

Sino-Thai Engineering and Construction Public Company Limited
and its subsidiaries

Report and consolidated interim financial statements

For the three-month and six-month periods ended 30 June 2008

Review report of Independent Auditor

To the Shareholders of Sino-Thai Engineering and Construction Public Company Limited

I have reviewed the accompanying consolidated balance sheet of Sino-Thai Engineering and Construction Public Company Limited and its subsidiaries as at 30 June 2008, the related consolidated statements of income for the three-month and six-month periods ended 30 June 2008, the consolidated statements of changes in shareholders' equity and cash flows for the six-month period ended 30 June 2008 and the separate financial statements of Sino-Thai Engineering and Construction Public Company Limited for the same period. These financial statements are the responsibility of the management of the Company and its subsidiaries as to their correctness and the completeness of the presentation. My responsibility is to issue a report on these financial statements based on my review.

I conducted my review in accordance with the auditing standards applicable to review engagements. This standard requires that I plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. I have not performed an audit and, accordingly, I do not express an audit opinion.

Based on my review, nothing has come to my attention that causes me to believe that the accompanying financial statements are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

The consolidated financial statements of Sino-Thai Engineering and Construction Public Company Limited and its subsidiaries, and the separate financial statements of Sino-Thai Engineering and Construction Public Company Limited for the year ended 31 December 2007 were audited in accordance with generally accepted auditing standards by another auditor of our firm who, under his report dated 18 February 2008, expressed an unqualified opinion on those financial statements, whilst drawing attention to the change in accounting policy for recording investments in subsidiaries, jointly controlled entities and associates in the separate financial statements from the equity method to the cost method. The consolidated and separate balance sheets as at 31 December 2007, as presented herein for comparative purposes, formed an integral part of the financial statements which that auditor audited and reported on.

The consolidated statements of income for the three-month and six-month periods ended 30 June 2007, the consolidated statements of changes in shareholders' equity and cash flows for the six-month period ended 30 June 2007 of Sino-Thai Engineering and Construction Public Company Limited and its subsidiaries and the separate financial statements of Sino-Thai Engineering and Construction Public Company Limited, as presented herein for comparative purposes, formed an integral part of the interim financial statements which were reviewed by the aforementioned auditor who reported, under his report dated 8 August 2007, that nothing had come to his attention that caused him to believe that those financial statements were not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

Narong Puntawong
Certified Public Accountant (Thailand) No. 3315

Ernst & Young Office Limited
Bangkok: 13 August 2008

Sino-Thai Engineering and Construction Public Company Limited and its subsidiaries

Balance sheets

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2008	31 December 2007	30 June 2008	31 December 2007
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents	2	913,147	1,070,319	825,748	969,861
Current investments - marketable securities		189	95	189	95
Trade accounts and notes receivable					
Unrelated parties - net	3	815,161	1,523,716	810,245	1,371,348
Related parties - net	3,4	20,766	36,954	44,095	455,909
Trade accounts and notes receivable - net		835,927	1,560,670	854,340	1,827,257
Unbilled receivables	4	4,907,175	4,039,251	4,866,151	4,000,299
Retention receivables - net	4	518,119	862,982	509,805	846,753
Construction in progress		967,237	635,844	967,237	635,844
Current portion of loans to related parties	4	2,875	79,524	-	-
Condominium units for sales	5	301,904	300,509	-	-
Other current assets					
Advances to subcontractors - net		978,852	947,559	909,124	877,831
Withholding tax		139,778	397,537	129,037	397,537
Others - net		81,392	113,137	59,440	88,195
Total current assets		9,646,595	10,007,427	9,121,071	9,643,672
Non-current assets					
Restricted bank deposits		70,587	58,771	70,587	58,771
Investments in subsidiary	6	-	-	440,090	440,090
Excess of net book value					
of subsidiary over cost of investment		-	(14,859)	-	-
Investments in associates	8	185,532	203,557	2,800	2,800
Other long-term investments - net		42,652	44,305	34,300	35,553
Loans to related parties - net of current portion	4	11,441	12,935	-	-
Property, plant and equipment - net	9	3,474,405	3,659,373	3,265,985	3,421,103
Other non-current assets					
Land awaiting for development		38,000	38,000	-	-
Others - net		19,001	16,997	16,143	18,703
Total non-current assets		3,841,618	4,019,079	3,829,905	3,977,020
Total assets		13,488,213	14,026,506	12,950,976	13,620,692

The accompanying notes are an integral part of the financial statements.

Sino-Thai Engineering and Construction Public Company Limited and its subsidiaries

Balance sheets (continued)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	<u>Note</u>	<u>30 June 2008</u>	<u>31 December 2007</u>	<u>30 June 2008</u>	<u>31 December 2007</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from					
financial institutions		774,887	467,953	774,887	467,953
Trade accounts and notes payable					
Unrelated parties		3,263,065	3,970,935	3,257,255	3,958,079
Related parties	4	2,451	2,720	2,451	2,720
Total trade accounts and notes payable		3,265,516	3,973,655	3,259,706	3,960,799
Unbilled payables		1,086,366	1,415,422	1,039,001	1,369,584
Current portion of hire purchase and					
financial lease payable	10	113,531	140,413	113,531	140,413
Current portion of debentures	11	62,500	125,000	62,500	125,000
Current portion of long-term loans	12	500,000	500,000	500,000	500,000
Cash receipt under construction contract		454,320	454,320	454,320	454,320
Loan from related party	4	-	-	-	100,000
Other current liabilities					
Advances received from construction contracts	4	2,526,779	1,973,657	2,455,583	1,901,859
Undue output tax		48,914	109,094	49,701	118,451
Provision for loss on construction projects	13	245,123	375,228	245,123	375,228
Others		139,351	137,946	120,395	108,498
Total current liabilities		9,217,287	9,672,688	9,074,747	9,622,105
Non-current liabilities					
Hire purchase creditors and financial lease payable					
- net of current portion	10	140,352	178,267	140,352	178,267
Long-term loans - net of current portion	12	165,438	270,692	100,000	200,000
Provision for loss of jointly controlled entities	7	2,401	2,401	-	-
Other liabilities		11,903	9,543	-	-
Total non-current liabilities		320,094	460,903	240,352	378,267
Total liabilities		9,537,381	10,133,591	9,315,099	10,000,372

The accompanying notes are an integral part of the financial statements.

