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รายงานประจำปี 2551

ANNUAL REPORT 2008

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SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

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Corporate Information

S Y N T E C C O N S T R U C T I O N P U B L I C C O M P A N Y L I M I T E D

Name	:	Syntec Construction Public Company Limited
Business Type	:	Construction Contracts and Civil Engineering Works
Head Quarter Address	:	555/7-11 Soi Sukhumvit 63 (Ekamai), Sukhumvit Road, Klong Ton Nua, Khet Wattana, Bangkok 10110 Thailand
Home Page	:	http://www.synteccon.com
Telephone	:	(02) 381-6333
Fax	:	(02) 711-5183
Registered Capital	:	1,600,000,000 Baht
Separation as Common Share	:	1,600,000,000 shares
Par Value	:	1.00 Baht per share
Paid-Up Capital	:	1,600,000,000 Baht
Auditor	:	Mr. Narong Luktharn C.P.A. (Thailand) Registration No. 4700
Office	:	NPS Siam Audit Limited 555/5-6, SSP Tower, 5 th Floor, Soi Sukhumvit 63 (Ekamai), Sukhumvit Rd., Klongton Nue, Wattana, Bangkok Thailand 10110 Tel. (02) 711-5300 Fax. (02) 711-5866 E-mail :info@npssiam.co.thm
Share Registrar	:	Thailand Securities Depository Company Limited 62 Rajchadapisek Road, Kwang Klongtoey, khet Klongtoey, Bangkok 10110 Tel. (02) 229-2800 Fax. (02) 359-1259

Financial Information

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

Unit : Thousand Baht

Consolidated Financial Statements	2008	2007	2006
Total Assets	3,938,014	3,386,579	2,868,591
Total Liabilities	2,214,052	1,694,870	1,388,160
Shareholders' Equity	1,723,962	1,691,709	1,480,431
Sales and Service Income	5,856,074	5,370,408	3,360,166
Total Revenues	6,106,245	5,424,188	3,438,689
Gross Profit	391,793	499,437	325,727
Net Profit (Loss)	267,664	248,062	220,707

Unit : Thousand Baht

Company Financial Statements	2008	2007	2006
Total Assets	3,687,450	3,221,681	2,731,533
Total Liabilities	1,982,090	1,511,341	1,251,103
Shareholders' Equity	1,705,360	1,710,340	1,480,431
Sales and Service Income	5,185,318	3,987,226	2,830,520
Total Revenues	5,392,631	4,036,912	2,916,822
Gross Profit	438,201	454,760	310,070
Net Profit (Loss)	230,432	238,043	220,707

Financial Information

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

Financial Ratios

	Consolidated – FS.			Company – FS.		
	2008	2007	2006	2008	2007	2006
Liquidity Ratio						
Current Ratio (times)	1.32	1.16	1.10	1.43	1.24	1.18
Quick Ratio (times)	1.21	1.07	1.02	1.30	1.16	1.12
Account Receivable Turnover (times)	6.48	7.05	4.74	5.74	5.24	4.01
Average Collection Period (Days)	56.31	51.75	76.98	63.54	69.68	91.11
Inventory Turnover (times)	29.91	39.67	39.07	27.66	39.68	45.84
Average Inventory Days (Days)	12.20	9.20	9.34	13.20	9.20	7.96
Account Payment Turnover (times)	9.76	9.83	7.61	14.51	10.78	9.93
Average Payment Period (Days)	37.40	37.12	47.98	25.16	33.86	36.75
Cash Cycle (Days)	31.12	23.82	38.34	51.58	45.03	62.33
Profitability Ratio						
Gross Profit Margin (%)	6.70	9.30	9.70	8.50	11.40	11.00
Operating Profit Margin (%)	3.60	5.40	5.90	5.30	7.60	6.70
Net Profit Margin (%)	4.60	4.60	6.60	4.40	6.00	7.00
Return on Equity (%)	15.70	15.60	15.30	13.50	14.80	13.60
Efficiency Ratio						
Return on Asset (%)	8.70	9.20	9.20	8.00	9.20	8.40
Return on Fixed Asset (%)	22.60	16.20	15.00	20.20	15.50	13.50
Total Asset Turnover (times)	1.67	1.73	1.24	1.56	1.35	1.06
Fixed Asset Turnover (times)	8.45	9.47	11.44	7.66	7.37	10.28
Leverage Ratio						
Debt Ratio (times)	0.56	0.50	0.48	0.54	0.47	0.45
Debt to Equity (times)	1.28	1.00	0.94	1.16	0.88	0.83
Interest coverage ratio (times)	6.40	7.09	7.90	5.89	7.24	7.10

Message from the Board of Directors Report

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

To Shareholders

The year 2008 was perceived as the year that economy of Thailand has been affected by many factors including internal and external one. Major internal factors were consequences from political uncertainty especially during the second half of the year when two international airports were closed while the major external factors which resulted from global financial crisis originated from the US has brought about global economic recession and lowered confidence of consumers and enterprises. All of the said factors have consequently affected the economy of the country where, at the end of the year, economic growth rate dropped to 2.58% comparing to the same period of the earlier year at 4.93%. Particularly, the last quarter reflected negative growth rate at -4.25%. Thailand's construction sector has unavoidably been affected, and the growth rate in this sector was in negative feature at -4.73 % comparing to the same period of the previous year at 1.60 and in particular, for the last two quarters, such rate show continual decreasing from -4.46% in quarter 3/2008 to -12.80% in the last quarter.

Although the above-mentioned circumstances did not provide propitious opportunity, the Company could survive the situation well and has produced a satisfactory performance for 3 consecutive years. In 2008, the Company gained its net profit, according to consolidated financial statements, for the amount of 267.66 million baht or 19.60 million baht increasing from the same period of the previous year or 7.90% with income from sales and service 5,856.07 million baht or 485.67 million baht increase or 9.04% and shareholder's equity 1,723.96 million baht or 32.25 million baht increase or 1.91%, respectively. Such successful performance resulted partly from the Company's emphasis on building capacity of its personnel, comprehensive restructuring of an organization for the purpose of increasing efficiency, applying modern machines and equipment to its business, cooperating with both internal and external business alliances in order to increase competitiveness and promoting knowledge and understanding about good corporate governance. The said approaches have led to quality works widely accepted by the customer in the public and private sectors.

For the year 2009, although the Thai economy will continue to be affected by many negative factors for at least a certain period of time, the Company has applied a more cautious approach in conducting its business and is set to preserve its business reputation and work of quality by devoting to knowledge development in order to increase efficiency and competitiveness and to create reasonable returns to relevant parties along with sustainable growth.

On behalf of the Board of Director and the executive, we would like to convey our sincere appreciation to our customers, shareholders and business alliances who continue to have confidence in the Company and always support us and we would also like to thank all staff of the Company for their great contribution and cooperation for the Company's success.



Mr. Bandhit Sotipalalit
Chairman



Mr. Somchai Sirilertpanich
Managing Director

Report of the Audit Committee

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

The Audit Committee is appointed by the Board of Director consisting of 3 independent directors each of which has a term of office for 3 year; expiry on 18 November 2009, comprising of:

- | | | |
|-----------------|---------------|-------------------------|
| 1. Mr. Chaiwat | Aswintarangul | Chairman |
| 2. Ms. Benjawan | Sinkunakorn | Member of the Committee |
| 3. Dr. Arichai | Raktham | Member of the Committee |

All members of the Committee work independently under the scope of responsibility assigned by the Board and in particular, to audit financial statements, to select and designate remuneration for the auditor, to give a comment and recommendation related to internal control system, to consider any particulars that may contain conflict of interest, to comply with regulations prescribed by the regulatory agencies and to promote the principle of good corporate governance. In 2008, the Audit Committee has held meeting regularly and fully attended by all of its members for totally 7 times. The Committee has considered and audited essential matters in accordance with the Audit Committee's Charter as follows:

1. Auditing the Company's financial statements, adequacy and accuracy according to accounting standard including disclosure of substantial information
2. Inviting the auditor for discussion on procedures, problems and obstacles of the operation including remarks made by the auditor to submit to the Board
3. Auditing the proper internal control system by considering plan of report, reporting an audit of internal control unit including giving recommendation an adequate internal control system.
4. Auditing particulars that may have conflict of interest to ensure that that account has been entered in accordance with the provisions of laws, principle of good corporate governance and that information has been disclosed properly.
5. Reviewing operation of the auditor for the past year including giving recommendation for appointment of an auditor(s) and its annual remuneration to the Board
6. Ensuring that the Company has conducted its operation adequately in accordance with the provision of relevant laws and laws related to securities and stock exchange market
7. Reviewing policy and principle of good corporate governance to be in accordance with regulations prescribed by the competent authorities and auditing the adequate compliance

The Audit Committee is of the opinion that the financial report audited by the CPA, which has performed its duties appropriately as required by the rules, has been compiled with adequate disclosure of information and in compliance with the generally accepted accounting standard. Nothing shown in such financial statements has made it to believe that it contains substantial fault. Particulars that may contain conflict of interest and provisions have been in compliance with laws related to securities and stock exchange market and other relevant laws. The internal control system has been operated appropriately corresponding to business environment under the promotion of good corporate governance.



(Mr. Chaiwat Aswintarangkun)
Chairman of the Audit Committee

Board of Directors

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED



« H.E. Mr. Bandhit Sotipalalit
Chairman



» Mr. Somchai Sirilertpanich
*Vice Chairman of the Board
and Managing Director*

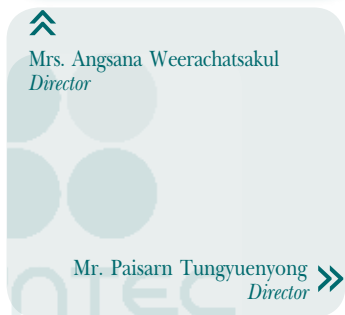


»
Mrs. Angsana Weerachatsakul
Director



« Mr. Tawee Kullertprasert
Director

»
Mr. Chaiwat Atsawintarangkun
*Independent Director &
Chairman of the Audit Committee*



»
Mr. Paisarn Tungyuenyong
Director



« Miss Benjawan Sinkunakorn
Independent and Audit Director



»
Dr. Arichai Ractham
Independent and Audit Director



Board of Directors

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

Name	Education	Job Experience ' 5 Years Backtracked
H.E. Mr. Bandhit Sotipalalit <i>Chairman</i>	- LL.B. ,Thammasat University	2007 - Present Ambassador Extraordinary & Plenipotentiary - Royal Thai Embassy, Canberra 2003 - 2006 Deputy Permanent Secretary - Ministry of Foreign Affairs 2000 - 2002 Thai Ambassador - Royal Thai Embassy, New Deli City, India
Mr. Somchai Sirilertpanich <i>Vice Chairman of the Board and Managing Director</i>	- MBA Operation Management University of Scranton Pennsylvania, USA - DAP No. 1/2003	2005 - Present Director - Bangkok Metro PLC. 2001 - Present Director - Naraiphand Co., Ltd. 2000 - Present Director - Siam Syntech Planner Co., Ltd.
Mrs. Angsana Weerachatsakul <i>Director</i>	- The Oxford and County Secretarial College - DAP No. 2/2003	2005 - Present Director - Naraiphand Co., Ltd. 2005 - Present Director - Natural Hotel Sukhumvit Co., Ltd. 2005 - 2007 Director - Natural Hotel Siam Co., Ltd.

Board of Directors

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

Name	Education	Job Experience ' 5 Years Backtracked
Mr. Tawee Kullertprasert <i>Director</i>	<ul style="list-style-type: none"> - M. Financial, Golden Gate University - Certificate of Senior Executive Program, Sasin Graduate Institute of Business Administration of Chulalongkorn University - DAP No. 35/2005, DCP No.79/2006 and ACP No. 12/2006 	<ul style="list-style-type: none"> 2009 - Present The expert members of board of small and medium enterprises promotion – Office of Small and Medium Enterprises Promotion (OSMEP) 2007 - Present Director - Practicum Engineering Co., Ltd. 2002 - Present Director - Knight Club Capital Co., Ltd. 2000 - Present Director - Siam Syntech Planner Co., Ltd.
Mr. Paisarn Tungyuenyong <i>Director</i>	<ul style="list-style-type: none"> - Master of Science in Mechanical Engineering, University of Wisconsin, USA - DAP No. 28/2004 	<ul style="list-style-type: none"> 2005 - Present Director - Park Cuisine Co., Ltd. 2004 - Present Director - Natural Hotel Panwa Co., Ltd. 2004 - Present Director - Natural Hotel Sukhumvit Co., Ltd. 2003 - Present Director and Chief Construction Management - Natural Park PLC. 2003 - Present Director - Kempin Siam Co., Ltd. 2003 - Present Director - Natural Park Ville Co., Ltd. 2003 - 2005 Director - Pacific Assets Public Co., Ltd.
Mr. Chaiwat Atsawintarakun <i>Independent Director & Chairman of the Audit Committee</i>	<ul style="list-style-type: none"> - Master of Education (Curriculum and Teaching Methodology), Beijing Languages and Cultural University - Master of Science in Business Administration, Thammasat University - Barrister-at-Law. The Barrister Association - DAP No. 24/2004 , DCP No. 81/2006 and ACP No. 12/2006 	<ul style="list-style-type: none"> 2007 - Present Chairman of the Audit Committee - Merchant Partners Securities PLC. 2005 - Present Chairman of the Audit Committee - Natural Park PLC. 2005 - Present Audit Committee - Eastern Printing PLC. 2005 - Present Director - Boathouse Hua Hin Co., Ltd. 2004 - Present Chairman of the Audit Committee - Krungthai Car Rent & Lease PLC 2004 - Present Director, - Andaman Long Beach Resort Co., Ltd. 2003 - Present Director, Krabi Southern Beach Co., Ltd. 2003 - Present Director, Chiangmai Hot Spring Co., Ltd. 2002 - Present Director - Greate China Milleunia (Thailand) Co., Ltd. 2000 - Present Director, Bright Lilly (Thailand) Co., Ltd. 1997 - Present Director - Prospect Consulting Co., Ltd. 1996 - Present Director, Francium Development Co., Ltd.

Board of Directors

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

Name	Education	Job Experience ' 5 Years Backtracked
Miss. Benjawan Sinkunakorn <i>Independent and Audit Director</i>	- MBA, BBA, LL.B. , Thammasat University - Barrister-at-Law. The Barrister Association - DAP No. 24/2004, DCP No. 79/2006 and ACP No. 12/2006	1997 - Present Director - Prospect Consulting Co., Ltd.
Dr. Arichai Ractham <i>Independent and Audit Director</i>	- PH.D in Financial Economics – Peter Drucker Graduate School of Management, Claremont, Graduate School, CA-USA - Master of finance and Economics, Claremont Graduate School, CA-USA - Master of Science in International Finance, University of Idaho, USA - DAP No. 35/2004, DCP No. 61/2005 and ACP No. 15/2006	2009 - Present Risk Management Consultant - Crown seal Pcl. 2006 - Present Risk Management Consultant - Food and Drug Administration, Ministry of Public Health. 1998 - Present Lecturer - International Finance for continuing education center - KASETSART UNIVERSITY, CHULALONGKORN UNIVERSITY, COLLEGE OF MANAGEMENT MAHIDOL UNIVERSITY (CMMU) 2004 - 2005 Lead Financial Consultant - Dharmniti and Truth Capital Advisory Co., Ltd. 2003 - 2005 Acting CFO - MLink Asia Corporation PLC 2002 - 2003 AVP - Corporate Planning - ADVANCE INFO SERVICE PCL. (AIS)

Remark:

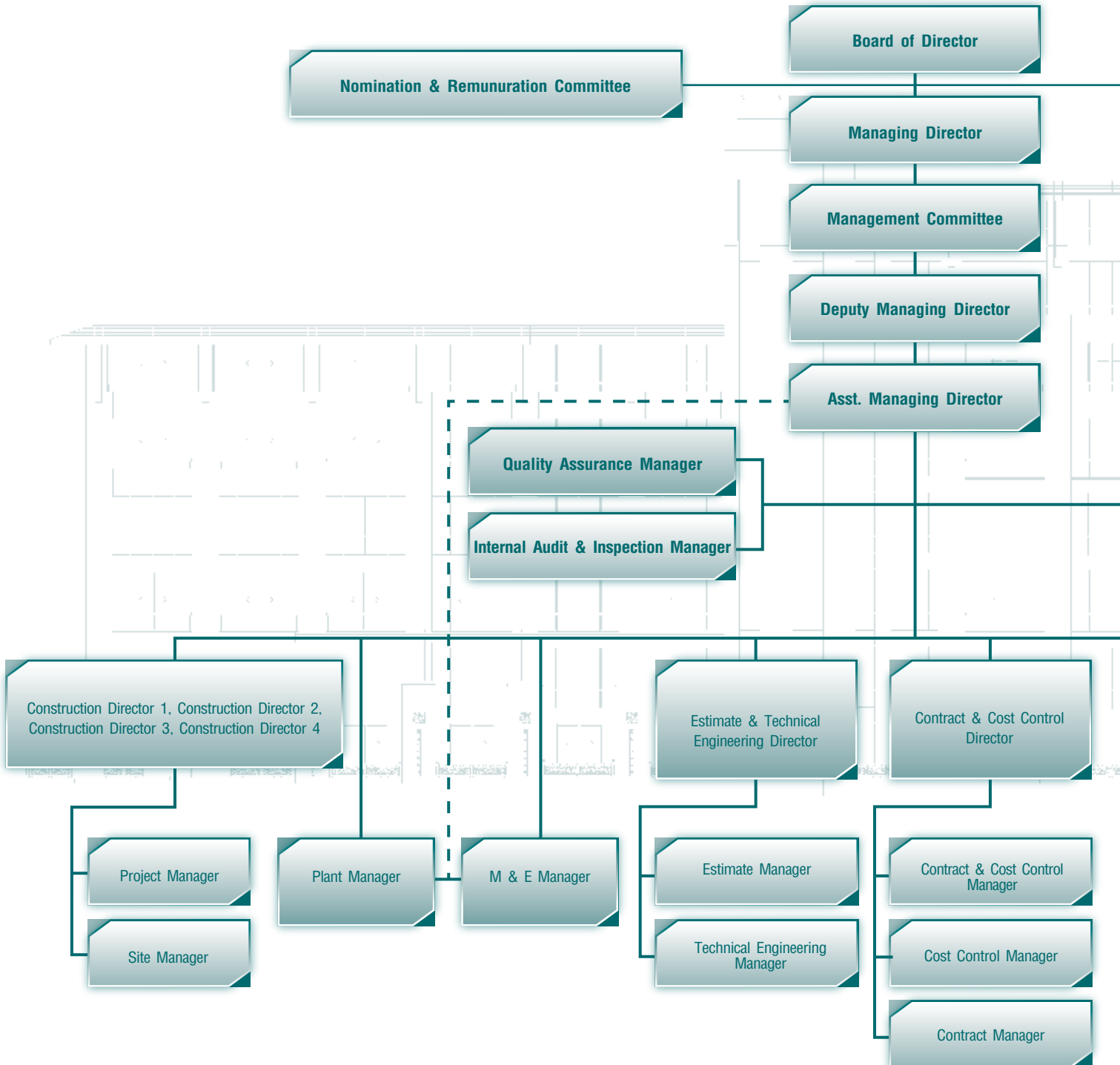
DAP = Directors Accreditation Program, Thai Institute of Directors

DCP = Director Certification Program, Thai Institute of Directors

ACP = Audit Committee Program, Thai Institute of Directors

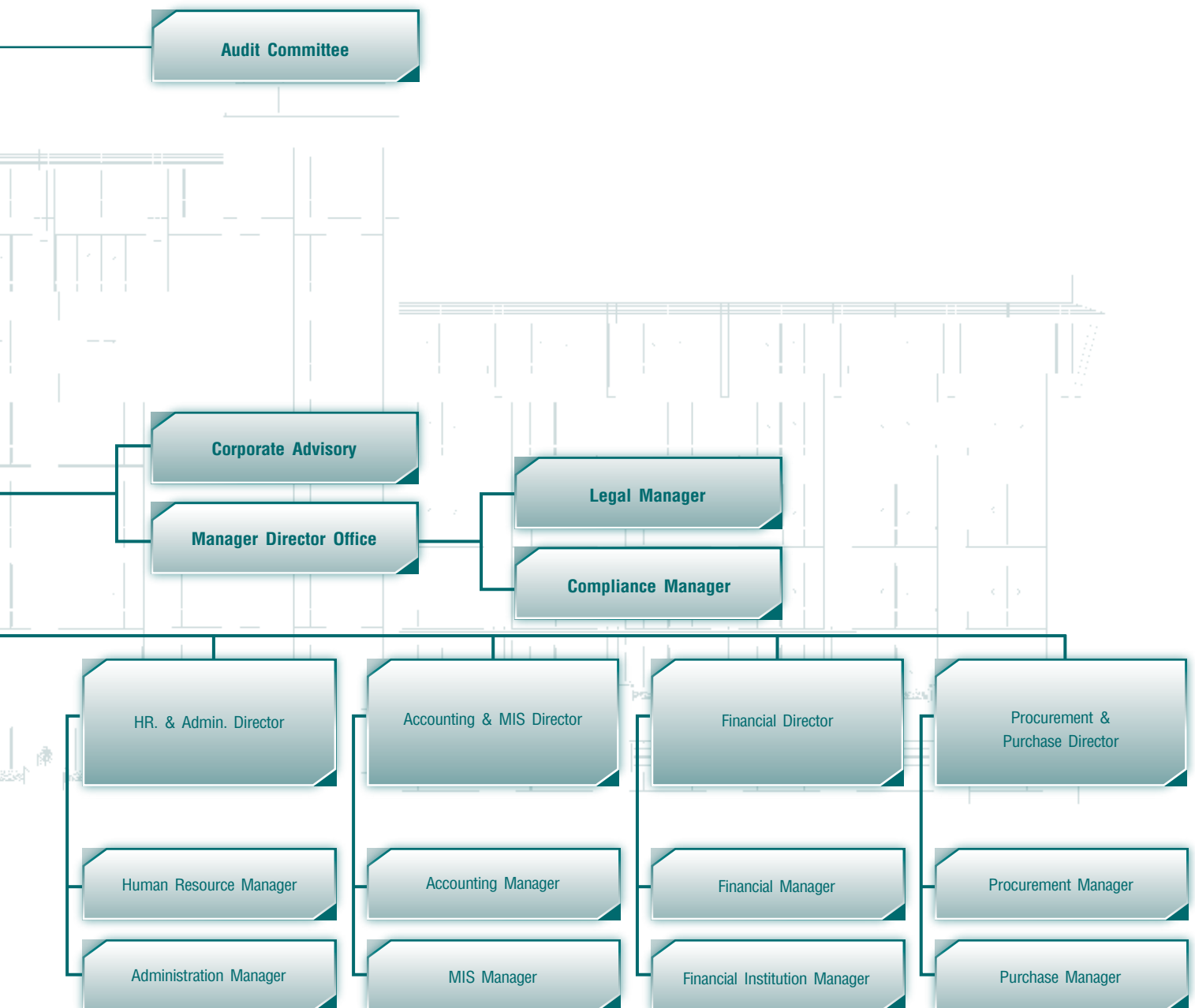
Organization

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED



Organization

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED



History, Major Changes and Development

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

History

Syntec Construction Public Company, Limited. (“Company”) (formerly “Siam Syntech Construction Public Company, Limited.”) had incorporated to be a juristic person under Thailand’s law on 22nd December, 1988 and became a Public company on 14th October, 1992, later on 12 February, 1993, it was registered in Stock Exchange of Thailand. The Company’s headquarters is located at 555/7-11, Soi Sukhumvit 63 (Ekamai), Klong Tan Nua Sub-district, Wattana District, Bangkok having its principle business in construction services. Offering the service for both government and private bureaus: The service ranges from foundation establishment to completion of construction in a manner of One-Stop Shopping. The modern process or procedure of construction and many technologies are applied here along with the development of knowledge to enhance the potentiality of company’s staffs. Besides, these can also raise the maximum value to stakeholders, for example, shareholders, customers and staffs.

From the past to present, the company has created many constructions. Our customers rely on hiring us and also recommend to the others. The types of construction of the company can be classified into Infrastructure / Institutional, Resident Building, Commercial Building, Hotel or Resort, Retail, and Industrial.

Major Changes and Development

PERIOD	DESCRIPTION
December 1988	Siam Syntech Construction Public Company, Limited (“the Company”) incorporated with registered capital of 1 million baht to run construction business joining with 3 Singaporean Construction groups.
October 1992	The Company became a Public Company Limited with a purpose of offering share trading to the public and registering in the Stock Exchange of Thailand changing title from “Siam Syntech Construction Company, Limited” to “Siam Syntech Construction Public Company, Limited”.
July 1993	The Company was registered in the Stock Exchange of Thailand
August 1996	The Company was awarded “International Construction Award”
August 1997	The Company was the first construction company to be certified ISO 9002 Version 1994.
August 2000	The Company entered into a debt-restructuring scheme due to employment of floating exchange rate
March 2001	The Central Bankruptcy Court granted an approval for the resolution of the creditor meeting with the 80% of the vote on the debt settlement plan.
June 2001	The registered capital was reduced by 397.06 million baht to 3.97 million baht according to the debt settlement plan.
June 2001	The registered capital was increased from 3.97 million baht to 400 million baht according to the debt settlement plan.
April 2003	The Central Bankruptcy Court granted the cancellation of rehabilitation order due to the Company’s achievement in practicing the debt settlement plan.
September 2003	The Company was certified with ISO 9001 Version 2000.

