

Sino-Thai Engineering and Construction Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2008 and 2007

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 2008, the related consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended, 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 express an opinion on these financial statements based on my audit. 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, as presented herein for comparative purposes, were audited by another auditor of our firm who, under his report dated 18 February 2007, expressed an unqualified opinion on those financial statements, whilst drawing attention to the change in accounting policy for recording investments in subsidiaries, joint ventures and associates in the separate financial statements from the equity method to the cost method.

I conducted my audit 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 audit provides 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 2008, the results of their operations, and cash flows for the year then ended, in accordance with generally accepted accounting principles.

Narong Puntawong
Certified Public Accountant (Thailand) No. 3315

Ernst & Young Office Limited
Bangkok: 12 February 2009

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

Statements of changes in shareholders' equity

For the years ended 31 December 2008 and 2007

(Unit: Baht)

	Separate financial statements								
	Note	Issued and fully paid-up share capital	Share premium	The Company's revaluation surplus	Revaluation surplus (deficit) on changes in value of investments	Warrants	Retained earnings		Total
							Appropriated - statutory reserve	Unappropriated (deficit)	
Balance as at 31 December 2006		1,184,644,989	2,828,907,312	445,631,620	2,308,761	490,645,383	103,038,015	(1,472,414,376)	3,582,761,704
Income recognised directly in equity:									
Investment in available-for-sale securities - gain recognised in shareholders' equity		-	-	-	12,457,161	-	-	-	12,457,161
Net income and expenses recognised directly in equity		1,184,644,989	2,828,907,312	445,631,620	14,765,922	490,645,383	103,038,015	(1,472,414,376)	3,595,218,865
Net income for the year		-	-	-	-	-	-	23,537,678	23,537,678
Total income and expenses for the year		1,184,644,989	2,828,907,312	445,631,620	14,765,922	490,645,383	103,038,015	(1,448,876,698)	3,618,756,543
Increase in share capital from exercises of warrants		1,563,630	-	-	-	-	-	-	1,563,630
Balance as at 31 December 2007		<u>1,186,208,619</u>	<u>2,828,907,312</u>	<u>445,631,620</u>	<u>14,765,922</u>	<u>490,645,383</u>	<u>103,038,015</u>	<u>(1,448,876,698)</u>	<u>3,620,320,173</u>
Balance as at 31 December 2007		1,186,208,619	2,828,907,312	445,631,620	14,765,922	490,645,383	103,038,015	(1,448,876,698)	3,620,320,173
Expenses recognised directly in equity:									
Investment in available-for-sale securities - loss recognised in shareholders' equity	13	-	-	-	(2,663,955)	-	-	-	(2,663,955)
Net income and expenses recognised directly in equity		1,186,208,619	2,828,907,312	445,631,620	12,101,967	490,645,383	103,038,015	(1,448,876,698)	3,617,656,218
Net income for the year		-	-	-	-	-	-	123,341,801	123,341,801
Total income and expenses for the year		1,186,208,619	2,828,907,312	445,631,620	12,101,967	490,645,383	103,038,015	(1,325,534,897)	3,740,998,019
Transferred of warrants to share premium	22	-	490,645,383	-	-	(490,645,383)	-	-	-
Balance as at 31 December 2008		<u>1,186,208,619</u>	<u>3,319,552,695</u>	<u>445,631,620</u>	<u>12,101,967</u>	<u>-</u>	<u>103,038,015</u>	<u>(1,325,534,897)</u>	<u>3,740,998,019</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 financial statements
For the years ended 31 December 2008 and 2007**

1. General information

1.1 Corporate 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.

1.2 Economic crisis

The financial crisis experienced by the United States of America over the past year has had a far reaching adverse effect on the global economy as evidenced by sharp falls in share prices worldwide, a tight squeeze on credit including interbank lending, failures of large financial institutions and reduced consumer confidence. The crisis has substantially affected the business and financial plans of Thailand enterprises and asset value. Despite efforts made by governments of many countries to contain the crisis, it remains uncertain as to when the global economy will return to normalcy. These financial statements have been prepared on the bases of facts currently known to the Company, and on estimates and assumptions currently considered appropriate. However, they could be adversely affected by an array of future events.