Sino-Thai Engineering and Construction Public Company Limited and its subsidiaries

Balance sheets (continued)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	<u>Note</u>	<u>30 June 2008</u>	<u>31 December 2007</u>	<u>30 June 2008</u>	<u>31 December 2007</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Shareholders' equity					
Share capital					
Registered					
1,350,250,000 ordinary shares of Baht 1 each		<u>1,350,250</u>	<u>1,350,250</u>	<u>1,350,250</u>	<u>1,350,250</u>
Issued and fully paid-up					
1,186,208,619 ordinary shares of Baht 1 each		1,186,209	1,186,209	1,186,209	1,186,209
Share premium		2,828,907	2,828,907	2,828,907	2,828,907
Revaluation surplus					
The Company's revaluation surplus		445,632	445,632	445,632	445,632
Share of revaluation surplus of subsidiary		65,665	84,050	-	-
	14	511,297	529,682	445,632	445,632
Warrants	15	490,645	490,645	490,645	490,645
Unrealised gain on available-for-sale securities		14,532	13,714	15,907	14,766
Retained earnings					
Appropriated - statutory reserve		103,038	103,038	103,038	103,038
Unappropriated (deficit)		<u>(1,292,913)</u>	<u>-1,359,874</u>	<u>(1,434,461)</u>	<u>-1,448,877</u>
Equity attributable to the company's shareholders		3,841,715	3,792,321	3,635,877	3,620,320
Minority interest - equity attributable to minority					
shareholders of subsidiaries		<u>109,117</u>	<u>100,594</u>	<u>-</u>	<u>-</u>
Total shareholders' equity		<u>3,950,832</u>	<u>3,892,915</u>	<u>3,635,877</u>	<u>3,620,320</u>
Total liabilities and shareholders' equity		<u>13,488,213</u>	<u>14,026,506</u>	<u>12,950,976</u>	<u>13,620,692</u>
		-	-	-	-

The accompanying notes are an integral part of the financial statements.

Directors

(Unaudited but reviewed)

Sino-Thai Engineering and Construction Public Company Limited and its subsidiaries**Income statements****For the three-month periods ended 30 June 2008 and 2007**

(Unit: Thousand Baht, except earnings per share expressed in Baht)

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenues					
Construction and service income		3,398,498	4,968,126	3,381,448	4,944,673
Other revenue					
Interest income		4,338	8,533	3,235	3,199
Gain on sales of investment in other company		-	31,981	-	31,981
Others		10,071	11,335	14,845	19,221
Share of income from investments in associate		-	3,250	-	-
Total revenues		<u>3,412,907</u>	<u>5,023,225</u>	<u>3,399,528</u>	<u>4,999,074</u>
Expenses					
Cost of construction and services		3,281,415	4,769,289	3,267,589	4,755,069
Selling and administrative expenses		90,433	96,258	88,657	84,065
Share of loss from investments in associate		2,639	-	-	-
Total expenses		<u>3,374,487</u>	<u>4,865,547</u>	<u>3,356,246</u>	<u>4,839,134</u>
Income before interest expenses and corporate income tax					
corporate income tax		38,420	157,678	43,282	159,940
Interest expenses		(31,455)	(25,541)	(31,088)	(25,624)
Corporate income tax	16	<u>(256)</u>	<u>(1,037)</u>	<u>-</u>	<u>-</u>
Net income for the period		<u>6,709</u>	<u>131,100</u>	<u>12,194</u>	<u>134,316</u>
Net income attributable to:					
Equity holders of the parent		6,304	130,850	<u>12,194</u>	<u>134,316</u>
Minority interests of the subsidiaries		<u>405</u>	<u>250</u>		
		<u>6,709</u>	<u>131,100</u>		
		-	-		
Earnings per share					
17					
Basic earnings per share (Baht)					
Net income attributable to equity holders of the parent		<u>0.005</u>	<u>0.110</u>	<u>0.010</u>	<u>0.113</u>
Diluted earnings per share (Baht)					
Net income attributable to equity holders of the parent		<u>0.005</u>	<u>0.110</u>	<u>0.010</u>	<u>0.113</u>

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

Sino-Thai Engineering and Construction Public Company Limited and its subsidiaries

Income statements

For the six-month periods ended 30 June 2008 and 2007

(Unit: Thousand Baht, except earnings per share expressed in Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenues					
Construction and service income		7,036,421	9,206,311	7,004,291	9,117,302
Other revenue					
Interest income		12,979	20,224	9,823	11,140
Gain on sales of investments in associated and other companies	8	50,683	31,981	-	31,981
Others		15,805	27,764	19,132	33,114
Share of income from investments in associate		-	6,054	-	-
Total revenues		<u>7,115,888</u>	<u>9,292,334</u>	<u>7,033,246</u>	<u>9,193,537</u>
Expenses					
Cost of construction and services		6,805,353	8,891,973	6,787,788	8,817,405
Selling and administrative expenses		176,734	178,663	172,436	172,231
Share of loss from investments in associate		9,625	-	-	-
Total expenses		<u>6,991,712</u>	<u>9,070,636</u>	<u>6,960,224</u>	<u>8,989,636</u>
Income before interest expenses and corporate income tax					
Interest expenses		(58,782)	(51,057)	(58,606)	(51,304)
Corporate income tax	16	(353)	(6,288)	-	-
Net income for the period		<u>65,041</u>	<u>164,353</u>	<u>14,416</u>	<u>152,597</u>
Net income attributable to:					
Equity holders of the parent		52,102	161,887	<u>14,416</u>	<u>152,597</u>
Minority interests of the subsidiaries		12,939	2,466		
		<u>65,041</u>	<u>164,353</u>		
		-	-		
Earnings per share					
17					
Basic earnings per share (Baht)					
Net income attributable to equity holders of the parent		<u>0.044</u>	<u>0.136</u>	<u>0.012</u>	<u>0.129</u>
Diluted earnings per share (Baht)					
Net income attributable to equity holders of the parent		<u>0.044</u>	<u>0.136</u>	<u>0.012</u>	<u>0.129</u>