History, Major Changes and Development

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

PERIOD	DESCRIPTION
December 2003	The registered capital was increased from 400 million baht to 1,600 million baht
December 2003	The Company's accounting period was changed from formerly 1 st July- 30 th June of the following year to 1 st January-31 st December. The new accounting period was first applied on 1 st July to 31 st December 2003.
April 2004	The Company's shareholder meeting agreed to change the Company's title from "Siam Syntech Construction Public Company, Limited" to "Syntec Construction Public Company, Limited".
May 2004	The Company registered the new title, "Syntec Construction Public Company, Limited" according to the certification letter and business registration issued by Department of Business Development, Ministry of Commerce on 21 st May 2004.
August 2004	The Stock Exchange of Thailand granted an approval for removing the Company's trading from Rehabilitation Company section to Property and Construction group since 10 th September 2004 because the financial status and performance of the Company has fulfilled the regulation.
September 2004	The Company's stock has been traded in Property and Construction group, Real Estate Development section.
April 2005	The shareholders have all concluded to nominate DIA Audit Bureau / DIA Audit Co, Ltd. to be the auditor of the company in the year 2005.
April 2006	The shareholders have all concluded to nominate DIA Audit Bureau / DIA Audit Co, Ltd. to be the auditor of the company in the year 2006 again.
April 2007	The shareholders have all concluded to nominate NPS Siam Audit Limited. to be the auditor of the company in the year 2007 .
April 2008	The shareholders have all concluded to nominate NPS Siam Audit Limited. to be the auditor of the company in the year 2008 again .
July 2008	The outcome of "Quality assessment project for shareholders' general meeting for the year 2008" carried out by the SEC, showed that the Company was assessed to be "Excellent" by getting 101.25 points (from the total of 110) where there had 486 listed companies assessed by this project. The Company earned the average of 82 while the companies in the group of SET 50 earned the average of 97.
November 2008	The Board of Director reached the solution to sell shares in Natural Hotel Siam Co., Ltd. (N-Siam), the associated company, to the original shareholder in such company, Al Manar Limited and/or other third person designated by Al Manar Limited at its par value for the amount of 384,998,500 baht.
December 2008	Assessment of "Good Corporate Governance for Listed Company for the Year 2008" held by the SET, the SEC and Thai Institute of Directors, showed that the Company was labeled as "Excellent" by getting 82 points (from the total of 100). The average of all listed companies was 75 and 84 for those companies in the SET 50, respectively.

Business Characteristics

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

Summary of Business Characteristics

At present, the company has offered Integrated Approach construction services for both government and private sectors ranging from foundation establishment to completion of construction in a manner of One-Stop Shopping. The company therefore, has developed skill in providing one-stop shopping construction including structural, architectural, landscape architect, electrical and mechanical and building automation works.

Construction hire: In case of the hirer is a government bureau or state enterprise, the company will be hired after the mentioned bureau granting the company the opportunity to bid following the specific pattern and method. The bureau will hold the bid for selection. In the case of the hirer is a private bureau, the bureau will permit the company to bid including the price negotiation. If the consideration is mutually satisfied by both sides and is reasonable, the company will be eventually hired for the construction.

After being hired, the company is generally the main contractor. However, if the project is big and requires the specialization, the company will consider the co-operation as a joint venture with other company or other people possessing the required specialization. Consequently, the company can be transferred the modern technologies in construction along with much knowledge such as the construction management including the increase of staffs' capabilities. These are to ensure the hirer that the construction will be achieved with the specific agreement or contract. Furthermore, the company is likely to have a new co-operator (in trade) who possesses enough potentiality to co-operate in the construction of a big project in the future agreeing with the government policy.

The company does not only conduct the construction by using our own labors but for some parts we also hires the subcontractor having registered with the company and possessing at least the required minimum qualification. As a matter of fact that the company has continuously evaluated the capability of performance, the company can control the construction to meet the restricted agreement or contract.

At present, the business operations of Syntec involve in a major categories :

- (1) Infrastructure
- (2) Institutional
- (3) Resident Building
- (4) Commercial Building
- (5) Hotel or Resort
- (6) Retail
- (7) Industrial

The construction works of basic public utility project are the construction works relating to basic public utilities. All construction works are under the responsibility of the government agencies. Realizing the significance of country development, the company focused on carrying out the construction works to meet the objective of each type of work; the construction of man-hole and cable tube, water waste treatment project, reinforced concrete wall acting as barrier against floodwater. The company planned to participate in the auction of basic public utility project by probably considering cooperating with the potential, domestic and international, alliances. This is to support the development of basic structure that the government sector must undertake according to National Economic and Social Development.

Business Characteristics

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

The construction works of institution are the construction works relating to building, laying systems. The company's construction works of institution are as follows; school, hospital, embassy, district office, flight control center.

The construction works of residence are the inclusive construction works of buildings starting from foundation, structure, architecture, sanitary work, electric work, communication system, air conditioning, elevator system. The company's works are as follows; residential condominium project, luxury home project, Aeu Athorn Housing Project.

The construction works of office and commercial building are the construction works of every kind of office buildings starting from general building to high-rise building including all system service pursuant to the specified standard. The company's works for office and commercial building are as follows: recreation center building, office building, commercial building, car showroom building.

The construction works of hotel or resort are the inclusive construction works of every category of hotels or resorts including related system works. The company's construction works of hotel or resort are as follows; luxury hotels, resorts, health center.

The construction works of shopping center, supermarket or shopping mall are the projects that apply technology and construction by providing service from construction work until the work is completely done.

The construction works of industrial factory are the construction of every kind of plants including system works required in the industrial plant. The company's construction works of industrial plants are; industrial area, food industrial plant.

Income Structure

The Company's net income (according to its financial statements) in the year 2008 was 5,392.63 million Baht which was higher than that of the same period of the year 2007 for the amount of 1,355.72 million Baht or 33.58%. For the past three year, the Company's net income has increased progressively from 2,893.37 million Baht in 2006 to 4,036.91 million Baht in 2007 or 39.52% increase. The latest net income came from conducting business as a main contractor for the amount of 5,185.32 million Baht or 96.16% of net income which was particularly higher than that of the same period of the year 2007 for the amount of 1,198.09 million Baht or 30.05%. If considering income from each construction category for the past three years, it showed that the proportion of income from residential building construction has increased from 41.83% in 2006 to 47.73% in 2008. Increased amount of construction works in the category of office building/commercial building has also found from the amount of 7.13% in 2006 to 24.44% in 2008. Regarding infrastructure public utilities, most of them were public one. The Company expects that in this 2009, the government agencies will urge to withdraw budget for the fiscal year of 2009 and additional budget for the amount of 116,700 million Baht. It also expects preparation of project where its budget can be allocated within a scheduled time, urge of commencement of significant investment projects to have a clear framework and continuity such as mass transit project, national logistics development etc. The Company has always been supported by our distinguished. For more details, please see "12. Financial status and performance"

Business Characteristics

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

Unit : Million Baht

Product Line / Business Circles	2008		2007		2006 ¹	
	Million Baht	%	Million Baht	%	Million Baht	%
Incomes from the Construction Contracts						
- Infrastructure	-	-	-	-	12.68	0.45
- Institutional	70.14	1.35	282.46	7.08	570.74	20.16
- Residential	2,474.77	47.73	2,141.31	53.70	1,184.04	41.83
- Leisure	1,373.17	26.48	837.09	21.00	809.29	28.59
- Commercial	1,267.24	24.44	720.00	18.06	201.75	7.13
- Industrial	-	-	6.37	0.16	52.02	1.84
Sale and Service Income	5,185.32	100.00	3,987.23	100.00	2,830.52	100.00
Reversal of prior year allowance	133.06		-		0.39	
Gain on sale of investments	-		-		35.00	
Other income	70.10		12.08		6.09	
Share of profits from investments	-		-		-	
Interest income	4.15		6.83		12.05	
Foreign exchange	-		3.29		9.32	
Reversal of allowance for devaluation	-		27.48		-	
Total Incomes	5,392.63		4,036.91		2,893.37	

Remark : -

¹ Restated by Auditor

Business Characteristics of Associates and Joint Ventures

Associates

Natural Hotel Sukhumwit Co., Ltd.

Natural Sukhumwit Hotel Co., Ltd. is a associate company that operates the business on real estate development. The proportion which the company holds the shares by 25% of the paid registered capital (At present, registered capital remaining is 1,500,000 shares due to the resolution of the Extraordinary Meeting of the Shareholders of the said associated company No. 1/2008 held on 9th June 2008 and No. 2/2008 held on 26th June 2008, a special resolution was adopted for reduction of original authorized capital of 240,000,000 million Baht down to the authorized capital of 150,000,000 million Baht (or the reduction of the authorized capital by 90,000,000 Baht) by diluting its original number of 2,400,000 shares down to 1,500,000 shares at par value of 100 per share respectively).

Business Characteristics

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

SYNTEC Construction PLC (LLC) (in the process of being incorporated)

Syntec Construction PCL (L.L.C.) is a joining company which the portion of shares holding is the company 46%, MR. JAMAL MAJID AHMED AL GHURAIR , National of U.A.E. 51% and Another strategic partner (Thai national) 3%. The purpose of establishment is to undertake construction work projects in the United Arab Emirates with authorized capital of 36,700,000 AED (UAE Durham). At present, The joining company is on tender to undertake any construction projects.

Joint Venture

Syntec-Miwan Joint Venture

Syntec-Miwan Joint Venture consists of 2 enterprises, namely, the Company and Miwan (Thailand) Co., Ltd. ("Miwan") with ration of investment at 65% : 35%, respectively. Profit or loss shall be divided with respect to such ratio of investment. The objective for establishment is to provide construction service in the project of Ban Uae Athorn for the National Housing Authority by entering into construction contract for the amount of 50,000 units. But, however, circumstances in the country have an impact on such authority where the Company has request and been granted the amount of unit to only 13,698 units since 14 August 2008.

SMJV-Baan Eur arthorn Progression as of 31 December 2008

No.	Project Title	Project Description	Progress %
1.	Khumpangsan	Townhouse 343 units	100.00
2.	Bangna	130 building condominium, 5,176 units	97.81
3.	Ladkabang1	44 building condominium, 1,972 units	100.00
4.	Ladkabang2	63 building condominium, 2,823 units	89.52
5.	Ladkabang3	62 building condominium, 2,778 units	43.55
6.	Chiangmai	13 building condominium, 582 units	88.00

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Crucial strategies in competition

Operating the business to successfully grow, the quality, service, and operating process are significant factors. From this reason, the company decides to enhance the quality of work in many dimensions, for example, developing the efficiency of management, applying new technologies to the business operation, and adjusting the operating process to achieve more success. Furthermore, the company also decides to increase the potentiality of staffs by holding the training continuously, encouraging working in team, and creating the good relationship in the company. These strategies can eventually lead the company to successfully grow with quality and stability.

For the business operation within the previous year, the company focused on the full construction in quality and service by adjusting the management to create more working in team both in the part of company and customers. This action aims at creating the unity in the service along with enhancing the long-term stably good relationship. This includes the encouragement of co-operation in business to increase the potentiality in competition along with the liquidity in finding budget source. (as the detail in “Business Goals”)

This includes the follow of economic situation, national political status in the matter that may take effect to the construction cost of the company such as oil price situation, cement price, steel price, construction material price, the government policy. This is to enable the company to perform the business consistent to the target and to increase the highest value for the stakeholders such as shareholders, customers, employees and other related person.

The significant strategies in competition to enhance the strength, efficiency in making profits, and potentiality in operation are as follows:

(1) Providing One-stop Shopping Construction services

At present, the company has offered Integrated Approach construction services from foundation establishment to completion of construction in a manner of One-Stop Shopping. The company therefore, has developed skill in providing one-stop shopping construction including structural, architectural, electrical and mechanical and building automation works. Trying to assist the customers to effectively manage capital and time: In operating the construction, the company inspects, control, and supervise every step of construction to have quality and high security meeting the satisfaction of customers and the specified standard. This impresses the customers, creates the reliability to them in hiring the company in the next time, and attracts them to recommend the company to other customers.

(2) Quality, Security and Responsibility

Apart from the operation focusing on quality and high security for relating persons (such as the laborers and passers-by in the construction site), the responsibility of contractor is one of the fundamentally important things. The responsibility is both in the operation of construction and the submission within the due time specified in the contract. The company adjusts the operational process to achieve more success, increases the potentiality of personnel, holds the regular training, and encourages working in team by granting the opportunity for every level of staffs to participate in the operation appropriately.

(3) Reputation and Outcomes of the company

The company creates the reputation from many constructions since in the past to assure the customers in hiring the company in the next time and recommending to the others. The company expects to remain the standard in operation and quality to be acceptable from now on. The company will improve knowledge and modern technologies of construction to be in accord with the economic growth of the country. Moreover the company will encourage the personnel to realize the ethics in operating business along with maintaining the honesty, loyalty, and justice by mainly considering the benefits of customers.

(4) Business Alliance

Operating business in the future facing with the liberal trade system of the world economic development, the main factors affecting the capital of production and the competitiveness are the capital, specialization, and modern technologies. As a result, business organizations have to be ready to adjust and develop their organizations in order to be competitive.

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The company realizes the mentioned importance. Apart from the continuous adjustment, learning, and development of the construction process, the company also co-operate with the alliances as the joint venture. The alliances are other companies possessing the specialization required by the project. This grants a good opportunity for the company to be transferred modern technologies and knowledge of the construction which are very useful for the business operation. Eventually, the company may have the business alliances possessing the enough abilities in mutually operating the big project of construction in the future agreeing with the policy of government sector. This is to assure the customers that the construction will be successfully completed following the specified agreement or contract.

(5) Abilities of Personnel

Personnel are important resources in the development and growth of the company. Therefore, the company has issued the policy focusing on enhancing the potentiality of personnel in every level by holding the training with government sector. The company also develops the administration, management, team work creation, and the encouragement to the staffs to have knowledge in information technology in order to increase the efficiency of staffs and executives. Consequently, they can use the important information in the consideration to solve the problem appropriately. The company encourages the staffs to work with honesty, loyalty, and justice agreeing with the ethics in business operation. Moreover, the company specified the equality in opportunity of being hired, stability, and professional progress of personnel. These can encourage the personnel to possess skills and proficiency in operating business of the company leading to the continuous development.

Customer's Characteristics

The Company has mainly offered construction services to customers from private sector for office facility, commercial buildings, residences etc. However, governmental customers have also assigned the Company for construction projects such as Baan Eur-arthorn Project, Air Traffic Control building at New Bangkok International Project, Suwannabhum maintenance workshop New Bangkok International Airport, BMA project, Bangkok Metropolitan Administration District Office buildings and road flood way on the bank of Chao Phraya River etc.

List of Project and the owners for the year 2008

	Project Title	Owner	Project Value (Bt. M.)
1.	The Royal Place Condominium, Phuket	V.S Property Development Co., Ltd.	164
2.	All Season Hotel	Tate Enterprise Co., Ltd.	68
3.	Sivayathorn Tower	Sivayathorn Co., Ltd.	290
4.	Condominium Sukhumvit59	N&J Asset Management Co., Ltd.	55
5.	City Home, Ratchada-Pinklaow	Supalai Pcl.	505
6.	The Novotel Platinum Hotel (Basement)	SPT Management Co., Ltd.	239
7.	The Sanctuary Wong Amat	Daika Estate Co., Ltd.	310
8.	Hotel Sukhumvit31	Triple XXX Co., Ltd.	105
9.	Electric Chiller Plant	Energy Complex Co., Ltd.	462
10.	Oakwood Trilliant Sukhumvit18	Boutique Sa2 Ltd. (JV. Between Boutique Land and Lehmon Brother	106
11.	CHULA Block L	Chulalongkorn University	671
12.	Supalai City Home - Tapra Crossroads	Supalai Pcl.	206
13.	Supalai Premier - Ratchada - Sathorn - Narathivas	Supalai Pcl.	332
14.	Supalai Park Kaset	Supalai Pcl.	500
15.	Bangkok Horizon - Ramkhamhang60	Chaopraya Mahanakorn Co., Ltd.	479
16.	Pacific Complex2	Pacific Time Co., Ltd.	128
17.	The Seasons Srinakarini	C P Land Co., Ltd.	290
18.	Oriental Copper Factory	Oriental Copper Co., Ltd.	165

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Within the last 3 years, the company has the following proportions of income depending on types of customers which are private and public sector:

Table 1 Proportion of income classified by the types of customers

Proportion of income	Unit : Million Baht					
	2008		2007		2006	
	Million Baht	%	Million Baht	%	Million Baht	%
Governmental	55.61	1.07	6.43	0.16	69.38	2.45
Private	5,129.71	98.93	3,980.80	99.84	2,761.14	97.55
Total Incomes	5,185.32	100.00	3,987.23	100.00	2,830.52	100.00

From Table 1 and 2, ratio of income from conducting business as a main contractor (according to separate financial statements) with public sector has been reduced from 2.45% in 2006 to 0.16% in 2007 as the Company has completed most of construction works in public sector especially for governmental institutions from 21.46% in 2005 to 0.16% in 2007 including aeronautical control building in Suvarnabhumi Airport. However, in 2008, ratio of income from public sector has increased to 1.07% as the Company has been assigned the construction work in Chula Block L project. The Company is still determinant to enter in government project bidding especially for those major infrastructure projects. Regarding private sector project, the ratio has been increased from 97.55 in 2006 to 98.93 in 2008 where residential unit project is still the largest source of income from 41.77% in 2006 to 47.73% in 2008. The Company has been trusted by many project owners such as City Home Ratchada-Pin Klao, Supalai City Home-Tha Phra intersection, Supalai Premier-Ratchada-Sathorn-Narathiwat, Supalai Park Kaset by Supalai PCL, Electric Chiller Plant by Energy Complex Co., Ltd etc. (list of projects and the owners for the year 2008)

Target Group Customers

The Company's target group customers are project owners from both government and private sectors all over the country especially, the owners having firm financial stability with high amount of expenses. During the past time as in table 2, the proportion of income classified by the types of customers and constructions could be seen that the income was mostly earned from the constructions of private sector. This proportion was 98.93% of the total income and the rate of expansion from 2006 was 85.78%. Considering the types of projects belonging to private sector, it is obvious that every project has an increasing rate of expansion. The projects of commercial building, Resident building and Hotel or Resort Building have the expansion of 528.12 %, 109.31% and 69.68% respectively. Since such projects were under construction and some parts of them were the new project of which operation commenced during the year 2008. The details of construction progress can be viewed in the company website: www.synteccon.com. The project owners or the company customers for the preceding period were: Supalai Public Co., Ltd., Energy Complex Co., Ltd., Admiral Suites Co., Ltd., The Erawan Group Plc., Daika Estate Co., Ltd. The company also focuses on the maintenance of quality of the constructions to be much better. This is for operating the constructions to satisfy and impress the clients so that they will return to hire the company again and again.

Selling and Distribution Channels

The Company's distribution channels come from selecting projects, following up invitation of bidding for construction of both governmental and private sectors via media. Price estimation division is responsible for bidding process and sometimes consulted by the top management. Moreover, our accomplishment also contributes to recommendation from one customer to another and from other related companies. The company still focuses on maintaining the quality of constructions to reach the standard and agree with the objectives of customer. These include the building of good relationship in giving useful advice which is very important for the decision of customers.

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Table 2 Proportion of income classified by the types of customers (public and private sector) and constructions

Unit : Million Baht

Proportion of income	2008		2007		2006	
	Million Baht	%	Million Baht	%	Million Baht	%
Governmental						
- Infrastructure	-	-	-	-	12.69	0.45
- Institutional	55.61	1.07	6.43	0.16	55.02	1.94
- Residential	-	-	-	-	1.67	0.06
- Leisure	-	-	-	-	-	-
- Commercial	-	-	-	-	-	-
Total	55.61	1.07	6.43	0.16	69.38	2.45
Private						
- Infrastructure	-	-	-	-	-	-
- Institutional	14.53	0.28	276.03	6.92	515.71	18.22
- Residential	2,474.77	47.73	2,141.31	53.70	1,182.37	41.77
- Leisure	1,373.17	26.48	837.09	21.00	809.29	28.59
- Commercial	1,267.24	24.44	720.00	18.06	201.75	7.13
- Industrial	-	-	6.37	0.16	52.02	1.84
Total	5,129.71	98.93	3,980.80	99.84	2,761.14	97.55
Total Incomes	5,185.32	100.00	3,987.23	100.00	2,830.52	100.00

Situation of Competition

The condition of competition in construction industry is closely related to economic status of the country, that is, during a period of increasing economic expansion rate, construction industry will be likely to increase in its growth rate and at the same time, if the country is experiencing economic regression, construction industry will reduce in its growth rate. It is thus able to say that the construction production and industry has linear relationship with certain status of national economic. (Table 7, Figure 6, 7)

For the entire period of the year 2008, construction sector has still had continual low growth rate where its growth rate was reduced to -4.73% comparing to that of the same period of 2007. Many crucial factors from the year 2007 still had an adverse effect i.e. increased oil price, reduced confidence toward internal political situation, uncertainty of public sector regarding investment in mega project; especially from the second half of the year where there existed political turmoil which led to closing of 2 international airports by the demonstrators. Such has had severe impact on tourism sector and international shipment, confidence of the public and business sector, expenditure and investment of private sector. This was exacerbated by global financial crisis originated from financial crisis in the US which has led to global economic downturn which consequently affected economic of the country; especially in the last quarter of 2008 which can be observed by major indicators for construction situation as follows:

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Table 3 GDP (Production Side)

(%)

	2007		2008		2007				2008			
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Agriculture	1.8	5.1	1.1	3.7	(0.2)	2.3	3.1	8.6	9.6	1.8		
Non- agriculture	5.2	2.3	4.7	4.5	5.5	6.2	6.2	5.0	3.5	(5.0)		
Mining	3.8	2.4	1.1	5.2	4.1	4.6	0.8	5.5	4.3	(1.5)		
Manufacturing	6.2	3.9	5.2	4.8	6.1	8.5	9.5	7.7	6.1	(6.8)		
Electricity, Gas &Water Supply	5.1	4.3	4.5	3.7	8.9	3.1	5.9	5.8	2.9	2.5		
Construction	1.6	(4.7)	0.4	1.7	1.5	3.0	1.1	(3.4)	(4.5)	(12.8)		
Wholesale & Retail Trade	4.6	1.9	4.2	4.6	5.2	4.6	4.1	3.4	3.1	(3.0)		
Hotels & Restaurants	4.2	1.5	4.6	3.1	2.7	6.2	9.2	5.9	0.3	(8.3)		
Transportation	5.9	(0.4)	6.4	5.6	5.3	6.2	5.4	3.6	1.5	(10.6)		
Financial Intermediation	6.5	8.1	1.4	5.5	9.4	9.5	10.2	8.8	8.0	5.3		
Real Estate	3.4	0.2	4.2	4.6	2.1	2.6	3.0	(0.4)	0.7	(2.3)		
GDP	4.9	2.6	4.4	4.4	5.1	5.7	6.0	5.3	3.9	(4.3)		

Source : National Economic and Social Development Board: February 2009

Table 4 Expansion rate of private investment, important (Construction)

(%)

	2006		2007				2008			
	year	Q1	Q2	Q3	Q4	year	Q1	Q2	Q3	Q4
Construction										
Construction areas permitted whole kingdom	(0.3)	(27.0)	(13.4)	(8.9)	2.7	(11.3)	14.7	(19.3)	8.6	4.0
Domestic cement sales	0.7	(3.0)	(7.7)	(3.0)	(6.7)	(5.0)	(5.9)	(5.4)	(16.5)	(13.9)
Iron rod sales	(3.9)	1.5	(2.3)	8.9	13.7	5.3	8.6	10.3	(19.9)	(49.2)
Land transaction Nationwide	0.5	(24.8)	1.4	2.0	11.3	(3.6)	5.9	30.4	31.1	5.9

Source : Bank of Thailand: February 2009

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Figure 1 Expansion rate of Construction areas permitted whole kingdom