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

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 the Company (“the Company”) and the following subsidiaries and joint ventures 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	
		<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
		Percent	Percent	Percent	Percent	Percent	Percent
<u>Subsidiaries</u>							
HTR Corporation Limited	Office building rental	80.90	80.90	5.82	3.09	0.78	0.38
Patumwan Real Estate Co., Ltd. (Wholly owned by HTR Corporation Limited)	Provision of document storage service	80.90	80.90	0.07	0.05	0.03	0.02
Kijpracha Tanee Co., Ltd. (Wholly owned by HTR Corporation Limited)	Real estate development	80.90	80.90	2.49	2.18	-	0.09
Sino-Thai Joint Venture (ceased its operation)	Construction	-	100.00	-	-	-	-
S.L. Joint Venture	Construction	70.00	70.00	2.79	1.72	7.54	2.50
S.A. Joint Venture	Construction	80.00	80.00	4.95	1.27	8.70	0.63
<u>Joint Ventures</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	0.88	0.97	0.07	0.72

- b) Subsidiaries and joint ventures are fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when that such control ceases.
- c) The financial statements of the subsidiaries and joint ventures are prepared for the same reporting period as the parent company, using consistent significant accounting policies.
- d) Material balances and transactions between the Company and its subsidiaries and joint ventures have been eliminated from the consolidated financial statements.
- e) Minority interests represent the portion of net income or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.

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

3. Adoption of new accounting standards

3.1 Accounting standards which are effective for the current year

The Federation of Accounting Professions has issued Notification No. 9/2550, 38/2550 and 62/2550 mandating the use of new accounting standards as follows.

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 standards and believes that they do not have any significant impact on the financial statements for the current year, 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.

3.2 Accounting standards which are not effective for the current year

The Federation of Accounting Professions has also issued Notification No. 86/2551 mandating the use of the following new accounting standards.

TAS 36 (revised 2007)	Impairment of Assets
TAS 54 (revised 2007)	Non-current Assets Held for Sale and Discontinued Operations

These accounting standards will become effective for the financial statements for fiscal years beginning on or after 1 January 2009. The management has assessed the effect of these 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. Significant accounting policies

4.1 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 on an accrual basis based on the effective rate method.

Dividends

Dividends are recognised when the right to receive the dividends 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.

4.2 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.

4.3 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 debt aging.

4.4 Investments

- a) Investments in securities held for trading are stated 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 stated 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 stated at cost net of allowance for loss on diminution in value (if any).
- e) Investments in joint ventures and associates are accounted for in the consolidated financial statements using the equity method.

- f) Investments in subsidiaries, joint ventures 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 and its subsidiaries 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.

4.5 Property, plant and equipment/Depreciation

Property, plant and equipment are stated at their cost or 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 professional appraisers, to their fair values using the market 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 the following 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 on land, land improvements and assets under construction.

4.6 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 or its subsidiaries, key management personnel, directors, and officers with authority in the planning and direction of the Company or its subsidiaries' operations.

4.7 Long-term leases

Leases of 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 assets acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease period.

4.8 Foreign currencies

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

4.9 Impairment of assets

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

An impairment loss is recognised in the income statement. However in cases where land for rent, and land and condominium for rent were previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

4.10 Employee benefits

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

4.11 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.

4.12 Income tax

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

Income tax of a subsidiary is provided 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. Significant accounting judgments and estimates

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

Estimated construction project costs

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

Provision for losses on construction projects

Management applied judgement in estimating the loss they expect to be realised on each construction project, based on estimates of anticipated costs that take into account the progress of the project and actual costs incurred to date, together with fluctuations in costs of construction materials, labour and the current situation.

Leases

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

Allowance for doubtful accounts

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

Fair value of financial instruments

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercise judgment, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of liquidity, correlation and longer-term volatility of financial instruments.

Impairment of equity investments

The Company treats available-for-sale equity investments and other investments as impaired when the management judgment that there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgment.

Property plant and equipment/Depreciation

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

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

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

Litigation

The Company has contingent liabilities as a result of litigation. The Company's management has used judgment to assess of the results of the litigation and believes that no loss will result. Therefore no contingent liabilities are recorded as at the balance sheet date.

6. Cash and cash equivalents

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Cash on hand	4,298,787	4,814,247	4,274,971	4,797,981
Current and saving deposits	228,341,671	192,770,842	178,091,716	128,717,141
Unit trusts	741,319,850	822,734,495	730,586,883	786,346,540
Bills of exchange	-	50,000,000	-	50,000,000
Total	973,960,308	1,070,319,584	912,953,570	969,861,662