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

Sino-Thai Engineering and Construction Public Company Limited and its subsidiaries

Cash flow statements

For the six-month periods ended 30 June 2008 and 2007

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Cash flows from operating activities				
Net income before tax	65,394	170,641	14,416	152,597
Adjustments to reconcile net income to net cash provided by (paid from) operating activities:				
Depreciation	274,436	269,989	266,848	262,617
Doubtful debts recovery	(1,200)	(720)	(1,200)	(720)
Share of (income) loss from investments in associate	9,625	(6,054)	-	-
Amortisation of excess of net book value of subsidiary over cost of investment	-	(1,748)	-	-
Unrealised (gain) loss on marketable securities	(94)	41	(94)	41
Loss from disposal and write off of assets	2,444	3,876	2,444	1,767
Unrealised (gain) loss on exchange rate	(419)	13,235	(419)	13,235
Gain on sale of investments in associated and other companies	(50,683)	(31,981)	-	(31,981)
Provision for impairment of long-term investment	2,395	-	2,395	-
Decrease in provision for loss of projects	(130,105)	(209,501)	(130,105)	(209,501)
Adjusted cost of condominium units for sales	(1,395)	-	-	-
Interest expenses	58,782	51,057	58,606	51,304
Income from operating activities before changes in operating assets and liabilities	229,180	258,835	212,891	239,359
Operating assets (increase) decrease				
Trade accounts and notes receivable	710,132	(702,924)	562,680	(697,026)
Trade accounts receivable - related parties	16,188	258,393	411,814	224,404
Unbilled receivables	(867,924)	(172,985)	(865,852)	(183,791)
Construction in progress	(331,393)	481,286	(331,393)	481,286
Retention receivables	344,905	(81,256)	336,989	(65,490)
Other current assets	388,358	(77,853)	394,999	(56,146)
Other non-current assets	(2,003)	(110,334)	2,560	(109,321)

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

Sino-Thai Engineering and Construction Public Company Limited and its subsidiaries

Cash flow statements (Continued)

For the six-month periods ended 30 June 2008 and 2007

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Operating liabilities increase (decrease)				
Trade accounts and notes payable	(707,870)	341,276	(700,824)	353,860
Trade accounts payable - related parties	(269)	2,645	(269)	2,645
Unbilled payables	(329,056)	985,334	(330,583)	997,376
Advances received from construction contracts	553,123	(1,162,392)	553,724	(1,153,657)
Other current liabilities	(53,301)	32,283	(55,269)	29,962
Other non-current liabilities	2,360	90,678	-	91,792
Income from investment - dividend received from investment in associate	-	-	(8,399)	(8,399)
Cash flows from (used in) operating activities	(47,570)	142,986	183,068	146,854
Cash paid for interest expenses	(59,620)	(48,924)	(60,190)	(48,924)
Cash paid for corporate income tax	(135,137)	(169,264)	(129,037)	(164,349)
Net cash flows used in operating activities	(242,327)	(75,202)	(6,159)	(66,419)
Cash flows from investing activities				
Increase in restricted bank deposits	-11,816	-	-11,816	-
(Increase) decrease in loans to related parties	78,143	(1,427)	-	-
Decrease in loans to other company	-	33,534	-	-
Acquisition of property, plant and equipment	(100,324)	(136,692)	(99,861)	(136,155)
Cash paid for purchase of land awaiting for development	-	(38,000)	-	-
Proceeds from sales of assets	3,355	15,462	3,355	6,782
Dividend received from investment in associate	8,399	8,399	8,399	8,399
Proceeds from sales investment in associated and other companies	50,683	35,997	-	35,997
Net cash flows from (used in) investing activities	28,440	(82,727)	(99,923)	(84,977)

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

Sino-Thai Engineering and Construction Public Company Limited and its subsidiaries

Cash flow statements (Continued)

For the six-month periods ended 30 June 2008 and 2007

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	306,934	(337,573)	306,934	(337,573)
Decrease in hire purchase and financial lease payable	(82,465)	(59,068)	(82,465)	(59,068)
Repayment of bond	(62,500)	(62,500)	(62,500)	(62,500)
Cash receipt from long-term loans	-	300,000	-	300,000
Repayment of long-term loans	(105,254)	-	(100,000)	-
Increase (decrease) in loan from related company	-	-	(100,000)	100,000
Proceeds from the exercises of warrants	-	1,564	-	1,564
Net cash flows from (used in) financing activities	56,715	(157,577)	(38,031)	(57,577)
Net decrease in cash and cash equivalents	(157,172)	(315,506)	(144,113)	(208,973)
Cash and cash equivalents at beginning of period	1,070,319	1,305,954	969,861	1,170,778
Cash and cash equivalents at end of period	913,147	990,448	825,748	961,805
	-	-	-	-
Supplementary cash flows information				
Non-cash items				
Increase of equipments from hire purchase and financial lease agreements	17,668	2,196	17,668	2,196

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

Sino-Thai Engineering and Construction Public Company Limited and its subsidiaries**Statements of changes in shareholders' equity**

For the six-month periods ended 30 June 2008 and 2007

(Unit: Thousand Baht)