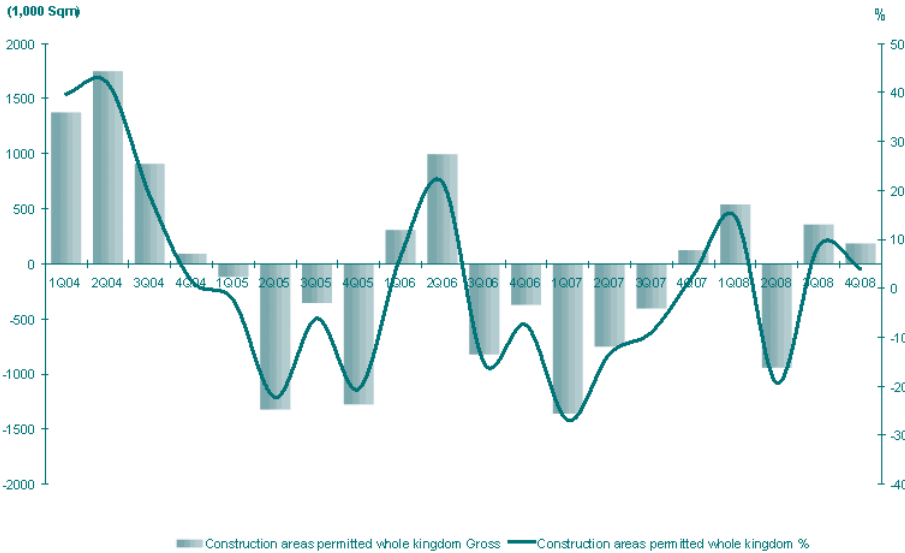
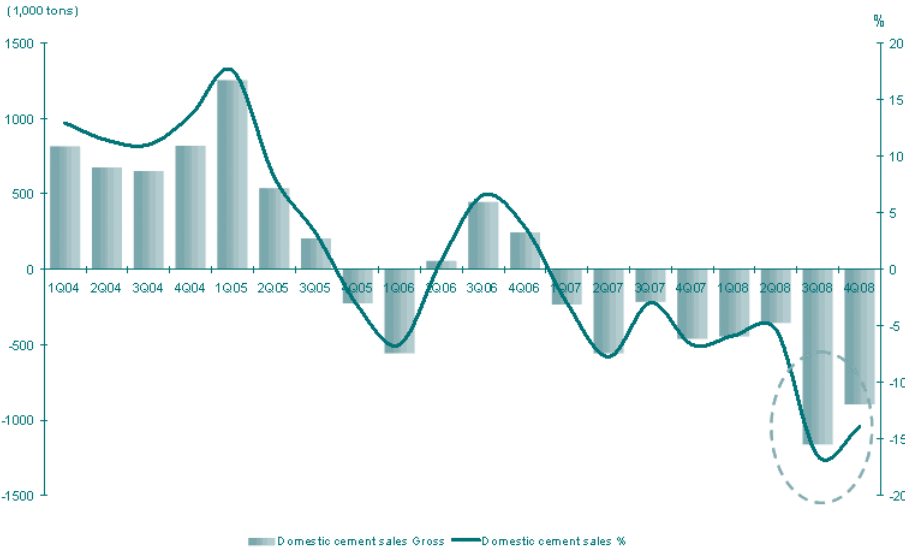


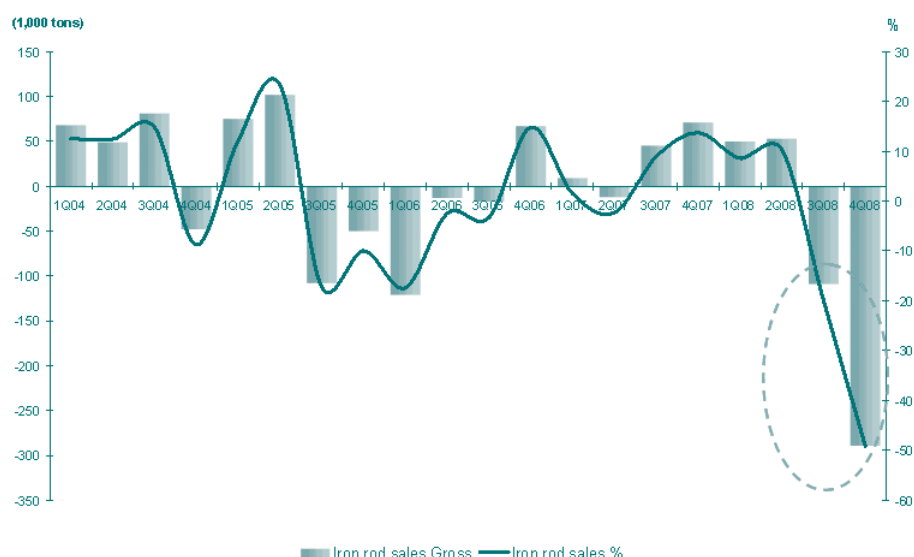
Figure 2 Expansion rate of Domestic cement sales



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Figure 3 Expansion rate of Iron rod sales



The total area permitted for construction in quarter 1/2008 was increased for the rate of 14.7% resulted from increase in application for construction of hyper mart in the Northeastern and construction of residential units by National Housing Authority in Bangkhuntien District, totaling 600,000 Sqm. from the total permitted area for construction of 2.1 million Sqm. at the last quarter of 2007. Rate was reduced to -19.3% in quarter 2/2008 resulted from higher cost of construction including higher cost of living and lowered consumer confidence which made the business to adapt itself by reducing number of units for any construction instead of selling price etc. while some postponed its works. For the second half of the year, the overall picture still reflected economic slow down, political instability and lowered consumer confidence including restrictive measures applied by internal financial institutes in granting credit facilities to the business although the government had launched a campaign for reduction of a fee for selling/buying real estate. This was in line with Real Estate Developers' Sentiment Index in quarter 3/2008 at 43.8 which was the lowest comparing to previous 4 quarter's. Such was mainly affected by global financial crisis and political instability. (table5.)

Table5 REIC Housing Developers Sentiment Index (HDSI) Report

Year / Quarter	REIC Housing Developers Sentiment Index (HDSI) Report		
	SET - Non Listed Company	SET - Listed Company	Current Situation Index
4Q07	62.3	37.8	50.1
1Q08	61.6	49.0	55.3
2Q08	50.9	39.1	45.0
3Q08	49.1	38.4	43.8

Source : Real Estate Information Center (REIC) Government Housing Bank , November 2008

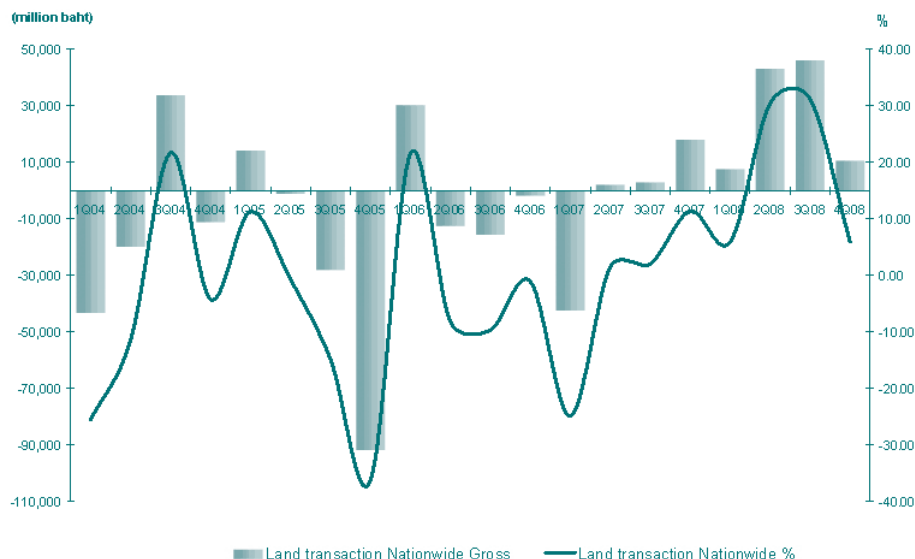
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Amount of cement sold in 2008 still decreased in its rate comparing to the same period of the previous year. This was affected by major factors such as global economic status, political instability, low consumer and entrepreneur confidence and specifically, delay in progress of mega project for infrastructure. Such circumstances led to negative rate for selling cement at -10.30% in 2008; especially for the last two quarters at -16.5% and -13.9%, respectively. It is suggested that public sector should urgently restore consumer and entrepreneur confidence and inject investment into large infrastructure project in order to ultimately create investment and employment.

Amount of iron rod increased in its rate in the first half of 2008 at 8.6% and 10.3% for the 1st and 2nd quarter of 2008. However, the second half of the year, such rate had obviously been decreased to -19.9% and -49.2% in the 3rd and 4th quarter of the same year. This was mainly resulted from globally decreasing in demand for iron from economic situation negatively led by that of the US and Europe where automobile industry was experiencing dropping of its sales. In addition, demand for iron from China started to slow down after the Olympics where, before that, demand for iron reached the peak level. Regarding internal factor, it could be seen that internal demand was stagnant resulted from restraint in investment large infrastructure projects and its obscurity created by public sector. Further, at that period, most of entrepreneurs were reluctant to order for iron after receiving information concerning price changing corresponding to global oil price. At that period, trend of continually increasing of iron price was one of the factors materially and unavoidably affected the cost of the entrepreneur.

Figure 4 Expansion rate of Land transaction Nationwide



Regarding changes in value of land and building, although it showed positive trend in the 2nd and 3rd quarter of 2008 by increasing in its rate to 30.4% and 31.1%, respectively, the changing rate of the last quarter of the same year, however, reduced to only 5.9% comparing to the same period of the previous year. This corresponded with the trend of slowing down in granting new personal loan for housing resulted from decreased demand from the consumer affected by confidence in national economic status and increased difficulty in granting loan to the entrepreneur by commercial banks etc.

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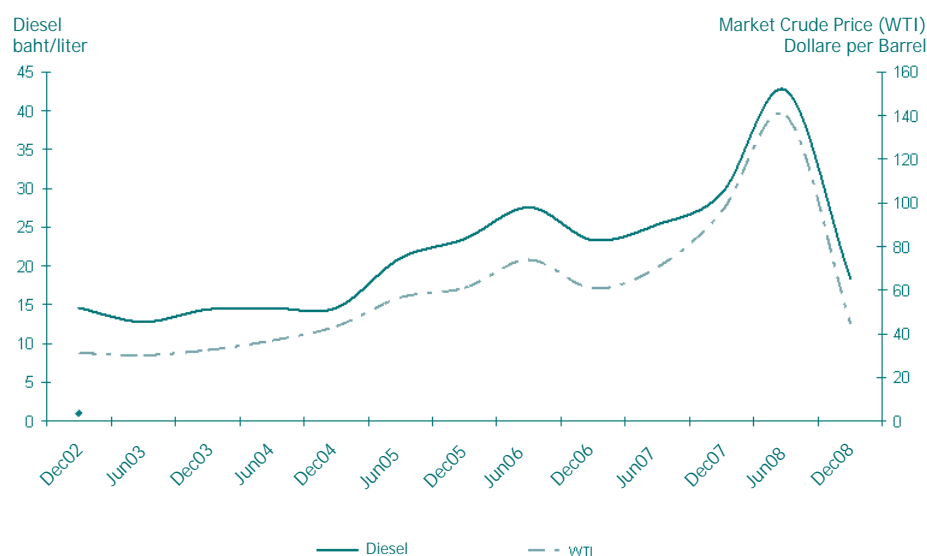
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Table 6 Retail Oil Prices

Year / Quarter	Market Crude Price (US\$ / BBL)		Retail Prices in Local (Baht/Lite)	
	BRENT	WTI	ULG 95	HSD
2003	30.30	32.51	17.29	14.39
2004	40.38	43.36	19.29	14.59
2005	58.34	61.06	26.04	23.49
1Q06	66.06	66.25	27.54	25.89
2Q06	73.20	73.94	29.79	27.54
3Q06	59.09	62.90	25.99	24.54
4Q06	58.96	60.85	26.49	23.34
1Q07	68.47	65.94	27.99	24.14
2Q07	72.22	70.47	29.99	25.34
3Q07	80.97	81.64	29.99	27.34
4Q07	93.68	95.95	32.89	29.34
1Q08	102.33	101.54	34.09	30.94
2Q08	138.40	139.96	42.89	42.64
3Q08	93.52	100.7	37.59	30.74
4Q08	35.82	44.6	28.59	18.34

Source : National Economic and Social Development Board: January 2009

Figure 5 Retail Oil Prices



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Level of oil price in the global market during 2008 was a part of high fluctuation for years. The price started to increase in the second half of 2007 where West Texas Intermediate (WTI) increased from 81.64 USD/Barrel in quarter 3/2007 to 95.95 USD/Barrel in 4/2007. And in 2008 oil price had increasingly climbed up from 101.54 USD/Barrel in quarter 1/2008 to 139.96 USD/Barrel in quarter 2/2008 and reached the maximum of 147.27 USD/Barrel in July 2008. From such situation, it has been speculated from many authorities that there has a possibility that global oil price may reach 200 USD/Barrel. However, after that, the trend is that, the price has decreased continually to 100.70 USD/Barrel in quarter 3/2008 and 44.6 USD/Barrel in the last quarter of the same year which was 55.71% decrease. Many agencies had analyzed the cause of this situation and considered it resulted from speculation of financial institutions and hedge funds etc. Therefore, as the oil price increased in such mentioned period, domestic diesel oil price has been raised to 42.64 baht/liter in the second quarter of 2008 with its maximum at 44.24 baht/liter on 5 July 2008. This had a direct effect on cost of operation of the construction firm as the increased oil price will lead to increasing on construction material price. Further, increased oil price may cause inflation that can reduce buying power of the consumer and is seen as an obstacle for economic recovery especially in consumption and private investment. At the same time increased oil price will affect global economy witnessed by increasing in iron price which has an unavoidable effect on the construction firm.

Table 7 Construction Materials Price Index (CMI)

(CMI 2000 = 100)

	weigh	2005	2006	2007				2008			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
CMI	100	123.0	131.5	134.4	135.6	134.4	140.5	154.5	175.3	161.0	140.3
- Lumber and wood products	5.46	122.3	131.0	131.4	133.8	133.8	134.5	134.5	146.9	147.8	147.0
- Cement	13.09	99.4	105.9	105.3	106.1	105.2	108.0	108.8	113.1	116.4	114.2
- Concrete ingredient	15.14	114.5	115.4	117.1	117.0	116.5	116.4	117.2	124.4	127.2	117.5
- Iron Products	26.27	152.9	165.6	175.5	178.3	175.2	195.6	243.8	308.0	246.4	177.0
- Tiles	4.80	102.2	104.2	108.3	108.3	108.3	108.3	108.3	110.1	110.1	111.7
- Paints	1.78	120.0	118.3	118.3	118.3	118.3	118.3	120.3	120.7	121.9	131.2
- Sanitary ware	1.46	106.5	126.7	126.9	130.3	130.3	130.3	133.1	137.1	137.1	145.1
- Electrical and plumbing	9.15	106.1	123.4	121.1	121.6	120.9	121.0	121.6	122.5	124.2	119.2
- Others	22.85	124.8	132.6	132.9	133.8	132.8	133.9	137.6	142.7	147.4	146.0

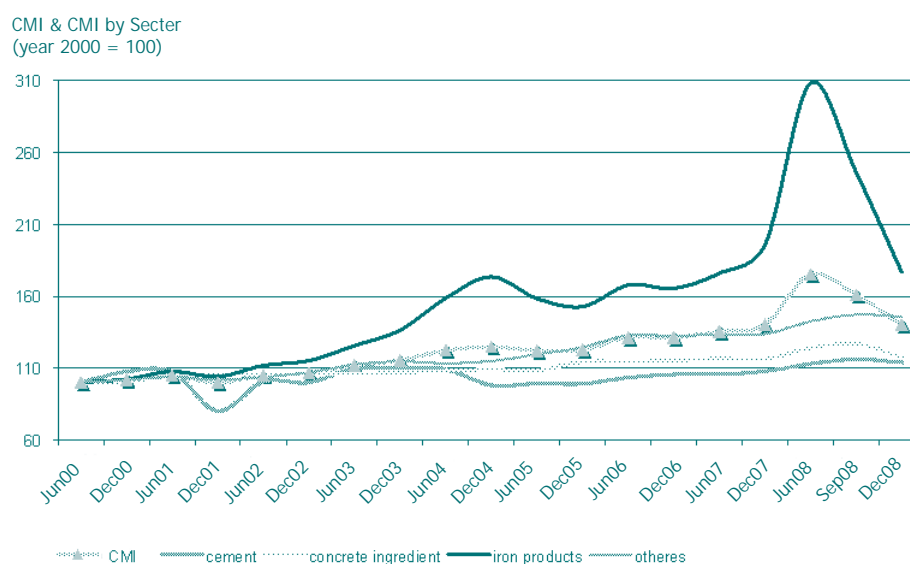
Source : Ministry of Commerce, January 2009

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Other significant index is Construction Materials Price Index (CMI) by Trade and Business Index Office calculated from surveying of price of construction material in Bangkok and suburban area for almost 88 items covering wood section, wood product, cement, concrete, iron, iron product and other construction materials. CMI for 2008 was 100 where in December 2008 the number was 140.3, decreased from the same period of the earlier year 0.2% and it had decreased constantly from the first quarter of the year, especially iron and iron product where in the quarter 2/2008, index of such section was the highest of 308.0 or 72.74% increase comparing to the same period of the previous year and this has caused price of iron and iron product risen up directly affecting the contractor. However, in the 3rd and 4th quarter of 2008, index for iron and iron product was likely to reduce to 246.4 and 177.0, respectively. Significant reason came from the cost of production where raw materials price imported from abroad and oil price have progressively decreased including likely decrease in domestic demand for iron from the decelerating construction situation. The said factors have led to decreased profitability of the construction firm.

Figure 6 Construction Materials Price Index (CMI)



From the above mentioned factors and CMI which have had an effect on Thai construction business will ultimately affect the whole economy of Thailand. During the past period, competition has become more intensely pushing the price of construction drop and affecting profit margin at the end. Therefore, construction firm has to quickly adapt itself to meet the more intense competition for the year to come either in terms of cost of construction or quality thereof.

As the construction firms distribute all over the country having business activities in a different scale, it is quite difficult to show the official and obvious figure of market share. However, for the purpose of comparing between companies in the same business, some majors are compared as follows:

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Table 8 The Comparison of Construction Business' Performance fir the year 2008

Company	Total Revenue	Gross Profit Margin	Net Profit	Total Asset	Total Liability	Paid-up Capital	(Million Baht)
							Total shareholders' equity
Italian Thai	43,699	655	(2,678)	57,230	44,535	4,194	12,695
Sino-Thai	14,717	512	193	12,405	7,964	1,186	4,441
CH. Karnchang	14,511	1,431	572	25,873	20,569	1,446	5,304
Power Line	9,136	508	(350)	10,185	7,270	546	2,915
Christiani	5,072	255	4	3,338	2,327	401	1,011
Nawarat	3,801	233	171	3,131	1,738	2,485	1,393
EMC	2,756	188	99	2,025	1,006	5,863	1,019
Pre-Built	2,139	193	41	1,110	565	200	545
Ascon	1,959	(72)	(383)	2,413	2,099	300	314
Syntec	6,106	392	268	3,938	2,214	1,600	1,724

Source : The Stock Exchange of Thailand (www.set.or.th)

The Company's Competitiveness

On 28 April 2003, the Central Bankruptcy Court canceled the rehabilitation order making the Company in a status ready to compete in construction industry. However, the Company has successively carried out internal management restructuring, the company tries to improve the efficiency in management, apply the modern technologies in business operation, elevate the potentiality of personnel from the continuous training, and create the co-operation with the trading alliance to elevate the competitiveness.

In addition the Company has promoted the operation under the principle of good corporate governance by adopted it in the policy since the end of 2004. The Company has applied good corporate governance and Business Code of Conduct to each of business categories by announcing "Policy on Good Corporate Governance (1st Revised Version dated 21 December 2007)" by the approval from the meeting of the Board of Directors and implemented to its operation until to date.

In order to prepare itself for more intense competition in every, however, the goal is to expand market shares without compromising in quality to gain acceptance from customer and other parties. Building capacity by extending its scope of business to cover works at the international level is undertaking by the Company. The investor or anyone can search for more details about amount of construction works, progress of construction, work in a process or completed work at www.synteccon.com

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Thai construction industry is one of the large industries and seen as a major part of economy playing an important role in economic development from the past and at a present time. In 2008 total value of investment in construction industry was equal to 765,041 million Baht or 8.40% of Gross Domestic Product "GDP" (referring to price of that year)

The construction industry can be evaluated from the proportion of domestic productions' value in the field of construction comparing with the Gross Domestic Product or "GDP" (at the stable price). The proportion during 1987 - 1996, which was the period of high economic growth rate of Thailand, was by the average of 5.83% per year. Considering the mentioned proportion in the period of National Economic and Social Development Plan volume 7 (1992 - 1996), the average was 6.20% per year. However, after the economic crisis in 1997, the mentioned proportion decreased to 4.76% and still had serial effect to the present time. In the nine month of 2007, the proportion was only 2.35% even though the highest proportion in 1994 was 6.39% (as the details of Table 7 and Figure 6, 7). From the data appearing in table 7 and figure 6 - 7 it can be seen that during the period of country economic expansion, the construction industry tends to increasingly expand. On the contrary, in the period of economic declination, the growth rate of construction industry tends to decrease as well. Therefore, it can be claimed that the production of construction industry relates to the economic situation of the country in the same direction.

Table 8 Value, expansion rate of GDP, and value of production in the field of construction during 1987 - 2008

Year	GDP Value (million baht)	Value of Production in the Field of Construction (million baht)	Increasing (decreasing) Expansion Rate of GDP (per cent)	Increasing (decreasing) Expansion Rate in the Field of Construction (per cent)	Proportion in the field of Construction/GDP (per cent)
1987	1,376,847	66,060	9.52	9.85	4.80
1988	1,559,804	74,449	13.29	12.70	4.77
1989	1,749,372	95,554	12.15	28.35	5.46
1990	1,945,372	116,606	11.20	22.03	5.99
1991	2,111,862	132,494	8.56	13.63	6.27
Average	1,748,651	97,033	10.94	17.31	5.46
1992	2,282,572	135,700	8.08	2.42	5.95
1993	2,470,908	150,710	8.25	11.06	6.10
1994	2,692,973	172,036	8.99	14.15	6.39
1995	2,941,736	183,600	9.24	6.72	6.24
1996	3,115,338	196,540	5.90	7.05	6.31
Average	2,700,705	167,717	8.09	8.28	6.20
1997	3,072,615	146,138	(1.37)	(25.64)	4.76
1998	2,749,684	90,235	(10.51)	(38.25)	3.28
1999	2,871,980	84,060	4.45	(6.84)	2.93
2000	3,008,401	76,323	4.75	(9.20)	2.54
2001	3,073,601	76,471	2.17	0.19	2.49
Average	2,955,256	94,645	(0.10)	(15.95)	3.20
2002	3,237,042	80,615	5.32	5.42	2.49
2003	3,468,166	82,837	7.14	2.76	2.39
2004	3,688,189	88,790	6.34	7.19	2.41
2005	3,858,019	93,809	4.60	5.65	2.43
2006	4,059,645	97,852	5.23	4.31	2.41
Average	3,662,212	88,781	5.73	5.06	2.43
2007	4,259,633	99,417	4.93	1.60	2.33
2008	4,369,481	94,714	2.58	(4.73)	2.17

Source : National Economic and Social Development Board: 1987 - 2008

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Table 9 Value, expansion rate of GDP, and value of production in the field of construction during the pre-crisis of 1987 - 1996 and during the post-crisis of 1997 - 2006

Year	GDP Value (million baht)	Value of Production in the Field of Construction (million baht)	Increasing (decreasing) Expansion Rate of GDP (per cent)	Increasing (decreasing) Expansion Rate in the Field of Construction (per cent)	Proportion in the field of Construction/GDP (per cent)
Pre-crisis					
1987 - 1996 (Avg)	2,224,678	132,375	9.52	12.80	5.83
Post-crisis					
1997 - 2006 (Avg)	3,308,734	91,713	2.81	(5.44)	2.81

Source : National Economic and Social Development Board: 1987 - 2008

From Table 9 : Following the throes of financial crisis of 1997, the property and construction sectors went through a severe slow-down due to economic recession, the floating of currency exchange rate, lack of liquidity, the closure of financial institutions, the problem of supply exceeding demand which resulted in immediate contraction of Gross National Products of 1.37 percent and with further severe contraction in the following year of -10.51 percent including severe slow-down of property sector. Thereafter the rate of economic expansion was not very high with the expansion rate of the GNP during the post-crisis of 1997 - 2006 periods was by the average at 2.79 percent; a considerable slow-down when compared with the pre-crisis period of 1987 -1996 with the average rate of 9.52 percent. For the growth rate of the construction sector during the post-crisis period was in decline by average to -5.44 percent as opposed to average growth rate of 12.80 percent during the pre-crisis period.

During the period of National Economic and Social Development Plan volume 7 (1992 - 1996), the production value in the field of construction had the average of 167,717 million Baht. The expansion rate decreased to 8.28% comparing to the period of National Economic and Social Development Plan volume 6 which had the expansion rate of 17.31%. This was because of the reduction in the investment of private sector having expansion rate only 3.90%. It resulted from many excessive supplies, for example, the projects of apartment, office building, and residence building. For the constructions belonging to government sector, the expansion rate was in the high level or equaled to 18.70% comparing to the period of National Economic and Social Development Plan volume 6 which had the expansion rate of 9.88%. This was because government sector focused on the investment of fundamental projects and infrastructures to be sufficient for the economic expansion such as the project of finding water for agriculture, technology, and environment.