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	
	2008	2007	2008	2007
<u>Age of receivable</u>				
<u>Unrelated parties</u>				
Not yet due	1,336,533,034	907,677,037	1,308,311,181	757,755,922
Past due				
Less than 4 months	190,509,393	312,032,922	190,053,495	309,586,317
5 - 12 months	81,475,368	148,818,438	65,696,269	148,818,246
Over 12 months	358,878,523	235,459,782	358,878,523	235,459,782
Total	1,967,396,318	1,603,988,179	1,922,939,468	1,451,620,267
Less: Allowance for doubtful accounts	(77,872,310)	(80,272,310)	(77,872,310)	(80,272,310)
	<u>1,889,524,008</u>	<u>1,523,715,869</u>	<u>1,845,067,158</u>	<u>1,371,347,957</u>
<u>Related parties</u>				
Not yet due	51,608,828	3,015,944	83,895,211	155,624,867
Past due				
Less than 4 months	2,160,000	1,274,884	9,148,229	45,513,625
5 - 12 months	-	32,663,210	24,340,971	37,780,311
Over 12 months	29,824,822	29,202,827	42,303,999	246,193,017
Total	83,593,650	66,156,865	159,688,410	485,111,820
Less: Allowance for doubtful accounts	(29,202,827)	(29,202,827)	(29,202,827)	(29,202,827)
	<u>54,390,823</u>	<u>36,954,038</u>	<u>130,485,583</u>	<u>455,908,993</u>
Accounts and notes receivable - net	<u><u>1,943,914,831</u></u>	<u><u>1,560,669,907</u></u>	<u><u>1,975,552,741</u></u>	<u><u>1,827,256,950</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.

	Consolidated		(Unit: Million Baht)	
	financial statements		Separate	
	2008	2007	2008	2007
Transactions with related companies				
Construction and service income	-	80	-	80
Other income	6	-	6	-
Cost of construction	30	30	30	30
Transactions with joint ventures				
(eliminated from the consolidated financial statements)				
Construction and service income	3	49	8	117
Transactions with associated company				
Other income	7	8	7	8
Transactions with subsidiaries				
(eliminated from the consolidated financial statements)				
Construction and service income	-	-	2,370	553
Rental expenses	-	-	8	8
Interest expenses	-	-	1	3

As at 31 December 2008 and 2007, the balance of the accounts between the Company and those related companies are as follows:

		(Unit: Baht)			
		Consolidated financial statements		Separate financial statements	
	Relationship	2008	2007	2008	2007
<u>Assets</u>					
<u>Trade accounts and notes receivable - related parties</u>					
Kijpracha Tanee Co., Ltd.	Subsidiary	-	-	-	213,649,727
STP&I Plc.	Common director	50,710,807	-	50,710,807	-
STIT Co., Ltd.	Common director	2,160,000	-	2,160,000	-
S.L. Joint Venture	Subsidiary	-	-	67,880,533	186,957,071
S.A. Joint Venture	Subsidiary	-	-	8,214,625	16,736,264
Sino-Thai-A.S. Joint Venture	Joint venture	-	1,175,452	-	2,798,694
Taisei-Sino-Thai Joint Venture	Joint venture	767,349	1,699,738	767,349	1,699,738
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	621,994	33,937,224	621,994	33,937,224
Others related companies		19,108,748	19,119,699	19,108,350	19,108,350
Total		83,593,650	66,156,865	159,688,410	485,111,820
Less: Allowance for doubtful accounts		(29,202,827)	(29,202,827)	(29,202,827)	(29,202,827)
Net		54,390,823	36,954,038	130,485,583	455,908,993
<u>Unbilled receivables</u>					
S.L. Joint Venture	Subsidiary	-	-	281,403,489	54,493,091
S.A. Joint Venture	Subsidiary	-	-	455,360,418	95,627,407
Sino-Thai-A.S. Joint Venture	Joint venture	39,707,770	36,332,802	94,542,310	86,506,671
TNNS Joint Venture	Joint venture	-	22,823,051	-	22,823,051
Total		39,707,770	59,155,853	831,306,217	259,450,220
<u>Retention receivables</u>					
S.A. Joint Venture	Subsidiary	-	-	-	1,514,700
Sino-Thai-A.S. Joint Venture	Joint venture	-	10,613,364	-	25,269,914
Total		-	10,613,364	-	26,784,614
<u>Loans to related parties</u>					
P.P. Coral Resort Company Limited	Former associate	-	76,839,863	-	-
MMR Asia Company Limited	Former associate	11,611,793	11,611,793	11,611,793	11,611,793
Sino-Thai Tower Condominium Juristic Person	Related party	12,935,585	15,619,863	-	-
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
Total		24,825,523	104,349,664	11,889,938	11,889,938
Less: Allowance for doubtful accounts		(11,889,938)	(11,889,938)	(11,889,938)	(11,889,938)
Net		12,935,585	92,459,726	-	-

(Unit: Baht)

