

SINO-THAI ENGINEERING AND CONSTRUCTION PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARIES
REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2007 AND 2006

Report of Independent Auditor

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

I have audited the accompanying consolidated balance sheets of Sino-Thai Engineering and Construction Public Company Limited and its subsidiaries as at 31 December 2007 and 2006, the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended, and the separate financial statements of Sino-Thai Engineering and Construction Public Company Limited for the same periods. 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 express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sino-Thai Engineering and Construction Public Company Limited and its subsidiaries and of Sino-Thai Engineering and Construction Public Company Limited as at 31 December 2007 and 2006, the results of their operations, and cash flows for the years then ended, in accordance with generally accepted accounting principles.

Without qualifying my opinion on the above financial statements, I draw attention to the matter as discussed in Note 4 to the financial statements whereby, effective the year 2007, the Company changed its 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 Company has thus restated the separate financial statements as at 31 December 2006 and for the year then ended to reflect this accounting change.

Supachai Phanyawattano

Certified Public Accountant (Thailand) No. 3930

Ernst & Young Office Limited

Bangkok: 18 February 2008

SINO-THAI ENGINEERING AND CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS

AS AT 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006 (Restated)
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	6	1,070,319,584	1,305,953,674	969,861,662	1,170,777,095
Current investments - marketable securities		94,500	148,500	94,500	148,500
Trade accounts and notes receivable					
Unrelated parties - net	7	1,523,715,869	1,857,710,999	1,371,347,957	1,803,682,365
Related parties - net	7,8	36,954,038	353,186,348	455,908,993	391,566,938
Trade accounts and notes receivable - net		1,560,669,907	2,210,897,347	1,827,256,950	2,195,249,303
Unbilled receivables	8	4,039,250,595	3,928,657,972	4,000,299,250	3,812,080,392
Retention receivables - net	8	862,981,764	862,324,063	846,753,051	853,556,714
Construction in progress		635,843,593	1,334,611,303	635,843,593	1,334,611,303
Current portion of loans to related parties	8	79,524,141	2,337,897	-	-
Development cost of condominium units for sales	9	300,509,350	-	-	-
Other current assets					
Advances to subcontractors - net		947,559,296	762,391,706	877,830,641	753,366,798
Refundable input tax		-	163,565,130	-	163,565,130
Others - net		113,136,906	91,810,855	88,195,245	75,165,374
TOTAL CURRENT ASSETS		9,609,889,636	10,662,698,447	9,246,134,892	10,358,520,609
NON-CURRENT ASSETS					
Restricted bank deposits		58,770,780	285,851	58,770,780	285,851
Accounts receivable relating to construction					
of Suvarnabhumi Airport Rail Link contract	10	-	418,560,001	-	418,560,001
Investments in subsidiaries	11	-	-	440,090,005	440,090,005
Excess of net book value of subsidiary over cost of investment		(14,858,978)	(18,355,208)	-	-
Investments in jointly controlled entities	12	-	-	-	-
Investments in associates	13	203,556,797	196,384,694	2,799,700	2,799,700
Other long-term investments - net	14	44,305,294	43,074,892	35,553,291	34,224,042
Loans to related parties - net of current portion	8	12,935,585	87,741,022	-	278,145
Loans to other company		-	85,259,365	-	-
Property, plant and equipment - net	15	3,659,373,012	3,995,556,700	3,421,103,303	3,683,473,105
Other non-current assets					
Withholding tax		397,536,694	306,629,260	397,536,694	306,629,260
Land awaiting for development		38,000,000	-	-	-
Others - net		16,997,421	8,821,874	18,703,543	10,220,670
TOTAL NON-CURRENT ASSETS		4,416,616,605	5,123,958,451	4,374,557,316	4,896,560,779
TOTAL ASSETS		14,026,506,241	15,786,656,898	13,620,692,208	15,255,081,388

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)

AS AT 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006 (Restated)
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Bank overdrafts and short-term loans from financial institutions	16	467,953,306	995,483,793	467,953,306	995,483,793
Trade accounts and notes payable					
Unrelated parties		3,970,934,548	3,576,495,048	3,958,078,721	3,480,285,678
Related parties	8	2,719,989	6,048,260	2,719,989	6,049,008
Total trade accounts and notes payable		3,973,654,537	3,582,543,308	3,960,798,710	3,486,334,686
Unbilled payable		1,415,421,966	1,040,568,425	1,369,584,269	990,330,483
Current portion of hire purchase creditors	18	39,787,216	51,611,798	39,787,216	51,611,798
Current portion of financial lease payable	18	100,625,871	65,134,140	100,625,871	65,134,140
Current portion of debenture	19	125,000,000	125,000,000	125,000,000	125,000,000
Current portion of long-term loans	20	500,000,000	400,000,000	500,000,000	400,000,000
Cash receipt under construction contract	21	454,320,000	-	454,320,000	-
Loans from related party	8	-	-	100,000,000	-
Other current liabilities					
Advances received from construction contracts	8	1,973,657,222	3,584,846,411	1,901,859,441	3,559,178,274
Undue output tax		109,093,618	139,458,721	118,450,816	141,979,754
Provision for loss on construction project	17	375,227,866	721,244,312	375,227,866	721,244,312
Others		137,946,497	95,726,556	108,497,862	74,931,949
TOTAL CURRENT LIABILITIES		9,672,688,099	10,801,617,464	9,622,105,357	10,611,229,189
NON-CURRENT LIABILITIES					
Hire purchase creditors - net of current portion	18	6,282,594	46,069,804	6,282,594	46,069,804
Financial lease payable - net of current portion	18	171,984,084	70,531,446	171,984,084	70,531,446
Debentures - net of current portion	19	-	125,000,000	-	125,000,000
Long-term loans - net of current portion	20	270,692,013	-	200,000,000	-
Cash receipt under construction contract	21	-	454,320,000	-	454,320,000
Undue output tax relating to construction of Suvarnabhumi Airport Rail Link contract	10	-	365,169,245	-	365,169,245
Provision for loss jointly controlled entities	12	2,400,837	2,400,837	-	-
Other liabilities		9,543,579	11,548,561	-	-
TOTAL NON-CURRENT LIABILITIES		460,903,107	1,075,039,893	378,266,678	1,061,090,495
TOTAL LIABILITIES		10,133,591,206	11,876,657,357	10,000,372,035	11,672,319,684

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)

AS AT 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006 (Restated)
SHAREHOLDERS' EQUITY					
Share capital	22				
Registered					
1,350,250,000 ordinary shares of Baht 1 each		1,350,250,000	1,350,250,000	1,350,250,000	1,350,250,000
Issued and fully paid-up					
1,186,208,619 ordinary shares of Baht 1 each (2006: 1,184,644,989 ordinary shares of Baht 1 each)	22	1,186,208,619	1,184,644,989	1,186,208,619	1,184,644,989
Share premium		2,828,907,312	2,828,907,312	2,828,907,312	2,828,907,312
Revaluation surplus					
The Company's revaluation surplus		445,631,620	445,631,620	445,631,620	445,631,620
Share of revaluation surplus of subsidiary		84,049,992	123,947,053	-	-
	23	529,681,612	569,578,673	445,631,620	445,631,620
Warrants	24	490,645,383	490,645,383	490,645,383	490,645,383
Unrealised gain (losses) on available-for-sale securities		13,714,222	1,337,961	14,765,922	2,308,761
Retained earnings					
Appropriated - statutory reserve	25	103,038,015	103,038,015	103,038,015	103,038,015
Unappropriated (deficit)		(1,359,873,759)	(1,381,544,880)	(1,448,876,698)	(1,472,414,376)
EQUITY ATTRIBUTABLE TO					
THE COMPANY'S SHAREHOLDERS		3,792,321,404	3,796,607,453	3,620,320,173	3,582,761,704
MINORITY INTEREST - equity attributable to minority shareholders of subsidiaries		100,593,631	113,392,088	-	-
TOTAL SHAREHOLDERS' EQUITY		3,892,915,035	3,909,999,541	3,620,320,173	3,582,761,704
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		14,026,506,241	15,786,656,898	13,620,692,208	15,255,081,388
		-	-	-	-

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

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DIRECTORS

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SINO-THAI ENGINEERING AND CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

INCOME STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006 (Restated)
REVENUES					
Construction and service income		17,281,647,288	14,706,685,258	17,149,640,682	14,472,665,608
Other income					
Interest income		36,892,694	64,092,951	22,679,138	47,946,067
Gain on sales of long-term investment	14	31,980,861	5,293,750	31,980,861	5,293,750
Income from settlement of doubtful debt	7	42,833,405	1,200,000	42,833,405	1,200,000
Others		64,209,092	39,822,077	71,386,138	45,086,017
Share of income from investment in associate		15,571,203	-	-	-
TOTAL REVENUES		17,473,134,543	14,817,094,036	17,318,520,224	14,572,191,442
EXPENSES					
Cost of construction and services		16,981,340,217	16,214,051,452	16,877,063,964	15,995,539,473
Selling and administrative expenses		351,316,999	254,270,592	305,318,804	250,669,392
Foreign exchange loss		15,636,456	-	15,636,456	-
Share of loss from investments in jointly controlled entities and associates		-	17,869,431	-	-
TOTAL EXPENSES		17,348,293,672	16,486,191,475	17,198,019,224	16,246,208,865
INCOME (LOSS) BEFORE INTEREST EXPENSES AND CORPORATE INCOME TAX					
CORPORATE INCOME TAX		124,840,871	(1,669,097,439)	120,501,000	(1,674,017,423)
INTEREST EXPENSES		(94,032,623)	(103,859,921)	(96,963,322)	(103,859,921)
CORPORATE INCOME TAX	27	(12,497,023)	(9,593,968)	-	-
INCOME (LOSS) AFTER CORPORATE INCOME TAX		18,311,225	(1,782,551,328)	23,537,678	(1,777,877,344)
NET INCOME ATTRIBUTABLE TO MINORITY INTEREST		3,359,896	2,872,180	-	-
NET INCOME (LOSS) FOR THE YEAR		21,671,121	(1,779,679,148)	23,537,678	(1,777,877,344)
EARNINGS PER SHARE					
28					
Basic earnings (loss) per share					
Net income (loss)		0.02	(1.51)	0.02	(1.51)
Diluted earnings (loss) per share					
Net income (loss)		0.02	(1.51)	0.02	(1.51)