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Figure 7 Expansion rate of GDP and domestic products in the field of construction during 1987 - 2008

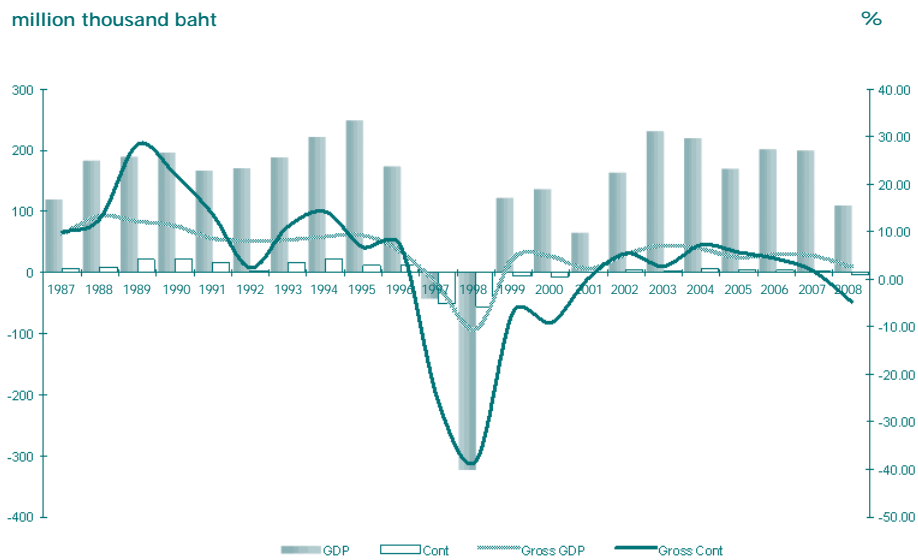
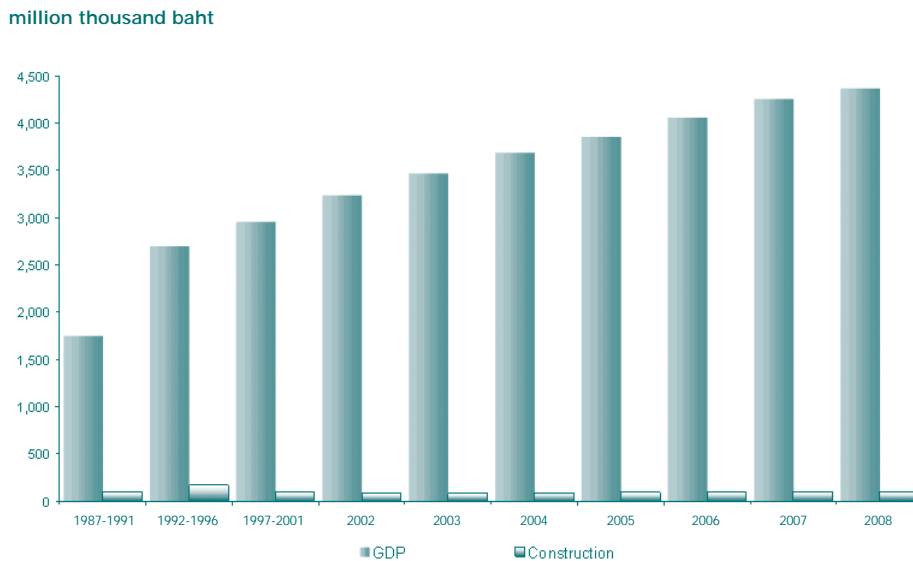


Figure 8 Value, GDP and value of production in the field of construction during 1987 - 2008



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Figure 9 Expansion rate of GDP and domestic products in the field of construction during 2004 - 4Q2008

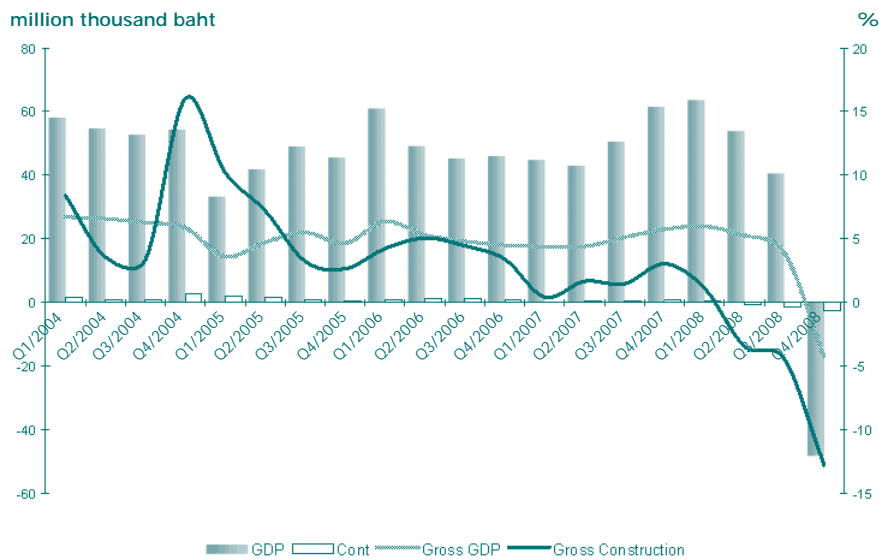
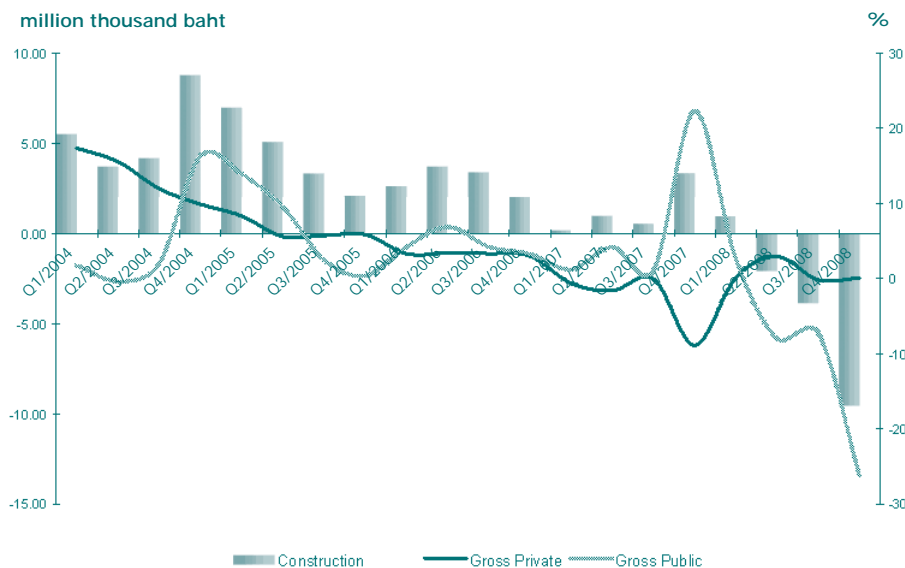


Figure 10 Expansion rate investment in the field of construction, private and Government during 2004 - 4Q2008



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Table 10 Portion, expansion rate of GDP, and value of production in the field of construction, private and Government during 1987 - 2008

	National Economic and Social Development Plan volume 6 (1987 - 1991)	National Economic and Social Development Plan volume 7 (1992 - 1996)	National Economic and Social Development Plan volume 8 (1997 - 2 001)	National Economic and Social Development Plan volume 9 (2002 - 2006)	2006	2007	2008
Portion							
Construction	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Private	75.24	67.27	36.25	49.97	51.31	49.17	51.61
- Residential	47.18	35.15	15.65	28.81	31.28	30.25	na
- Non-Residential	20.69	20.07	13.87	14.58	14.12	13.55	na
- Other Construction	3.32	9.80	5.24	3.93	3.26	2.84	na
- Land Development for Agriculture	0.99	0.15	0.19	0.04	0.03	0.03	na
- Other	3.06	2.10	1.30	2.61	2.63	2.51	na
Government	24.76	32.73	63.75	50.03	48.69	50.83	48.39
- Residential	0.69	1.68	3.07	3.54	6.18	7.63	na
- Non-Residential	3.20	8.15	12.07	6.27	6.11	7.65	na
- Other Construction	20.87	22.90	48.61	40.22	36.39	35.54	na
Expansion Rate							
Construction	17.53	8.27	(14.11)	(5.00)	3.56	1.50	(4.95)
Private	21.25	3.90	(12.76)	30.95	2.54	(2.74)	(0.24)
- Residential	17.44	1.83	(7.72)	74.85	3.30	(1.84)	na
- Non-Residential	30.85	1.51	(15.28)	(0.14)	2.82	(2.59)	na
- Other Construction	44.66	33.78	(10.76)	(28.81)	4.53	(11.67)	na
- Land Development for Agriculture	2.36	(21.27)	(35.11)	(80.24)	(9.28)	(2.27)	na
- Other	26.95	1.02	(17.24)	90.66	(8.81)	(3.16)	na
Government	9.88	18.70	(13.58)	(25.45)	4.66	5.96	(9.51)
- Residential	25.51	26.06	(17.92)	9.37	30.70	25.29	na
- Non-Residential	17.41	42.56	(20.63)	(50.64)	17.56	27.11	na
- Other Construction	9.60	14.11	(11.44)	(21.40)	(0.54)	(0.87)	na

Source : National Economic and Social Development Board: 1987 - 2008

The economic crisis in 1997 during the period of National Economic and Social Development Plan volume 8 (1997 - 2001) affected the production value in the field of construction to be declined with the average of 94,645 million Baht. The expansion rate decreased to -15.95%. Especially in 1997 and 1998, the decreasing rate was -25.64% and -38.25%. There was a reduction in the investment of constructions of private sector for -49.72% and -50.41%, respectively. This resulted from many excessive supplies, for example, office buildings, apartments, and residence buildings. The construction capital was increasingly adjusted resulting from the floating exchange rate. The financial system caused the business operators to lack of liquidity in the operation. Moreover, the financial institutes were very cautious in releasing credits which considerably affected the lack of liquidity of operators. Eventually, the operations had to be temporally ceased without limitation. The investment in constructions of government sector also decreased due to the economic situation. This caused the loss of budget since 1997 and the retardation in investing new projects.

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During the period of National Economic and Social Development Plan volume 9 (2002 – 2006) after the economic crisis in the early period of National Economic and Social Development Plan volume 8, Thai economics seemed to recover. The GDP value expanded by 5.32% and 7.14% during 2002 – 2003. This value was higher than in the end of National Economic and Social Development Plan volume 8 in 2001 which had the expansion rate of only 2.17%. For the expansion rate of production value in the field of construction, there was a tendency of increase as well. In 2004, the expansion rate was 7.23%. This rate was higher than in the period of National Economic and Social Development Plan volume 8 whose expansion rate decreased to -15.95% and whose proportion of construction value comparing to GDP was 2.41% (the details appear in table 8). This tendency of growth resulted from the expansion of investment in the constructions of government sector. For the investment in constructions of private sector, there was more support from government sector as well. Investment in construction also supported incomes of production sector in terms of construction material production and retail business. Moreover, incomes of employees in construction sector ranging from labor to engineers and architectures along with related services have been soaring due to this growth.

Status of construction investment in Thailand and trend of 2009

The overall economy of Thailand for the year 2008 reflected decelerated growth rate to 2.58% comparing to the same period of the previous year at 4.93%; especially during the last quarter of the year where such rate was in negative figure at -4.25% which was the negative growth rate the first time in almost a decade since quarter 2/1999. Thai construction industry has also unavoidably been affected. Year 2008 showed negative growth rate of construction for -4.73% comparing to the same period of 2007 where the growth rate was at 1.60%; especially the 3rd quarter of the year had negative growth rate from -3.44 in quarter 2/2008 to -4.46 in quarter 3/2008 and -12.80% in the last quarter of the year. Such was the most negative figure of growth rate for the past several years. If considering investment profile, it showed that investment in construction business has been decreased constantly either in private sector or public sector. Public sector in particular, has reduced investment in construction and made the growth rate reduced to -26.2 in the last quarter of the year comparing to the previous quarter at 7.3% decrease as the result of allocating budget for construction of government agencies e.g. the Department of Highway, Department of Rural Roads still has been done at a slow rate. In addition state-owned enterprise has decreased its budget for construction as still not have a mega-project etc. Figure of private sector was the same direction at -0.7% in the last quarter of the year as construction of commercial building and residential unit which are the major proportion of investment were also dropped to -2.8% and -1.2% respectively. However, major factors from 2007 still had an effect such as increased oil price and construction materials especially iron and iron product that has reached their maximum during the past several years, uncertainty of public sector toward mega projects, reluctance about internal political situation especially from the incident occurred in the second half of the year when 2 international airport were closed from political unrest. Tourism and transportation were severely affected. There are more factors that have adverse effect on Thailand economy such as strictness of financial institutions in granting loan to the enterprise which has an impact on expenditure and investment of private sector and financial crisis in the US that become a global issue of economic recession.

For 2009, the Office of the National Economic and Social Development Board has speculated that economy of Thailand will experience a tendency of economic recession and risk of contraction for the entire year at the average of -1.00% to 0.00% which has been reduced from the earlier estimation at 3.0 -4.0%. This is because of the status of global economy in 2009 is likely to regress at the rate of

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-0.5% to 0.50% including reduction in price of import and export good corresponding with oil price and level of price of consumer goods. This is expected that it will have an impact on the major sources of income like export and tourism. For the construction sector, in particular, it is speculated to slow down in corresponding with economic status while the enterprises and consumer are still lack of confidence since 2008 and where constraint factors still exist such as strictness of financial institutions. However, there have some positive signals such as cost of construction from the price of construction materials; oil price, interest rate and governmental policy e.g. increase tax reduction from the interest paid in connection with real estate buying from the rate of 100,000 baht/year to 400,000 baht/year etc. the Office of the National Economic and Social Development Board also gives a comment that under the risk of global economic status, the Government has to launch certain measures to remedy and stimulate Thailand economy by urging in utilizing expenditure for the fiscal year of 2009, extra budget for the amount of 116,700 million Baht and prepare readiness of the projects which can immediately spend the budget on. It is important to make clear about major investment project such as for infrastructures e.g. mass transit railway system and development of national logistics system. Moreover, it is crucial to monitor and take a proper step toward problems of cost of living of people, fair pricing, unemployment, social welfare and skill training etc.

Condition of future competition

From the above mentioned, after economic crisis in 1997, volume of construction works have been dramatically decreased to only around 90,235 million Baht in 1998 or -38.25% comparing with the same period of the previous year. Ratio of construction against Gross Domestic Product was equal to 3.28 and there had no recovery signal for many years. In 2008 such ratio was reduced to only 2.17%, the lowest ratio in 20 years since 1987.

Shrinkage of construction volume has caused Thai construction business facing severe problems in many aspects e.g. loss of profit and opportunity for development and skill of workmanship. Some has experienced severe financial crisis to the extent that they had to lay off and slow down its business expansion and ultimately closing of business

During the past 2- 3 years, number of juristic person under section of construction business applying for registration for establishment with the Ministry of Commerce has been decreased continually from 6,783 applications in 2005 to 6,251 applications in 2006 or reduction in registration for 7.84 % and in 2008, amount of application for establishment of construction business juristic person was equal to 5,797 or 4.53% decrease from the same period of 2007.

Therefore, to reduce the effect of such problems and to take advantage of the capability of Thai construction operators, the government sector had been trying to push The Federation of Design and Construction Services of Thailand (FEDCON), the main organization of the operators in construction industry, to seek the construction works in the foreign countries by looking for the means in the market of the countries where there were big projects and Thai operators could compete. The countries of which government and private sectors needed the construction and development of basic public utility structure and residence were namely; Vietnam, Cambodia, Myanmar and countries in the Middle East and Africa. Currently, the countries in the Middle East Asia such as Saudi Arabia, Kuwait, United Arab Emirates, Bahrain, Oman and Qatar, had had the economic growth at the very high rate in many years ago as a result of the riches of energy resources. However, the analysts predicted that this country group would gain a great chance of oil price increase only in 5 – 10 years, so the other businesses that did not relate to oil would be planned, the target was to develop the centralization in many areas in the region such as aerial and sea transport, nursing center as well as the development of basic structures and facilities in the last 5 years.

For the company, it is likewise interested in expanding its construction potentials abroad. During the second half of 2007, the Company's Board of Directors Meeting No. 10/2550 held on 9th November 2007 adopted a resolution approving the establishment of a new joint venture by the name of "Syntec Construction PLC (L.L.C.)", having the objectives to operate a joint venture to accommodate the construction works in the United Arab Emirates (as the details in topic: An overview of business operation of the Company, and Joint Ventures.) with the Ground Unlimited License granted by the Government of the United Arab Emirates. This will be a good chance for the Company to increase its capacity for construction work and expand its business abroad. At present, the said joint venture is in the process of launching its operation.

Risk Factors

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In the last year of 2008, Thai economy faced many important domestic and international factors as follows:

Risk from construction material price

During the earlier year, construction material price has highly fluctuated and rapidly changed. With respect to Construction Materials Price Index (CMI) prepared by Bureau of Trade and Economic Indices based on the price survey on construction materials of more than 88 items in Bangkok and suburban area covering wood section, wood product, cement, concrete product, iron, iron product and other construction materials. Data gained from such survey was to be calculated and CMI for the year 2000 was defined as a reference at 100. It was found that CMI for quarter 2/2008 was 175.3 increasing from the same period of the previous year for 29.28%; especially index for iron and iron product section reached its maximum at 308.0 or 72.74% increase comparing to the same period of the previous year. It gave rise to increasing of price of iron and iron product used for construction and hence directly affected the contractor to bear such higher cost. It also caused increasing of price of other construction materials. However, CMI of iron and iron product section in quarter 3 and 4 of the same year showed a tendency of decreasing in their prices to 246.4 and 177.0, respectively. This resulted from the major factor of reduced cost of production as the price of imported raw material was lowered while oil price has decreased progressively. In addition, domestic demand of iron has been likely to decrease corresponding to decelerated construction situation. Escalation of construction materials price as mentioned above, iron and iron product in particular is one of the key factors affecting the performance of construction firm reflecting by reducing in its profitability ratio. (Table7)

The Company has been aware of the consequence of the said matter introduced the multi-dimensional risk management by continually monitoring the price of construction materials. If there is a direction or a trend towards the increase, the Company would place purchase orders from trading allies/ major manufacturers in bulk at a time. This makes it possible for price bargain and negotiation on suitable terms in addition to securing strategic trading alliance for future business venture. For some projects, the owner would be procuring construction materials for the Company; this measure could help alleviate risks to a certain degree.

Risk from fluctuating oil price

Level of oil price in a global market during 2008 was highly unstable and this situation has occurred from time to time during the past several years. West Texas Intermediate (WTI) was raised from 95.95 USD/Barrel in quarter 4/2007 to 139.96 USD/Barrel in quarter 2/2008 and reached the maximum at 147.27 USD/Barrel in July 2008. During such period some authorities speculated that the global oil price might be leveled up to 200 USD/Barrel. However, after such period, the trend is that the price has decreased progressively to 100.70 USD/Barrel in quarter 3/2008 and only 44.6 USD/Barrel in the last quarter of the year or 55.71% decrease. Such increasing oil price caused diesel price in the country to rise up to 42.64 baht/liter in quarter 2/2008 and reached the maximum at 44.24 baht/liter on 5 July 2008 which had a direct effect on the cost of operation of construction firm. The constantly increasing oil price also affected the price of any construction material of which fuel was a decisive factor. The construction firms have been unavoidably affected from such circumstances to a different extent depending on nature of their construction works. If during period, works in process were to be at a stage of filling or public utilities construction, effect from raising oil price would be expected. For those construction firms involving in building high rise building, however, might be comparatively less affected.

However, the Company has put in place measures to deal with such risk by implementing good corporate governance and close monitoring of oil price for effective speculation etc. which will be of benefit to calculating of construction price and negotiating with the employer for the purpose of reducing of such risk.

Risk Factors

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The Risk in Politic

Political change and uncertainty have had direct psychological impact as well as impact on investment atmosphere for both domestic and foreign investors; in particular, the budget for investment in mega infrastructure projects and budget for construction of various projects. These uncertainties may have delayed the implementation or postponement of the construction projects. This was the significant factor for making decision of the investors, employers of the projects of the government and private sectors. The private sector had to wait for the precision of the political situation, this would affect to the expansion of the immovable business part, construction part, design service etc. and all parts relating to the construction.

For the entire period of 2008, construction sector has still been in continual negative growth rate at -4.73 % comparing to the same period of 2007 while the key factors from the year 2007 has still existed such as increasing oil price, lack of confidence toward internal political situation, uncertainty of public sector in respect of large investment projects. Specifically, the second half of the year has suffered prolonged political unrest where the two international airports were closed by the protestor which had worsened the existing situation especially on tourism industry and transportation. This has severely affected confidence of the public and business sector, expenditure and investment of private sector. In addition, global financial crisis emerging from such in the US has caused global economic recession and the echoing effect to the country.

Regarding trend of construction industry in Thailand for the year 2009, it is speculated that under the existing global economic crisis posing many risks which may be even more risky for this year, the government is required to take all necessary steps to deal with such mentioned effects and to efficiently stimulate economy of Thailand by accelerating withdrawal and spending of budget from fiscal year 2009 and extra budget for the amount of 116,700 million baht, by preparing the readiness of project that can immediately be started and spent for as scheduled, by creating certainty and continuing large investment infrastructure project e.g. mass transit railway system, national logistics system including close monitoring on cost of living and fair pricing etc. Regarding countermeasures for reduction of such risks, the Company has emphasized on providing service of quality within the schedule which make it always trusted by the customer or employer and seeking for possibility of expanding its business to the international level.

Risk from Increase in Competition

An intense competition in construction business is still although, at the moment, there still have construction works but their activities have started to dramatically be decelerated. If we consider from the figures of growth rate in relation to construction investment, it appears that the overall picture of 2008 showed negative growth rate at 5.00% comparing to the same period of the previous year. In particular, construction investment by private sector demonstrated negative growth rate at 0.2% and that of by public sector was similarly at 9.5% (as the details of Table10). Such negative growth rate reflected the tendency of decreasing construction investment which has led to decrease in the amount or quantity of construction works and to inevitably more competition. Situation has been worsened by global economic crisis occurred since the second half of the year 2008 which has caused raising in price of construction materials; especially iron and iron product. Such has made the contractors experiencing difficulties in bearing the higher cost of construction which has been one of the factors creating severe competition either in 2008 or 2009. Further, if considering domestic factors, it shows that mega project for infrastructure such as sky train project etc., although demonstrating a clearer outline, there have limited number of domestic contractors having qualifications that can meet the requirement and deciding to get involved as a subcontractor would require us to assume the risk of subtracted profit. Moreover, a large scale domestic or an international project requiring expertise from abroad would limit number of players only for some construction firm having adequate skills and experience. All of the factors mentioned above have led to more intense competition, price in particular, and have caused construction firms to have reduced gross profit margin resulted from higher cost of construction and price competition and ultimately affected their profitability.

For the operation in 2008 and 2009, the Company has therefore emphasized on providing quality service within contract schedule and more importantly, within the amount of budget which are the keys for success in construction business. Under the situation that construction materials being affected by economic turbulence as seen by the price of iron and iron products in the second half of the year 2008, the Company has closely consulted with project owners or customers including trying to avoid price competition with other contractors which might expose the Company to a high risk of distorted gross profit margin. In addition, it has selectively joined bidding works that match the Company's expertise in order to get an appropriate gross profit margin corresponding to number of its personnel. The Company also considers the employers/project owners by checking on business profile, financial status, credibility from those available sources of information such as financial statements and other reliable sources e.g. developers and other contractors etc. to reduce the risk from intense competition.

Risk Factors

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Risk from entering into a joint venture with strategic alliance

As we realized that the construction business is the high competition business and the severity is more and more increased as a result of price, close relationship with those who have authority in negotiation or special conditions, international contractor. The small or new contractors have less chance to participate and lack of good opportunity in developing competency or knowledge in modern construction technology if there is no cooperation and chance for competition.

The cooperation between commercial alliances is considered as significant and essential for the severe competition; especially for the international contractors. This is because the expertise in specific area and the transfer of modern construction technology will be the most useful if the collaboration between commercial alliances actually occurs.

However to what extent it may be, a joint venture with strategic alliance is fraught with risks which may have arisen from the party to the agreement failing to comply with the agreement or the terms and conditions of a joint venture agreement. As a result, the company may be held liable for the portion risk as the joint venture party. This will have an impact on increased operating cost and reduction in basic operating profit or sustaining loss from the construction project, etc. Presently the Company has strategic alliance in the characteristic of a joint venture is Sintec-Mivan: the said business is in the process of implementing the construction project and receiving work installment payments from the National Housing Authority under Baan Eau Arthorn Housing Project.

Moreover, the company has the policy to invest in the business that provides advantage and relates to the company's business and tends to grow well. The investment proportion and the policy of joint venture management shall depend on the expertise in the business, investment capacity and management authority.

Risk of delay in construction

Compliance with the provisions of construction contract is the key for success in construction business. Delay in construction can always be occurred from many reasons ranging from change of construction plan, alteration of contract, shortage of fund or internal problems of the project owner or employer etc. Such can impede work done by construction firm and make it responsible for increasing cost and expenses from the delay which are not of benefit to any party to the contract as any modification, variation or addition needs time and expenses. In these circumstances, the Company will coordinate with all relevant parties to find the agreeable solution to the satisfaction of those. However, if the employer of the project owner fails to perform its obligations after seeking for such solution has been initiated but it can not be agreed within the scheduled time of the contract and the Company's regulations, the Company will take further legal steps. It is found that after necessary legal steps being taken, the Company has been reimbursed for its overdue debts. (details as described in Description and Financial Status Analysis)

In case of delay arising out of the company's operation, the company had previously applied the quality system ISO9001:2000 for maintaining the performance standard as well as revising the operation processes; before executing the subcontractor agreement; after signing agreement and during constructing, so that the construction could be completely done according to the customer's requirement and according to the contract term. The operation could be totally consistent to the target.