	Relationship	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
Liabilities					
Trade accounts and notes payable - related parties					
HTR Corporation Limited	Subsidiary	-	-	749	-
STP & I Plc.	Common director	55,485	-	55,485	-
STIT Co., Ltd.	Common director	21,266,746	2,719,989	21,266,746	2,719,989
Total		<u>21,322,231</u>	<u>2,719,989</u>	<u>21,322,980</u>	<u>2,719,989</u>
Loans from related party					
HTR Corporation Limited	Subsidiary	-	-	16,000,000	100,000,000
Advances received from construction contracts					
STP&I Plc.	Common director	500,259,764	110,000,000	500,259,764	110,000,000
S.L. Joint Venture	Subsidiary	-	-	196,276,234	310,661,587
S.A. Joint Venture	Subsidiary	-	-	189,316,960	216,959,888
Sino-Thai-A.S. Joint Venture	Joint venture	5,570,513	5,570,513	13,263,127	13,263,127
TNNS Joint Venture	Joint venture	195,831	195,831	195,831	195,831
Total		<u>506,026,108</u>	<u>115,766,344</u>	<u>899,311,916</u>	<u>651,080,433</u>

During 2008, movements of loans to and loans from to related parties were as follow:

(Unit: Baht)

	Relationship	Consolidated financial statements			
		Balance as at	During the year		Balance as at
		1 January 2008	Increase	Decrease	31 December 2008
Loans to related parties					
P.P. Coral Resort Company Limited	Former associate	76,839,863	-	(76,839,863)	-
Sino-Thai Tower Condominium Juristic Person	Related party	15,619,863	-	(2,684,278)	12,935,585
Total		<u>92,459,726</u>	<u>-</u>	<u>(79,524,141)</u>	<u>12,935,585</u>
Loans from related parties					
HTR Corporation Limited	Subsidiary	<u>100,000,000</u>	<u>60,000,000</u>	<u>(144,000,000)</u>	<u>16,000,000</u>

(Unit: Baht)

	Relationship	Separate financial statements			
		Balance as at	During the year		Balance as at
		1 January 2008	Increase	Decrease	31 December 2008
Loans from related parties					
HTR Corporation Limited	Subsidiary	<u>100,000,000</u>	<u>60,000,000</u>	<u>(144,000,000)</u>	<u>16,000,000</u>

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.

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 2008 the Company and its subsidiaries paid salaries, bonus, meeting allowances and gratuities to their directors and management totaling Baht 27.2 million (Separate financial statements: Baht 25.3 million) (2007: Baht 29.7 million, Separate financial statements: Baht 27.9 million).

9. Condominium units for sales

(Unit: Baht)

	Consolidated financial statements	
	31 December 2008	31 December 2007
Condominium units for sales	373,426,703	365,863,164
Less: Accumulated costs transferred to cost of sales	(65,353,814)	(65,353,814)
Condominium units for sales	<u>308,072,889</u>	<u>300,509,350</u>

Condominium units for sales of subsidiary are mortgaged as collateral for other long-term loans, as being discussed in Note 19.

10. Investments in subsidiary

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

(Unit: Baht)

Company's name	Paid-up capital		Shareholding		Cost	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	(Million Baht)	(Million Baht)	(%)	(%)		
HTR Corporation Limited	500	500	80.90	80.90	<u>440,090,005</u>	<u>440,090,005</u>

11. Investments in joint ventures/ Provision for loss of joint ventures

As at 31 December 2008, the Company had investments in two joint ventures, 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 joint venture, amounting to Baht 2.4 million.

The joint venture ceased its operations and its financial information therefore has no significant impact to the Company's financial statements.

Summarised financial information of the operated joint venture.

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, according to proportion under joint venture agreement, is as follows:

(Unit: Million Baht)

	As at 31 December	
	2008	2007
Current assets	113	144
Current liabilities	(117)	(146)
Net liabilities	(4)	(2)

(Unit: Million Baht)

	For the year ended 31 December	
	2008	2007
Revenue	10	126
Cost of sales	(8)	(126)
Selling and administrative expenses	-	(1)
Net income (loss)	2	(1)

Share of income or loss from the operating results of joint ventures 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.

12. Investments in associates

12.1 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	
		<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
		(%)	(%)				
DKK Sino-Thai Engineering Company Limited	Telecommunication and transmission lines installation	35.00	35.00	2,799,700	2,799,700	193,075,630	203,556,797
P.P. Coral Resort Company Limited	Resort	-	37.22	-	68,001,000	-	-
S T F M 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
Less: Allowance for impairment of investment						(8,985,577)	(8,985,577)
Total				<u>7,799,700</u>	<u>75,800,700</u>	<u>193,075,630</u>	<u>203,556,797</u>

(Unit: Baht)

Company's name	Nature of business	Separate financial statements							
		Shareholding percentage		Cost		Allowance for impairment of investments		Carrying amounts based on cost method - net	
		<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
		(%)	(%)						
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	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>

12.2 Share of income/loss and dividend received

During the year, the Company has recognised its share of net income/loss from investments in associate companies in the consolidated financial statements and dividend income in the separate financial statements as follows:

(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	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
DKK Sino-Thai Engineering Company Limited	(2,082,067)	15,571,203	8,399,100	8,399,100
S T F M Company Limited	-	-	-	-
Total	<u>(2,082,067)</u>	<u>15,571,203</u>	<u>8,399,100</u>	<u>8,399,100</u>

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 52.9 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 52.9 million was recorded in the income statement for the current period.