Consolidated financial statements											
	Note	Capital surplus				Warrants	Unrealised gain on available-for-sale securities	Retained earnings		Minority interest - equity attributable to minority shareholders of subsidiaries	Total
		Issued and fully paid-up share capital	Share premium	The Company's revaluation surplus	Share of revaluation surplus of subsidiary			Appropriated - statutory reserve	Unappropriated (deficit)		
Balance as at 31 December 2006		1,184,645	2,828,907	445,632	123,947	490,645	1,338	103,038	(1,381,544)	113,392	3,910,000
Increase in share capital from exercises of warrants		1,564	-	-	-	-	-	-	-	-	1,564
Share of amortisation of revaluation surplus											
of subsidiary		-	-	-	(18,383)	-	-	-	-	(4,341)	(22,724)
Sale of revaluation assets		-	-	-	(2,825)	-	-	-	-	(667)	(3,492)
Increase in fair value											
of available-for-sale securities		-	-	-	-	-	1,542	-	-	29	1,571
Net income for the period		-	-	-	-	-	-	-	161,887	2,466	164,353
Balance as at 30 June 2007		<u>1,186,209</u>	<u>2,828,907</u>	<u>445,632</u>	<u>102,739</u>	<u>490,645</u>	<u>2,880</u>	<u>103,038</u>	<u>(1,219,657)</u>	<u>110,879</u>	<u>4,051,272</u>
Balance as at 31 December 2007 - as previous reported		1,186,209	2,828,907	445,632	84,050	490,645	13,714	103,038	(1,359,874)	100,594	3,892,915
Realisation of negative goodwill	1.3	-	-	-	-	-	-	-	14,859	-	14,859
Balance as at 31 December 2007 - as restated		1,186,209	2,828,907	445,632	84,050	490,645	13,714	103,038	(1,345,015)	100,594	3,907,774
Share of amortisation of revaluation surplus											
of subsidiary	14	-	-	-	(18,385)	-	-	-	-	(4,340)	(22,725)
Increase in fair value											
of available-for-sale securities		-	-	-	-	-	818	-	-	(76)	742
Net income for the period		-	-	-	-	-	-	-	52,102	12,939	65,041
Balance as at 30 June 2008		<u>1,186,209</u>	<u>2,828,907</u>	<u>445,632</u>	<u>65,665</u>	<u>490,645</u>	<u>14,532</u>	<u>103,038</u>	<u>(1,292,913)</u>	<u>109,117</u>	<u>3,950,832</u>

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

Sino-Thai Engineering and Construction Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the six-month periods ended 30 June 2008 and 2007

(Unit: Thousand Baht)

Separate financial statements

	<u>Capital surplus</u>							Total
	Issued and fully paid-up share capital	Share premium	The Company's revaluation surplus	Warrants	Unrealised gain on available-for-sale securities	Retained earnings Appropriated - statutory reserve	Unappropriated (deficit)	
Balance as at 31 December 2006	1,184,645	2,828,907	445,632	490,645	2,309	103,038	(1,472,414)	3,582,762
Increase in share capital from exercises of warrants	1,564	-	-	-	-	-	-	1,564
Increase in fair value of available-for-sale securities	-	-	-	-	1,420	-	-	1,420
Net income for the period	-	-	-	-	-	-	152,597	152,597
Balance as at 30 June 2007	<u>1,186,209</u>	<u>2,828,907</u>	<u>445,632</u>	<u>490,645</u>	<u>3,729</u>	<u>103,038</u>	<u>(1,319,817)</u>	<u>3,738,343</u>
Balance as at 31 December 2007	1,186,209	2,828,907	445,632	490,645	14,766	103,038	(1,448,877)	3,620,320
Increase in fair value of available-for-sale securities	-	-	-	-	1,141	-	-	1,141
Net income for the period	-	-	-	-	-	-	14,416	14,416
Balance as at 30 June 2008	<u>1,186,209</u>	<u>2,828,907</u>	<u>445,632</u>	<u>490,645</u>	<u>15,907</u>	<u>103,038</u>	<u>(1,434,461)</u>	<u>3,635,877</u>

The accompanying notes are an integral part of the financial statements.

**Sino-Thai Engineering and Construction Public Company Limited
and its subsidiaries**

Notes to consolidated interim financial statements

For the three-month and six-month periods ended 30 June 2008

1. General information

1.1 General information

Sino-Thai Engineering and Construction Public Company Limited (“the Company”) was incorporated and domiciled in Thailand. The Company is principally engaged in the provision of construction services and its registered address is 32/59-32/60, 29th-30th Floor, Sino-Thai Tower, Sukhumvit 21 Road, Klongtoey-Nua, Wattana, Bangkok.

1.2 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Accounting Standards No. 41 (revised 2007) “Interim financial reporting”, with the Company choosing to present condensed interim financial statements. However, the Company has presented the balance sheets, and the statements of income, changes in shareholders’ equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

1.3 Accounting standards which are effective for the current year

TAS 25 (revised 2007)	Cash Flow Statements
TAS 29 (revised 2007)	Leases
TAS 31 (revised 2007)	Inventories
TAS 33 (revised 2007)	Borrowing Costs
TAS 35 (revised 2007)	Presentation of Financial Statements
TAS 39 (revised 2007)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 41 (revised 2007)	Interim Financial Reporting
TAS 43 (revised 2007)	Business Combinations
TAS 49 (revised 2007)	Construction Contracts
TAS 51	Intangible Assets

These accounting standards become effective for the financial statements for fiscal years beginning on or after 1 January 2008. The management has assessed the effect of these accounting standards and believes that they do not have any significant impact on the financial statements for the current period, except for TAS 43 (revised 2007) Business Combinations.

TAS 43 (revised 2007) requires the Company to eliminate negative goodwill arising from business combinations for which the agreement date is before 1 January 2008, by adjusting it against the beginning balance of retained earnings. The change has the effect of increasing the balance of retained earnings as at 31 December 2007 by Baht 14.9 million.

1.4 Basis of interim consolidation

The basis of interim consolidation is the same as that for the consolidated financial statements for the year ended 31 December 2007, with no changes in the shareholding structure of the subsidiaries during the period.

1.5 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2007, except for the change in accounting policy for recording negative goodwill on business combination, as described in Note 1.3 to the financial statements.