Risk from change in policy of the financial institutions regarding granting credit facilities

In order to successfully conduct construction business, it is one of the top priorities for the construction firm to have adequate revolving funds for the operation as money is to be allocated for procurement of raw materials, construction material and equipment, labor cost and other revolving funds etc. If the construction firm has inadequate fund, applying for credit facilities from financial institutions is the other option including requesting for guarantee such as Performance Bond or Retention Bond. Policies on granting credit facilities and guarantee bond adopted by each financial institution are varied depending on risk management policy and standard measures for risk warranty which are also varied due to economic circumstances. Change in those policies may affect the construction firm in certain aspects such as conditions in performance bond or criteria for credit facilities e.g. interest rate, fees, collateral etc. which make the contractor to bear the higher cost.

Risk Factors

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

At the previous time, the company had been provided the good collaboration from the commercial banks for guarantee letters and credit. And the Company is emphasizing proper compliance with the contractual commitment it has made with various financial institutions, e.g., payment under the established plan of payment, etc. The Company believes that proper compliance with the said commitment was responsible for the Company being classified as “highly favorable customer;” and finally helps contribute to the discount on interest rate and various fees.

Risk on labor quality

To date, the Company has workforce employing on daily wage basis for more than 4,000 persons having different level of skills and specialty. Some works such as digging, filling, cementing or iron rod binding etc. are general works that need no specific skill while some works need higher skill, especially those in architectural field, e.g. installation of stile, hinging, flooring etc. Provision of workforce is therefore significant to the extent that workforce with inadequate qualifications and skills will have an effect on the quality of work that lower than the required standard which, upon the process of acceptance by the project owner or the employer, may incur higher cost and expenses than the original work as it is required to demolish the finished work and reinstall it.

The qualified labor management can be done by selecting, training, giving continuous knowledge, and creating motive in self-improvement. In the case of subcontracting, the labors can be registered and there can be the evaluation of the previous task to prepare the information for leveling the quality of contractors.

The Company hence pays close attention to labor force by implementing capacity building plan and welfare plan. Such workforce has been sent to training and testing in accordance with requirements of the Department of Skill Development, Ministry of Labour. This will help systematically developing skill and expertise including raising quality of life regarding accommodation.

Risk related to manpower burden liability

The Company has engaged daily-hire workers under the employment contract covering the period of construction contract for a specific project. The availability of daily-hired workers makes it possible for the company to control work quality to be consistent with the Company’s established benchmark as well as properly meeting the work delivery schedule. For some projects, the Company also engaged sub-contractors of good performance track record; the pre-and post-employment assessment of the sub-contractor has been properly conducted, thus, helping reduce the manpower risk to a certain degree in the event of economic slow-down situation.

However, the Company is confident that it will have opportunities to continually receive more construction work contracts. At present, the Company has been awarded long-term projects from the Government organizations and the contracts from the owners of the work who have confidence in the work performance of the Company for the construction of buildings related to mega public utilities projects the Government is implementing including further expansion of work into the neighboring countries.

Risk from undertaking limited types of construction work

Regarding its business operation during the earlier period, the Company has still provided complete construction services and in particular possessed expertise in construction of high rise building. Sources of work are from private and public sector. Its services range from piling work to delivery of completed building including structural works, architectural works, installation of power system, mechanical system and sanitary system etc. As at 31 December 2008, the Company has 25 projects in hand where most of them are construction of residential units, hotels and resorts and offices/commercial buildings which almost are high rise buildings.

However, during economic downturn where investment in construction has been decreased, the competition had become more intense especially in price which may affect the Company in relation to decision to undertaken any work including large infrastructure project e.g. mass transit railway system etc. as the Company may have inadequate qualifications as required. However, the Company is preparing itself to find business alliances for the purpose of entering into bidding of the said work if it found itself qualified for including expansion of its business to foreign country by setting up Syntec Construction PCL (L.L.C.) which is going to commence its business soon.

More than 10% of shares held by Juristic Persons

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

Company Name & Address	Business Type	No. of Entire Shares	No. of shares held by the Company	Shares' Equity (%)	Shares' Equity via subsidiaries	Type of Share
1. Federal Engineering Co.,Ltd. 555/5, 4 th floor, Moo 7, Pornsawang Niwet Village, Sumrong Nua Muang, Samutprakarn	Water Installation and waste water treatment	400,000	7,999	2.00	60.00	Common
2. Natural Hotel Sukhumvit Co.,Ltd. 555/5 Soi Sukhumvit 63 (Ekamai), Sukhumvit Road, Kwang Klongton Nua, Khet Wattana, Bangkok 10110	Hotel	1,500,000	375,000	25.00	-	Common

Shareholding Structure and Management

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

Shareholders

(1) Name list of the first 10 shareholders holding the highest number of shares

Name list of the first 10 shareholders holding the highest number of shares as on 30 December 2008 are as follows:

No.	Name of Shareholders	Share Number	% of entire shares
1	Natural Venture Co., Ltd.	190,000,000	11.88
2	Phahusutr Group		
	Miss Nichaya Phahusutr	72,954,460	4.56
	Mr. Jiramote Phahusutr	72,954,460	4.56
	Mrs. Nittayalup Phahusutr	55,954,460	3.50
	Mrs. Lawan Phahusutr	17,000,000	1.06
		218,863,380	13.68
3	Finansa Securities Co.,Ltd.	77,412,700	4.84
4	Mrs. Sunee Treeyangkunsri	65,401,900	4.09
5	Mr. Sirichai Subandit	56,795,877	3.55
6	Mrs. Uporn Subandit	49,426,220	3.09
7	Mrs. Yaowaluk Chaisuttipongkul	49,381,582	3.09
8	Mrs. Natarudee Sriprajitichai	37,565,086	2.35
9	Mr. Satid Kumarn	26,919,000	1.68
10	Thai NVDR Co.,Ltd.	22,554,329	1.41
10	Mr. Nattapong Punrattanamongchon	28,100,000	1.76
	Total	794,320,074	49.65
11	Other	805,679,926	50.35
	Paid-Up Capital	1,600,000,000	100.00
	Thai Shareholders	1,569,952,332	98.12
	Foreign Shareholders	30,047,668	1.88

(2) The major shareholders

The Company's major shareholder is Natural Venture Co., Ltd. (Natural Venture Co., Ltd. having Natural Park PCL. as the major shareholder of 100% of share) holding 11.88% of the shares traded. Representatives from Natural Venture Co., Ltd. and Natural Park PCL. to be members of the Board of Directors are as follows:

- Mr. Phaisan Tangyeunyong as unauthorized members of the Board of Directors

Management

Management structure

The Company's management structure consists of the Board of Directors, the Audit Committee and Nomination and Remuneration Committee having name list, the Management Committee, extent of role and responsibility, selection regulation, meeting sessions, education and training records of each committee as follows:

Board of Directors

The Board of Directors as of 31 December 2008 consisted of

- 3 Executive members
- 2 Non-executive members
- 3 Independent members

Shareholding Structure and Management

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

Therefore, the Board of Directors consists of 3 Independent members or one-third of the whole committee, which is adequate to balance the power to prevent a person or a group of persons to have influence on the Board's decision making.

- | | |
|---------------------------------|---|
| 1. Mr. Bandhit Sotipalalit | Chairman |
| 2. Mr. Somchai Sirilertpanich | Vice Chairman of the Board, Managing Director and Nomination and Remuneration Director |
| 3. Mr. Chaiwat Atsawintarangkun | Independent and Chairman of Audit Director and Chairman of Nomination and Remuneration Director |
| 4. Miss. Benjawan Sinkunakorn | Independent and Audit Director and Nomination and Remuneration Director |
| 5. Dr. Arichai Ractham | Independent and Audit Director and Nomination and Remuneration Director |
| 6. Mr. Tawee Kullertprasert | Director |
| 7. Mr. Paisarn Tangyuenyong | Director |
| 8. Mrs. Angsana Weerachatsakul | Director and Nomination and Remuneration Director |

Names and number of authorized Managing Directors are Mr. Somchai Sirilertpanich, Mrs. Angsana Weerachatsakul, Mr. Tawee Kullertprasert. Two of these three members jointly affix the signatures and corporate seal. (following the certification letter of Ministry of Commerce) Having Mr. Pornanan Vongniphon as Secretary of The Board of Directors.

Structure of the Board of Directors

- 1) The Board of Directors consists of at least 5 members. Quorum in each Board of Directors meeting must consist of not less than half of the total members.
- 2) When one term completes, at least one-third of the members must discharge the position. In case the number of the Board of Directors cannot be divided into three portions, the number of the member discharging should be close to the number of the member having to discharge. After the first and second year of corporate registration, lucky draw should be made to find the members discharging. As for the following years, the members holding the position for the longest period of time have to quit.
- 3) The Board of Directors has to arrange a meeting per month except for inconvenience and at least once in three-month period.
- 4) The members of the Board of Directors must inform the Company right away if they directly and indirectly have a share in the contracts made by the Company or have changes in amount of shareholding or debentures of the Company and its affiliates.

Extent of Roles and Responsibility

The Board of Directors is responsible for all the Company's activities and has Authorization in carrying out any process within the extent of Law, the Company's objectives and regulations and resolution of the shareholders General meeting and is entitled to implement any activities as specified in business registration.

- 1) Policy, Plan and Budget
 - 1.1) Considering policy, business plan as presented.
 - 1.2) Considering related budget including important items needing initiation to achieve the goals.
- 2) Authorization of the Board of Directors
 - 2.1) The Board can assign Managing Directors authorized to sign to merge the Company. Two members can jointly affix the signatures and the Company's corporate seal. However, the Board can determine Managing Directors authorized to sign to merge the Company.
- 3) Following up
 - 3.1) Following up practice according to policy and plan as approved.
 - 3.2) Following up and suggesting about the Company's income of each quarter.
- 4) Supervising working systems
 - 4.1) Supervising and providing proper internal audit giving data correctness and reliability to be in line with the regulations made by concerning government agencies including efficient property management and resource use.
 - 4.2) Taking charge of related transactions according to the Government's regulation.

Shareholding Structure and Management

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

- 5) Coordinating and communicating with related persons
 - 5.1) Providing sufficient communication system, coordination, disclosure of data to the persons relating to the Company and the public.
- 6) Assigning committees
 - 6.1) Considering for assigning the Audit Committee to supervise and audit the employees' performance to be in line with the plan.
 - 6.2) Nomination and Remuneration Committee was established to nominate and consider the remuneration for the directors and management according to the measurement.

Selection of independent director and seeking procedure

Appointment of independent director shall be done by nominating person (s) to the Board after consulted with Nominating and Remuneration Committee. Independent director shall act independently from the Company's business.

To select Independent Directors and nomination process, we will consider the qualification, knowledge, competency, skill, experience, various abilities and leadership as well as vision and good attitude for the organization, this will be useful for the company performance. We also consider the appropriate size, quantity and constituent of the Committee in order to enhance the good governance and provide the effective management as well as follow the requirements of the government and various environments. The qualifications shall be in line with the criteria of Securities and Exchange Commission. (see the detail of Criteria and Method of Recruitment in the topic of Nomination and Remuneration Committee)

The appointment must be in accordance with the Company's regulation as follows:

1. As for voting for the committee, the candidates receiving the majority of the total vote given by the shareholders attending the meeting and having voting right shall win. Each shareholder shall have one vote per one share.
2. When one term completes, at least one-third of the members must discharge the position. In case the number of the Board of Directors cannot be divided into three portions, the number of the member discharging should be close to the number of the member having to discharge. After the first and second year of corporate registration, lucky draw should be made to find the member discharging. As for the following years, the members holding the position for the longest period of time have to quit. The member discharging may be able to return to hold the position.
3. Besides the completion of term, the members may discharge when
 - (1) Die
 - (2) Resign
 - (3) Disqualified or having forbidden characteristics against the Public Limited Company Law
 - (4) The shareholders' meeting agrees to discharge
 - (5) Court order to discharge
4. In case the position is vacant because of other reasons besides completion of term, the Board of Directors must select a person qualified and having no forbidden characteristics according to the Public Limited Company Law to replace in the following Board of Directors' meeting except that the term of such vacant position is less than 2 months.
 - Such replacing persons must hold the position for the period of the rest of the term of the vacant position.
 - Resolution of the Board of Directors in clause 1 must consist of the vote at least three-quarter of total existing members.
5. The shareholders meeting may agree to discharge any member of the committee before the completion of the term with the vote of at least three-quarter of the shareholders attending the meeting, having voting right and having no more than half of the total attending shareholders' amount of shares and having voting right.

Shareholding Structure and Management

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

Meeting attending of the Board of Directors

During 2008, the company had arranged 14 Board of Directors meetings having committee attending each meeting as follows:

Name of Director	The number of meeting attending
Mr. Bandhit Sotipalalit	4/14
Mr. Somchai Sirilertpanich	14/14
Mr. Chaiwat Atsawintarangkun	14/14
Miss Benjawan Sinkunakorn	13/14
Dr. Arichai Ractham ¹	14/14
Mr. Paisarn Tangyuenyong	14/14
Mr. Tawee Kullertprasert	13/14
Mrs. Angsana Weerachatsakul	14/14

The Audit Committee

The Audit Committee members as of 31 December 2008 consisted of

1. Mr. Chaiwat Atsawintarangkun Chairman of Audit Director
2. Miss Benjawan Sinkunakorn Audit Director
3. Dr. Arichai Ractham Audit Director

Having Mr. Pornanan Vongniphon as Secretary of the Audit Committee

None of the 3 members of the Audit Committee shall have any business relationship or to provide professional service to the Company, parent company, affiliated company, joint company or any juristic person which may have conflict of interest in accordance with regulations prescribed by the regulatory authorities e.g. the SEC, the SET and other competent authorities. The member of the Committee shall possess experiences and knowledge in auditing as follows:

Name / Position	Experience in Audit Director (Auditing the Company's financial report)		
	Period	Title	Company
Mr. Chaiwat Atsawintarangkun - Independent Director & Chairman of the Audit Committee	2007 – Present	Independent Director &	- Merchant Partners Securities PLC.
	2005 – Present	Chairman of the Audit	- Natural Park PLC.
	2004 – Present	Committee	- Eastern Printing PLC.
	2003 – Present		- Krungthai Car Rent & Lease PLC - Syntec Construction PCL.
Miss. Benjawan Sinkunakorn - Independent and Audit Director	1997 – Present	- Managing Director	- Prospect Consulting Co., Ltd.
	2003 – Present	- Independent and Audit Director	- Syntec Construction PCL.
Dr. Arichai Ractham - Independent and Audit Director	2007 – Present	- Independent and Audit Director	- Syntec Construction PCL.

Shareholding Structure and Management

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

Structure of the Audit Committee

- 1) Consisting of independent directors for at least one third of the total number of the member of the committee or at least 3 person.
- 2) The Nominating and Remuneration Committee shall seek for person suitable for position of the member of the Audit Committee and then submit to the Board or shareholder's meeting for appointment. The member of the Audit Committee is required to be the Company's director and has 3 year term of his/her office and may be re-elected.
- 3) If any position of the member of the Audit Committee has vacated by the reason other than expiry, the Board (by the Nominating and Remuneration Committee) shall appoint person holding required qualification to work in that position and such person shall act as a member of the Audit Committee only for the remaining period of the previous member.
- 4) The Audit Committee shall be trained for update knowledge continually in respect of work of the Audit Committee.

Role, Duties and Responsibilities

1. Auditing the Company's financial report to be adequate and accurate
2. Ensuring that the Company has implemented proper and effective internal control system and inter audit and consider independency of internal audit unit including approving on promotion and transfer, termination of employment of the head of internal audit unit or other unit responsible for internal audit.
3. Controlling the Company to respect the law on stock and stock exchange, regulation of the Stock Exchange of Thailand or other laws relating to the Company's business.
4. Considering, selecting and nominating person with independency to be the Company's auditor and proposing his/her remuneration including attending the meeting with the auditor without the management for at least once a year
5. Considering particulars that may have connection or conflict of interest to ensure that such shall be in compliance with the applicable laws and regulations of the SET and to ensure that such particulars are reasonable and of the optimum benefit to the Company.
6. Preparing report of the Audit Committee by publishing it in the annual report of the Company and it is required to be signed by the Chairman of the Audit Committee and to have at least the following information:
 - A. Opinion regarding accuracy and adequacy of financial report of the Company
 - B. Comment on adequacy of the internal control system
 - C. Opinion of compliance with the laws related to securities and security exchange, regulations of the SET or laws related to business of the Company
 - D. Opinion toward appropriateness of the auditor
 - E. Comment on particulars that may have conflict of interest
 - F. Number of meeting of the Audit Committee and attendance of each member
 - G. View or observation for the overall picture where the Committee has gained under the performance in accordance with its Charter
 - H. Other particulars deemed that it should be reported to the shareholders or general investor under the scope of duties and responsibilities assigned by the Board
7. Considering budget and workforce of internal audit unit
8. Considering internal control system, plan and approaches for auditing and assessment of auditing on performance of the Company from different aspects by generally accepted method and standard
9. Supervising, auditing and commenting on performance of internal auditing unit and cooperating with the auditor
10. Considering engagement or inviting expert to come to give comment as it deems appropriate
11. Performing any other act required by laws or assigned by the Board where it has the authority to call for, direct the management or head of section or any employee involving in the concerned matter to give a comment, to attend the meeting or to submit relevant document.

Shareholding Structure and Management

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

Meeting attending of the Audit Committee

During 2008, the company had arranged 7 Board of Directors' meetings having committee attending each meeting as follows:

Name of Audit Committee	The number of attending meeting
Mr. Chaiwat Atsawintarangkun	7/7
Miss Benjawan Sinkunakorn	7/7
Dr. Arichai Ractham	7/7

Nomination and Remuneration Committee

Nomination and Remuneration members as of 31 December 2008 consisted of

1. Mr. Chaiwat Atsawintarangkun Chairman of Nomination & Remuneration Committee, Independent Director
2. Miss Benjawan Sinkunakorn Nomination & Remuneration Director, Independent Director
3. Dr. Arichai Ractham Nomination & Remuneration Director, Independent Director
4. Mr. Somchai Sirilertpanich Nomination & Remuneration Director
5. Mrs. Angsana Weerachatsakul Nomination & Remuneration Director

Having Miss Siriben Mojaibun as Secretary of the Nomination and Remuneration Committee

Scope and duties of Nominating and Remuneration Committee

1. Objective

Recruiting candidates holding required qualifications whose names should be proposed for nomination as directors, committee or top executives as director of department or higher including considering on proper remuneration for such positions.

2. Composition and qualifications

- The Committee will be appointed by the Board comprising of not less 3 Directors. Chairman of the Committee and most of its members should be Independent Directors.
- 3 years term of office and being able to be re-elected.
- If a position of the committee has become vacant for any other reasons than expiry, the Board shall appoint person with appropriate qualifications to fill such vacancy and such committee will act for the rest of the term of such replaced committee.
- Holding knowledge, capacity and experiences and having a clear understanding of duties and responsibilities.
- The Committee shall appoint qualified employee of the Company to act as a secretary.

3. Authorities and responsibilities

3.1 Recruitment works

- (1) Setting out policy and criteria for recruitment of directors, managing director, member of the committee and top executives from director of department or above to submit to the Board
- (2) Defining qualifications of the director in accordance with structure, size and composition of the Company
- (3) Recruiting and nominating appropriate person as required by policy and criteria to be a director, managing director, member of the committee and top executive from director of department or above
- (4) Ensuring that person nominated for those positions has qualifications as required by rules and regulations of the Company, of the supervising authorities and by provisions of relevant laws
- (5) Approaching/coordinating/contacting qualified person subject to the requirements to ensure that such person is willing to take the position if approved by the Board and/or shareholder's meeting

Shareholding Structure and Management

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

- (6) Nominating person (s) for the consideration of the Board and specifying such nomination in the notice for shareholders' general meeting for their consideration.
- (7) Carrying out business as assigned by the Board.

3.2 Remuneration works

- (1) Considering policy and criteria and method for designating remuneration of director, managing director, member of the committee and top executive from director of department or above to submit to the Board
- (2) Reviewing appropriateness of such policy and criteria to adequately respond to current situation
- (3) Setting out the guideline for evaluation the performance of director, managing director, member of the committee and top executive from director of department or above in order to adjust yearly remuneration
- (4) Considering data on remuneration for director by comparing to similar companies in the same business summarized by the SET and/or other relevant data.
- (5) Monitoring appropriate remuneration for director, managing director, member of the committee and top executive from director of department or above corresponding to their duties and responsibilities.
- (6) Proposing remuneration for managing director and top executive from director of department or above to the Remuneration Committee and proposing such for director to the shareholder.
- (7) Preparing report on remuneration for director and top executive from director of department or above and disclosing it in the Company's annual report.
- (8) Carrying out business as assigned by the Board.

4. Number of meeting

- Nominating and Remuneration Committee has specified that there shall have at least 2 meetings per year.
- At every meeting of the Committee, there must be in attendance of not less than one half of the total number of committee in order to constitute a quorum.
- Any resolution of the meeting shall be taken by a majority of votes.

5. Report of the Nominating and Remuneration Committee

- Performance report of the Committee including minutes of the meeting shall be submitted to the Board within a reasonable period in order to enable the Board to further its necessary operation.
- Yearly performance report to be submitted to the shareholders shall be inserted in the Company's annual report and shall consist of the following: list of member of the Committee, number of meeting, number of attendance of each member of the Committee, summary of the Charter of Nominating and Remuneration Committee etc.

6. Information disclosure in relation to Nominating and Remuneration Committee

- Details of the Charter of Nominating and Remuneration Committee have been disclosed via the Company's website.

7. Advisor of Nominating and Remuneration Committee

- The Committee may engage the advisor (s) to give his/her professional comment or suggestion to enable the Committee to carry out its duties under the Charter properly and adequately by the Company own expenses.

Shareholding Structure and Management

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

Criteria and Method of Recruitment

To nominate the company directors, we shall propose the name lists to Shareholder Meeting for designation which is agreed by Board of Directors and already considered by Nomination and Remuneration Committee (according to the details of independent director selection and nomination process). In the guideline, the company shall consider the knowledgeable, competent and experienced person in management; especially, good governance, in order to have the person who can develop the company to meet the set target.

The selection of a person to be a director of the Company including to be an independent director follows the criteria and method of recruitment based on 2 guidelines as follows:

1. The person who will be selected must possess the qualifications according to the Company's criteria and the established guidelines. The Recruitment and Consideration of the Remuneration Committee will scrutinize and propose the list of names to the Company's Board of Directors for scrutiny and screening of such proposed candidates prior to further proposal to the Meeting of Shareholders for discussion and election.

For the appointment of high level executives from the position of the departmental head up, the Company calls for the Recruitment and Consideration of Remuneration Committee to screen and nominate the names of suitable candidates to the Board for consideration. As for the appointment of other executives, the screening will be conducted by the Company's Management Committee.

The Company's nomination of executives for every division of the Company such as Engineering Division and Internal Administration Division is based on considering eligible persons who are sophisticated and experienced in administration to contribute to the Company as much as possible and to be able to achieve the goal planned. The nomination is made via job announcement in media. Short-listed candidates who have direct experiences will be considered and invited for an interview by the division who will later report the supplementary information to the Company's executives before another interview and approval for employment.

2. In order to promote the good corporate governance and holding the shareholders as being of paramount importance, the Company therefore introduces a policy to call for the shareholders to propose and nominate persons for recruitment and election as a director in advance of the Annual Ordinary Meeting of the Shareholders according to the criteria established by the Company. The Company has publicized the said information via the media of the Stock Exchange of Thailand and the Company's website. However, in 2007, there was not found the nomination of persons for recruitment and election to be a director from among the Company's shareholders at all.

Participation of Nomination and Remuneration Committee

In year 2008, the company organized the meeting of Nomination and Remuneration Committee for 3 times, the directors participated in each meeting as follows:

Name	The number of attending meeting
Mr. Chaiwat Atsawintarakun	3/3
Miss Benjawan Sinkunakorn	3/3
Mr. Somchai Sirilertpanich	3/3
Mrs. Angsana Weerachatsakul	3/3
Dr. Arichai Ractham	3/3

Management Committee

Management Committee members as of 31 December 2008 consisted of

1. Mr. Somchai Sirilertpanich Managing Director
2. Mrs. Angsana Weerachatsakul Director
3. Mr. Nayot Pisantanakul Assistant Managing Director
4. Mr. Yos Laksanakoses Corporate Advisory

Shareholding Structure and Management

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

Scope, Duty and Responsibility of The Management Committee

1. To establish the target, policy guidelines on various matters for proposal to the Company's Board of Directors for consideration.
2. To implement the policy guidelines received from the Company's Board of Directors.
3. To consider and follow up the work performance of work units of the Company to ensure consistency with the established targets and work plan.
4. To consider selection of new projects including the conduct of a feasibility study on entering into biddings for contract work.
5. To consider the adjustment of work plan/operating budget for various projects.
6. To make recommendations, offer advice, consultancy, provide policy guidelines to various assigned working committees.
7. To consider approving budget for various expenses of the Company.
8. To consider establishing working rules, procedure, regulations and criteria in relation to the operation of the Company.
9. To carry out various tasks as assigned by the Board of Directors.

The Company calls for the Management Committee to arrange for the weekly meetings. For in 2008, there were held a total of 47 weekly meetings including the availability of the secretary to record the minutes of every weekly meeting.