During the second quarter of 2008, DKK Sino-Thai Engineering Company Limited paid the dividend of Baht 8.4 million to the Company.

12.3 Summarised financial information of associates

Company's name	Paid-up capital		Total assets		Total liabilities		Total revenues		Net income	
	as at		as at		as at		for the		(loss) for the	
	31 December		31 December		31 December		year ended		year ended	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
DKK Sino-Thai Engineering Company Limited ¹	8	8	656	665	105	83	555	635	14	44
P.P. Coral Resort Company Limited	-	148	-	392	-	476	-	48	-	(53)
S T F M Company Limited ¹	10	10	5	5	14	14	-	-	-	(1)

12.4 The Company recognised share of losses from investment in an associate, as listed below, until the value of the investments reached zero. Subsequent losses incurred by that associate 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 that associate. The amount of such unrecognised share of losses is set out below.

Company's name	Unrecognised share of losses	
	Share of losses for the	Cumulative share
	year ended	of losses up to
	31 December 2008	31 December 2008
S T F M Company Limited ¹	-	5

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.

13. Other long-term investments

(Unit: Baht)

	Equity interest		Consolidated financial statements		Separate financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	%	%				
<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
			<u>17,687,413</u>	<u>17,687,413</u>	<u>7,687,413</u>	<u>7,687,413</u>
Add: Unrealised gains on available-for-sale securities			9,601,966	13,465,922	12,101,967	14,765,922
			<u>27,289,379</u>	<u>31,153,335</u>	<u>19,789,380</u>	<u>22,453,335</u>
<u>Other investments</u>						
Abico Land Company Limited	15.00	15.00	30,000,000	30,000,000	30,000,000	30,000,000
Thai Maintenance Contracting Company Limited	19.00	19.00	7,611,406	7,611,406	7,611,406	7,611,406
Thai Contractors Asset Co., Ltd.	0.20	0.20	750,000	500,000	750,000	500,000
Others			86,193,576	86,193,576	86,141,572	86,141,572
			<u>124,554,982</u>	<u>124,304,982</u>	<u>124,502,978</u>	<u>124,252,978</u>
Less: Allowance for impairment of investments			(123,752,978)	(111,153,023)	(123,752,978)	(111,153,023)
			<u>802,004</u>	<u>13,151,959</u>	<u>750,000</u>	<u>13,099,955</u>
Other long-term investments-net			<u>28,091,383</u>	<u>44,305,294</u>	<u>20,539,380</u>	<u>35,553,290</u>

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

14. Property, plant and equipment

(Unit: Baht)

Consolidated financial statements

	Revaluation basis		Cost basis							Total
	Land and land 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	Motor vehicles	Assets under construction	
<u>Cost/Revalued amount</u>										
As at 31 December 2007	544,767,564	739,610,598	431,463,178	167,980,147	47,206,501	3,241,838,026	208,006,365	382,376,076	45,499,325	5,808,747,780
Additions	-	-	60,000	-	-	237,153,467	12,086,763	19,924,696	70,617,640	339,842,566
Disposals	-	-	-	-	-	(132,181,059)	(9,629,549)	(29,798,135)	-	(171,608,743)
Transfers	-	-	1,626,902	1,843,508	-	39,473,295	-	-	(42,943,705)	-
Revaluations	-	424,526,765	-	-	-	-	-	-	-	424,526,765
As at 31 December 2008	544,767,564	1,164,137,363	433,150,080	169,823,655	47,206,501	3,386,283,729	210,463,579	372,502,637	73,173,260	6,401,508,368
<u>Accumulated depreciation</u>										
As at 31 December 2007	-	505,701,567	-	99,901,406	34,151,193	1,075,039,394	154,222,567	280,358,641	-	2,149,374,768
Depreciation	-	13,893,450	-	7,527,048	2,633,217	467,744,776	20,561,487	42,441,398	-	554,801,376
Amortisation of surplus	-	80,728,475	-	-	-	-	-	-	-	80,728,475
Disposals	-	-	-	-	-	(55,536,594)	(8,945,573)	(27,702,835)	-	(92,185,002)
As at 31 December 2008	-	600,323,492	-	107,428,454	36,784,410	1,487,247,576	165,838,481	295,097,204	-	2,692,719,617
<u>Net book value</u>										
31 December 2007	544,767,564	233,909,031	431,463,178	68,078,741	13,055,308	2,166,798,632	53,783,798	102,017,435	45,499,325	3,659,373,012
31 December 2008	544,767,564	563,813,871	433,150,080	62,395,201	10,422,091	1,899,036,153	44,625,098	77,405,433	73,173,260	3,708,788,751
<u>Depreciation for the year</u>										
2007 (Baht 532.8 million included in cost, and the balance in administrative expenses)										562,323,381
2008 (Baht 530.3 million included in cost, and the balance in administrative expenses)										554,801,376
<u>Net book value (if the assets carried at cost)</u>										
31 December 2007	99,135,944	85,591,488								
31 December 2008	99,135,944	71,698,038								