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

SINO-THAI ENGINEERING AND CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

CASH FLOW STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income (loss)	21,671,121	(1,779,679,148)	23,537,678	(1,777,877,344)
Adjustments to reconcile net income (loss) to net cash from (used in) operating activities:-				
Depreciation	562,323,381	472,145,851	547,341,392	457,253,729
Doubtful debts recovery	(42,833,405)	(1,200,000)	(42,833,405)	(1,200,000)
Shares of loss (income) from investments in jointly controlled entities and associates	-15,571,203	17,869,431	-	-
Amortisation of excess of net book value of subsidiary over cost of investment	(3,496,230)	(3,496,230)	-	-
Goodwill - written off	29,740,751	-	-	-
Unrealised loss on marketable securities	54,000	148,500	54,000	148,500
Loss on impairment of long-term investments	7,611,406	-	7,611,406	-
Loss (gain) on sales of long-term investments	(25,770,843)	104,706,250	(25,770,843)	104,706,250
Reversal of allowance for impairment of long-term investment	(6,210,018)	(110,000,000)	(6,210,018)	(110,000,000)
Loss (gain) from disposal and write off of property, plant and equipments	4,215,611	(1,373,620)	1,926,406	(1,166,718)
Unrealised gain (loss) on exchange rate	13,302,301	(5,136,302)	13,302,301	(5,136,302)
Increase (decrease) in provision for loss of projects	(346,016,446)	718,230,137	(346,016,446)	718,230,137
Net income attributable to minority interest	(3,359,896)	(2,872,180)	-	-
Income (loss) from operating activities before changes in operating assets and liabilities	195,660,530	(590,657,311)	172,942,471	(615,041,748)
Operating assets (increase) decrease				
Trade accounts and notes receivable	132,709,432	(246,531,228)	475,445,958	(253,673,081)
Trade accounts receivable - related parties	316,761,601	(104,039,235)	(63,812,765)	(125,183,803)
Unbilled receivables	(110,592,622)	(713,882,732)	(188,218,858)	(597,305,152)
Construction in progress	698,767,710	113,742,818	698,767,710	113,006,652
Retention receivables	372,822	(481,252,601)	7,834,186	(472,485,252)
Development cost of condominium units for sales	15,345,110	-	-	-
Other current assets	(30,559,779)	(604,359,148)	26,071,417	(579,925,571)
Other assets	331,040,062	(230,809,618)	319,169,693	(236,424,678)
Operating liabilities increase (decrease)				
Trade accounts and notes payable	385,102,327	1,295,451,764	468,455,869	1,199,531,294
Trade accounts payable - related parties	(3,328,271)	3,005,227	(3,329,020)	3,005,976
Unbilled payable	374,853,541	853,021,353	379,253,786	802,783,411
Advances received from construction contracts	(1,616,714,131)	671,254,085	(1,662,843,774)	690,143,072
Other current liabilities	(98,815,185)	40,811,343	10,036,974	35,710,728
Cash receipt under construction contract	-	455,496,000	-	455,496,000
Other liabilities	(258,073,110)	174,270,089	(365,169,245)	168,958,796
Income from investments - dividend received from investment in associated company	-	-	(8,399,100)	(15,498,500)
Net cash flows from operating activities	332,530,037	635,520,806	266,205,302	573,098,144

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

SINO-THAI ENGINEERING AND CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

CASH FLOW STATEMENTS (Continued)

FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006 (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease (increase) in restricted bank deposits	(58,484,929)	1,824,575	(58,484,928)	1,824,575
Cash received from current investment - treasury bills	-	10,000,000	-	-
Increase in loans to related parties	(2,658,952)	(9,800,775)	-	-
Decrease (increase) in loans to other company	32,914,690	(5,315,000)	-	-
Purchases of property, plant and equipment	(294,574,906)	(638,077,209)	(293,359,624)	(636,819,139)
Cash paid for purchase of land awaiting for development	(38,000,000)	-	-	-
Proceeds from sales of property, plant and equipments	250,475,458	10,599,490	241,795,458	10,384,255
Purchase of other long-term investment	(500,000)	-	(500,000)	-
Net cash paid from purchase of subsidiary (Note 2.2)	(763,847)	-	-	-
Proceeds from sales of other long-term investments	35,997,368	5,293,750	35,997,368	5,293,750
Dividend received	8,399,100	13,998,500	8,399,100	15,498,500
Net cash used in investing activities	(67,196,018)	(611,476,669)	(66,152,626)	(603,818,059)
CASH FLOWS FROM FINANCING ACTIVITIES				
Decrease in bank overdrafts and short-term loans				
from financial institutions	(527,530,487)	(999,012,160)	(527,530,487)	(999,012,160)
Decrease in hire purchase and financial lease payable	(150,001,252)	(139,068,049)	(150,001,252)	(139,068,049)
Receipts from long-term loans	300,000,000	400,000,000	300,000,000	400,000,000
Repayment of bond	(125,000,000)	(125,000,000)	(125,000,000)	(125,000,000)
Cash received from long-term loans from related parties	-	-	100,000,000	-
Proceeds from the exercises of warrants	1,563,630	755,800	1,563,630	755,800
Proceeds from increase in share capital	-	1,885,166,153	-	1,885,166,153
Dividend paid	-	(272,414,126)	-	(272,414,126)
Net cash from (used in) financing activities	(500,968,109)	750,427,618	(400,968,109)	750,427,618
Net increase (decrease) in cash and cash equivalents	(235,634,090)	774,471,755	(200,915,433)	719,707,703
Cash and cash equivalents at beginning of year	1,305,953,674	531,481,919	1,170,777,095	451,069,392
Cash and cash equivalents at end of year	1,070,319,584	1,305,953,674	969,861,662	1,170,777,095
	-	-	-	-
Supplementary cash flows information				
Cash paid during year for				
Interest expense	95,898,508	104,424,696	95,489,600	104,424,696
Corporate income tax and withholdign income tax	409,262,395	312,555,413	397,536,694	306,629,260
Non-cash items				
Increase of equipments from hire purchase and financial lease agreements	235,333,830	140,693,976	235,333,830	140,693,976

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

SINO-THAI ENGINEERING AND CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Unit: Baht)

Consolidated financial statements												
	Note	Capital surplus				Warrants	Share subscription received in advance	Unrealised gains (losses) 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 subsidiaries				Appropriated- statutory reserve	Unappropriated (deficit)		
Balance as at 31 December 2005		1,024,482,589	1,102,901,160	445,631,620	161,018,960	490,885,383	6,600	(3,269,987)	103,038,015	670,548,393	125,054,926	4,120,297,659
Cash receipts from capital increase	22	160,000,000	1,725,166,152	-	-	-	-	-	-	-	-	1,885,166,152
Increase in share capital from												
the exercises of warrants	22,24	162,400	840,000	-	-	(240,000)	(6,600)	-	-	-	-	755,800
Share of amortisation of												
revaluation surplus of subsidiary	23	-	-	-	(37,071,907)	-	-	-	-	-	(8,752,458)	(45,824,365)
Increase in fair value of												
available-for-sale securities		-	-	-	-	-	-	4,607,948	-	-	(38,200)	4,569,748
Dividend paid	29	-	-	-	-	-	-	-	-	(272,414,125)	-	(272,414,125)
Net loss for the year		-	-	-	-	-	-	-	-	(1,779,679,148)	(2,872,180)	(1,782,551,328)
Balance as at 31 December 2006		1,184,644,989	2,828,907,312	445,631,620	123,947,053	490,645,383	-	1,337,961	103,038,015	(1,381,544,880)	113,392,088	3,909,999,541
Increase in share capital from												
the exercises of warrants	22,24	1,563,630	-	-	-	-	-	-	-	-	-	1,563,630
Share of amortisation of												
revaluation surplus of subsidiary	23	-	-	-	(37,071,907)	-	-	-	-	-	(8,752,458)	(45,824,365)
Sale of revaluation assets	23	-	-	-	(2,825,154)	-	-	-	-	-	(667,002)	(3,492,156)
Increase in fair value of												
available-for-sale securities		-	-	-	-	-	-	12,376,261	-	-	(19,101)	12,357,160
Net income for the year		-	-	-	-	-	-	-	-	21,671,121	(3,359,896)	18,311,225
Balance as at 31 December 2007		1,186,208,619	2,828,907,312	445,631,620	84,049,992	490,645,383	-	13,714,222	103,038,015	(1,359,873,759)	100,593,631	3,892,915,035

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

SINO-THAI ENGINEERING AND CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Unit: Baht)

