u>	<u>106,716,000</u>	<u>106,716,000</u>

The Company has mortgaged its 7 plots of land of Baht 62.5 million (2009: The Company has mortgaged its 3 plots of land of Baht 14.6 million) with a bank to secure the bank overdrafts and loans granted by that bank.

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. 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 (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).

During the year 2010, the Company repaid the debts guarantee obligations and payables claimed of totaling approximately Baht 46 million and reversal estimated liabilities for guarantee obligations approximately Baht 4.2 million, which was separately shown in the income statement and there were outstanding estimated liabilities of Baht 18 million as at 31 December 2010.

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. Liabilities under hire-purchase and finance lease agreements

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Liabilities under hire-purchase and finance lease agreements	54,030,292	86,403,471	54,030,292	86,403,471
Less: Deferred interest expenses	<u>(3,330,870)</u>	<u>(7,620,435)</u>	<u>(3,330,870)</u>	<u>(7,620,435)</u>
	50,699,422	78,783,036	50,699,422	78,783,036
Less: Portion due within one year	<u>(23,577,498)</u>	<u>(33,169,337)</u>	<u>(23,577,498)</u>	<u>(33,169,337)</u>
Liabilities under hire-purchase and finance lease agreements - net of current portion	<u><u>27,121,924</u></u>	<u><u>45,613,699</u></u>	<u><u>27,121,924</u></u>	<u><u>45,613,699</u></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 2010, 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	25.9	28.1	54.0
Less: Deferred interest expenses	(2.3)	(1.0)	(3.3)
Present value of future minimum lease payments	<u>23.6</u>	<u>27.1</u>	<u>50.7</u>

19. Long-term provision - provision for employees' benefits

As stated in notes 4.11 to financial statements, the Company applied the accounting standards no. 19 "Employee Benefits" before effective date since 31 December 2010. From changes in accounting policy, the Company have recognized the increment of provisions for employee benefits by adjusting the beginning retained earnings of the accounting period for the year 2010 to be conform to the requirement of that accounting standards.

The impacts on the consolidated and separate financial statements relating to the adoption of the new accounting policy are as follows:

	(Unit: Baht)	
	Consolidated financial statements	Separate financial statements
Balance sheet as at 1 January 2010		
Increase in other current liabilities	2,100,000	2,100,000
Decrease in Long-term provision - provision for employees' benefits	(165,244,148)	(165,244,148)
Increase in balance of unappropriated retained earnings	163,144,148	163,144,148

Movements in the provision for employee benefit is shown as follows:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Provision for employee benefit at the beginning of year	57,869,745	219,294,507	57,869,745	219,294,507
Current service cost during the year	7,021,848	9,975,986	7,021,848	9,975,986
Benefits paid during the year	(8,397,688)	(6,156,600)	(8,397,688)	(6,156,600)
Provision for employee benefit at end of year	<u>56,493,905</u>	<u>223,113,893</u>	<u>56,493,905</u>	<u>223,113,893</u>

The following table is a summary of the assumptions relating to the actuarial technique as at the balance sheet date:

Discount rate	4.70%
Salary increase rate	3% - 8%
Turnover rate	0% - 17%
Retirement mortality rate	60 years old

20. Share capital

	(Unit: Baht)	
	2010	2009
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>

21. 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.

22. 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.

During the year 2010, the subsidiary sold these shares through the Stock Exchange of Thailand, resulting premium on share – sale of own shares held by the subsidiary amount of Baht 68.92 million in the consolidated financial statements.

23. Expenses by nature

Significant expenses by nature are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Subcontractor costs	1,243,815,718	1,851,297,157	1,243,815,718	1,842,667,920
Construction material costs	1,035,413,750	982,648,380	1,035,413,750	980,529,991
Salary and wages and other employee benefits	773,067,329	881,028,272	773,067,329	880,694,607
Depreciation	55,566,329	58,019,694	55,555,803	58,009,169
(Reversal) Impairment loss of investments	-	-	(7,700,000)	1,800,000
Bad debts and doubtful debts	1,793,038	6,461,808	(282,835)	432,040

24. Corporate income tax

The Company is not liable to corporate income tax for the years 2010 and 2009 as expenses which were allowed for tax computation purpose.