2. Cash and cash equivalents

	Consolidated		(Unit: Thousand Baht) Separate	
	financial statements		financial statements	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007
		(Audited)		(Audited)
Cash on hand	4,799	4,813	4,783	4,797
Current and saving deposits	382,464	192,771	369,163	128,717
Unit trusts	214,884	822,735	200,802	786,347
Bills of exchange	311,000	50,000	251,000	50,000
Total	913,147	1,070,319	825,748	969,861

3. Trade accounts and notes receivable

The outstanding balances of trade accounts and notes receivable are aged, based on due date as follows:

	(Unit: Thousand Baht)					
	Consolidated financial statements			Separate financial statements		
			31 December			31 December
	30 June	2008	2007	30 June	2008	2007
	(Audited)			(Audited)		
<u>Unrelated parties</u>						
Not yet due	381,966		907,677	381,619		757,756
Past due						
Less than 4 months	110,389		312,033	105,821		309,586
5 - 12 months	65,647		148,818	65,647		148,818
Over 12 months	336,231		235,460	336,230		235,460
Total	894,233		1,603,988	889,317		1,451,620
Less: Allowance for doubtful accounts	(79,072)		(80,272)	(79,072)		(80,272)
	815,161		1,523,716	810,245		1,371,348
<u>Related parties</u>						
Not yet due	7,233		3,016	11,034		155,625
Past due						
Less than 4 months	2		1,275	6,472		45,514
5 - 12 months	-		32,663	9,415		37,780
Over 12 months	42,734		29,203	46,377		246,193
Total	49,969		66,157	73,298		485,112
Less: Allowance for doubtful accounts	(29,203)		(29,203)	(29,203)		(29,203)
	20,766		36,954	44,095		455,909
Total Trade accounts and notes receivable – net	835,927		1,560,670	854,340		1,827,257

4. Related party transactions

During the period, the Company and its subsidiaries had significant business transactions with related parties which have been concluded at contract prices which can be comparable to the prices for unrelated parties. Below is a summary of those transactions.

(Unit: Million Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2008	2007	2008	2007
Transactions with related companies				
Construction and service income	-	1	-	1
Cost of construction	4	10	4	10
Transactions with jointly controlled entities				
(eliminated on the consolidated financial statements)				
Construction and service income	-	20	-	47
Transactions with associated company				
Other income	2	-	2	-
Transactions with subsidiaries				
(eliminated on the consolidated financial statements)				
Construction and service income	-	-	426	229
Rental expenses	-	-	2	-

(Unit: Million Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2008	2007	2008	2007
Transactions with related companies				
Construction and service income	-	74	-	74
Cost of construction	8	17	8	17
Transactions with jointly controlled entities				
(eliminated on the consolidated financial statements)				
Construction and service income	-	44	1	106
Transactions with associated company				
Other income	2	-	2	-
Transactions with subsidiaries				
(eliminated on the consolidated financial statements)				
Construction and service income	-	-	717	320
Rental expenses	-	-	5	2

The balances of accounts as at 30 June 2008 and 31 December 2007 the Company and those related company are as below:

		(Unit: Thousand Baht)			
		Consolidated financial statements		Separate financial statements	
Relationship		30 June 2008	31 December 2007	30 June 2008	31 December 2007
		(Audited)		(Audited)	
<u>Assets</u>					
<u>Trade accounts and notes receivable - related parties</u>					
Kijpracha Tanee Co., Ltd.	Subsidiary	-	-	-	213,650
STP&I Plc.	Common director	6,023	-	6,023	-
S.L. Joint Venture	Subsidiary	-	-	17,258	186,957
S.A. Joint Venture	Subsidiary	-	-	6,077	16,736
Sino-Thai-A.S. Joint Venture	Joint venture	-	1,175	-	2,799
Taisei-Sino-Thai Joint Venture	Joint venture	1,075	1,700	1,075	1,700
Philipp Holzmann (Thai) /					
U.T.M. Engineering / Sino-Thai Joint Venture	Joint venture	10,225	10,225	10,225	10,225
TNNS Joint Venture	Joint venture	13,532	33,937	13,532	33,937
Others		19,114	19,120	19,108	19,108
Total		49,969	66,157	73,298	485,112
Less: Allowance for doubtful accounts		(29,203)	(29,203)	(29,203)	(29,203)
Net		20,766	36,954	44,095	455,909
<u>Unbilled receivables</u>					
S.L. Joint Venture	Subsidiary	-	-	84,996	54,493
S.A. Joint Venture	Subsidiary	-	-	270,334	95,627
Sino-Thai-A.S. Joint Venture	Joint venture	36,333	36,333	86,507	86,507
TNNS Joint Venture	Joint venture	22,721	22,823	22,721	22,823
Total		59,054	59,156	464,558	259,450
<u>Retention receivables</u>					
S.A. Joint Venture	Subsidiary	-	-	38,534	1,515
Sino-Thai-A.S. Joint Venture	Joint venture	8,143	10,613	19,389	25,270
Total		8,143	10,613	57,923	26,785
<u>Loans to related parties</u>					
P.P. Coral Resort Company Limited	Former associate	-	76,839	-	-
MMR Asia Company Limited	Former associate	11,612	11,612	11,612	11,612
Sino-Thai Tower Condominium Juristic Person	Related party	14,316	15,620	-	-
The Joint Venture of Tomen Enterprise (Bangkok) Limited /Sino-Thai Engineering and Construction Plc. / Totems Co., Ltd					
	Joint venture	278	278	278	278
Total		26,206	104,349	11,890	11,890
Less: Allowance for doubtful accounts		(11,890)	(11,890)	(11,890)	(11,890)
Net		14,316	92,459	-	-

(Unaudited but reviewed)

(Unit: Thousand Baht)

Relationship	Consolidated financial statements		Separate financial statements		
	30 June	31 December	30 June	31 December	
	2008	2007	2008	2007	
		(Audited)		(Audited)	
<u>Liabilities</u>					
<u>Trade accounts and notes payable - related parties</u>					
STIT Co., Ltd.	Common director	2,451	2,720	2,451	2,720
<u>Loan from related party</u>					
HTR Corporation Limited	Subsidiary	-	-	-	100,000
<u>Advances received from construction contracts</u>					
STP&I Plc.	Common director	158,004	110,000	158,004	110,000
S.L. Joint Venture	Subsidiary	-	-	285,773	310,661
S.A. Joint Venture	Subsidiary	-	-	182,362	216,960
Sino-Thai-A.S. Joint Venture	Joint venture	5,571	5,571	13,263	13,263
TNNS Joint Venture	Joint venture	196	196	196	196
Total		163,771	115,767	639,598	651,080