Separate financial statements										
Note	Capital surplus				Warrants	Share subscription received in advance	Unrealised gains (losses) on available-for-sale securities	Retained earnings		Total
	Issued and fully paid-up share capital	Share premium	The Company's revaluation surplus	Share of revaluation surplus of subsidiaries				Appropriated- statutory reserve	Unappropriated (deficits)	
Balance as at 31 December 2005 - as previously reported	1,024,482,589	1,102,901,160	445,631,620	161,018,960	490,885,383	6,600	(3,269,987)	103,038,015	670,548,393	3,995,242,733
Cumulative effect of the change in accounting policy for investments in subsidiaries, jointly controlled entities and associates	4	-	-	(161,018,960)	-	-	809,000	-	(92,671,300)	(252,881,260)
Balance as at 31 December 2005 - as restated	1,024,482,589	1,102,901,160	445,631,620	-	490,885,383	6,600	(2,460,987)	103,038,015	577,877,093	3,742,361,473
Cash receipts from capital increase	22	160,000,000	1,725,166,152	-	-	-	-	-	-	1,885,166,152
Increase in share capital from exercises of warrants	22,24	162,400	840,000	-	(240,000)	(6,600)	-	-	-	755,800
Increase in fair value of available-for-sale securities		-	-	-	-	-	4,769,748	-	-	4,769,748
Dividend paid	29	-	-	-	-	-	-	-	(272,414,125)	(272,414,125)
Net loss for the year (restated)		-	-	-	-	-	-	-	(1,777,877,344)	(1,777,877,344)
Balance as at 31 December 2006 - as restated	1,184,644,989	2,828,907,312	445,631,620	-	490,645,383	-	2,308,761	103,038,015	(1,472,414,376)	3,582,761,704
Balance as at 31 December 2006 - as previously reported	1,184,644,989	2,828,907,312	445,631,620	123,947,053	490,645,383	-	1,337,961	103,038,015	(1,381,544,880)	3,796,607,453
Cumulative effect of the change in accounting policy for investments in subsidiaries, jointly controlled entities and associates	4	-	-	(123,947,053)	-	-	970,800	-	(90,869,496)	(213,845,749)
Balance as at 31 December 2006 - as restated	1,184,644,989	2,828,907,312	445,631,620	-	490,645,383	-	2,308,761	103,038,015	(1,472,414,376)	3,582,761,704
Increase in share capital from exercises of warrants	22,24	1,563,630	-	-	-	-	-	-	-	1,563,630
Increase in fair value of available-for-sale securities		-	-	-	-	-	12,457,161	-	-	12,457,161
Net income for the year		-	-	-	-	-	-	-	23,537,678	23,537,678
Balance as at 31 December 2007	1,186,208,619	2,828,907,312	445,631,620	-	490,645,383	-	14,765,922	103,038,015	(1,448,876,698)	3,620,320,173

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 FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

1. GENERAL INFORMATION

Sino-Thai Engineering and Construction Public Company Limited (“The Company”) is a public company 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.

2. BASIS OF PREPARATION

2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547. The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 14 September 2001, issued under the Accounting Act B.E. 2543.

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

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Sino-Thai Engineering and Construction Public Company Limited and the following subsidiaries and jointly controlled entities which are all incorporated in Thailand:

Company's name	Nature of business	Percentage of shareholding		Assets as a percentage to the consolidated total assets as at 31 December		Revenues as a percentage to the consolidated total revenues for the year ended 31 December	
		2007	2006	2007	2006	2007	2006
		Percent	Percent	Percent	Percent	Percent	Percent
Subsidiaries							
HTR Corporation Limited	Office building rental	80.90	80.90	3.09	3.92	0.38	0.33
Patumwan Real Estate Co., Ltd. (Wholly owned by HTR Corporation Limited)	Provision of document storage service	80.90	80.90	0.05	-	0.02	-
Kijpracha Tanee Co., Ltd. (Wholly owned by HTR Corporation Limited)	Real estate development	80.90	-	2.18	-	0.09	-
Sino-Thai Joint Venture	Construction	100.00	100.00	-	-	-	-
S.L. Joint Venture	Construction	70.00	70.00	1.72	2.75	2.50	1.42
S.A. Joint Venture	Construction	80.00	-	1.27	-	0.63	-

Company's name	Nature of business	Percentage of shareholding		Assets as a percentage to the consolidated total assets as at 31 December		Revenues as a percentage to the consolidated total revenues for the year ended 31 December	
		<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
		Percent	Percent	Percent	Percent	Percent	Percent
<u>Joint venture</u>							
SJ Development Joint Venture	Construction	50.00	50.00	0.01	0.01	-	-
Sino-Thai-A.S. Joint Venture	Construction	58.00	58.00	0.97	2.33	0.72	2.88

b) During the year 2007, HTR Corporation Limited (HTR) acquired 5.25 million of the additional ordinary shares of Kijpracha Tanee Company Limited (Kijpracha) at par value, paying a total of Baht 52.5 million. It also acquired 0.7 million ordinary shares from a former shareholder for a consideration of Baht 2.5 million (at the acquisition date Kijpracha had cash and cash equivalents amounting to Baht 1.7 million). HTR therefore holds all shares of Kijpracha. As a result of the above transactions, there is Baht 54.7 million of goodwill, of which Baht 25.0 million was recorded as “development cost of condominium units for sale”, while the rest was written-off.

c) Material balances and transactions between the Company and its subsidiaries and jointly controlled entities have been eliminated from the consolidated financial statements.

d) Investments in the subsidiaries as recorded in the Company's books of account are eliminated against the equity of the subsidiaries.

2.3 The separate financial statements, which present investments in subsidiaries, jointly controlled entities and associates presented under the cost method, have been prepared solely for the benefit of the public.

3. ADOPTION OF NEW ACCOUNTING STANDARDS

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

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

TAS 44 (revised 2007)	Consolidated Financial Statements and Separate Financial Statements
TAS 45 (revised 2007)	Investments in Associates
TAS 46 (revised 2007)	Interests in Joint Ventures

These accounting standards become effective for the financial statements for fiscal years beginning on or after 1 January 2007. During the current year, the Company changed its accounting policy for recording investments in subsidiaries, jointly controlled entities and associates in the separate financial statements in order to comply with the revised Thai Accounting Standards No. 44, 45 and 46 as discussed in Note 4.

b) Thai Accounting Standards which are not effective for the current year

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

These accounting standards will become effective for the financial statements for fiscal years beginning on or after 1 January 2008. The management has assessed the effect of these revised accounting standards and believes that they will not have any significant impact on the financial statements for the year in which they are initially applied.

4. CHANGE IN ACCOUNTING POLICY FOR RECORDING INVESTMENTS IN SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES IN THE SEPARATE FINANCIAL STATEMENTS

During the current year, the Company changed its 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, in compliance with Accounting Standard No. 44 (Revised 2007) regarding “Consolidated Financial Statements 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 has restated the previous period’s separate financial statements as though the investments in the subsidiaries, jointly controlled entities and associates had originally been recorded using the cost method. The change has the effect of net income in the separate income statements for the year ended 31 December as following:

<u>Increase (decrease)</u>	<u>Separate financial statements</u>	
	<u>2007</u>	<u>2006</u>
Net income (Million Baht)	2	2
Basic earnings per share (Baht per share)	-	-
Diluted earnings per share (Baht 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, jointly controlled entities and associates” in the separate statements of changes in shareholders’ equity.

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

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 Revenues and expenses recognition

a) Revenues

Revenues from construction

Revenues from construction are recognised on a percentage of completion basis based on the assessment of the Company’s engineers. The recognised revenue which is not yet due per the contracts has been presented under the caption of “Unbilled receivables” in the balance sheets.

Revenues from sales of condominium units

Revenue from sales of condominium units are recognised as revenue when the construction works are completed and the ownership is transferred to the buyer after receiving payments in full.

Rental and relating service income

Rental and relating service incomes are recognised over the period of the lease agreement.

Interest income

Interest income is recognised as interest accrues taking into account the effective rate method.

Dividends

Dividends are recognised when the right to receive the payment is established.

b) Expenses

Costs of construction

Costs of construction are recognised in accordance with the percentage of work completed based on total estimated costs. Provision for anticipated losses on construction projects is made in the accounts in full when the possibility of loss is ascertained. Differences between the estimated costs and the actual costs are recognised as current assets or current liabilities in the balance sheets.

Cost of sales of condominium units

In determining the costs of condominium units sold, the anticipated total development costs (after recognising the costs incurred to date) are attributed to units already sold on the basis of the salable area and then recognised as costs in the income statement according to the recorded sales.

Development cost of condominium units for sales are stated at cost, consisting of the cost of land, construction costs, land pledging expenses, interest and other related costs.

5.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, cash at bank and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

5.3 Trade accounts receivable

Trade accounts receivable 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 severally based on collection experiences and analysis of debtor aging.

5.4 Investments

- a) Investments in securities held for trading are presented at fair value. Gains or losses arising from changes in the carrying amounts of securities are included in determining income.
- b) Investments in available-for-sale securities are determined at fair value. Changes in the carrying amounts of securities are recorded as separate items in shareholders' equity until the securities are sold, when the changes are then included in determining income.