(Unit: Baht)

Separate financial statements

	Revaluation basis		Cost basis						Total
	Land and land improvements for rents	Land and land improvements	Buildings and building improvements	Leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under construction	
<u>Cost/Revalued amount</u>									
As at 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
Additions	-	60,000	-	-	237,153,467	12,041,581	19,499,016	70,617,641	339,371,705
Disposals	-	-	-	-	(132,181,059)	(9,512,843)	(29,782,500)	-	(171,476,402)
Transfers	-	1,626,902	1,843,508	-	39,473,295	-	-	(42,943,705)	-
As at 31 December 2008	544,767,564	433,150,080	168,508,439	47,206,501	3,386,283,729	178,315,393	369,193,543	73,173,261	5,200,598,510
<u>Accumulated depreciation</u>									
As at 31 December 2007	-	-	99,353,792	34,151,193	1,075,039,394	123,720,452	279,335,073	-	1,611,599,904
Depreciation	-	-	7,264,005	2,633,217	467,744,776	20,078,341	41,799,555	-	539,519,894
Disposals	-	-	-	-	(55,536,594)	(8,843,264)	(27,687,207)	-	(92,067,065)
As at 31 December 2008	-	-	106,617,797	36,784,410	1,487,247,576	134,955,529	293,447,421	-	2,059,052,733
<u>Net book value</u>									
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
31 December 2008	544,767,564	433,150,080	61,890,642	10,422,091	1,899,036,153	43,359,864	75,746,122	73,173,261	3,141,545,777
<u>Depreciation for the year</u>									
2007 (Baht 518.1 million included in cost, and the balance in administrative expenses)									547,341,392
2008 (Baht 516.2 million included in cost, and the balance in administrative expenses)									539,519,894
<u>Net book value (if the assets carried at cost)</u>									
31 December 2007	99,135,944								
31 December 2008	99,135,944								

In October 2008, a subsidiary arranged for an independent professional valuer to appraise the value of land and rental condominium by using the market approach.

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

(Unit: Baht)

	Consolidated financial statements			
	2008		2007	
	Land and land improvements for rents	Land and rental condominium	Land and improvements for rents	Land and rental condominium
Original cost	99,135,944	362,164,193	99,135,944	362,164,193
Surplus from revaluation	445,631,620	801,973,170	449,123,776	377,446,405
Sale of revaluation asset during the year	-	-	(3,492,156)	-
Revalued amount	<u>544,767,564</u>	<u>1,164,137,363</u>	<u>544,767,564</u>	<u>739,610,598</u>
Accumulated depreciation on original cost	-	290,466,155	-	276,572,705
Accumulated depreciation on revaluation surplus	-	309,857,337	-	229,128,862
Accumulated depreciation on revalued amount	-	<u>600,323,492</u>	-	<u>505,701,567</u>

(Unit: Baht)

	Separate financial statements	
	Land and improvements for rents	
	2008	2007
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 subsidiary has decided to follow the notification. However, had the depreciation charge been calculated based on the revalued amounts, net income (loss) and earnings (loss) per share of equity holders of parent would have been presented as following:

	Consolidated financial statements	
	<u>2008</u>	<u>2007</u>
Net income (loss) (Baht)	113	(15)
Basic earnings (loss) per share (Baht per share)	0.10	(0.01)
Diluted earnings (loss) per share (Baht per share)	0.10	(0.01)

As at 31 December 2008, certain plant and equipment items had been fully depreciated but were still in use. The original cost of those assets amounted to approximately Baht 578.6 million (2007: Baht 498.2 million) (Separate financial statements: Baht 549.4 million, 2007: Baht 469.0 million).

As at 31 December 2008, the Company had machinery, equipment and vehicles acquired under hire purchase agreement and financial lease agreements, with net book value amounting to approximately Baht 397.4 million (2007: Baht 521.2 million).