During the period, movements of loans to and loans from related parties were as follow:

(Unit: Thousand Baht)

Relationship	Consolidated financial statements				
	Balance as at	During the period		Balance as at	
	1 January 2008	Increase	Decrease	30 June 2008	
<u>Loans to related parties</u>					
P.P. Coral Resort Company Limited	Former associate	76,839	-	(76,839)	-
Sino-Thai Tower Condominium					
Juristic Person	Related party	15,620	-	(1,304)	14,316
Total		92,459	-	(78,143)	14,316

(Unit: Thousand Baht)

Relationship	Separate financial statements				
	Balance as at	During the period		Balance as at	
	1 January 2008	Increase	Decrease	30 June 2008	
<u>Loan from related party</u>					
HTR Corporation Limited	Subsidiary	100,000	-	(100,000)	-

Loan to Sino-Thai Tower Condominium Juristic Person

HTR Corporation Limited granted a loan of Baht 19 million to Sino-Thai Tower Condominium Juristic Person. The loan carries flat interest rate at 8 percent per annum for the whole contract period. The loan and relating interest are repayable in 72 installments of which Baht of 0.39 million is monthly due. The first installment started in July 2006.

Loan from HTR Corporation Limited

Loan from HTR Corporation Limited is promissory notes repayable at call issued by the Company. These loan carried interest at 4 percent per annum. During the first quarter of 2008, the Company repaid all of loan.

5. Condominium units for sales

(Unit: Thousand Baht)

	Consolidated financial statements	
	30 June 2008	31 December 2007
		(Audited)
Condominium units for sales	365,863	365,863
Less: Accumulated costs transferred to cost of sales	(63,959)	(65,354)
Condominium units for sales	<u>301,904</u>	<u>300,509</u>

The land and condominium units for sales of subsidiary are mortgaged as collateral for other long-term loans, as discussed in Note 12 to the financial statements.

6. Investment in subsidiary

(Unit: Thousand Baht)

	Separate financial statements					
	Paid-up capital		Shareholding percentage		Cost	
	30 June 2008	31 December 2007	30 June 2008	31 December 2007	30 June 2008	31 December 2007
	(Million Baht)	(Million Baht)	(%)	(%)		(Audited)
<u>Investment in subsidiary</u>						
HTR Corporation Limited	500	500	80.90	80.90	<u>440,090</u>	<u>440,090</u>

7. Investment in jointly controlled entities/Provision for loss of jointly controlled entities

As at 30 June 2008, the Company had investments in two jointly controlled entities, of which the total net book values were Baht 14.9 million. The Company had already recorded full allowance for impairment of investment of such investment and provision for losses of jointly controlled entity, amounting to Baht 2.4 million for another jointly control entity.

The jointly controlled entity ceased its operations and its financial information therefore has no significant impact to the Company's financial statements.

8. Investments in associates

(Unit: Thousand Baht)

Company's name	Consolidated financial statements					
	Shareholding percentage		Cost		Carrying amounts based on equity method	
	30 June	31 December	30 June	31 December	30 June	31 December
	2008	2007	2008	2007	2008	2007
	(%)	(%)				(Audited)
DKK Sino-Thai Engineering Company Limited	35.00	35.00	2,800	2,800	185,532	203,557
P.P. Coral Resort Company Limited	-	37.22	-	68,001	-	-
S T F M Company Limited	50.00	50.00	5,000	5,000	8,986	8,986
Less: Provision for impairment of investment					(8,986)	(8,986)
Total					185,532	203,557

(Unit: Thousand Baht)

Company's name	Separate financial statements							
	Shareholding percentage		Cost		Provision for impairment of investments		Carrying amounts based on cost method - net	
	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December
	2008	2007	2008	2007	2008	2007	2008	2007
	(%)	(%)		(Audited)		(Audited)		(Audited)
DKK Sino-Thai Engineering Company Limited	35.00	35.00	2,800	2,800	-	-	2,800	2,800
S T F M Company Limited	50.00	50.00	5,000	5,000	(5,000)	(5,000)	-	-
Total			7,800	7,800	(5,000)	(5,000)	2,800	2,800

During the first quarter of 2008 a subsidiary sold all investment in P.P. Coral Resort Company Limited to a company at its net value of Baht 50.7 million. However the Company had recorded full provision for diminution in the value of such investment in the past, and therefore a gain on sale of the investment of Baht 50.7 million was recorded in the income statement for the current period.

During the current quarter, DKK Sino-Thai Engineering Company Limited paid the dividend of Baht 8.4 million to the Company.

Share of income or loss of associates were determined based on the financial statements prepared by its managements and neither audited nor reviewed by its auditors. The Company believes that the value of the investments would not significantly differ if the financial statements had been audited by auditors.

9. Property, plant and equipment

Movements of the property, plant and equipment accounts during the six-month period ended 30 June 2008 are summarised below:

	(Unit: Thousand Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Net book value as at 1 January 2008	3,659,373	3,421,103
Acquisitions during period	117,992	117,529
Depreciation for period	(274,436)	(266,848)
Amortisation of revaluation surplus	(22,725)	-
Disposals during period - net book value	<u>(5,799)</u>	<u>(5,799)</u>
Net book value as at 30 June 2008	<u>3,474,405</u>	<u>3,265,985</u>

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 statements based on the historical costs of the assets instead of on the revalued amounts. A subsidiary has decided to follow the notification. However, had the depreciation charge been calculated based on the revalued amounts, net income and earnings per share of equity holders of the parent for the three-month and six-month periods ended 30 June would have been presented as following:

	Consolidated financial statements			
	<u>for the three-month periods</u>		<u>for the six-month periods</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Net income (loss) (Million Baht)	(3)	122	34	144
Basic earnings (loss) per share (Baht per share)	(0.002)	0.103	0.028	0.121
Diluted earnings (loss) per share (Baht per share)	(0.002)	0.103	0.028	0.121

(Unaudited but reviewed)

10. Hire purchase and financial lease payable

(Unit: Thousand Baht)