- c) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised by the effective rate method with the amortised amount presented as an adjustment to the interest income.
- d) Investments in non-marketable equity securities, which the Company classifies as other investments, are valued at cost net of allowance for loss on diminution in value (if any).
- e) Investments in jointly controlled entities and associates are accounted for in the consolidated financial statements using the equity method.
- f) Investments in subsidiaries, jointly controlled entities and associates are accounted for in the separate financial statements using the cost method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand. The fair value of debt instruments is determined based on the required rate of return or the yield rates quoted by the Thai Bond Market Association. The fair value of unit trusts is determined from their net asset value.

The weighted average method is used for computation of the cost of investments.

In the event the Company reclassifies investments in securities, such investments are adjusted to their fair value as at the reclassification date. Differences between the carrying amount of the investments and their fair value on that date are included in determining income or recorded as surplus (deficit) from change in the value of investments in shareholders' equity, depending on the type of investment which is reclassified.

5.5 Property, plant and equipment/Depreciation

Property, plant and equipment are stated at their cost / revalued amount less accumulated depreciation and allowance for loss on impairment of assets (if any).

Property, plant and equipment are initially recorded at cost on the acquisition date. Land for rent, and land and condominium for rent were however subsequently revalued by independent appraisers, to their fair values using the market comparison approach. Revaluations are to be made with sufficient regularity to ensure that the carrying amount of assets 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 the revaluation of the Company and its subsidiaries' 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 and its subsidiaries' 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 of assets" to the extent that the decrease does not exceed the amount held in the "Revaluation surplus of assets" in respect of those same assets. Any excess amount is to be recognised as an expense in the income statement.

Depreciation of buildings and equipments is calculated by reference to the costs of assets or the revalued amounts on the straight-line basis over their estimated useful lives:

Rental condominium	-	24 years
Buildings and building improvements	-	20 years
Leasehold improvements	-	10 years
Mock up room	-	5 years
Machinery and equipment	-	5 - 30 years
Furniture, fixtures and office equipment	-	5 years
Motor vehicles	-	5 - 10 years

The depreciation is dealt with 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 shareholders' equity.

No depreciation is provided for land, land improvements and construction in progress.

5.6 Related party transactions

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

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

5.7 Long-term leases

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

5.8 Foreign currencies

Foreign currency transactions are translated into Baht at the exchange rates ruling on the transaction dates. Assets and liabilities denominated in foreign currencies outstanding at the balance sheet date are translated into Baht at the exchange rates ruling on the balance sheet date, with the exception of those covered by forward exchange contracts, which are translated at the contracted rates.

Gains and losses on exchange are included in determining income.

5.9 Impairment of assets

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

5.10 Employee benefits

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

5.11 Provisions

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

5.12 Income tax

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

Income tax of a subsidiary is provided for in the accounts based on the taxable profits determined in accordance with tax legislation while the subsidiary has been electing to compute its revenues and costs of sales of condominium units when installments come due.

5.13 Use of accounting estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumption in certain circumstances, affecting amounts reported in the these financial statements and related notes. Actual results could differ from these estimates.

6. CASH AND CASH EQUIVALENTS

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
Cash on hand	4,814,247	5,817,574	4,797,981	5,805,357
Current and saving deposits	192,770,842	288,705,609	128,717,141	153,541,247
Unit trusts	822,734,495	409,430,491	786,346,540	409,430,491
Bills of exchange	50,000,000	602,000,000	50,000,000	602,000,000
Total	<u>1,070,319,584</u>	<u>1,305,953,674</u>	<u>969,861,662</u>	<u>1,170,777,095</u>

The above unit trusts are unit trusts in open-ended, fixed-income fund which is highly liquid.

7. TRADE ACCOUNTS AND NOTES RECEIVABLE

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

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
<u>Unrelated parties</u>				
Not yet due	907,677,037	1,026,538,861	757,755,922	994,259,193
Past due				
Less than 4 months	312,032,922	422,380,568	309,586,317	400,823,599
5 -12 months	148,818,438	266,014,604	148,818,246	266,014,603
Over 12 months	235,459,782	366,333,768	235,459,782	366,141,772
Total	1,603,988,179	2,081,267,801	1,451,620,267	2,027,239,167
Less: Allowance for doubtful accounts	(80,272,310)	(223,556,802)	(80,272,310)	(223,556,802)
	<u>1,523,715,869</u>	<u>1,857,710,999</u>	<u>1,371,347,957</u>	<u>1,803,682,365</u>
<u>Related parties</u>				
Not yet due	3,015,944	34,873,483	155,624,867	48,922,122
Past due				
Less than 4 months	1,274,884	314,749,224	45,513,625	335,740,712
5 -12 months	32,663,210	3,563,641	37,780,311	6,904,104
Over 12 months	29,202,827	29,202,827	246,193,017	29,202,827
Total	66,156,865	382,389,175	485,111,820	420,769,765
Less: Allowance for doubtful accounts	(29,202,827)	(29,202,827)	(29,202,827)	(29,202,827)
	<u>36,954,038</u>	<u>353,186,348</u>	<u>455,908,993</u>	<u>391,566,938</u>
Accounts and notes receivable - net	<u><u>1,560,669,907</u></u>	<u><u>2,210,897,347</u></u>	<u><u>1,827,256,950</u></u>	<u><u>2,195,249,303</u></u>

During the year 2007, the Company entered into a composition agreement with a local company, whereby payment of Baht 45.2 million was requested in settlement of long outstanding receivables totaling Baht 89.2 million, and such amount was received in the same period. The Company had previously set aside full allowance for bad debt for this receivable and as a result of the composition agreement, the Company therefore recorded Baht 40.7 million of the amount received as income from settlement of doubtful debt. The rest, which is compensations for legal expenses, was recorded as other income.

8. RELATED PARTY TRANSACTIONS

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

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
Transactions with related companies				
Construction and service income	80	1,147	80	1,147
Cost of construction	30	25	30	25
Other income	-	1	-	-
Transactions with jointly controlled entities				
(eliminated from the consolidated financial statements)				
Construction and service income	49	170	117	405
Transactions with associated company				
Other income	8	6	8	6
Transactions with subsidiaries				
(eliminated from the consolidated financial statements)				
Construction and service income	-	-	553	206
Rental expenses	-	-	8	6
Interest expenses	-	-	3	-

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

		(Unit: Baht)			
		Consolidated financial statements		Separate financial statements	
Relationship		2007	2006	2007	2006
<u>ASSETS</u>					
<u>Trade accounts and notes receivable - related parties</u>					
HTR Corporation Limited	Subsidiary	-	-	-	107,000
Kijpracha Tanee Co., Ltd.	Subsidiary	-	-	213,649,727	-
S.L. Joint Venture	Subsidiary	-	-	186,957,071	3,773,847
S.A. Joint Venture	Subsidiary	-	-	16,736,264	-
Sino-Thai-A.S. Joint Venture	Joint venture	1,175,452	25,144,160	2,798,694	59,867,047
Taisei-Sino-Thai Joint Venture	Joint venture	1,699,738	67,511,231	1,699,738	67,511,231
Philipp Holzmann (Thai) / U.T.M. Engineering / Sino-Thai Joint Venture	Joint venture	10,224,752	10,224,752	10,224,752	10,224,752
TNNS Joint Venture	Joint venture	33,937,224	260,177,538	33,937,224	260,177,538
P.P. Coral Resort Company Limited	Associated company	-	1,019	-	-
Others		19,119,699	19,330,475	19,108,350	19,108,350
Total		66,156,865	382,389,175	485,111,820	420,769,765
Less: Provision for doubtful debts		(29,202,827)	(29,202,827)	(29,202,827)	(29,202,827)
Net		36,954,038	353,186,348	455,908,993	391,566,938
<u>Unbilled receivables</u>					
S.L. Joint Venture	Subsidiary	-	-	54,493,091	32,195,083
S.A. Joint Venture	Subsidiary	-	-	95,627,407	-
Sino-Thai-A.S. Joint Venture	Joint venture	36,332,802	95,959,004	86,506,671	228,473,819
Taisei-Sino-Thai Joint Venture	Joint venture	-	68,169,327	-	68,169,327
TNNS Joint Venture	Joint venture	22,823,051	210,740,016	22,823,051	210,740,016
Total		59,155,853	374,868,347	259,450,220	539,578,245
<u>Retention receivables</u>					
S.L. Joint Venture	Subsidiary	-	-	-	18,631,017
S.A. Joint Venture	Subsidiary	-	-	1,514,700	-
Sino-Thai-A.S. Joint Venture	Joint venture	10,613,364	8,068,093	25,269,914	19,209,746
Taisei-Sino-Thai Joint Venture	Joint venture	-	35,801,230	-	35,801,230
TNNS Joint Venture	Joint venture	-	12,271,592	-	12,271,591
Total		10,613,364	56,140,915	26,784,614	85,913,584

(Unit: Baht)