15. Bank overdraft and short-term loans from financial institutions

Bank overdrafts and short-term from financial institutions as at 31 December 2008 and 2007 consist of:

	Interest rate (percent per annum)	(Unit: Baht)	
		Consolidated financial statements/ Separate financial statements	
		<u>2008</u>	<u>2007</u>
Bank overdrafts	7.57	98,907,813	125,953,306
Short-term loans from financial institutions	5.00 - 7.00	471,356,000	342,000,000
Total		<u>570,263,813</u>	<u>467,953,306</u>

16. Provision for loss on construction projects

	(Unit: Baht)	
	Consolidated financial statements/ Separate financial statements	
Balance as at 31 December 2007		375,227,866
Less: Decrease in provision as project cost actually occurred in the year		(289,645,072)
Balance as at 31 December 2008		<u>85,582,794</u>

17. Liabilities under hire purchase and finance lease agreements

(Unit: Baht)

	Consolidated financial statements/ Separate financial statements	
	<u>2008</u>	<u>2007</u>
Liabilities under hire purchase and finance lease agreements	271,175,523	360,817,658
Less: Deferred interest expense	(27,025,599)	(42,137,893)
Less: Portion due within one year	(98,830,994)	(140,413,087)
Liabilities under hire purchase and financial lease agreements - net of current portion	<u>145,318,930</u>	<u>178,266,678</u>

The Company has entered into the hire purchase and finance lease agreements with leasing companies for rental of machinery, motor vehicles and equipment for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally between 3 and 4 years. Such agreements are non-cancelable.

As at 31 December 2008, Future minimum lease payments required under the hire purchase and finance lease agreements were as follows:

	(Unit: Million Baht)		
	<u>Less than 1 year</u>	<u>1-5 years</u>	<u>Total</u>
Future minimum lease payments	111	160	271
Deferred interest expenses	(12)	(15)	(27)
Present value of future minimum lease payments	<u>99</u>	<u>145</u>	<u>244</u>

18. 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.

19. Long-term loans

	(Unit: Baht)	
	Consolidated financial statements	
	<u>2008</u>	<u>2007</u>
Long-term loans from bank	200,000,000	700,000,000
Other long-term loan	66,179,864	70,692,013
	<u>266,179,864</u>	<u>770,692,013</u>
Less: Current portion	(100,000,000)	(500,000,000)
Long term loans - net of current portion	<u>166,179,864</u>	<u>270,692,013</u>

	(Unit: Baht)	
	Separate financial statements	
	<u>2008</u>	<u>2007</u>
Long term loan from bank	200,000,000	700,000,000
Less: Current portion	(100,000,000)	(500,000,000)
Long term loans - net of current portion	<u>100,000,000</u>	<u>200,000,000</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. The first installment will be due in May 2008 on a monthly basis of Baht 100 million each. The Company made full payment of the loan principal in August 2008.

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.

20. 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 first of 2009. The Company entered into a forward exchange contract to hedge currency risk, as will be discussed in Note 33 to the financial statements.

21. Revaluation surplus

	(Unit: Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Balance - beginning of year	529,681,612	569,578,673	445,631,620	445,631,620
Revaluation	343,442,110	-	-	-
Amortisation of revaluation surplus by a subsidiary (proportionate to the Company's investment)	(65,309,328)	(37,071,907)	-	-
Sale of revaluation asset during the year	-	(2,825,154)	-	-
Balance - end of year	<u>807,814,394</u>	<u>529,681,612</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.

22. Warrants

The Company issued warrants which are listed in the Stock Exchange of Thailand and are 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 unexercised warrants on 31 December 2007 (units)	163,548,461
Remaining unexercised warrants on 31 December 2008 (units) *	-

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

On 10 November 2008, the Company's Board of Director passed a resolution to transfer the 163,548,461 STEC-W2 warrants that expired on 18 April 2008, valued at a total of Baht 490.6 million, to share premium.

23. 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.

24. Expenses by nature

Significant expenses by nature are as follow:

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Salary and wages and other employee benefits and workers	2,160,803,357	2,212,864,194	2,151,508,591	2,205,202,288
Depreciation	554,801,376	562,323,381	539,519,894	547,341,392
Rental expenses	484,387,167	597,030,960	484,387,167	597,030,960
Construction materials and subcontractors	10,764,298,515	12,928,654,644	10,764,298,515	12,928,654,644

25. Corporate income tax

The Company is not liable to corporate income tax for the year due to tax loss brought forward.

26. Promotional privileges

The Company has received promotional privileges from the Board of Investment for the manufacture of metal structures and industrial steel pipe products, pursuant to the promotion certificate No. 1266(2)/2551 issued on 11 February 2008. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 3 years from the date the promoted operations commenced generating revenues (12 May 2008).

The Company's operating revenues for the years are below shown divided according to promoted and non-promoted operations.