	Consolidated / Separate financial statements	
	30 June 2008	31 December 2007
		(Audited)
Liabilities under hire purchase and financial lease agreements	284,881	360,818
Less: Deferred interest expenses	(30,998)	(42,138)
	253,883	318,680
Less: Portion due within one year	(113,531)	(140,413)
Liabilities under hire purchase and financial lease agreements - net of current portion	<u>140,352</u>	<u>178,267</u>

Movements in the hire purchase and financial lease payable accounts during the six-month period ended 30 June 2008 are summarised below:

(Unit: Thousand Baht)

	Amount
Balance as at 1 January 2008	318,680
Add: Agreements occurred in the current period	17,668
Less: Payments of hire purchase and financial lease payable	(82,465)
Balance as at 30 June 2008	<u>253,883</u>

11. Debentures

(Unit: Thousand Baht)

	Consolidated / Separate financial statements	
	30 June 2008	31 December 2007
		(Audited)
Debentures	62,500	125,000
Less: Current portion	(62,500)	(125,000)
Debentures - net of current portion	<u>-</u>	<u>-</u>

The debentures issued are made with normal covenants, pertaining to matters such as the maintenance of financial ratios and dividend payments.

(Unaudited but reviewed)

12. Long-term loans

(Unit: Thousand Baht)

	Consolidated financial statements	
	30 June 2008	31 December 2007
		(Audited)
Long-term loans from bank	600,000	700,000
Other long-term loan	65,438	70,692
	665,438	770,692
Less: Current portion	(500,000)	(500,000)
Long-term loans - net of current portion	165,438	270,692

(Unit: Thousand Baht)

	Separate financial statements	
	30 June 2008	31 December 2007
		(Audited)
Long-term loans from bank	600,000	700,000
Less: Current portion	(500,000)	(500,000)
Long-term loans - net of current portion	100,000	200,000

During the period, movements of long-term loans were as follow:

(Unit: Thousand Baht)

	Consolidated financial statements				
	Balance as at	During the period			Balance as at
	1 January 2008	Increase	Decrease		30 June 2008
Long-term loans from bank	700,000	-	(100,000)	600,000	
Other long-term loan	70,692	-	(5,254)	65,438	
	770,692	-	(105,254)	665,438	

(Unit: Thousand Baht)

	Separate financial statements				
	Balance as at	During the period			Balance as at
	1 January 2008	Increase	Decrease		30 June 2008
Long-term loans from bank	700,000	-	(100,000)	600,000	

Long-term loans from bank

Most loan agreements contain certain covenants and restrictions imposed by providing guarantees to loans or aval to promissory notes of any other persons or other companies, merger or consolidation with any other companies, and the maintenance of certain financial ratios.

Other long-term loan

Other long-term loan from other person of subsidiary, the subsidiary has mortgaged its ownership of condominium units for sales as collaterals for the loan from other person.

13. Provision for loss on construction projects

Movements of provision for loss on construction projects during the six-month period ended 30 June 2008 are summarised below:

	(Unit: Thousand Baht)
	Consolidated / Separate financial statements
	<hr/>
Balance as at 1 January 2008	375,228
Less: Decrease in provision as project cost actually occurred in the period	(130,105)
Balance as at 30 June 2008	<hr/> <hr/> 245,123

14. Revaluation surplus

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
	<hr/>	<hr/>
Balance as at 1 January 2008	529,682	445,632
Share of amortisation of revaluation surplus of subsidiary	(18,385)	-
Balance as at 30 June 2008	<hr/> <hr/> 511,297	<hr/> <hr/> 445,632

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

15. Warrants

The warrant is listed in the Stock Exchange of Thailand and is detailed as follows.

	Warrants' names in the Stock Exchange of Thailand
	<u>STEC-W2</u>
Extraordinary General Meeting of Shareholders resolution date	16 August 2004
Total number of warrants issued (units)	170,000,000
Ratio of existing ordinary shareholders' rights to purchase warrants (ordinary shares: warrants)	6:1
Proposed selling prices for 1 unit of warrants (Baht)	3.0
Exercised period as from the issued date (years)	3
Expired date	18 April 2008
Exercised ratio (warrant: ordinary share)	1:1
Exercised price (Baht per unit)	8.5
Remaining warrants as at 31 December 2007 (units)	163,548,461
Remaining warrants as at 30 June 2008 (units)*	-

* STEC-W2 expired and could not be used since 18 April 2008

16. Corporate income tax

The Company has no corporate income tax payable in current period since the tax losses brought forward from the previous years exceed the net income for the period.

17. Earnings per share

Basic earnings per share is calculated by dividing the net income attributable to equity holders of the parent for the period by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share is calculated by dividing net income for the period by the sum of the weighted average number of ordinary shares in issue during the period and the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the period or on the date the potential ordinary shares were issued.

(Unaudited but reviewed)

Consolidated financial statements						
For the three-month periods ended 30 June						
Net income		Weighted average number of ordinary shares		Earnings per share		
2008	2007	2008	2007	2008	2007	
Thousand Baht	Thousand Baht	Million shares	Million shares	Baht	Baht	
Basic earnings per share						
Net income attributable to equity holders of the parent						
6,304	130,850	1,186	1,185	0.005	0.110	
Effect of dilutive securities						
Warrants						
-	-	-	1			
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion of dilutive securities						
6,304	130,850	1,186	1,186	0.005	0.110	
Warrants outstanding (units)						
30 June 2008						
-						
30 June 2007						
163,548,461						

Separate financial statements						
For the three-month periods ended 30 June						
Net income		Weighted average number of ordinary shares		Earnings per share		
2008	2007	2008	2007	2008	2007	
Thousand Baht	Thousand Baht	Million shares	Million shares	Baht	Baht	
Basic earnings per share						
Net income attributable to equity holders of the parent						
12,194	134,316	1,186	1,185	0.010	0.113	
Effect of dilutive securities						
Warrants						
-	-	-	1			
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion of dilutive securities						
12,194	134,316	1,186	1,186	0.010	0.113	
Warrants outstanding (units)						
30 June 2008						
-						
30 June 2007						
163,548,461						