	Relationship	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006
<u>Loans to related parties</u>					
P.P. Coral Resort Company Limited	Associated company	76,839,863	71,843,014	-	-
MMR Asia Company Limited	Former associated company	11,611,793	11,611,793	11,611,793	11,611,793
Sino-Thai Tower Condominium Juristic Person	Related party	15,619,863	17,957,760	-	-
The Joint Venture of Tomen Enterprise (Bangkok) Limited / Sino-Thai Engineering and Construction Plc. / Totems Co., Ltd	Joint venture	278,145	278,145	278,145	278,145
IS Geo System Company Limited (written-off in 2007)	Former related company	-	78,566,828	-	78,566,828
Total		<u>104,349,664</u>	<u>180,257,540</u>	<u>11,889,938</u>	<u>90,456,766</u>
Less: Allowance for doubtful accounts		<u>(11,889,938)</u>	<u>(90,178,621)</u>	<u>(11,889,938)</u>	<u>(90,178,621)</u>
Net		<u>92,459,726</u>	<u>90,078,919</u>	<u>-</u>	<u>278,145</u>
<u>LIABILITIES</u>					
<u>Trade accounts and notes payable - related parties</u>					
HTR Corporation Limited	Subsidiary	-	-	-	748
STP & I Plc.	Common director	-	780,041	-	780,041
STIT Co., Ltd.	Common director	2,719,989	5,268,219	2,719,989	5,268,219
Total		<u>2,719,989</u>	<u>6,048,260</u>	<u>2,719,989</u>	<u>6,049,008</u>
<u>Loans from related party</u>					
HTR Corporation Limited	Subsidiary	-	-	100,000,000	-
<u>Advances received from construction contracts</u>					
STP&I Plc.	Common director	110,000,000	-	110,000,000	-
S.L. Joint Venture	Subsidiary	-	-	310,661,587	372,233,002
S.A. Joint Venture	Subsidiary	-	-	216,959,888	-
Sino-Thai-A.S. Joint Venture	Joint venture	5,570,513	11,371,217	13,263,127	27,074,325
Taisei-Sino-Thai Joint Venture	Joint venture	-	27,195,645	-	27,195,645
TNNS Joint Venture	Joint venture	195,831	18,986	195,831	18,986
Total		<u>115,766,344</u>	<u>38,585,848</u>	<u>651,080,433</u>	<u>426,521,958</u>

During 2007, movements of loans to and loans from to related parties were as follow:

(Unit: Baht)

		Consolidated financial statements			
		Balance as at	During the year		Balance as at
		1 January 2007	Increase	Decrease	31 December 2007
<u>Loans to related parties</u>	<u>Relationship</u>				
P.P. Coral Resort Company Limited	Associated company	71,843,014	4,996,849	-	76,839,863
Sino-Thai Tower Condominium Juristic Person	Related party	17,957,760	-	(2,337,897)	15,619,863
The Joint Venture of Tomen Enterprise (Bangkok) Limited / Sino-Thai Engineering and Construction Plc. / Totems Co., Ltd (set provision up in 2007)	Joint Venture	278,145	-	(278,145)	-
Total		90,078,919	4,996,849	(2,616,042)	92,459,726

(Unit: Baht)

		Separate financial statements			
		Balance as at	During the year		Balance as at
		1 January 2007	Increase	Decrease	31 December 2007
<u>Loans to related parties</u>	<u>Relationship</u>				
The Joint Venture of Tomen Enterprise (Bangkok) Limited / Sino-Thai Engineering and Construction Plc. / Totems Co., Ltd	Joint Venture	278,145	-	(278,145)	-
Total		278,145	-	(278,145)	-
<u>Loans from related parties</u>					
HTR Corporation Limited	Subsidiary	-	138,000,000	(38,000,000)	100,000,000

Loan to P.P. Coral Resort Company Limited

This loan has been long outstanding. However, P.P. Coral Resort Company Limited is improving its operating and organisation structure. The Company's management has considered that the loan will be recoverable in full.

Loan to Sino-Thai Tower Condominium Juristic Person

HTR Corporation Limited granted a loan of Baht 19 million to Sino-Thai Tower. The loan carries flat interest rate at 8 percent 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.

Loans from HTR Corporation Limited

Loans from HTR Corporation Limited are promissory notes repayable at call issued by the Company. These loans carried interest at 4 percent per annum.

Directors and management's remuneration

In 2007 the Company and its subsidiaries paid salaries, meeting allowances and gratuities to their directors and management totaling Baht 29.7 million (The Company only: Baht 27.9 million) (2006: Baht 25.8 million, The Company only: Baht 24.8 million).

9. DEVELOPMENT COST OF CONDOMINIUM UNITS FOR SALES

	(Unit: Baht)
	<u>Consolidated financial statements</u>
	<u>2007</u>
Land	71,906,832
Construction costs	289,865,089
Borrowing costs	3,340,510
Other costs	750,733
Total	<u>365,863,164</u>
Less: Accumulated costs transferred to cost of sales	<u>(65,353,814)</u>
Total development cost of condominium units for sales	<u>300,509,350</u>

The land and relating development costs are mortgaged as collateral for loans from other person, as being discussed in Note 20.

10. ACCOUNTS RECEIVABLE / UNDUE OUTPUT TAX RELATING TO CONSTRUCTION OF SUVARNABHUMI AIRPORT RAIL LINK CONTRACT

The balances were value added tax and withholding tax relating to construction of Suvarnabhumi Airport Rail Link contract made with State Railway of Thailand (SRT). Such tax obligations arise when the SRT pays the banks to which the rights of claim were transferred, after construction is completed no later than November 2007 according to the contract. Subsequently, the Company and other joint contractors have jointly entered into an agreement with SRT, to extend the construction period for another 180 days, starting from 6 November 2007. The agreement causes SRT to pay the banks for the completed part of the construction work in November 2007 and the relevant tax obligations are due at the same time. As at 31 December 2007, such amount has been paid.

11. INVESTMENTS IN SUBSIDIARY

(Unit: Baht)

Company's name	Separate financial statements					
	Paid-up capital		Shareholding		Cost	
	2007	2006	2007	2006	2007	2006
	(Million Baht)	(Million Baht)	(%)	(%)		
HTR Corporation Limited	500	500	80.90	80.90	440,090,005	440,090,005

12. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

As at 31 December 2007, 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.

Summarised financial information of the operated jointly controlled entity.

Sino-Thai A.S. Joint Venture

The Company's proportionate shares of the assets, liabilities, revenue and expenses of Sino-Thai A.S. Joint Venture are as follows:

	(Unit: Million Baht)	
	As at 31 December	
	2007	2006
Current assets	144	368
Current liabilities	(146)	(368)
Net liabilities	(2)	-
	(Unit: Million Baht)	
	For the years ended 31 December	
	2007	2006
Revenue	126	424
Cost of sales	(126)	(424)
Selling and administrative expenses	(1)	(1)
Net loss	(1)	(1)

Share of income or loss from the operating results of jointly controlled entities was determined based on the financial statements prepared by their managements and neither audited nor reviewed by their auditors. Most of joint ventures have no activity. The Company believes that the value of the investments would not significantly differ if the financial statements had been audited or reviewed by auditors.

13. INVESTMENTS IN ASSOCIATES

13.1 Details of associates which are all incorporated in Thailand:

(Unit: Baht)

Company's name	Nature of business	Consolidated financial statements					
		Shareholding percentage		Cost		Carrying amounts based on equity method	
		2007 (%)	2006 (%)	2007	2006	2007	2006
DKK Sino-Thai Engineering Company Limited	Telecommunication and transmission lines installation	35.00	35.00	2,799,700	2,799,700	203,556,797	196,384,694
P.P. Coral Resort Company Limited	Resort	37.22	37.22	68,001,000	68,001,000	-	-
S T F M Company Limited (formerly known as ACS Asia Company Limited)	Produce of cable lines but has ceased operation	50.00	50.00	5,000,000	5,000,000	8,985,577 (8,985,577)	8,985,577 (8,985,577)
Less: Provision for impairment of investment						-	-
Total				<u>75,800,700</u>	<u>75,800,700</u>	<u>203,556,797</u>	<u>196,384,694</u>

(Unit: Baht)

Company's name	Nature of business	Separate financial statements							
		Shareholding percentage		Cost		Provision for impairment of investments		Carrying amounts based on cost method - net	
		2007 (%)	2006 (%)	2007	2006	2007	2006	2007	2006
DKK Sino-Thai Engineering Company Limited	Telecommunication and transmission lines installation	35.00	35.00	2,799,700	2,799,700	-	-	2,799,700	2,799,700
S T F M Company Limited (formerly known as "ACS Asia Company Limited")	Produce of cable lines but has ceased operation	50.00	50.00	5,000,000	5,000,000	(5,000,000)	(5,000,000)	-	-
Total				<u>7,799,700</u>	<u>7,799,700</u>	<u>(5,000,000)</u>	<u>(5,000,000)</u>	<u>2,799,700</u>	<u>2,799,700</u>

(Unit: Baht)

Company's name	Consolidated financial statements		Separate financial statements	
	Share of income (loss) from investments in associates during the year		Dividend received during the year	
	2007	2006	2007	2006
DKK Sino-Thai Engineering Company Limited	15,571,203	21,716,262	8,399,100	13,998,500
P.P. Coral Resort Company Limited	-	(39,583,047)	-	-
S T F M Company Limited (formerly known as "ACS Asia Company Limited")	-	-	-	-
Total	15,571,203	(17,866,785)	8,399,100	13,998,500

13.2 Summarised financial information of associates.

(Unit: Million Baht)

Company's name	Paid-up capital as at 31 December		Total assets as at 31 December		Total liabilities as at 31 December		Total revenues for the year ended 31 December		Net income (loss) for the year ended 31 December	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	DKK Sino-Thai Engineering Company Limited ¹	8	8	665	692	83	131	635	436	44
P.P. Coral Resort Company Limited ²	148	148	392	417	476	448	48	43	(53)	(92)
S T F M Company Limited ³ (formerly known as "ACS Asia Company Limited")	10	10	6	6	14	14	-	-	(1)	(1)

13.3 The Company recognised share of losses from investments in two associates, as listed below, until the value of the investments reached zero. Subsequent losses incurred by those associates have not been recognised in the Company's accounts since the Company has no obligations, whether legal or constructive, to make any payments on behalf of those associates. The amount of such unrecognised share of losses is set out below.