Name and Title of the Administration

- | | |
|---------------------------------|-----------------------------------|
| 1. Mr.Somchai Sirilertpanich | Managing Director |
| 2. Mr. Sukhum Phahusutr | Deputy Managing Director |
| 3. Mr. Nayot Pisantanakul | Assistant Managing Director |
| 4. Mrs. Angsana Weerachatsakul | Admin & HR. Director |
| 5. Mrs. Chongchid Vitheekol | Financial Director |
| 6. Mr. Suwicha Savetsila | Construction Director 1 |
| 7. Mr. Veerapong Tungbenjakun | Construction Director 2 |
| 8. Mr. Tawatchai Tirapairojana | Construction Director 3 |
| 9. Mr. Chinnatat Na Ranong | Construction Director 4 |
| 10. Miss. Amonrat Subandit | Procurement Director |
| 11. Mr. Anuwat Chutmongkolchart | Engineering & Estimating Director |

Right of minor investors in appointment of Managing Directors

The Company's regulation has granted minor investors' right in appointment of Managing Directors as follows:

For a shareholders meeting, every shareholder shall have one vote per one share. In case a shareholder has a particular share in whatsoever affair, such shareholder shall not be able to vote for that affair except for voting for selecting the Managing Directors.

Any vote or approval for any affair in the general meeting must be granted a majority vote or approval from the attending shareholders having voting right except for these following cases which need at least three-quarter votes of the total attending shareholders having voting right

- Selling or assigning whole or part of the Company's business to other persons.
- Purchasing or being assigned other Public Limited Companies or companies.
- Making, modifying or canceling contracts on lease of whole or part of the Company's significant business, assignment for other persons to manage the Company's business or merger with other companies for the purpose of sharing profit and loss.

Shareholding Structure and Management

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

Remuneration for the executives

Monetary Remuneration

(1) Remuneration for Directors

For fixing the remuneration for directors for the year 2008, the Company's Board of Directors gave its approval as proposed by the Recruitment and Remuneration Consideration Committee. The Ordinary Meeting of the Shareholders No 1/2551 held on 29 April 2008 unanimously adopted a resolution approving the remuneration for the directors for 2008 within the limit of not exceeding 2,000,000 Baht to be divided as follows:

1.1. Board' Attendance Fee

To pay for each director of the Board who is attendant in the amount of Baht 3,000.00 per meeting, at the same flat rate as the Attendance Fee for the annual meeting of the Board of Directors for 2007.

1.2. Director' Compensation

To pay the Compensation to the each Audit Committee member at the rate of 120,000.- Baht per year. The Audit Committee has played an important role in proposing comments and recommendations useful in terms of business, legal affairs, accounting, and review of financial data; the internal control system and the principle of good corporate governance.

Name of Director	Attendance Fee (Baht)	Director' Compensation (Baht)
Mr. Bandhit Sotipalalit	12,000	-
Mr. Somchai Sirilertpanich	42,000	-
Mr. Chaiwat Atsawintarangkun	42,000	120,000
Miss Benjawan Sinkunakorn	39,000	120,000
Dr. Arichai Ractham	42,000	120,000
Mr. Tawee Kullertprasert	39,000	-
Mr. Paisarn Tangyuenyong	42,000	-
Mrs. Angsana Weerachatsakul	42,000	-
Total	300,000	360,000

(2) Remuneration for Managing Directors and executives

The remuneration for 11 Managing Directors and executives of the previous year was in a form of salary of 19,436,282 baht ("the executives" means managers, the first four executives next to the managers and every fourth executive).

Other remunerations

The Company does not have any other remuneration for the executives such as right to purchase convertible bond.

Good Corporate Governance

As the SET has encouraged listed companies to implement good corporate governance with an aim that the board of directors and management of those listed companies can develop and improve its good corporate governance practice with efficiency, transparency, accountability and fairness for relevant persons. This will be beneficial to the company itself in increasing its value of sustainable growth and for the benefit of the whole toward competitiveness and growth of Thai investment market. Therefore, the SET has prepared the "Principles of Good Corporate Governance for Listed Company 2006" by referring to standards of good corporate governance initiated by the Organization for Economic Co-Operation and Development (OECD) and World Bank's recommendations from its participation in the project for Corporate Governance – Report on the Observance of Standards and Codes (CG-ROSC). Further, the SET has also prepared Corporate Governance Self Assessment issued in August 2007 for the purpose of allowing the listed company to use such as an internal self assessment tool on whether it has already followed the principles.

Shareholding Structure and Management

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

The Company has recognized the benefit and significance in following the principles of good corporate governance and hence, managed to follow such principles and self assessment form. In 2007, the Company reasonably applied the principles of good corporate governance to each kinds of the Company's businesses by announcing the "Policy on Good Corporate Governance (1st Revised Edition dated 21 December 2007)" after approved by the Board and has continually adopted such policy as the guideline for its operation since 2008, details of which are demonstrated as follows:

Rights of the Shareholders

1. The Company's Board of Directors has formulated the policy on the principles of good corporate governance by taking into account the rights of the shareholders. Over and above the provisions of the laws, the fundamental rights of the shareholders are the right to attend the meeting of shareholders, the right to receive adequate information prior to attending the meeting of shareholders, the right to vote, the right to grant proxy to another person to attend the meeting on the shareholder's behalf, the right to appoint or remove the directors, the right to appoint an auditor, etc. All these rights are in accordance with the policy on good corporate governance of the Company, the First Amended Version, made on 21 December 2007.
2. In 2008, the Company convened the Ordinary Meeting of Shareholders No 1/2551 on 29th April 2008. The Securities Depository (Thailand) Company Limited, which is the Registrar of Corporate Shares, was asked to deliver the Notice of Invitation to Attend the Meeting to the shareholders 18 days in advance of the date of meeting.
3. The Company delivered the Notice of the Ordinary Meeting of the Shareholders together with supporting information of the meeting according to the agenda, e.g., the date, time, date, venue, various relevant details to rely on by the shareholders for decision-making; including various rules, criteria used in the meeting, procedure for casting vote and adoption of resolutions, etc., for advance information of the shareholders. The said information is disseminated both in Thai language and in English language via the Company's Web-site, about 34 days prior to the meeting date.
4. The Company also encourages and provides opportunities to shareholders to fully express comments, make recommendations and make enquiries on various issues in the course of running the Company's business including an invitation is extended to the Company's auditor to express comments in relation to the Financial Statement. However, the shareholders have not exercised said rights and the Company also made a recording in the VDO tape to enable the shareholders to inspect the meetings in the Company's web-site.
5. The Company has taken action in accordance with the agenda of the meeting from the first to the last agenda without any change made to any item of significant information in the course of the meeting including proper and complete recording of the minutes of the meeting.

Equal Treatment of Shareholders

1. The Company equally promotes the rights of the shareholders and treats all shareholders on equal basis. Minor or small shareholders will be given the opportunity to nominate persons to be directors in advance of the ordinary meeting of the shareholders of the company. Furthermore, the Company also gives opportunities to the shareholders to propose the procedure, the agenda of the meeting before the ordinary meeting of the shareholders. Various details, requirements and criteria were disseminated via the letters to shareholders via the system of the Stock Exchange of Thailand and web-site of the Company on 23 December 2008. Notwithstanding, the shareholders have not exercised the said rights.
2. The Company gives the opportunity to shareholders who were unable to personally attend the meeting to exercise the right to vote by granting proxy to an independent director of the Company to attend the meeting and cast vote in behalf of the shareholder.

At the ordinary meeting of the shareholders held in 2008, there were three shareholders granting proxy to the chairman of the Audit Committee, who is an independent director to vote on behalf of the shareholder.

3. The Company has delivered the Proxy Form, Form B., as required by the Ministry of Commerce, which is the detailed and clear Proxy Form to the shareholder who was unable to personally attend the meeting as to determine fully the direction of casting of vote.
4. The Company has also required directors and executives of the Company to report the change in securities holding to the Office of Securities and Exchange Commission pursuant to Section 59 of the Securities and Stock Exchange Act 1992 including restricting the knowledge of internal data particularly to executives or insiders involved as may be necessary; and prohibiting the disclosure of internal information to outsiders as well as the prohibition imposed on the trading of the Company's securities during the period of time before the disclosure of the Financial Statement or publicizing the Company's status including other information of consequence at least 24 to 48 hours after the information having been publicly disclosed in accordance with the business ethics policy. In the past year, it did not appear that there had been traded the shares during the said period.

Shareholding Structure and Management

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

Roles of Interested Persons

1. The Company has disclosed various information to enable the interested persons of the Company, namely, creditors, customers/employers, trading partners, business competitors, members of the staff, shareholders, etc., to receive data and information adequately via the Company's web-site such as information in relation to the financial statement, operating results, undertaking the construction work, the progress of the construction work, etc. The Company has consistently updated the information on regular basis.
2. The Company has established the code of good treatment towards interested persons to enable directors, executives, and members of the staff to have understanding and to comply with the Manual of Business Ethics, i.e., the treatment towards trading competitors. The Company requires that the conduct and practice shall be within the frame of rules of good, fair competition in accordance with recognized standard; that the Company shall not seek confidential information or the data that may have effects on the decision-making of trading competitors by dishonest or inappropriate or unfair method such as paying bribes to members of the staff of competitors, etc.; and no attempts shall be made to discredit the reputation of the trading competitors by malicious statements without truthful information. In the past years, the Company did not have any dispute with its trading competitors.
3. The Company has given opportunities to interested persons to participate in proposing comments or making recommendations for improvement to be made by the Company. For instance, in the course of the Company's Ordinary Meeting of the Shareholders or via the Company's web-site channel, during the past year, the Company had received suggestions in relation to the web-site by which the Company had made improvement on presenting various items of information in the web-site to facilitate easier access of the information; and is able to register for receiving updated information.
4. The Company has introduced adequate operating policy. In the event of commission of a tort against or unfair treatment of interested persons of the Company, there will be set up a unit for accepting complaints and for remedy of said problems. For this purpose, the Company announced it as a policy in its Business Ethics Manual in November 2007. At present, no complaints were yet received and further monitoring by the Company will continue.

Disclosure of Information and Transparency

1. Disclosure of important relevant information, both financial and non-financial information has been in accordance with the requirements established by the government supervisory organization, i.e., The Stock Exchange of Thailand (SET) and the Office of the Securities and Exchange Commission (SEC); on the basis of correctness, completeness, timeliness, transparency via easy access channels on equal basis both from the Stock Exchange of Thailand and the Company's website. During the past period, the Company had disclosed the information in accordance with the requirements of being a listed company.
2. The Company establishes that the expression of various comments, the provision of various data through meetings or via the executive meets the securities analyst will take place twice a year. The managing director is the person who provides information or who delegate another person to give the information and disseminate said information via the Company's web-site. For meetings of sub-groups, interviews or press conference, they will be according to the appointment made with the Company. The Managing Director will provide the information or delegate another person to give the information. In case of outsiders such as investors, entrepreneurs or shareholders or other interested public, enquiries for information can be made through the Company's Investors Relations Unit.

For activities in 2008, the Company arranged for two Analyst Meetings and two Company visits for securities analysts and 2 interviews or press meetings.
3. Duty of the Committee and sub-committee is as follows:
 - (1) Name list, personal history, working experience (as detail of Board of Directors)
 - (2) Remuneration (Policy and Amount) (as detail of Remuneration for the executives)
 - (3) Work performance in the past year (as detail of Organization)
4. Report on responsibility of the Committee per the Financial Report
The Company's Board of Directors shall be responsible for Consolidated Financial Statement of the Company and of its affiliated and Financial Information as appeared in the Annual Report. The said Financial Statement is prepared in accordance with the generally-recognized accounting standard by the application of appropriate and consistently observed accounting policy and exercised utmost discretion and best estimate in its preparation including the disclosure of adequate significant information in the Notes to the Financial Statement.

Shareholding Structure and Management

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

The Board of Directors have arranged for maintenance of the efficient, effective Internal Control System to be reasonably assured that there have been proper, correct, complete and adequate accounting entries to maintain the property, assets and in order to know weak points as to prevent frauds or irregularities of material importance.

For this purpose the Company's Board of Directors has appointed the Audit Committee comprising non-executive directors who will be responsible for reviewing the quality of the financial report and the internal control system and the comments of the Audit Committee regarding this matter are contained in Report of the Audit Committee as already shown in the Annual Report.

The Board is of the comment that collectively the Internal Control System of the Company is at satisfactory level and will be able to create reasonable confidence in respect of the Company's and the affiliate's Financial Statement.

Responsibility of the Board of Directors

1. The counterbalance of the Board of Directors

The Company's Board of Directors comprises 8 directors as follows:

- Executive director	3	persons
- Non-executive director	2	persons
- Independent director	3	persons

The Company therefore has had 3 independent directors or about 1/3 of total number of directors. The composition of the Board of Directors is quite adequate to counterbalance to preclude persons or any group of persons to influence a decision of the Board.

Independent member of the Committee shall not have any relationship to or any business with the Company which may affect his/her independent decision and his independency according to criteria prescribed by the SEC and/or the SET as follows:

- holding share not exceeding 1% of the share containing vote right in the Company, parent company, associated company or joint company or the major shareholder of the company or person having controlling power upon the Company and holding shares by person related to such member shall be counted in this regard.
- being not or used to be a director involving in executive function, employee, staff, consultant receiving regular salary or a person having controlling power upon the Company, parent company, associated company, joint company, associated company of the same level, major shareholder or of person having controlling power upon the Company except otherwise a period of not less than two year has lapsed before the date of applying for permit to the competent authority. Such prohibition is exclusive of the case of such independent member used to be government official or consultant of the government agency which is the major shareholder or the controller of the Company.
- not being a person, by blood relation or by registration, having relationship as parent, spouse, brother/sister and child including spouse of the child of the executive, major shareholder or controller or person nominated to be the executive or authorized person of the Company or subsidiary.
- never or used to have business relationship with the Company, parent company, associated company or joint company or the major shareholder or the controller in the manner that it may prevent fully exercising independent discretion including never be or used to be the shareholder that have substantial power or the controller of person having business relationship with the Company, parent company, associated company or joint company or the major shareholder or the controller, except freeing from such position for more than 2 year before the date of applying for permit to regulatory agency.
- not being or used to by the Company's auditor or of parent company, associated company or joint company or the major shareholder or the controller and never be or used to be the shareholder that have substantial power or the controller of person or partner of the auditing firm of the auditor of the Company, parent company, associated company or joint company or the major shareholder or the controller except freeing from such position for more than 2 year before the date of applying for permit to regulatory agency.
- not being or used to be a person providing any professional service including legal counseling or financial consultant having gained service charge more than 2 million baht per year form the Company, parent company, associated company or joint company or the major shareholder or the controller and never be or used to be the shareholder that have substantial or controlling power or a partner of person providing such professional service except freeing from such position for more than 2 year before the date of applying for permit to regulatory agency.
- It shall be in accordance with regulations prescribed by the competent authorities.

Three independent directors shall have independency based on the criteria mentioned above including performance of assigned duty sufficiently and properly.

Shareholding Structure and Management

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

2. The Company's Board of Directors has required skills, experience and specific expertise consistent with assigned duty (detail, Board of Directors).
3. The Company's Board of Directors also approved the production of the Business Ethics Manual whereby the Company's directors, executives and member of the staff could put it to practice ultimately. The manual is divided into 6 parts for ease of understanding and implementation, namely, the message from the Chairman of the Board, the visions and the mission of the valued organization or the ideals expected by the Company and strategies; tips to be observed, monitoring to ensure proper performance, enquiries about doubtful matters, receiving business ethics complaints and other actions. All these matters were announced for information to persons involved and for proper observance in November 2007 and further proper monitoring will be carried out to ensure serious implementation.
4. The Company's Board of Directors was aware of the importance of good corporate governance to ensure efficient, effective, transparent, verifiable management system as well as to instill confidence and assurance to the shareholders, entrepreneurs and interested persons of every side. In order to monitor proper good corporate governance, the Company launched the first improvement on policy of good corporate governance on 21 December 2007 to be in agreement with the guidelines of the Stock Exchange of Thailand and received approval from the meeting of the Board of Directors. This is in the interest of and for building confidence among interested persons from all sides.
5. The chairman of the Company's Board of Directors has not had any relationship with the Management at all and the chairman of the Board is not the same person as the Managing Director and has had no role in the day-to-day management of the Company. Furthermore, the chairman is neither the chairman nor a member of any sub-committee as the Company's sub-committee has had clear tenure of office. However, the structure of the Company's Board of Directors is consisted of 1/3 of independent directors that counterbalances in the review of the management of the Company.
6. The remuneration of the Executive Committee members and the executives is in accordance with the principles and policy established by the Company to be on a par with the industry. The remuneration is linked to the result of performance and track record of each executive according to the assigned duty and responsibility.

The Company has established the Select and Remuneration Consideration Committee. The said Committee has also appointed the executive committee and scrutinized the remuneration taking in account appropriate, adequate duty, responsibility commensurate thereto.

At the Ordinary Meeting of the Shareholders No 1/2551 held on 29 April 2008, the Company disclosed the remuneration of the directors and high-level executives in the Annual Report including the form and characteristic of the remuneration for consideration by the shareholders.

7. The Company establishes that there shall be held the Company's Board of Directors Meeting at least once every month with the agenda of the meeting clearly defined; that there will be the monitoring of operational performance on a regular basis. At least 7 days in advance of the Board Meeting, the letter of invitation to attend the meeting together with the meeting agenda and relevant documents are delivered, unless in the event of exigency, to ensure that the directors shall have enough time to study the data prior to the meeting and at the meeting there will be proper recording in writing of the Minutes of the Meeting; the filing away of the minutes of the meetings that were duly ratified for inspection by the Board of Directors and relevant persons. Each meeting will take about 2 to 3 hours.
 - Throughout 2008, there were held a total of 14 Board of Directors meetings in which various matters of material importance were discussed.
 - The Company had prepared the information and supporting documents adequately required for making decisions by the directors attending the meeting.
 - The chair of the meeting allotted adequate amount of time for the meeting and there had been discussions about various problems carefully and comprehensively.
 - Of the agenda on which there was confirmation in relation to the financial statement, the Company also invited the auditor to provide various information including suggestions for improvement.
8. The Company's Board of Directors has appointed sub-committees, namely, the Audit Committee to assist with the supervision of the business operation and internal control inside the Company and the Select and Consideration of Remuneration Committee to perform duty in the selection of directors, members of the sub-committee, executives including the determination of remuneration. The two sub-committees perform their duty in accordance with the roles and duty as determined adequately.

In 2008, the Audit Committee had arranged for convening a total of 7 meetings to discuss various important matters as follows:

- To review various categories of reports including all the working systems to ensure adequate correctness such as the Financial Report, the Good Corporate Governance Report and related items or items with conflicts of interest, the internal control system including the appointment of and proposed remuneration for the auditor, etc.

Shareholding Structure and Management

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

In 2008, the Nomination and Remuneration Committee arranged for a total of 3 meetings to discuss the important items as follows:

- Scope and working duty, criteria for recruitment, selection of executives, criteria for determining the director remuneration, various sub-committees and executives were discussed.
- 9. The Audit Committee had arranged for the availability of the internal control system including the establishment of work unit with the responsibility for audit/review of various operations to ensure that principal operation and financial activities of the Company had proceeded according to the established guidelines adequately including the compliance culture of the government regulatory organizations.

In 2008, the Company established an Audit Work Plan to ensure completeness and correctness of the working system under the construction project to be carried out by independent external organization in the performance of duty. In addition, the Company also carried out the review of the Internal Working System in accordance with the Adequacy Assessment of the Internal Control System Form by reviewing 5 principal parts, namely,

- 1) Organization and Environment
- 2) Risk management
- 3) Control of the Operation of the Management
- 4) Information Technology System and Data Communication
- 5) Monitoring System

According to the Internal Audit Report, no significant erroneous issues were detected. The performance of work had been proceeding according to the established procedure with the availability of the internal control adequately and suitably.

Using the Internal Information

The company management was assigned to report the change of holding securities to Securities and Exchange Commission according to Section 59 of Securities and Exchange Act B.E. 2535. The awareness of information was limited only for the management or concerned internal person as necessary and it was disallowed to disclose the internal information to the third person including prohibit to trade the company securities by using such information technology. The company created the guideline for the directors, management and employees to observe in accordance with the Code of Conduct as follows:

- 1). Avoid using the internal information that was not disclosed to the public for their own benefits of trading the company shares or providing the internal information to the others for the benefits of trading the company shares.
- 2). Report the company securities trade to the immediate supervisor in order to prevent trading share by using the internal information and avoid the reproach on the appropriateness of share trade of the internal person.
- 3). The internal person should not trade the company shares at the period before disclosing the financial budget or publicizing the company status as well as other important information and should wait at least 24 – 48 hours after revealing the information to the public prior to trade the company share.
- 4). It is disallowed to reveal the confidential information or documents to the third person although such person resigned or dismissed from director, management and employee.

The company also specified the criteria of the follow up, complaint on the aforesaid topics by announcing as Code of Conduct Manual. It is the duty and responsibility of directors, management and employees in every level to be aware of and understand and observe throughout the work period.

Internal Control

The Board of Directors is responsible for supporting the company to have the appropriately adequate internal control system in business operation. Therefore, it can prevent the possible destructions to the company which are the destruction in operating system, financial system, account operation, asset supervision, information technology system, examining/correcting system of the operation, etc. This control system can make the operational process to be correct, transparent, and can be examined. Besides, the control system follows the policy and regulations of the supervising government agencies.

Shareholding Structure and Management

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

The Board of Directors has well realized the significance of the Internal Control; therefore, it has designated the Audit Committee to help take charge of the Company's governance and internal control.

The Audit Committee therefore, has duty and responsibility to consider the Internal Control and Internal Audit auditing the Company to have efficient and correct financial report, revise the Company's internal audit division and scope of work and control the Company to comply with the regulation of the related government agencies such as Office of the Securities and Exchange Commission, Stock Exchange of Thailand and Public Limited Company Act.

The Board of Directors and Audit Committee has jointly considered for adequacy of the internal control according to assessment form of internal control adequacy based on 5 parts as follows:

- 1) The organization and environment
- 2) Risk management
- 3) Control of duty performing by the Management section
- 4) Information and Communication system
- 5) Following up system

In the 2/2552 Board of Directors meeting arranged on 27 February 2009 in which the Audit Committee attended, the attendees unanimously agreed that the Company's internal control was appropriate and sufficient and there was adequate prevention of assets from being used wrongly by the executives or unauthorized persons. Until present, there has been no significant defection about the Internal Control.

The policy on paying annual dividend

The company has had the policy on paying annual dividend to the shareholders at the rate not over than 40% of the net incomes after tax deduction and capital reserve according to the applicable law when the company earned the reasonable profit and without accumulated loss. The payment of dividend would not affect to the company's investment plan, the operation requirement and other appropriateness in the future under the highest benefits of the shareholders and related parties with the agreement made by the directors and shareholders' meeting.

Interrelated Transactions

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

Interrelated Transactions in the previous year

The mutual operations in the previous year of 2008 among the company and subsidiary company with relating people are in note to the financial statement no. 4.

Project Name/ Project Owner	Transactions	2008 transactions value (MB.)	Necessity of Mutual Operations
Genitech Engineering Co., Ltd., (45% of shareholding)	Long - Term Loans to related parties	4.96	The transaction was made by previous management that the present management has set fully provision. Currently, It is in the process of document collection for the pursuit litigation to the court.
- Syntec Genesis Co., Ltd, (66.78% of shareholding),	- Other Long – Term Loans	177.76	All the transactions were made by previous management that the present management has set fully provisions. Currently, There are in the process of document collection for the pursuit litigation to the court.
- Metro Fabricator Co., Ltd., - (61.99% of shareholding passing the subsidiary)	- Other Long – Term Loan	3.00	
Joint Venture JV. between the Company and Federal Engineering Co., Ltd., (75% of shareholding)	- Short - Term Loans to related parties	14.10	The transactions were made by previous management that the present management has set fully provisions. Currently, There are in the process of document collection for dissolved registered firm to Revenue department to dissolve accounting required by the law.
Joint Venture - Siam Syntec-Wattana Engineering Joint Venture	- Long - Term Loans to related parties	12.18	The transactions was made by previous management that the present management has set fully provision. Currently, It is in the process of document collection for dissolved registered firm to Revenue department and will set the provision as the bad debt afterward.
Joint Venture JV. between the Company and Underground Technologies (Thailand) Co., Ltd., (50% of shareholding)	- Short - Term Loans to related parties	2.20	Underground Technologies (Thailand) Co., Ltd., is expertise in basement system that was the main point of JV. to constructed the pipe jacking project. Currently, The project had finished and JV. is in the process of checking document of the last payment with Metropolitan Electricity Authority : MEA. (owner).