25. 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>2010</u>	<u>2009</u>
Weighted average number of ordinary shares (separate financial statements)	401,161,682	401,161,682
Less: Weighted average number of the Company's shares held by the subsidiary	<u>(7,258,306)</u>	<u>(13,552,457)</u>
Weighted average number of ordinary shares - net (consolidated financial statements)	<u>393,903,376</u>	<u>387,609,225</u>

26. Dividend paid

(Unit: Baht)

Dividends	Approved by	Total dividends		Dividend per share	Payment date
		Consolidated financial statements	Separate financial statements		
<u>Year 2010</u>					
Dividends on 2009 income	Annual General Meeting of the shareholders No. 77 on 9 April 2010	77,519,425	80,229,916	0.20	7 May 2010
Total dividends paid for 2010		<u>77,519,425</u>	<u>80,229,916</u>	<u>0.20</u>	
<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>	

27. Supplementary information of the construction contracts

The total construction costs after being adjusted realised gains or losses of the Company of the construction contracts up to 31 December 2010 were approximately Baht 10,154 million. The Company had already billed for the contract in progress to project owners of approximately Baht 9,540 million.

28. 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 2010, the Company contributed Baht 9 million (2009: Baht 11.5 million) to the fund.

29. 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 2010 and 2009 was as follows:

(Unit: Million Baht)

	Consolidated financial statements for the years ended 31 December				
	Other countries in			Total	
	Thailand	Asia	Eliminated	2010	2009
Revenue from external customers	4,065	-	-	4,065	4,343
Inter-segment revenue	-	-	3	3	3
Total revenues	<u>4,065</u>	<u>-</u>	<u>3</u>	<u>4,068</u>	<u>4,346</u>
Segment operating income				526	318
Results of discontinued operation units				-	-
Unallocated income and expenses:					
Other income				39	30
Administrative expenses				(177)	(164)
Management benefit expenses				(30)	(25)
Finance cost				(6)	(6)
Corporate income tax				-	-
Net income				<u>352</u>	<u>153</u>

(Unit: Million Baht)

	Consolidated as at 31 December				
	Other countries in			Total	
	Thailand	Asia	Eliminated	2010	2009
Construction contract debtors - net	692	-	(2)	690	748
Construction contracts in progress	741	-	-	741	515
Plant and equipment - net	217	-	-	217	250
Other assets	<u>5,985</u>	<u>33</u>	<u>(4,245)</u>	<u>1,773</u>	<u>1,610</u>
Total assets	<u>7,635</u>	<u>33</u>	<u>(4,247)</u>	<u>3,421</u>	<u>3,123</u>

Transfer prices between business segments are set out in Note 13.

30. Commitments

30.1 As at 31 December 2010, the Company had commitments in respect of subcontractor agreements payable in the future of approximately Baht 1,549 million.

30.2 As at 31 December 2010, the Company had operating lease commitments as follows:

- a) Commitment in respect of long-term lease of land on which the Group's and Company's office and warehouse are located, for 10 years from 15 June 2009 to 14 June 2019. The future rental payable under this lease agreement is approximately Baht 136.2 million as follows:

	<u>Million Baht</u>
Payable within:	
Less than 1 year	13.5
1 to 5 years	61.5
More than 5 years	<u>61.2</u>
	<u>136.2</u>

- b) Commitments mainly under lease agreements for lease of vehicles of approximately Baht 9.4 Million.

31. Contingent liabilities

As at 31 December 2010, 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 294 million (2009: Baht 162 million).
- b) The Company had outstanding bank guarantees of approximately Baht 1,343 million (2009: Baht 1,492 million) issued by the banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business of the Company. These included letters of guarantee as follows:

	(Unit: Million Baht)	
	<u>2010</u>	<u>2009</u>
<u>Type of guarantee</u>		
Contractual performance	659	614
Advances	568	693
Project tender	4	19
Payment due to creditors	13	23
Retention	<u>99</u>	<u>143</u>
	<u>1,343</u>	<u>1,492</u>