(Unit: Million Baht)

Company's name	Unrecognised share of losses	
	Share of losses for the year ended 31 December 2007	Cumulative share of losses up to 31 December 2007
	P.P. Coral Resort Company Limited ²	20
S T F M Company Limited ³ (formerly known as "ACS Asia Company Limited")	-	4
Total	20	35

1. Financial information and share of income or loss 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 or reviewed by auditors.
2. Financial information for the year 2007 was financial information as at 31 July 2007 and determined based on the financial statements prepared by its managements and neither audited nor reviewed by its auditors.
3. Financial information was that as at 31 December 2007.

14. OTHER LONG-TERM INVESTMENTS

(Unit: Baht)

	Equity interest		Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006	2007	2006
	%	%				
<u>Investments in available-for-sale securities</u>						
Bangkok Commercial Property Fund	-	-	10,000,000	10,000,000	-	-
STP&I Public Company Limited	1.01	1.01	7,687,413	7,687,413	7,687,413	7,687,413
			17,687,413	17,687,413	7,687,413	7,687,413
Add: Unrealised gains on available-for-sale securities			13,465,922	1,108,761	14,765,922	2,308,761
			31,153,335	18,796,174	22,453,335	9,996,174
<u>Other investments</u>						
Abico Land Company Limited	15.00	15.00	30,000,000	30,000,000	30,000,000	30,000,000
Peroxy Thai Company Limited	-	2.44	-	10,226,525	-	10,226,525
Thai Maintenance Contracting Company Limited	19.00	19.00	7,611,405	7,611,405	7,611,405	7,611,405
Thai Contractors Asset Co., Ltd.	0.20	-	500,000	-	500,000	-
Others			86,193,576	86,192,423	86,141,573	86,141,573
			124,304,981	134,030,353	124,252,978	133,979,503
Less: Allowance for impairment of investments			(111,153,022)	(109,751,635)	(111,153,022)	(109,751,635)
			13,151,959	24,278,718	13,099,956	24,227,868
Other long-term investments-net			44,305,294	43,074,892	35,553,291	34,224,042

During the year 2007, the Company sold investment of Peroxy Thai Limited of which net book value was Baht 4.0 million with total consideration of amounting to Baht 36.0 million.

15. PROPERTY, PLANT AND EQUIPMENT

(Unit: Baht)

	Consolidated financial statements										
	Revaluation basis		Cost basis							Construction in progress	Total
	Land and improvements for rents	Land and rental condominium	Land and land improvements	Buildings and building improvements	Leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles			
<u>Cost/reappraised value</u>											
31 December 2006	560,048,021	1,429,730,993	335,227,440	164,060,089	47,206,501	2,945,545,926	200,858,369	413,634,442	528,817,431	6,625,129,212	
Additions	-	-	-	63,104	-	346,268,964	15,930,869	4,674,178	162,971,622	529,908,737	
Disposals	(15,280,458)	-	(56,000)	(344,000)	-	(596,946,838)	(9,709,920)	(36,020,340)	-	(658,357,556)	
Transfers	-	-	96,291,738	2,885,738	-	546,969,974	54,482	87,796	(646,289,728)	-	
Acquisitions of subsidiary during the year	-	-	-	1,894,535	-	-	293,247	-	-	2,187,782	
31 December 2007	<u>544,767,563</u>	<u>1,429,730,993</u>	<u>431,463,178</u>	<u>168,559,466</u>	<u>47,206,501</u>	<u>3,241,838,026</u>	<u>207,427,047</u>	<u>382,376,076</u>	<u>45,499,325</u>	<u>6,498,868,175</u>	
<u>Accumulated depreciation</u>											
31 December 2006	-	1,136,104,147	-	90,457,541	31,517,977	967,886,443	141,606,535	261,999,869	-	2,629,572,512	
Depreciation	-	13,893,450	-	8,943,915	2,633,216	465,440,415	21,056,346	50,356,041	-	562,323,383	
Amortisation of surplus	-	45,824,365	-	-	-	-	-	-	-	45,824,365	
Disposals	-	-	-	(47,664)	-	(358,288,579)	(8,840,819)	(31,997,269)	-	(399,174,331)	
Transfers	-	-	-	-	-	1,115	(1,115)	-	-	-	
Acquisitions of subsidiary during the year	-	-	-	806,151	-	-	143,083	-	-	949,234	
31 December 2007	<u>-</u>	<u>1,195,821,962</u>	<u>-</u>	<u>100,159,943</u>	<u>34,151,193</u>	<u>1,075,039,394</u>	<u>153,964,030</u>	<u>280,358,641</u>	<u>-</u>	<u>2,839,495,163</u>	
<u>Net book value</u>											
31 December 2006	<u>560,048,021</u>	<u>293,626,846</u>	<u>335,227,440</u>	<u>73,602,548</u>	<u>15,688,524</u>	<u>1,977,659,483</u>	<u>59,251,834</u>	<u>151,634,573</u>	<u>528,817,431</u>	<u>3,995,556,700</u>	
31 December 2007	<u>544,767,563</u>	<u>233,909,031</u>	<u>431,463,178</u>	<u>68,399,523</u>	<u>13,055,308</u>	<u>2,166,798,632</u>	<u>53,463,017</u>	<u>102,017,435</u>	<u>45,499,325</u>	<u>3,659,373,012</u>	
<u>Depreciation for the year</u>											
2006 (Baht 437.8 million included in cost, and the balance in selling and administrative expenses)										<u>472,145,851</u>	
2007 (Baht 532.8 million included in cost, and the balance in selling and administrative expenses)										<u>562,323,383</u>	
<u>Net book value (if the assets carried at cost)</u>											
31 December 2006	<u>110,924,245</u>	<u>99,484,938</u>									
31 December 2007	<u>99,135,944</u>	<u>85,591,488</u>									

(Unit: Baht)

Separate financial statements

	Revaluation basis		Cost basis						Total
	Land and improvements for rents	Land and land improvements	Buildings and building improvements	Leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Construction in progress	
<u>Cost/reappraised value</u>									
31 December 2006	544,767,564	335,227,440	164,060,089	47,206,501	2,945,545,927	169,719,444	411,339,243	528,817,431	5,146,683,639
Additions	-	-	63,104	-	346,268,964	15,319,435	4,070,328	162,971,621	528,693,452
Disposals	-	(56,000)	(344,000)	-	(596,946,838)	(9,306,706)	(36,020,340)	-	(642,673,884)
Transfers	-	96,291,738	2,885,738	-	546,969,973	54,482	87,796	(646,289,727)	-
31 December 2007	544,767,564	431,463,178	166,664,931	47,206,501	3,241,838,026	175,786,655	379,477,027	45,499,325	5,032,703,207
<u>Accumulated depreciation</u>									
31 December 2006	-	-	90,457,541	31,517,977	967,886,443	111,905,409	261,443,164	-	1,463,210,534
Depreciation	-	-	8,943,914	2,633,216	465,440,415	20,434,667	49,889,179	-	547,341,391
Disposals	-	-	(47,663)	-	(358,288,579)	(8,618,509)	(31,997,270)	-	(398,952,021)
Transfers	-	-	-	-	1,115	(1,115)	-	-	-
31 December 2007	-	-	99,353,792	34,151,193	1,075,039,394	123,720,452	279,335,073	-	1,611,599,904
<u>Net book value</u>									
31 December 2006	544,767,564	335,227,440	73,602,548	15,688,524	1,977,659,484	57,814,035	149,896,079	528,817,431	3,683,473,105
31 December 2007	544,767,564	431,463,178	67,311,139	13,055,308	2,166,798,632	52,066,203	100,141,954	45,499,325	3,421,103,303
<u>Depreciation for the year</u>									
2006 (Baht 423.4 million included in cost, and the balance in selling and administrative expenses)									457,253,729
2007 (Baht 518.1million included in cost, and the balance in selling and administrative expenses)									547,341,391
<u>Net book value</u> (if the assets carried at cost)									
31 December 2006	99,135,944								
31 December 2007	99,135,944								

Breakdown of property, plant and equipment carried on the revaluation basis and their accumulated depreciation is as follows:

(Unit: Baht)

	Consolidated financial statements			
	2007		2006	
	Land and improvements for rents	Land and rental condominium	Land and improvements for rents	Land and rental condominium
Original cost	99,135,944	362,164,193	110,924,245	362,164,193
Surplus from revaluation	449,123,776	1,067,566,800	449,123,776	1,067,566,800
	(3,492,157)	-	-	-
Revalued amount	<u>544,767,563</u>	<u>1,429,730,993</u>	<u>560,048,021</u>	<u>1,429,730,993</u>
Accumulated depreciation on original cost	-	276,572,705	-	262,679,255
Accumulated depreciation on revaluation surplus	-	919,249,257	-	873,424,892
Accumulated depreciation on revalued amount	<u>-</u>	<u>1,195,821,962</u>	<u>-</u>	<u>1,136,104,147</u>

(Unit: Baht)

	Separate financial statements	
	Land and improvements from rents	
	2007	2006
Original cost	99,135,944	99,135,944
Surplus from revaluation	445,631,620	445,631,620
Revalued amount	<u>544,767,564</u>	<u>544,767,564</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. 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 financial statements		Separate financial statements	
	2007	2006	2007	2006
Net loss (Baht)	(15)	(1,817)	-	-
Basic loss per share (Baht per share)	(0.01)	(1.54)	-	-
Diluted loss per share (Baht per share)	(0.01)	(1.54)	-	-

As at 31 December 2007, certain plant and equipment items had been fully depreciated but were still in use. The original cost, before deducting accumulated depreciation, of those assets amounted to approximately Baht 498.2 million (2006: Baht 569.5 million) (The Company only: Baht 469.0 million, 2006: Baht 543.1 million).