Interrelated Transactions

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

Project Name/ Project Owner	Transactions	2008 transactions value (MB.)	Necessity of Mutual Operations
Joint Venture SVK JV. (51% of shareholding)	- Short - Term Loans to related parties	4.13	The objective of JV was to construction the International and Domestic Cargo. Currently, The project had finished and the JV has been on the receiving installed payments from Thai Airway International Plc. (owner).
Joint Venture SSU JV. (95% of shareholding)	- Short - Term Loans to related parties	0.32	The objective of JV was to construction the Air Traffic Control Complex, Suvarnabhumi Airport. Currently, The project had finished and the JV has been on receiving installed payments from Aeronautical Radio of Thailand Ltd. (owner).
Joint Venture SM JV. (65% of shareholding)	- Short - Term Loans to related parties	29.49	- Mivan (Thailand) Co., Ltd., is expertise in residential construction by new technology – formwork system that has the famous portfolio such as Baan Euarthorn Project of National Housing Authority of Thailand : NHA. - The objective of JV is to construction Baan Euarthorn project. Currently, the JV has an on-going project and receives installed payments from NHA.
Condo One Siam Plus Property Co., Ltd.	Income of construction	3.15	- Based on general practices - Cost of construction at fair value plus operating expense and profit at the rate of normal construction business.
Condo One X – Sathorn Narethivas Plus Property Co., Ltd.	Income of construction	168.93	- Based on general practices - Cost of construction at fair value plus operating expense and profit at the rate of normal construction business.
Siam Kempinski Hotel Natural Hotel Siam Co., Ltd.	Income of construction	606.21	- Based on general practices - Cost of construction at fair value plus operating expense and profit at the rate of normal construction business.

Interrelated Transactions

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

As at December 31, 2008, the related relationships as follows :

1. Natural Park Pcl. hold 99.94% of paid-up share capital in Natural Ventures Company Limited (Formerly : Richee Venture Holding Company Limited)
2. Natural Ventures Company Limited (Formerly : Richee Venture Holding Co., Ltd.) hold 11.88% of paid-up share capital in Syntec Construction Pcl.
3. Natural Park Pcl. hold 4.26% of paid-up share capital in Sansiri Pcl.
4. Sansiri Pcl. hold 100% of paid-up share capital in Plus Property Co., Ltd.
5. Syntec Construction Pcl. hold 25% of paid-up share capital in Natural Hotel Siam Co., Ltd. (Formerly : Richee Intertrade Supply Co., Ltd.) until 25 November 2008

Necessity of Interrelated Transactions

The Company has paid great attention to execute interrelated transactions for the fullest interest of the Company and related persons.

The interrelated transactions were according to general commercial principle considered and approved in the same manner as other general customers.

In addition, the interrelated transactions will be considered with the general trading regulations/conditions of the business under the ethics and regulations of the Stock Exchange of Thailand along with the revelation of relating information. By the Audit Committee of the Company consisting of qualified members having independence according to the regulation of the governing government agencies. The Audit Committee commented that the interrelated transactions were normal commercial transactions having disclosure of information complying with the regulation.

Process of Interrelated Transactions

The Company has focused on interrelated transaction consideration arranging approval process to comply with the regulation and code of the Stock Exchange of Thailand. Besides, the transactions must be approved by the Board of Directors and the Audit Committee, as well. As for the Board of Director meeting having agendas in which a member has a share in, such member must not attend the meeting to allow fair discussion.

Policy or Tendency of Interrelated Transactions in the future

The interrelated transactions execution in the future will be in line with the Company's business plan having policy and process in accordance with the law, code and regulation of the Stock Exchange of Thailand in terms of interrelation, acquisition or distribution of assets of registered companies.

However, as for the interrelated transaction execution, it has been based on reasonability of the transactions and fullest interest of the Company and the related persons.

Explanations and Financial Status Analysis

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

Regarding performance of the Company and its joint venture for the past 3 years, it has continually attained net profit from the amount of 220.71 million baht as at 31 December 2006 to 248.62 million baht as at 31 December 2007; increasing 27.36 million baht or 12.39% and as at 31 December 2008 the net profit amounted to 267.66 million baht which increased from that of as at 31 December 2007 for the amount of 19.60 million baht or 7.90%. Moreover, the Company has continually had an increase in the amount of total income, from 3,438.69 million baht as at 31 December 2006 to 5,424.19 million baht as at 31 December 2007, or 1,985.50 million baht increase or 57.74%. And as at 31 December 2008, the total income amounted to 6,106.25 million baht which increasing from that of as at 31 December 2007 for the amount of 682.06 million baht or 12.57%, respectively. During the said period, the Company has still provided service to the existing customers and the new ones continually as construction works have been carried out as planned, standard, contractual performances, development of personnel and construction technology and business code of conduct.

Performance

Sales and service income

The Company had net total income (from consolidated financial statements) 6,106.25 million baht which increased from the same period of 2007 for the amount of 682.06 million baht or 12.57%. Such increase came from the major income in selling and service providing (main contractor) 485.67 million baht or 9.04% where the ratio of income from selling and service providing was 95.90% of net total income. Revenue recognition was partly from continually carrying out construction project started in 2007 and partly from new project acquired in 2008 which can be summarized as follows:

Income Structure (Consolidated Financial Statement)

Product Line / Business Circles	Unit : million Baht					
	2008		2007		2006	
	Million Baht	%	Million Baht	%	Million Baht	%
Incomes from the Construction Contracts						
- Infrastructure	-	-	-	-	12.69	0.38
- Institutional	70.14	1.20	288.38	5.37	572.26	17.03
- Residential	3,145.52	53.71	3,518.57	65.52	1,712.16	50.95
- Leisure	1,373.17	23.45	837.09	15.59	809.29	24.09
- Commercial	1,267.24	21.64	720.00	13.40	201.75	6.00
- Industrial	-	-	6.37	0.12	52.02	1.55
Sale and Service Income	5,856.07	100.00	5,370.41	100.00	3,360.17	100.00

During the past three years, the Company's ratio of income from residential unit construction has been increased from 50.95% of total income in 2006 to 53.71% in 2008. Partly it was revenue recognition from Syntec-Miwan Joint Venture working in Aur-Arthorn Housing Project organized by the National Housing Authority for the amount of 670.75 million baht or 27.10% of income from residential unit construction and equated to 12.94% of income from selling and service providing. In addition, there also had an increase in office building/commercial unit construction from 6.00% in 2006 to 21.64% in 2008 and an increase in hotel and resort construction from 15.59% to 23.45%, respectively. During the past year, the company has recognized it revenue from projects continually carrying out which commenced in 2007 and the new projects of 2008 as follows: Residential unit construction such as Supalai Park Sinakarindara by Supalai PCL, Auguston Sukhumvit 22 by Major Development Ltd, Supalai River Place by Supalai PCL, Amantra Lumpkini Project by Nayara Estate Co.,Ltd. etc., office building/commercial unit construction such as Energy Complex by Energy Complex Co.,Ltd., I-Place Project by Prospect Estate Co.,Ltd. etc. and hotel and resort construction such as The Siam Kempinski Project by Natural Hotel Siam Co.,Ltd., Holiday Inn Pattaya Project by The Erawan Group Co.,Ltd. etc.

Explanations and Financial Status Analysis

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

Proportion of income classified by the types of customers (Consolidated Financial Statement)

Unit : million Baht

Proportion of income	2008		2007		2006	
	Million Baht	%	Million Baht	%	Million Baht	%
Governmental	726.36	12.40	1,389.61	25.88	599.02	17.83
Private	5,129.71	87.60	3,980.80	74.12	2,761.14	82.17
Total Incomes	5,856.07	100.00	5,370.41	100.00	3,360.17	100.00

Having considered the proportion of income by referring to nature of customer (according to consolidated financial statements), public sector proportion decreased from 17.83% in 2006 to 25.88% in 2007 and to only 12.40 in 2008. Revenue recognition came from Syntec-Miwan Joint Venture working in Uae Arthorn Housing Project organized by the National Housing Authority for the amount of 670.75 million baht or 92.34% of income from public sector works in 2008 as those projects had been carried out within a scheduled plan. However, proportion of works in private sector in 2008 increased from 74.12% to 87.60%, respectively. The Company has speculated that in 2009, after internal political situation has been stabilize and the overall economic status has not change significantly from the estimation, investment by the government has been carrying out as planned, there will have more budget to invest in the infrastructure of public utilities which will be of beneficial to the national economic and relevant business sector; especially construction sector.

However, from the past period, there have had some factors causing the cost of construction higher such as oil price, cement, concrete product, iron and iron product etc. It was the period that the Company has been cautious in joining any bidding based on information as follows: increase of oil price has an effect on the cost of production and transportation including price of iron and other construction materials which are basic material for construction have been elevated continually. Moreover, there also have negative psychological factors causing effect on confidence of investor and consumer such as political change, closing of airport at the end of 2008. All of which have made the Company to be more careful in bidding.

Reversal of allowance for doubtful accounts

The Company had the item of reversal of allowance for bad debts during 2008 for the amount of 133.06 million baht or 2.18% of total income. From such figure, it represented the reversal of allowance for bad debts in The Sell Project for the total amount of 119.72 million baht or 89.97% of such particular.

Profit from selling and return of investment in associated company

The Company had profit from selling and return of investment in associated companies in 2008 for the amount of 42.28 million baht or 0.69% of net total income as follows: selling of investment in the associated company, Natural Hotel Siam Co.,Ltd. in which the Company holding 3,849,985 shares or 25.00% of paid-up capital of such company to Al Manar Limited and/or other person designated by Al Manar Limited for the price of par value of 100 baht, totaling 384,998,500 baht. Reason for this transaction was that, the Company considered that its operation has been continually expanded which requires greater amount of current fund and in order to promote profitability of the Company, it will use part of such money to make repayment for the loan to reduce the amount of payable interest resulting in better financial ratio. The Company gave notice to the shareholder and investor through the channel of the SET on 26 November 2008.

Other incomes

The amount of other incomes in 2008 was 70.11 million baht which increased from the same period of the previous year for the amount of 57.80 million baht or 469.73% and amounted to 1.15% of net total income. Such other incomes were from selling of iron waste and other assets 63.53 million baht and 6.58 million baht, respectively.

Explanations and Financial Status Analysis

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

Cost of sale and service

The Company had the cost of sale and service in 2008 for the amount of 5,464.28 million baht or 89.49% of total income (such proportion decreased from the same period of previous year of 89.80%) or 93.31% of income from selling and service providing (income from main contractor). The Company had increased cost of sale and service comparing to the same period of the year for the amount of 593.31 million baht or 12.18%. The major increased cost were cost for subcontract, labor and material cost including some of expenses on the employee which had been recorded in cost of sale and service (details as per note to the financial statements Clause 36) etc. Reason for this was that during such period, the Company has expanded its operation progressively. It had more engaged works as at 31 December 2008 for 28 projects with total construction amount of 12,456 million baht while at the same period of the previous year the Company had 27 projects with total construction amount of 11,410 million baht. In addition, price of material has been raised dramatically as the result of oil price crisis occurring in the second half of the year; especially price of iron and iron product. Regarding rate of wage, the Company has already adjusted it to be in accordance with requirement of the Ministry of Labor from time to time and subject to skills which has to be tested by the Minister as well. Cost for employee has been adjusted by comparing with other companies in the similar group of industry according to data provided by the SET and/or other relevant information. This caused gross profit margin to be decreased from 9.3% in 2007 to 6.7% in 2008, respectively.

Selling and Administrative Expenses

Selling and administrative expenses for the year 2008 was totally 178.74 million baht or 2.93% of total income which decreased from that of the previous year for the amount of 29.27 million baht or 14.07%. The key decreased expenses were banking fees for the amount of 18.26 million baht which decreased from the same period of the previous year 52.55 million baht or 74.21% most of which were fee for guarantee contract. As the Company has managed to comply with provisions of the contract and has had well-cooperation by the other party to the contract in returning original copies of contracts to the banks which made such fee likely to be reduced. Other selling and administrative expenses came from expenses related to personnel 84.23 million baht increased from the same period of the previous year for the amount of 9.91 million baht or 13.33% etc.

During the past years, the Company has continually expanded its business and hence it is required to consider caution and long-term risks such as global economy especially in real estate sector as it will directly affect construction sector and expenses on personnel etc. However, proportion of selling and administrative expenses decreased from 3.83% in 2007 to 2.93% in 2008).

Net Profit (Loss)

Gross Profit

According to separate financial statements, the Company had gross profit margin for the amount of 454.76 million baht in 2007 or 11.41%, increased from the same period of 2006 for the amount of 144.69 million baht or 10.95%. However, in 2008 the amount of gross profit margin was 438.20 million baht decreasing from the same period of the earlier year for the amount of 16.56 million baht or 8.45%, respectively. In addition, if considering proportion of cost of selling and service per selling and providing service income, the ratio was increased from 88.59% in 2007 to 91.55% in 2008 which means that the Company has higher cost for operation, details of which as described in heading of cost of selling and providing service.

If considering gross profit margin from consolidated financial statements of the Company, it shows that such ratio is likely to decrease from 9.69% in 2006 to 9.30% in 2007 and to 6.69% in 2008. It is important to note that during such period there had factors that raised cost of operation e.g. oil price affecting cost of production and transportation and iron price affecting cost of construction including relevant projects according to consolidated financial statements i.e. Syntec-Miwan Joint Venture in Uae Arthorn Housing Project organized by the National Housing Authority etc.

Financial Ratios

Profitability Ratio	Consolidated			Company		
	2008	2007	2006	2008	2007	2006
Gross Profit Margin (%)	6.69	9.30	9.69	8.45	11.41	10.95
Operating Profit Margin (%)	3.64	5.43	5.95	5.26	7.58	6.69
Net Profit Margin (%)	4.57	4.62	6.57	4.44	5.97	6.98

Explanations and Financial Status Analysis

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

Profit from operation

The Company had profit from operation according to separate financial statements (income from sale and service before bad debts and doubtful accounts, payable interest, income tax and special particulars) for the amount of 189.40 million baht or 6.69% in 2006 and 302.14 million baht or 7.58% in 2007; 112.74 million baht or 59.52% increase. However, profit from operation in 2008 reduced to 272.69 million baht or 5.26% from the same period of the earlier year for the amount of 29.45 million baht, respectively. Further, the Company had increased ratio of cost of sale and service plus selling and administrative per income from sale and service, that is, from 92.42% in 2007 to 94.74% in 2008 where the increased ratio of such cost resulted from the above mentioned factors.

If considering profit from operation from the consolidated financial statement, it shows that such ratio is also likely to reduce from 5.95% in 2006 to 5.43% in 2007 and to only 3.64% in 2008, respectively where there had factors during such period that caused the cost of operation to increase as mentioned earlier as well.

Net profit

The Company had net profit according to separate financial statements for the last three years as follows: from the amount of 197.55 million baht or 6.98% in 2006 to the amount of 238.04 million baht or 5.97% in 2007 and to 230.43 million baht or 4.44% in 2008. If considering the rate of net profit, it has shown the tendency of decreasing progressively from 6.98% in 2006 to 4.44% in 2008 as the result of cost of sale and service including increased selling and administrative expenses as mentioned above. The decreased net profit was partly resulted from the Company recognized the estimation of loss from the obligation under joint venture agreement for the amount of 90.67 million baht which increased from the same period of the earlier year for the amount of 64.36 million baht or 241.93%. Such joint venture agreement was for Syntec-Miwan Joint Venture for Uae Arthorn Housing Project organized by the National Housing Authority. However, the Company could manage the operation to continually attain net profit result since 2006.

Regarding net profit from the consolidated financial statements, its operation resulted in net profit for the past three years, that is, from net profit in 2006 for the amount of 220.71 million baht to 248.06 million baht in 2007 (12.39% increase) to 267.66 million baht in 2008 or 19.60 million baht or 7.90% increase from the same period of the earlier year. However, net profit decreased in its rate from 6.57% in 2006 to 4.62% in 2007 and to only 4.57 in 2008, respectively where there still had factors that caused the cost of operation to increase as mentioned earlier as well.

Financial status

Total assets

Total assets of the Company has been increased continually for the past three years from 2,868.59 million baht in 2006 to 3,386.58 million baht in 2007 (517.99 million baht or 18.06% increase) and to 3,938.01 million baht in 2008; increasing from the same period of the earlier year for the amount of 551.44 million baht or 16.28% most of which were increase of current assets as follow:

Current assets in 2008 amounted to 2,781.84 million baht or 69.88% of the total assets which increased from the same period of the previous year for the amount of 897.70 million baht or 48.42% as the result of increase of value of construction work that has not been collected from the customer for the amount of 419.17 million baht or 85.86%, cash and cash equivalents increased for the amount of 241.49 million baht or 104.71% which partly were cash receivable from sale and return of investment in the associated companies, namely, Natural Hotel Siam Co., Ltd. and partly for current use in the Company's business.

Net accounting receivable in 2008 was 512.36 million baht or 18.62% of current assets which decreased from the same period of the previous year for the amount of 50.03 million baht or 8.90% as in 2008, some contractual works were delivered. However, the Company has average 56.31 days for debt collection in 2008 which increased from the same period of the earlier year at 51.75 days.

Explanations and Financial Status Analysis

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

Aging analyses for account receivable	2008		2007	
	MB.	%	MB.	%
Within credit terms	393.76	54.16	310.04	34.22
Still installment	-	-	98.12	10.83
Overdue:				
- Less than 3 months	86.10	11.84	74.20	8.19
- Over 3 months to 6 months	7.60	1.05	29.05	3.21
- Over 6 months to 12 months	8.31	1.14	153.38	16.93
- Over 12 months	231.23	31.81	241.19	26.62
Net	727.00	100	905.96	100
Less: Doubtful debts for the year	(214.64)	(29.52)	(343.57)	(37.92)
Trade accounts receivable - Net	512.36	70.48	562.39	62.08

From the Table of Aging analyses for account receivable, it is found that 66.00% are accounts receivable which was not due or overdue for less than 3 months which would be closely monitored by the company. For accounts receivable overdue for 12 months or longer, the amount was 231.23 million baht decreasing from the same period of the previous year for the amount of 9.96 million baht or 4.13%. Most of accounts receivable occurred during management of the former executives and are under the court's proceedings where the Company has adequately set out allowance for these bad debts for the amount of 214.64 million baht. With respect to policy on allowance for bad debts, if there has any indication regarding solvency, financial status, significant business conduction of the debtor, the Company will set out the allowance for doubtful accounts immediately. This is the same policy used for debtor involving either the Company or other debtors. The Company has put in place the policy for giving notice and demanding for performance by the debtor by telephone, letter and by assigning litigation department to take necessary legal measures which are the same practice for debtor involving either the Company or other debtors. (details as per note to financial statement Clause 7)

Debit for performance guarantee money with respect to construction contract in 2008 was 426.95 million baht or 15.52% of current assets increasing from the same period of the previous year for the amount of 121.63 million baht or 39.83%. The Company has delivered part of those works in accordance with construction contract and is now under period covered by such guarantee.

Value of construction works uncollected from the customer in 2008 was 907.40 million baht or 32.97% of current assets increasing from the same period of the previous year for the amount of 419.17 million baht or 85.86%. This was resulted from increased amount of works undertaken by the Company as it is still trusted by the customer as it has always been. The Company has carried out construction service as scheduled with progress of construction and is being under the process for collection of price of construction from the project owner. The Company has used its best effort in this regard to prevent the consequences and it appeared that average debt collection time decreased comparing to the same period of the earlier year according to separate financial statement from 69.68 days in 2007 to 63.54 days in 2008 or 8.81% decrease.

Merchandise inventory in 2008 amounted to 231.09 million baht or 8.40% of current assets increasing from the same period of the earlier year for the amount of 96.79 million baht or 72.07% which could be differentiated as construction materials 223.47 million baht (increasing from the same period of the earlier year 95.94 million baht or 75.23%) and spare parts and materials 7.62 million baht (increasing from the same period of the earlier year 0.86 million baht or 12.64%) as the Company has increasingly undertaken construction works and most of them are under construction process. As at 31 December 2008 the Company had 28 projects in hand the total amount of which were 12,456 million baht and the amount of outstanding works were 6,253 million baht.

Land, Building and Equipments net amounted to 391.31 million baht or 9.94% of total assets increasing from the same period of the earlier year for the amount of 28.41 million baht or 7.83%. Most of such increase resulted from increased amount of machines and construction material used during construction and vehicles used for operation in order to support growth of the Company's works during the previous period.

Total liabilities and shareholder's equity

Total liabilities

Total liabilities in 2008 was totally 2,214.05 million baht increasing from the same period of the earlier year for 519.18 million baht or 30.63% mainly resulted from the increase of current liabilities the amount of which in 2008 was 2,084.61 million baht or 94.15% of total liabilities increasing from the same period of the earlier year for 484.08 million baht or 30.24%. The major items are as follows:

Explanations and Financial Status Analysis

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

Accounting payable was 559.87 million baht or 26.86% of current liabilities increasing from the same period of the earlier year for the amount of 64.44 million baht or 13.01% as the Company has undertaken more construction works leading to increase amount of income as main contractor which required the Company to buy more construction materials to support such expansion. Repayment time was 31.40 days slightly increasing from the same period of the earlier year at 37.12 days.

Credit under debt restructuring plan to be due within 1 year amounted to 140.75 million baht or 6.75% of current liabilities decreasing from the same period of the earlier year for 13.67 million baht or 8.85% as the above amount under such plan was the outstanding after complying with conditions as prescribed by reorganization plan approved by the creditor and the Central Bankruptcy Court, details as per note to financial statements Clause 28 and 43, respectively.

Other short-term loans amounted to 431.30 million baht or 20.69% of current liabilities increasing from the same period of the earlier year for 120.30 million baht or 38.68% which were short-term loans from persons having none relationship to each other, totaling 6 persons by issuing promissory notes with 7.5% p.a. which was in accordance with the rate applied by commercial banks, details as per note to financial statement clause 24.

Bank overdrawn and short-term loans from financial institutions amounted to 104.13 million baht or 5.00% of current liabilities increasing from the same period of the earlier year for 63.81 million baht or 158.30%. Short-term loans from financial institutions amounted to 99.00 million baht due payment in January and February 2009 with MOR interest rate and the Company's land and building as the collateral.

Liquidity

Regarding the overall picture of operation, cash and cash equivalents amounted to 427.11 million baht increasing for 196.49 million baht or 85.20% comparing to the same period of the earlier year with the following changes:

Operation cash flow amounted to 41.43 million baht and changes occurred to assets and liabilities as follows: performance guarantee as to construction contract 110.40 million baht, unpaid value of works during construction from the customer 419.17 million baht, net profit from the Company's operation 267.66 million baht, details of which are mentioned above.

Cash flow from investment activities amounted to 188.54 million baht part of which was cash inflow from selling and returning of investment in associated companies 390.62 million baht, buying land, building and equipment 79.14 million baht to be used for preparation for projects undertaken by the Company and in bank with obligation for the amount of 61.68 million baht as guarantee money for performance under construction contract and guarantee for overdrawn etc.

Cash flow received from financial management amounted to 49.38 million baht as the Company had more cash inflows from short term loans for 120.30 million baht as mentioned in the heading of total liabilities.

Liquidity ratio in 2008 equated to 1.32 times increasing from the same period of the previous year at 1.16 times and such increase has occurred continually for the past three years. Such increase partly resulted from the increase of current assets i.e. cash and cash equivalents, credit from performance guarantee, value of construction work undue all of which mentioned earlier in the heading of assets.

Shareholder's Equity

Shareholder's equity has been likely to increase constantly for the past 3 years from 1,480.43 million baht in 2006 to 1,691.71 million baht in 2007 (increasing 211.28 million baht or 14.27%) and to 1,723.96 million baht in 2008 (increasing from the same period of the previous year for 32.25 million baht or 1.91%) resulted from the Company has gained continual net profit as described earlier in such heading.

Remuneration for Auditor

Remuneration from the Audit

The remuneration from the audit of the company and subsidiary company in the year 2008 was 1,529,000.00 baht. The auditor was Mr. Narong Lakthan, CPA Registration No.4700 or Ms. Maliwan Pahuwattanakorn, CPA Registration No. 4701, the auditors from NPS Siam Audit Co., Ltd. However, the auditor did not have any relation possibly caused the conflict of interest with the company.

Other

- No -

Report on the Company Board of Director's Responsibility on the Financial Report

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

The Board is responsible for the consolidated financial statements of the Company and joint ventures as well as other financial information demonstrated in the annual report. Such financial statements have been compiled in compliance with the generally accepted accounting principles by choosing a proper accounting policy which has been regularly observed. Due circumspection of estimation has also been given in the preparation of the financial statements to adequately reflect substantial performance.

The Board has managed to maintain effective internal control system to reasonably ensure that accounting entry has been done accurately, completely and adequately to maintain the assets and to know weaknesses in order to prevent corruption or substantially abnormal practice. For this respect, the Board has appointed an Audit Committee, consisting of non-executive directors to oversee the quality of the financial statements and internal control system. The Committee's comments have already been shown in this annual report.

The Board is of an opinion that the overall picture of Company's internal control system is at a satisfactory level which can reasonably create confidence upon the reliability of the financial statements of the Company and joint venture as of 31 December 2008.



Mr. Bandhit Sotipalalit
Chairman

Business Goals

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

The company's vision is to step into one of the leading company in the construction industry of Thailand with the good reputation in quality construction work. The new technology shall be applied for business performance, management system and quality standard ISO9001:2000, increase personnel's ability, cooperation with commercial alliances in parallel with the enhancement of compliance with the good corporate governance. The company specified the mission to meet the target for making the highest value to the shareholders and for the benefits of the stakeholders. The Company has formulated a significant mission and operational strategies to ensure that the established missions go according to schedule as follows:

1. Constantly create construction quality and standard

The modern technology is applied for business operation for quickly responding the customers' needs. The company provides service starting from the foundation works until the construction of building is finished. The company also leads the management system to ISO9001:2000 standard so that the management system can be continuously developed and can effectively respond the customers' expectation such as improving work and decreasing costs and time used for fixing work, maintaining the quantity of waste materials at the site at the acceptable value expected in construction bidding, maintaining the budget control and completing the work according to the contract. The company had incessantly developed.