- c) The Company had issued letters of guarantees amount of Baht 231.4 million with the Ministry of Finance by pledging government bond.
- d) During the year 2002, the Company filed an application for a refund of withholding tax deducted at source of the year 1999 - 2001 totaling approximately Baht 67 million with the Revenue Department. The subsequent investigation of the tax authorities resulted the Company in the additional tax assessment being made against corporate income tax, withholding tax, specific business tax and stamp duty totalling approximately Baht 118 million and the changes in tax losses brought forward of the same periods. On 17 October 2002, the Company appealed the tax assessment with the Tax Appeal Board and on 18 March 2005, the Company received the appeal result from the Tax Appeal Board with a reduction of certain tax assessments whereby total tax assessments including penalties and surcharges were reduced to Baht 93 million. On 5 April 2005, the Comptroller issued an order regarding the amount of Baht 118 million, being of the opinion that the creditor is entitled to offset such amount with the refundable withholding tax, and therefore ordering that the creditor received only approximately Baht 61 million. However, on 12 April 2005, the Company filed a petition to overrun the Tax Appeal Board's judgement, and on 19 April 2005 filed a petition opposing the order of the Comptroller. Subsequently on 23 June 2006, the Central Revenue Court announced a judgment and on 22 September 2006, the Company received a copy of the Central Revenue Court's judgment which was in favour of the Company on certain matters resulting in a reduction of tax assessments to Baht 16 million. The management believes that there will be no significant liabilities to be incurred from such event and general provision set aside in the accounts is adequate.

32. Financial instruments

32.1 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. 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 2010 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.

(Unit: Million Baht)

Consolidated financial statements						
Fixed interest rates		Floating	Non-	Total	Interest rate	
Within		interest	interest			
1 year	1-5 years	rate	bearing		(% p.a.)	
(Million Baht)						
Financial assets						
Cash and cash equivalents	43	-	219	1	263	0.10 - 1.64
Investment	611	2	-	-	613	1.30 - 2.64
Construction contract debtors	-	-	-	690	690	-
Restricted bank deposits	177	-	9	-	186	0.25 - 1.64
Net assets of discontinued operation units	15	-	-	-	15	0.14 - 0.40
	<u>846</u>	<u>2</u>	<u>228</u>	<u>691</u>	<u>1,767</u>	
Financial liabilities						
Accounts payable and accrued construction costs	-	-	-	833	833	-
Liabilities under hire-purchase and financial lease agreements	-	51	-	-	51	5.18 - 7.51
	<u>-</u>	<u>51</u>	<u>-</u>	<u>833</u>	<u>884</u>	

(Unit: Million Baht)

	Separate financial statements					Interest rate (% p.a.)
	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	
	Within	1-5 years				
	1 year					
	(Million Baht)					
Financial assets						
Cash and cash equivalents	9	-	188	1	198	0.125 - 1.35
Investment	553	2	-	-	555	1.30 – 2.64
Construction contract debtors	-	-	-	692	692	-
Restricted bank deposits	171	-	9	-	180	0.25 – 1.50
Loans to related parties	-	3	-	-	3	7.00
	<u>733</u>	<u>5</u>	<u>197</u>	<u>693</u>	<u>1,628</u>	
Financial liabilities						
Accounts payable and accrued construction costs	-	-	-	833	833	-
Liabilities under hire- purchase and financial lease agreements	-	51	-	-	51	
	<u>-</u>	<u>51</u>	<u>-</u>	<u>833</u>	<u>884</u>	5.18 – 7.51

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.

32.2 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.

33. 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 2010, the Group's debt-to-equity ratio was 1.08:1 (2009: 1.76:1) and the Company's was 1.09:1 (2009: 1.78:1).

34. Subsequent events

The meeting of the Company's Board of Directors No. 392 held on 28 February 2011 passed the following resolutions: -

- Approval of a dividend payment from the 2010 operating profit to the Company's shareholders at Baht 0.60 per share, totaling Baht 240.70 million.
- Approval for the increase in registered share capital for 100.29 million shares at Baht 1 per share, totaling Baht 100.29 million.

These resolutions will be proposed for approval at the 2011 Annual General Meeting of the Company's shareholders.

35. Approval of financial statements

These financial statements were authorised for issue by the Board of Directors of the Company on 28 February 2011.