

(TRANSLATION)

Ref: DY/SEC/001/2008

26 February 2008

Subject: Explanation of the year 2007's operating result which has varied by 20 % over or under that of the preceding year

To: The Secretary  
The Office of the Securities and Exchange Commission

Christiani & Nielsen Thai PCL. would like to explain the reasons for the actual operating result varying by 20% from the preceding year.

The Company would like to inform that for the year ended 31 December 2007, the Consolidated net profit of Baht 117 million increased from the previous year by Baht 52 million, as in year 2007, the Construction income increased from the previous year approximately of 30%, which resulted in an increase of the gross margin of Baht 41 million. And in year 2007, the Subsidiary had an increase of dividend income from the Other Company from the previous year of Baht 10 million. And the results of discontinued operation units increase from year 2006 of Baht 7 million.

For the Separate Financial Statements, the net profit of Baht 78 million increased from the previous year by Baht 26 million due to an increase of the gross margin of Baht 43 million, as the above-mentioned reasons. Furthermore In year 2007, the Company had reversal of allowance for impairment loss of investments in real estate, plant and equipment in the amount of Baht 10 million. However in year 2007 the Company had a decrease of dividend income from the Joint Venture of Baht 10 million, decrease of other income of Baht 6 million and increase of depreciation by Baht 11 million.

Furthermore, the Company would like to inform that the Company has changed accounting policies as follows:

**1. Change in accounting policy for recording investments in subsidiaries and jointly controlled entities in the separate financial statements**

During the fourth quarter of 2006, the Company changed its accounting policy for recording investments in subsidiaries and jointly controlled entities in the separate financial statements from the equity method to the cost

method, in compliance with Accounting Standard No. 44 (revised 2007) “Consolidated and Separate Financial Statements”, under which investments in subsidiaries, jointly controlled entities and associates are to be presented in the separate financial statements under the cost method.

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

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

## **2. Change in accounting policy for recording revaluation of assets**

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

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

Please be informed accordingly.

Yours faithfully,  
**Christiani & Nielsen (Thai) Public Company Limited**

– Signature –

(Mr. Danuch Yontararak)  
Managing Director

CC: Vice President, Listed Company Department  
The Stock Exchange of Thailand