(Unit: Baht)

	Promoted operations		Non-promoted operations		Total	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	Construction and service income	368,253,462	-	14,135,471,172	17,149,640,682	14,503,724,634

28. Contracts in progress

As at 31 December 2008, the Company had aggregate amount of construction cost incurred and recognised profits or losses to date for contracts in progress was approximately Baht 44,702 million (2007: Baht 37,195 million) and had gross amounts due from customers for contracts in progress was approximately baht 3,731 million (2007: Baht 4,636 million).

29. Segment information

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. During the years 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.

30. Credit facilities

As at 31 December 2008 and 2007, 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 82.5 million (2007: Baht 58.8 million).
2. 9.3 million shares of HTR Corporation Limited (2007: 9.3 million shares).
3. Pledge of the Company's land with net book value of Baht 717 million (2007: Baht 717 million).
4. 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 2008, the balance of the accounts receivable under the right transfer agreement was Baht 578 million (2007: Baht 279 million).

31. Commitments and contingent liabilities

31.1 Guarantees

As at 31 December 2008, there were outstanding bank guarantees of approximately Baht 12,727 million issued by banks on behalf of the Company, subsidiaries and joint ventures respect of certain performance bonds as required in the normal course of business as detail below.

	<u>Million Baht</u>
Performance bonds	2,703
Advance and retention bonds	6,601
Others	3,423

31.2 Litigation

The Company has been sued for compensation totaling approximately Baht 139 million. In most of such cases the Company is accused of breaches of hire of work contracts. The cases are still being considered by the Court. The Company's management and the Company's legal advisors believe 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.

- 31.3** The Company entered into an agreement with the State Railway of Thailand (SRT) for the construction of the Suvarnabhumi 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 (August 2007) and 2) Part 2, which must be completed within 90 days from the completion of part 1 (November 2007). If the Company can not make delivery within the stipulated period, 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.

In accordance with a resolution of the Cabinet passed on 15 May 2007, regarding measures to aid constructors, on 19 October 2007 the SRT extended the delivery period by 180 days, meaning that Part 1 must be completed within February 2008 and Part 2 must be completed within May 2008.

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.

And on 13 January 2009, the SRT extended the delivery period by 180 days from the completion date in the third paragraph, in accordance with a resolution of the Cabinet passed on 17 June 2008, regarding measures to aid operators of construction and other businesses.

The management expects that the Company will be able to complete the construction within the extension period and that no penalty will be imposed.

32. 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.

33. Financial instruments

33.1 Financial risk management

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	- 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, loans to, short-term and long-term loans, hire purchase creditor and financial lease payable which are subject to interest. However, since most of the Company and its subsidiaries' financial assets and liabilities bear 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.

Significant financial asset and liabilities as at 31 December 2008 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		Floating interest rate	Non-interest bearing	Total
	Within 1 year	Over 1 year			
<u>Financial Assets</u>					
- Cash and cash equivalents	0.50-3.00	-	967	7	974
		-	967	7	974
<u>Financial liabilities</u>					
- Bank overdrafts and short-term loans from financial institutions	5.00-7.57	471	99	-	570
- Hire purchase and financial lease payable	5.39-9.20	99	-	-	244
- Long term loans	2.50-7.20	-	200	-	266
		570	299	-	1,080
Separate financial statements					
(Unit : Million)					
Interest rate (% p.a.)	Fixed interest rates		Floating interest rate	Non-interest bearing	Total
	Within 1 year	Over 1 year			
<u>Financial Assets</u>					
- Cash and cash equivalents	0.50-3.00	-	908	5	913
		-	908	5	913
<u>Financial liabilities</u>					
- Bank overdrafts and short-term loans from financial institutions	5.00-7.57	471	99	-	570
- Hire purchase and financial lease payable	5.39-9.20	99	-	-	244
- Long-term loans	7.20	-	200	-	200
- Long-term loan from related party	4.00	16	-	-	16
		586	299	-	1,030

Foreign currency risk

The Company's exposure to foreign currency risk arises mainly from purchase transactions and services renders, and advance received for constructions that are denominated in foreign currencies. The Company seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate.

The balances of the Company's financial liabilities denominated in foreign currencies as at 31 December 2008 are summarised below.

Foreign currency	Financial liabilities
JPY	78 Million
USD	12 Million

A summary of forward exchange contracts to hedge currency risk as at 31 December 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 trade in the same period above the knock out rates, specified in the contract was 0.4200, no exchange will be made and the Company will use market exchange rate in paying the debts.

During the current year, 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 2008, the Company entered into 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	37.9700	10 February 2009
2	6	37.8900	10 February 2009

33.2 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.

34. Capital management

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

As at 31 December 2008, the Company and its subsidiaries have to maintain a debt-to-equity ratio as stipulated in long-term loan agreements.

35. Approval of financial statements

These financial statements were authorised for issue by the Company's authorised directors on 12 February 2009.