(Unaudited but reviewed)

Consolidated financial statements						
For the six-month periods ended 30 June						
Net income		Weighted average number of ordinary shares		Earnings per share		
2008	2007	2008	2007	2008	2007	
Thousand Baht	Thousand Baht	Million shares	Million shares	Baht	Baht	
Basic earnings per share						
Net income attributable to equity holders of the parent						
52,102	161,887	1,186	1,185	0.044	0.136	
Effect of dilutive securities						
Warrants						
-	-	-	1			
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion of dilutive securities						
52,102	161,887	1,186	1,186	0.044	0.136	
Warrants outstanding (units)						
30 June 2008						
	-					
30 June 2007						
	163,548,461					

Separate financial statements						
For the six-month periods ended 30 June						
Net income		Weighted average number of ordinary shares		Earnings per share		
2008	2007	2008	2007	2008	2007	
Thousand Baht	Thousand Baht	Million Shares	Million Shares	Baht	Baht	
Basic earnings per share						
Net income attributable to equity holders of the parent						
14,416	152,597	1,186	1,185	0.012	0.129	
Effect of dilutive securities						
Warrants						
-	-	-	1			
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion of dilutive securities						
14,416	152,597	1,186	1,186	0.012	0.129	
Warrants outstanding (units)						
30 June 2008						
	-					
30 June 2007						
	163,548,461					

18. Contracts in progress

As at 30 June 2008, the Company had aggregate amount of construction cost incurred and recognised profits or losses to date for contracts in progress was approximately Baht 39,485 million and had gross amounts due from customers for contracts in progress was approximately Baht 5,833 million.

19. Financial information by segment

The operations of the Company and its subsidiaries principally involve construction contracting, office building rental and property development, and are mostly carried on in the single geographic area of Thailand. As a result, all of the revenues, operating results and assets as reflected in these financial statements pertain to the aforementioned industry segments and geographic area. During the three-month and six-month periods ended 30 June 2008 and 2007, there were no material activities pertaining to the office building rental and property development segments. For this reason, financial information has not been presented by industry segment.

20. Credit facilities

The credit facilities of the Company and its subsidiaries, as at 30 June 2008, granted by financial institutions have been secured by the guarantees and mortgages/pledges of the assets listed below:

- 20.1 Fixed deposits, as at 30 June 2008, of Baht 70.6 million.
- 20.2 9.3 million shares of HTR Corporation Limited.
- 20.3 Most of the Company's land, with net book value as of 30 June 2008 of Baht 716.7 million.
- 20.4 The transfer of the right of the claim of collections from employers under some construction contracts to a bank. The Company is able to withdraw the related bank account with no restrictions. As at 30 June 2008, the balance of the accounts receivable under the right transfer agreement was Baht 84.3 million.

21. Commitments and contingent liabilities

As at 30 June 2008, the Company and its subsidiaries had the following commitments and contingent liabilities:

- 21.1 There were letters of guarantee totaling Baht 10,899 million (31 December 2007: Baht 10,137 million), issued by financial institutions on behalf of the Company in respect of certain performance bonds as required in the normal course of the businesses of the Company, subsidiaries and jointly controlled entities.
- 21.2 The Company has been sued for compensation totaling approximately Baht 104 million. The cases are still being considered by the Court. The Company's management believes that the outcome of these cases will be favorable to the Company and therefore no provision for liability has been set aside in the accounts.
- 21.3 The Company entered into an agreement with the State Railway of Thailand (SRT) for the construction of the Suvarnbhumi Airport Rail Link. The company and other contractors are obliged to deliver work within 990 days after receiving the letter of commencement, with the period separated into 1) Part 1, which must be completed within 900 days after receiving the letter of commencement (February 2008) and 2) Part 2, which must be completed within 90 days from the completion of part 1 (May 2008). The Company has not been able to make delivery within the stipulated period and SRT is therefore entitled to penalise the Company in respect of Part 1 at a rate of 0.05 percent of price of the undelivered work per day, until the work per the agreement is completed, and to charge a penalty in respect of Part 2 at a rate of 0.05 percent of the contract value per day, until the work per the agreement is completed.

However the Company and the other contractors are negotiating to amend the contract to extend the construction period. And on 14 July 2008, SRT extended the delivery period by 370 days from 4 February 2008 for part 1 and from 4 May 2008 for part 2. The management expects that the Company will be able to complete the construction within the extension period and that no penalty will be imposed.

22. Financial instruments

A summary of foreign-currency liabilities as at 30 June 2008 is set out below.

<u>Currency</u>	<u>Liabilities</u>
JPY	78 Million
USD	12 Million

A summary of forward exchange contracts to hedge currency risk as at 30 June 2008 is set out below:

1. During the year 2006, the Company entered into a forward exchange contract to hedge currency risk of 78 million JPY denominated machinery payable which is to be settle in 31 March 2009.

The exchange rates under this contract were agreed upon conditional on future JPY exchange rate. The contractual exchange rate is 0.3950 Baht/JPY, if the yen ever trades at or below 0.3145 Baht/JPY at anytime during the period before each settlement date, the exchange rate will be set at 0.3380 Baht/JPY, while if yen ever trades above 0.3145 Baht/JPY at anytime during the same period. If the yen trades in the same period above the knock out rates, specified in the contract, of 0.4100 and 0.4200 Baht/JPY for each of the above period respectively, no exchange will be made and the Company will use market exchange rate in paying the debts.

During the current quarter, average of the yen traded below 0.3145 Baht/JPY, so the Company recorded all amount using 0.3950 Baht/JPY according to the contract.

2. During the year 2006, the Company entered into forward exchange contracts to hedge currency risk of USD of cash receipt under construction contract from an overseas company which is a consortium, as detailed below.

<u>Contract no.</u>	<u>Amount (Million USD)</u>	<u>The contractual exchange rate (Baht/USD)</u>	<u>Settlement date</u>
1	6	37.9000	24 December 2008
2	6	37.8200	24 December 2008

23. Approval of interim financial statements

These interim financial statements were authorised for issued by the Audit Committee on 13 August 2008.