As at 31 December 2007, the Company had equipment and vehicles acquired under hire purchase agreement and financial lease agreements, with net book value amounting to approximately Baht 521.2 million (2006: Baht 353.7 million).

16. BANK OVERDRAFT AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

Bank overdrafts and short-term from financial institutions as at 31 December 2007 and 2006 consist of: -

	Interest rate (percent per annum)	(Unit: Baht)	
		Consolidated financial statements/ Separate financial statements	
		2007	2006
Bank overdrafts	7.10 - 8.00	125,953,306	40,015,939
Short-term loans from financial institutions	5.75 and 6.85	342,000,000	344,169,909
Bill of exchanges issued to open-end funds	-	-	611,297,945
Total		467,953,306	995,483,793

17. PROVISION FOR LOSS ON CONSTRUCTION PROJECTS

	(Unit: Baht)
	Consolidated financial statements/ Separate financial statements
Balance as at 31 December 2006	721,244,312
Add: Recorded in the year	64,077,678
Less: Decrease in provision as project cost actually occurred in the year	(410,094,124)
Balance as at 31 December 2007	375,227,866

In current circumstances, prices of construction materials and wages, oil and transportation costs have significantly risen. In addition, major construction contracts have been extended due to uncontrollable external factors. Because of these, the Company had to reconsider its project costs in detail. In the mentioned circumstances, the Company noted loss from long term projects and recorded the whole amount of loss into income statements in 2007. The Company believes that if the above events do not significantly change, the recorded provision for loss is adequately set in the current situation.

18. LIABILITIES UNDER HIRE PURCHASE AND FINANCIAL LEASE AGREEMENTS

(Unit: Baht)

	Consolidated financial statements/ Separate financial statements	
	<u>2007</u>	<u>2006</u>
Liabilities under hire purchase and lease agreements	360,817,658	255,435,209
Less: Deferred interest expense	(42,137,893)	(22,088,021)
Less: Portion due within one year	(140,413,087)	(116,745,938)
Liabilities under hire purchase and financial lease agreements - net of current portion	<u>178,266,678</u>	<u>116,601,250</u>

As at 31 December 2007, there were the following commitments payable under hire purchase and financial lease agreements by the Company:

<u>Year</u>	<u>Million Baht</u>
2008	161.8
2009	82.6
2010 - 2011	<u>116.4</u>
	<u>360.8</u>

19. DEBENTURES

On 1 October 2003, an extraordinary meeting of the shareholders of the Company approved the issue of Baht 500 million of 5-years unsecured amortising debentures. The debentures are to bear interest at a rate of 4 percent per annum, payable semi-annually, and principal are to be repaid in annual installments of Baht 125 million as from the second year. The debentures issued are made with normal covenants, pertaining to matters such as the maintenance of financial ratios and dividend payments.

20. LONG-TERM LOANS

	(Unit: Baht)	
	Consolidated financial statements	
	<u>2007</u>	<u>2006</u>
Long-term loans from bank	700,000,000	400,000,000
Other long-term loan	70,692,013	-
	<u>770,692,013</u>	<u>400,000,000</u>
Less: Current portion	(500,000,000)	(400,000,000)
Long term loans - net of current portion	<u>270,692,013</u>	<u>-</u>
		(Unit: Baht)
	Separate financial statements	
	<u>2007</u>	<u>2006</u>
Long term loan	700,000,000	400,000,000
Less: Current portion	(500,000,000)	(400,000,000)
Long term loans - net of current portion	<u>200,000,000</u>	<u>-</u>

Long-term loans from bank

The Company entered into an agreement with a local commercial bank granting a loan amounting to Baht 400 million, on which interest is charged at MLR% per annum. The loan is repayable in 4 monthly installments at Baht 100 million each, with the first of these due in August 2007.

During the year 2007, the Company and its bank have agreed to extend the repayment dates of Baht 400 million loan, which was previously presented the whole balance as a current portion. The first installment will be due in May 2008 on a monthly basis of Baht 100 million each. The Company is to make full payment of the loan principal in August 2008. As of 31 December 2007, the loan was already presented based on this extension.

In addition, the Company entered into an agreement with a local commercial bank granting a loan amounting to Baht 300 million, on which interest is charged at MLR% per annum. The loan is repayable in 3 installments annually of Baht 100 million each. The first installment will be due in June 2008. The Company will repay all of the principal in 2010.

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 is promissory notes repayable at call. The subsidiary expects the lenders not to call for repayment in the near future. In addition, the lender issued representation letters confirming that is not to call for repayment within 1 year starting from the balance sheets dates. Therefore, the loan and interest payable are presented as non-current liabilities in the balance sheets.

The subsidiary has mortgaged its ownership of condominium units for sales as collaterals for the loan from other person. This loan is carrying interest rate at 2.5 percent per annum.

21. CASH RECEIPT UNDER CONSTRUCTION CONTRACT

In the year 2007, the Company received of USD 12 million from an overseas company which is a consortium with the Company under a construction contract. The overseas company agreed to grant this amount of money to the Company for use in the construction project. It is to be repaid at the end of 2008. The Company entered into a forward exchange contract to hedge currency risk, as will be discussed in Note 35 to the financial statements.

22. SHARE CAPITAL

The movements of the Company's paid-up share capital are as following:

For the year 2007

	<u>Number of ordinary shares</u>	
	<u>STEC-W</u>	<u>STEC-W2</u>
<u>Warrants exercises in</u>		
March 2007	513,940	-
May 2007	1,049,690	-
	<u>1,563,630</u>	<u>-</u>

For the year 2006

	<u>Number of ordinary shares</u>	
	<u>STEC-W</u>	<u>STEC-W2</u>
<u>Warrants exercises in</u>		
December 2005	6,600	-
March 2006	71,600	80,000
October 2006	4,200	-
Total	<u>82,400</u>	<u>80,000</u>

	<u>Shares</u>
Total increase in ordinary shares due to warrants exercises	162,400
Increase in share capital*	<u>160,000,000</u>
Total number of shares increases	<u>160,162,400</u>

*In January 2007, at the Meeting of Board of Directors was resolved to distribute the 160 million ordinary shares of Baht 1 each. The ordinary shares have a offering price of Baht 12.10 per share, totaling amount received from this share sale of Bath 1,936 million. There were expenses occurred regarding to the share increase of Baht 50.83 million which were recorded as a deduction of share premium. All of the shares increase was sold during 12 to 16 January 2006.

23. REVALUATION SURPLUS

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
				(Restated)
Balance - beginning of year	569,578,673	606,650,580	445,631,620	445,631,620
Amortisation of revaluation surplus by a subsidiary (proportionate to the Company's investment)	(37,071,907)	(37,071,907)	-	-
Sale of revaluation asset during the year	(2,825,154)	-	-	-
Balance - end of year	<u>529,681,612</u>	<u>569,578,673</u>	<u>445,631,620</u>	<u>445,631,620</u>

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

24. WARRANTS

The Company issued warrants twice. The warrants are listed in the Stock Exchange of Thailand and are detailed as follows:

	Warrants' names in the Stock Exchange of Thailand	
	<u>STEC-W</u>	<u>STEC-W2</u>
Extraordinary General Meeting of Shareholders resolution date	14 February 2002	16 August 2004
Total number of warrants issued (units)	170,000,000	170,000,000
Ratio of existing ordinary shareholders' rights to purchase warrants (ordinary shares : warrants)	5 : 1	6 : 1
Proposed selling prices for 1 unit of warrants (Baht)	none	3.0*
Exercised period as from the issued date (years)	5	3
Expired date	30 May 2007	18 April 2008
Exercised ratio (warrant : ordinary share)	1 : 1	1 : 1
Exercised price (Baht per unit)	1.0	8.5
Remaining unexercised warrants on 31 December 2006 (units)	1,806,550	163,548,461
Remaining unexercised warrants on 31 December 2007 (units)	-	163,548,461

* STEC-W2 were proceeded in 2005 with total proceeds of Baht 510 million.

** STEC-W expired and could not be used since 31 May 2007.

25. 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.

26. NUMBER OF EMPLOYEES AND RELATED COSTS

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Number of employees at end of year (Persons)	1,040	951	1,019	934
Employee costs for the year (Thousand Baht)	684,565	554,726	679,409	549,098

27. CORPORATE INCOME TAX

The Company has no corporate income tax payable since the tax losses brought forward from the previous year exceed the net income for the year.

28. EARNINGS PER SHARE

Basic earnings (loss) per share is calculated by dividing the net income (loss) for the year by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by dividing net income for the year by the sum of the weighted average number of ordinary shares in issue during the year 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 year or on the date the potential ordinary shares were issued.

	Consolidated financial statements					
	Net income		Weighted average number of ordinary shares		Earnings per share	
	<u>2007</u> Baht	<u>2006</u> Baht	<u>2007</u> Shares	<u>2006</u> Shares	<u>2007</u> Baht	<u>2006</u> Baht
Basic earnings (loss) per share						
Net income (loss)	21,671,121	(1,779,679,148)	1,185,606,208	1,177,586,752	0.02	(1.51)
Effect of dilutive securities						
Warrants	-	-	1,268,543	1,580,493		
Diluted earnings (loss) per share						
Net earnings (loss) of ordinary shareholders assuming the conversion of dilutive securities	21,671,121	(1,779,679,148)	1,186,874,751	1,179,167,245	0.02	(1.51)
Warrants outstanding (unit)						
31 December 2007	163,548,461					
31 December 2006	165,355,011					

Separate financial statements						
Net income		Weighted average		Earnings per share		
		number of ordinary shares				
<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	
Baht	Baht	Shares	Shares	Baht	Baht	
	(Restated)				(Restated)	
Basic earnings (loss) per share						
Net income (loss)	23,537,678	(1,777,877,344)	1,185,606,208	1,177,586,752	0.02	(1.51)
Effect of dilutive securities						
Warrants	-	-	1,268,543	1,580,493		
Diluted earnings (loss) per share						
Net earnings (loss) of ordinary shareholders assuming the conversion of dilutive securities	<u>23,537,678</u>	<u>(1,777,877,344)</u>	<u>1,186,874,751</u>	<u>1,179,167,245</u>	<u>0.02</u>	<u>(1.51)</u>
Warrants outstanding (unit)						
31 December 2007	<u>163,548,461</u>					
31 December 2006	<u>165,355,011</u>					

There is no calculation of diluted loss per share for the year 2006 as such calculation would decrease loss per share.

STEC-W2 warrants are excluded from the potential ordinary shares for calculation of earnings per share for the year ended 31 December 2007, since their exercise price is excess of the fair value of the ordinary shares.

29. DIVIDEND

Dividend declared in 2006 consist of the following:

	Approved by Annual General Meeting of		Dividend per share	Total dividends
	Shareholders on	Date		
			(Baht)	(Million)
Dividend on 2005 income	28 April 2006		0.23	272.4

30. CONTRACTS IN PROGRESS

As at 31 December 2007, the Company's aggregate amount of construction cost incurred and recognised profits or losses to date for contracts in progress was approximately Baht 37,195 million (2006: Baht 28,017 million) and gross amounts due from customers for contracts progress were approximately baht 4,636 million (2006: Baht 5,147 million).

31. 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 geographic area of Thailand. As a result, all of the revenues, operating income (loss) and assets as reflected in these financial statements pertain to the aforementioned industry segments and geographic area. The financial information by segment is as follow:

(Unit: Million Baht)

	Construction contracting		Office building rental and property development		Total	
	2007	2006	2007	2006	2007	2006
Construction and rental income	17,824	15,105	73	49	17,897	15,154
Intersegment revenues	(607)	(441)	(8)	(6)	(615)	(447)
Total revenues	<u>17,217</u>	<u>14,664</u>	<u>65</u>	<u>43</u>	<u>17,282</u>	<u>14,707</u>
Segment income (loss)	(38)	(1,768)	(29)	7	(67)	(1,761)
Unallocated income (expenses)						
Interest income					37	64
Other income					139	46
Share of gain (loss) from investment in jointly controlled entities and associated					16	(18)
Interest expenses					(94)	(104)
Corporate income tax					(12)	(9)
Minority interest					3	3
Net income (loss)					<u>22</u>	<u>(1,779)</u>
As at 31 December						
Property, plant and equipment	3,421	3,683	238	312	3,659	3,995
Other assets	<u>9,858</u>	<u>11,484</u>	<u>509</u>	<u>307</u>	<u>10,367</u>	<u>11,791</u>
Total assets	<u>13,279</u>	<u>15,167</u>	<u>747</u>	<u>619</u>	<u>14,026</u>	<u>15,786</u>

32. CREDIT FACILITIES

As at 31 December 2007 and 2006, the credit facilities of the Company and subsidiaries granted by financial institutions were secured by the guarantees and mortgages/pledges of the assets listed below.

1. Fixed deposits totaling Baht 58.8 million (2006: Baht 0.3 million).
2. 9.3 million shares of HTR Corporation Limited (2006: 9.3 million shares).
3. Pledge of the Company's land with net book value of Baht 717 million (2006: Baht 545 million).
4. Pledge of office condominiums with net book value of Baht 0.79 million (2006: Baht 3.0 million).
5. The transfer of the right of the claim of collections from construction contracts to a bank. The Company can normally withdraw from the transfer. As at 31 December 2007, the balance of the accounts receivable under the right transfer agreement was Baht 279 million (2006: Baht 279 million).
6. An associated company's investments in 562,500 ordinary shares of P.P. Coral Resort Company Limited in order to secure loan facility of P.P Coral Resort Company Limited.

33. COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2007, the commitments and contingent liabilities of the Company and its subsidiaries were listed below.

- 33.1 There were outstanding letters of guarantee totaling Baht 10,137 million (2006: Baht 11,209 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.
- 33.2 The Company has been sued for compensation totaling approximately Baht 91 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.

34. PROVIDENT FUND

The Company, its subsidiaries and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Employees, the Company and its subsidiaries contributed to the fund monthly at the rate of 3-5 percent of basic salaries. The fund, which is managed by BOA Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules.

35. FINANCIAL INSTRUMENTS

35.1 Financial risk management policies

The Company's financial instruments, as defined under Thai Accounting Standard No. 48 "Financial Instruments: Disclosure and Presentations", principally comprise as follow.

<u>Financial assets</u>	<u>Financial liabilities</u>
- Cash and cash equivalents	- Short-term loans
- Trade accounts and note receivable	- Trade accounts and note payable
- Retention receivable	- Hire purchase creditor
- Loans	- Financial lease payable
- Advances to subcontractors	- Debenture
	- Long-term loans
	- Advances received from construction contracts
	- Cash receipts under construction contract

The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to construction receivables and loans. However, due to their prudent credit policy, most of their customers being government agencies, and their close follow up of debt, analysing financial position on an ongoing basis, the Company and subsidiaries do not anticipate material losses from their debt collection in excess of those for which provision has already been set aside.

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relates primarily to its cash at banks, short-term and long-term loans, hire purchase creditor, financial lease payable and debentures which are subject to interest. However, because most of the financial assets and liabilities have floating interest rates which fluctuate in line with market interest rates or fixed interest rates which will be due within a short period, the interest rate risk is expected to be minimal.

As at 31 December 2007, the significant financial assets and liabilities, exposing to interest rate risk, classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on maturity, or the repricing date, if this occurs before the maturity date.

Consolidated financial statements

(Unit : Million)

	Interest rate (% p.a.)	Fixed interest rates			Total
		Within 1 year	Over 1 year	Floating interest rate	
Financial Assets					
- Cash and cash equivalents	0.50 - 2.25	50	-	990	1,040
- Long term loan to related parties	2.5 and 13.89	2	13	77	92
		<u>52</u>	<u>13</u>	<u>1,067</u>	<u>1,132</u>
Financial liabilities					
- Bank overdrafts and short-term loans from financial institutions	5.75	162	-	306	468
- Hire purchase creditor	5.39 - 7.80	40	6	-	46
- Financial lease payable	6.28 - 7.69	101	172	-	273
- Debentures	4.00	125	-	-	125
- Long term loans	6.88	-	71	700	771
		<u>428</u>	<u>249</u>	<u>1,006</u>	<u>1,683</u>

Separate financial statements

(Unit : Million)

	Interest rate (% p.a.)	Fixed interest rates			Total
		Within 1 year	Over 1 year	Floating interest rate	
Financial Assets					
- Cash and cash equivalents	0.50 - 2.25	50	-	914	964
		<u>50</u>	<u>-</u>	<u>914</u>	<u>964</u>
Financial liabilities					
- Bank overdrafts and short-term loans from financial institutions	5.75	162	-	306	468
- Hire purchase creditor	5.39 - 7.80	40	6	-	46
- Financial lease payable	6.28 - 7.69	101	172	-	273
- Debentures	4.00	125	-	-	125
- Long-term loans	6.88	-	-	700	700
- Long-term loan from related party	4.00	100	-	-	100
		<u>528</u>	<u>178</u>	<u>1,006</u>	<u>1,712</u>

Foreign currency risk

The Company is exposed to significant foreign currency risk in respect of purchase transactions and services renders, and advance received for constructions denominated in foreign currencies. However, the Company has entered into forward contracts to mitigate the foreign currency risk.

As at 31 December 2007, the outstanding balances of the Company's financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Financial assets	Financial liabilities
USD	-	158,000,000
JPY	327,859	12,173,000
EURO	191,283	-

As at 31 December 2007, the Company had the following outstanding forward contracts:

1. During the year 2006, the Company entered in to a forward exchange contract to hedge currency risk of JPY denominated payable, as detailed below.

Period no.	Amount (Million JPY)	Settlement date
1	80	31 March 2008
2	78	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 year 2007, average 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 in to a forward exchange contract to hedge currency risk of USD of cash receipt under construction contract from an overseas company which is a consortium, as detailed below.

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

35.2 Fair value of financial instruments

Since the majority of the Company and its subsidiaries' financial instruments are short-term in nature. Loans given to and loans from others mostly bear floating interest rates. Majority of loans bear fixed interest rate are going to due within 2 years. Fair value is not expected to be materially different from the amounts presented in the balance sheets.

Fair value of foreign exchange contracts of the Company is not significant different from their net book value.

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.

36. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Company's by Audit Committee on 18 February 2008.