2. Maintain safety and accountability for relevant person

The Company recognizes significance of work safety for all personnel and regards it as an important mission of the Company in realizing its responsibility for an environment and the whole society including person of interest in the area where the Company has conducted its activities. It has been adopted as the Company's policy and assigned to project manager to perform any necessary acts to fulfill such duties and responsibilities. The Company has provided safety staffs working as a team with regular meeting in each month. They will examine condition of work safety in each department on rota basis for the purpose of encouraging staff in each department to pay attention to what the Company has focused on and realizing an importance of work safety including environment protection.

3. Enhance the personnel's ability and competition

Since personnel is the very important resource, the company had concentrated on developing the personnel's ability for getting know-how, competency and work skill in every level. The company conducted the training courses for the personnel according to work types by the outsourced expert or the experienced internal person. The company also organized the courses for management skill development, building teamwork, living together, learning in the specific career and supported the employees to learn the information technology in order to increase the efficiency of the employees' and management's activity so that they could apply the significant information for making effective solutions as well as enhanced the personnel to realize self development for preparing themselves for competition in the higher level. At the previous time, the company participated in joint venture business with other companies or other partners that had a specific skill according to the project. The company was transferred the modern technology of construction, know-how which were useful for competition in construction business.

4. Management under the Good Governance

The Company recognizes the advantage and significance of management under the principle of good corporate governance and has hence implemented such principle by adopting it in the Company's policy since the late 2004 and has also modified it continually. It has also prepared the Code of Conduct which is an integral part of good corporate governance and has managed to publicize it to its executives and staffs to understand and properly implement it to their operation.

In the year 2007, the Company has applied good corporate governance to each of business categories by announcing "Policy on Good Corporate Governance (1st Revised Version dated 21 December 2007)" by the approval from the meeting of the Board of Directors and implemented to its operation ever since until 2008.

Business Goals

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

In the year 2008, the Company has conducted its business under such good corporate governance proved by the outcome of assessment by “Good Corporate Governance of Listed Company for the Year 2008” jointly organized by the SET, the SEC and Thai Institute of Directors. The Company was awarded with “Excellent” level by getting 82 points (from total of 100) where the average of all listed companies was 75 points and 84 points for the SET 50 group, respectively. The Company will make its best effort to conduct its business under such approach.

STRATEGIES

The strategies to be implemented in order to ensure that the established mission is in accordance with the objectives are as follows:

1. Awareness of quality management, application of advanced technology, good customer service, social responsibility and punctual delivery of work to the customer as to maintain good reputation of the Company and trust from customers so that they may entrust more project work in the future and spread the Company's reputation by word of mouth.
2. Engaging in business in the format that can best and completely respond to the needs of the customers. Services to be provided are ranging from work designs to the construction of buildings to completion and provision of one-stop-shopping service.
3. Project cost management to be associated with construction costs and economic situation fluctuation.
4. Promotion and imparting of knowledge on good corporate governance in accordance with business ethics to ensure the directors, executives, members of the staff have understanding together with the application of business ethics as the fundamental of work performance.

Future Plan

The company created many construction projects both in the past and present by developing modern process of construction along with applying the technologies. The company also develops knowledge to enhance the potentiality of company's personnel and to increase the highest value to stakeholders, for example, shareholders, customers, staffs, and the preservation on environment. Eventually, the past works make the customers to rely on continuously hiring the company to construct more and more. Moreover, the customers' recommendation of the company to the others always brings many benefits to the company. Consequently, the company intends to operate the constructions with quality to satisfy the customers proficiently.

The company believed that in addition to perform business as the professional and develop works in many areas as stated above, complying with the good governance or the policy shall enable the company to meet the target; “We will be one of the leading company in the construction industry with the good reputation of quality construction work”, and the customers will increasingly entrust and rely on the company. The company set as the essential target for business operation.

The company has the future projects which are being in process, for example, the projects being in the process of bidding and the projects that the company has already signed the contract. The details are as follows:

The company had already signed in the letter of purpose and were in the process of signing contracts.

No.	Project Title	Project Description	Status
1	Ocean1 Tower Jomtien	91-storey of condominiums	On tender
2	Surasak Hotel	29-storey of condominium with 1 basement	On tender
3	Chivathai Ratchaparop	26-storey of condominium	On tender
4	Poompatta Condominium	8-storey with 1 basement of Condominium	On tender
5	Villa Asoke	45-storey Condominium	On tender

Business Goals

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

No.	Project Title	Project Description	Status
6	MIKE Hotel	25-storey with 2 basement of hotel	On tender
7	Rayong Marriott Resort & Spa	11-storey of hotel building&guest-house	On tender
8	Bangkok-Huahin Hospital	5-storey with 2 basement of hospital building	On tender
9	Satit Pattana Ramintra School	2-storey of kindergarten and elementary school	On tender
10	Renaissance Hotel	30-storey of hotel with 3 basement	On tender
11	Showroom and Car care centre	2-storey of showroom building	On tender
12	Pacific Time	the adding work, to construction the fence and road	On tender
13	The Room, Sathorn-Taksin	23-storey of condominium	On tender
14	Best Western Hotel	8-storey with 2 basement of hotel	On tender
15	อาคารชุดพักอาศัยรวม 36 ชั้น	Super structure and Architectural works	On tender
16	อาคารชุดพักอาศัยรวม 36 ชั้น	M&E works	On tender
17	L&H Sukhumvit	28-storey of condominium	On tender
18	The Room, Sukhumvit62	22-storey with 1 basement of condominium	On tender
19	POSHH Hotel	to construction 5 basement of 35-storey of hotel	On tender
20	IVY Thonglor	24-storey of condominium	On tender
21	Sukhumvit 31 Apartment	16-storey of condominium	On tender
22	City Home Rattana Thibet	24-storey of 2 building condominium	On tender
23	Emergency Centre, Prince of Songkla University	15-storey with helicopter parking area of hospital building	On tender
24	Waste Water Gathering System (Contract 2)	to construction the waste water gathering system (Contract 2)	On tender
25	Waste Water Gathering System (Contract 2)	to construction the waste water gathering system (Contract 3)	On tender

Expected Yield

The company has the team to consider before signing the contract. The processes of consideration are, for example, considering the purchase of document plan, estimating the price of project plan, participating in bidding, etc. The Company has expected 10% of gross profit margin which was normal level of profit of construction business.

Factors Possibly Cause the Projects Not to Be Operated Following the Plan

It is obviously known that the construction business has some factors that can cause the risks hindering the tasks to be successful. The risks are from, for example, economic situation both domestic and foreign, politics, hirer/trading partner, and competition. However, the company is ready to deal with the possible risks.

However, there are projects under final negotiation of which the company has prepared to carry on the construction work and expected that it shall come up according to plan. The projects for which the Company has signed contract the Company has prepared for construction and were expected to be completed on the schedule. As for the projects during bidding, the bidding result must take some time to come out. But there were several interested bidders especially the major companies participating in the tender; however, there were several projects under investigation for which the Company was ready to participate in their tenders.

As for the new joint-venture company under the name of "Syntec Construction PCL (LLC.)" (see the details of the business characteristics joint-ventures) provides good opportunity for the company to increase its capability and expand the construction work abroad. At present the said joint-venture company is under the process of carry on future business expecting to be in compliance with the plans.

Audit Report of Certified Public Accountant

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

To the Shareholders of Syntec Construction Public Company Limited

I have audited the accompanying consolidated and separate balance sheets as at 31 December 2008 and 2007, and the related statements of income, changes in shareholders' equity and cash flows for the years then ended of Syntec Construction Public Company Limited and its joint ventures, and of Syntec Construction Public Company Limited, respectively. The Company's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits. I did not audit the financial statements of an associate. The investment in such associate is accounted for using the equity method in the consolidated financial statements. The financial statements of the above associate was audited by other auditor whose report has been furnished to me and my opinion, insofar as it relates to the amounts included for this associate, is based solely on the report of the other auditor.

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 and the reports of the other auditors referred to in the first paragraph provides a reasonable basis for my opinion.

In my opinion, based on my audits and the report of other auditor the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial positions as at 31 December 2008 and 2007 and the results of operations and cash flows for the years then ended of Syntec Construction Public Company Limited and its joint ventures, and of Syntec Construction Public Company Limited, respectively, in accordance with generally accepted accounting principles.



(Narong Luktharn)

Certified Public Accountant

Registration number 4700

NPS Siam Audit Limited

Bangkok 27 February 2009

Balance Sheets

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

As at 31 December 2008 and 2007

(in Baht)

Assets	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
<i>Current assets</i>					
Cash and cash equivalents	5	427,114,843	230,626,785	426,953,048	137,555,554
Current investment - promissory notes	6	3,850,000	-	3,850,000	-
Accounts receivable, net	4, 7	512,359,056	562,393,271	512,359,056	562,393,271
Retentions receivable under construction contracts, net	4, 8	426,954,348	305,328,859	425,654,348	304,994,434
Unbilled construction in progress	4, 9	907,395,428	488,222,696	736,133,624	388,837,129
Short - term loans to related parties, net	4	108,741,189	55,954,689	85,684,804	125,397,598
Inventories	10	231,093,488	134,300,178	231,093,488	112,182,639
Advance payments to subcontractors, net	11	99,224,041	20,955,740	99,095,265	10,574,733
Other receivables - net	12	9,639,616	16,995,925	9,638,552	16,995,925
Other current assets	13	25,470,770	39,364,834	17,461,052	24,695,612
Total current assets		2,751,842,779	1,854,142,977	2,547,923,237	1,683,626,895
<i>Non - current assets</i>					
Investments in joint ventures and associates	14	395,290	276,010,231	-	314,999,500
Other long - term investments, net	15	157,132,343	392,544,092	157,132,343	392,544,092
Land under development	16	99,643,500	99,643,500	99,643,500	99,643,500
Long - term loans to related parties, net	4	-	-	-	-
Other long - term loans receivable, net	17	-	-	-	-
Property, plant and equipment - net	18, 35, 45	391,314,395	362,907,590	380,624,452	347,874,392
Intangible assets	19, 35	1,149,570	2,344,113	1,149,570	2,344,113
Withholding tax		258,696,832	214,766,315	237,728,729	198,126,451
Pledged bank deposits	20, 45	221,931,999	160,255,665	221,931,999	160,255,665
Other non - current assets, net	21	55,907,565	23,964,722	41,316,768	22,266,014
Total non - current assets		1,186,171,494	1,532,436,228	1,139,527,361	1,538,053,727
Total Assets		3,938,014,273	3,386,579,205	3,687,450,598	3,221,680,622

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

Balance Sheets (continued)

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

As at 31 December 2008 and 2007

(in Baht)

Liabilities and shareholders' equity	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
Current liabilities					
Bank overdrafts, short - term loans from financial institutions	22	104,126,413	40,312,826	78,097,944	-
Trade accounts payable	23	559,867,368	495,424,850	327,213,631	327,667,321
Current portion of long - term loans	26, 27, 45	50,000,000	40,000,000	50,000,000	40,000,000
Current portion of creditor under rehabilitation plan	28	140,752,961	154,420,786	140,752,961	154,420,786
Short - term loans from related parties	4	13,461,480	11,166,414	-	-
Other short - term loans payable	24, 45	431,300,000	311,000,000	431,300,000	311,000,000
Current portion of finance lease liabilities	29	24,441,552	21,174,929	24,441,552	21,174,929
Advances received from customers under construction contracts		278,388,755	178,919,064	278,388,755	178,919,064
Retention payables from subcontractors		181,587,646	127,929,175	178,884,091	111,565,335
Accrued expenses		145,555,187	157,038,310	144,810,515	154,468,127
Other current liabilities	25	155,128,372	63,148,702	129,971,690	60,469,744
Total current liabilities		2,084,609,734	1,600,535,056	1,783,861,139	1,359,685,306
Non - current liabilities					
Long - term loans from financial institutions	26, 45	-	-	-	-
Other long - term loans payable	27, 45	-	50,000,000	-	50,000,000
Long - term loans from related parties	4	-	277,777	-	-
Finance lease liabilities	29	57,861,156	44,057,258	57,861,156	44,057,258
Provision	30	71,581,593	-	140,368,044	57,597,897
Total non - current liabilities		129,442,749	94,335,035	198,229,200	151,655,155
Total liabilities		2,214,052,483	1,694,870,091	1,982,090,339	1,511,340,461

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

Balance Sheets (continued)

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

As at 31 December 2008 and 2007

(in Baht)

Liabilities and shareholders' equity	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
<i>Shareholders' equity</i>					
Share capital	31				
Authorized share capital		1,600,000,000	1,600,000,000	1,600,000,000	1,600,000,000
Issued and call up share capital		1,600,000,000	1,600,000,000	1,600,000,000	1,600,000,000
Share subscription receivables	31	(13,036,063)	(13,036,063)	(13,036,063)	(13,036,063)
Reserves	32				
Share premium		23,744	23,744	23,744	23,744
Fair value changes of available - for - sale of securities	15	(413,492,631)	(178,080,882)	(413,492,631)	(178,080,882)
Retained earnings					
Appropriated					
Legal reserve	32	25,160,785	13,639,193	25,160,785	13,639,193
Unappropriated		525,305,955	269,163,122	506,704,424	287,794,169
Total shareholders' equity		1,723,961,790	1,691,709,114	1,705,360,259	1,710,340,161
Total liabilities and shareholders' equity		3,938,014,273	3,386,579,205	3,687,450,598	3,221,680,622

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

Statements of Income

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

For the years ended 31 December 2008 and 2007

(in Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
Revenues					
Revenue from sale of goods and rendering of services	4	5,856,073,530	5,370,407,939	5,185,317,944	3,987,226,220
Gain on sale and return of investment in associates		42,282,512	-	-	-
Interest income	4	4,154,485	6,831,286	4,151,774	6,831,286
Reversal of allowance for doubtful accounts		133,062,314	-	133,062,314	-
Foreign exchange gain		-	3,290,173	-	3,290,173
Reversal of allowance for devaluation of investments		-	27,478,896	-	27,478,896
Other income	34	70,107,049	12,305,285	70,099,055	12,084,890
Share of profits from investments accounted for using the equity method	14	565,004	3,874,057	-	-
Total revenues		6,106,244,894	5,424,187,636	5,392,631,087	4,036,911,465
Expenses					
Cost of sales of goods and rendering of services	4, 18, 36	5,464,280,629	4,870,971,325	4,747,116,539	3,532,465,992
Selling and administrative expenses	4, 18, 35, 36	178,740,839	208,010,420	165,515,424	152,621,684
Foreign exchange loss		442,164	-	442,164	-
Doubtful accounts	7	101,702,975	49,038,980	101,702,975	49,038,980
Loss on impairment of investments		-	-	9,375,000	-
Share of loss from investments accounted for using the equity method	14	12,837,957	7,342,656	-	-
Estimated loss on construction contracts	30	30,976,437	-	-	-
Estimated loss under joint venture agreement	30	-	-	90,964,890	26,602,989
Total expenses		5,788,981,001	5,135,363,381	5,115,116,992	3,760,729,645
Profit before interest expense		317,263,893	288,824,255	277,514,095	276,181,820
Interest expense	37	49,599,468	40,762,668	47,082,248	38,138,686
Profit for the year		267,664,425	248,061,587	230,431,847	238,043,134
Earnings per share	39				
Basic		0.17	0.16	0.14	0.15

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

Statements of Changes in Shareholders' Equity

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

For the years ended 31 December 2008 and 2007

(in Baht)

Note	Consolidated financial statements						Total shareholders' equity
	Issued and called up share capital	Share subscription receivable	Share premium	Reserves		Retained earnings	
				Fair value changes of available-for-sale securities	Appropriated to legal reserve	Unappropriated	
	1,600,000,000	(13,036,063)	23,744	(141,297,796)	1,737,036	33,003,692	1,480,430,613
	-	-	-	(36,783,086)	-	-	(36,783,086)
	-	-	-	(36,783,086)	-	248,061,587	248,061,587
	-	-	-	(36,783,086)	-	248,061,587	211,278,501
32	-	-	-	-	11,902,157	(11,902,157)	-
	1,600,000,000	(13,036,063)	23,744	(178,080,882)	13,639,193	269,163,122	1,691,709,114
	1,600,000,000	(13,036,063)	23,744	(178,080,882)	13,639,193	269,163,122	1,691,709,114
15	-	-	-	(235,411,749)	-	-	(235,411,749)
	-	-	-	(235,411,749)	-	-	(235,411,749)
	-	-	-	-	-	267,664,425	267,664,425
	-	-	-	(235,411,749)	-	267,664,425	32,252,676
32	-	-	-	-	11,521,592	(11,521,592)	-
	1,600,000,000	(13,036,063)	23,744	(413,492,631)	25,160,785	525,305,955	1,723,961,790

The accompanying notes are an integral part of these financial statements

Statements of Changes in Shareholders' Equity

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

For the years ended 31 December 2008 and 2007

(in Baht)

	Separate financial statements (Restated)							Total equity attributable to the Company's shareholders
	Issued and called up share capital	Share subscription receivable	Share premium	Reserves	Fair value changes of available-for-sale of securities	Appropriated to legal reserve	Retained earnings	
Balance as at 1 January 2007	1,600,000,000	(13,036,063)	23,744	23,744	(141,297,796)	1,737,036	61,653,192	1,509,080,113
Changes in shareholders' equity for 2007								
Fair value changes of available-for-sale of securities	-	-	-	-	(36,783,086)	-	-	(36,783,086)
Net income (expense) recognized directly in shareholders' equity	-	-	-	-	(36,783,086)	-	-	(36,783,086)
Profit for the year	-	-	-	-	-	-	238,043,134	238,043,134
Total recognized income and expense	-	-	-	-	(36,783,086)	-	238,043,134	201,260,048
Legal reserve	-	-	-	-	-	11,902,157	(11,902,157)	-
Balance as at 31 December 2007	1,600,000,000	(13,036,063)	23,744	23,744	(178,080,882)	13,639,193	287,794,169	1,710,340,161
Balance as at 1 January 2008	1,600,000,000	(13,036,063)	23,744	23,744	(178,080,882)	13,639,193	287,794,169	1,710,340,161
Changes in shareholders' equity for 2008								
Fair value changes of available-for-sale of securities	-	-	-	-	(235,411,749)	-	-	(235,411,749)
Net income (expense) recognized directly in shareholders' equity	-	-	-	-	(235,411,749)	-	-	(235,411,749)
Profit for the year	-	-	-	-	-	-	230,431,847	230,431,847
Total recognized income and expense	-	-	-	-	(235,411,749)	-	230,431,847	(4,979,902)
Legal reserve	-	-	-	-	-	11,521,592	(11,521,592)	-
Balance as at 31 December 2008	1,600,000,000	(13,036,063)	23,744	23,744	(413,492,631)	25,160,785	506,704,424	1,705,360,259

The accompanying notes are an integral part of these financial statements

Statements of Cash Flows

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

For the years ended 31 December 2008 and 2007

(in Baht)

	Note	Consolidated		Separate	
		financial statements 2008	financial statements 2007	financial statements 2008	financial statements 2007
<i>Cash flows from operating activities</i>					
Profit for the year		267,664,425	248,061,587	230,431,847	238,043,134
<i>Adjustments for</i>					
Bad debts recovery		(94,186,903)	-	(94,186,903)	-
Reversal of allowance for doubtful accounts		(133,062,314)	(36,360,310)	(133,062,314)	(36,360,310)
Doubtful accounts		101,702,975	85,399,290	101,702,975	85,399,290
Depreciation and amortization		82,036,116	63,403,399	77,693,017	59,358,140
Interest income		(4,154,485)	(6,831,286)	(4,151,774)	(6,831,286)
Interest expense		49,599,468	40,762,668	47,082,248	38,138,686
Gain on disposal of equipment		(6,579,224)	(1,246,977)	(6,579,380)	(1,246,977)
Gain on sale and return of investment in associates		(42,282,512)	-	-	-
Unrealized (gains) loss on exchange rate		1,075,308	(6,283,512)	1,075,308	(6,283,512)
Share of loss from investments accounted for using the equity method		12,837,957	7,342,656	-	-
Share of profit from investments accounted for using the equity method		(565,004)	(3,874,057)	-	-
Allowance (reversal) for devaluation of investments		-	(27,478,896)	9,375,000	(27,478,896)
Estimated loss on construction contracts		30,976,437	-	-	-
Estimated penalties under construction contracts		40,605,156	-	-	-
Estimated loss under joint venture agreements		-	-	90,964,890	26,602,989
Withholding tax written off		-	1,700,376	-	-
		<u>305,667,400</u>	<u>364,594,938</u>	<u>320,344,914</u>	<u>369,341,258</u>
<i>Changes in operating assets and liabilities</i>					
Account receivables		172,494,908	(161,705,056)	172,494,908	(41,047,228)
Retentions receivable under construction contracts		(110,404,451)	(98,430,054)	(109,438,876)	(218,755,543)
Unbilled construction in progress		(419,172,732)	(175,296,540)	(347,296,495)	(139,555,030)
Inventories		(96,793,310)	(23,046,020)	(118,910,848)	(46,320,730)
Advance payments to subcontractors		(78,268,301)	32,397,443	(88,520,532)	29,540,366
Other receivables		8,872,278	8,091,779	8,873,341	8,091,779
Other current assets		14,207,994	(9,094,494)	7,548,491	(8,227,609)
Withholding income tax paid		(156,473,763)	(126,156,144)	(152,145,524)	(112,545,193)
Withholding income tax returned		112,543,246	107,627,702	112,543,246	87,129,090
Other receivables from related parties		(58,126,054)	(3,122,213)	21,866,594	591,496
Other non - current assets		(31,942,843)	(10,599,828)	(19,050,755)	(10,461,092)
Trade accounts payable		64,442,518	96,552,440	(453,691)	73,925,217
Other payables to related parties		2,295,065	(3,930,902)	-	-
Advance received under construction contracts		99,469,691	13,014,913	99,469,691	13,014,914
Retention payable from subcontractors		53,658,471	(1,814,315)	67,318,755	(12,793,152)
Accrued expenses		(11,567,348)	60,803,721	(9,585,569)	58,511,909
Other current liabilities		87,667,767	43,590,627	69,501,946	42,727,769
Net cash provided by (used in) operating activities		(41,429,464)	113,477,997	34,559,596	93,168,221

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

Statements of Cash Flows (continued)

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

For the years ended 31 December 2008 and 2007

(in Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
<i>Cash flows from investing activities</i>					
Interest received		3,840,554	6,831,286	3,837,843	6,831,286
Proceeds from sale and return of investments in associates		390,623,500	114,687,500	390,623,500	114,687,500
Long - term loans to related parties		-	23,000,000	-	23,000,000
Pledged bank deposit		(61,676,334)	(20,943,073)	(61,676,334)	(20,943,073)
Purchase of property, plant and equipment		(79,139,067)	(164,665,080)	(79,139,067)	(164,665,080)
Purchase of intangible assets		(420,175)	(2,983,283)	(420,175)	(2,983,283)
Proceeds from sale of equipment		24,155,064	34,853,617	24,155,064	34,853,617
Purchase of investments in associates		(84,999,000)	-	(84,999,000)	-
Purchase of investments in promissory notes		(3,850,000)	-	(3,850,000)	-
Purchase of land under development		-	(72,552,209)	-	(72,552,209)
Net cash provided by (used in) investing activities		188,534,542	(81,771,242)	188,531,831	(81,771,242)
<i>Cash flows from financing activities</i>					
Interest paid		(49,515,243)	(40,320,722)	(47,154,290)	(37,722,117)
Bank overdrafts and short - term loans from financial institutions		63,813,587	40,312,826	78,097,944	-
Proceeds from other short - term loans payable		120,300,000	157,200,000	120,300,000	157,200,000
Long-term loans from related parties		(277,777)	(92,592)	-	-
Creditors under the rehabilitation plan		(14,743,133)	(14,316,853)	(14,743,133)	(14,316,853)
Proceeds from other long - term loans payable		-	50,000,000	-	50,000,000
Payment of long-term loans from financial institutions		(40,000,000)	(130,000,000)	(40,000,000)	(130,000,000)
Finance lease liabilities		(30,194,454)	(16,404,302)	(30,194,454)	(16,404,302)
Net cash provided by financing activities		49,382,980	46,378,357	66,306,067	8,756,728
Net increase in cash and cash equivalents		196,488,058	78,085,112	289,397,494	20,153,707
Cash and cash equivalents at beginning of year	5	230,626,785	152,541,673	137,555,554	117,401,847
Cash and cash equivalents at end of year	5	427,114,843	230,626,785	426,953,048	137,555,554
Non - cash transactions					
Purchase of machinery and vehicle under finance lease agreements	29	47,264,975	52,682,247	47,264,975	52,682,247

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

Notes to the Financial Statements

For the years ended 31 December 2008 and 2007

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

Syntec Construction Public Company Limited and its Joint Ventures

Notes to the financial statements

For the years ended 31 December 2008 and 2007

These notes form an integral part of the financial statements.

The financial statements were authorized for issue by the directors on 27 February 2009.

1. General information

Syntec Construction Public Company Limited ("the Company") is incorporated in Thailand and has its registered office at 555/7-11 Sukhumvit soi 63 (Ekamai), Sukhumvit Road, Kwang Klontong Nua, Khet Wattana, Bangkok.

The Company was listed on the Stock Exchange of Thailand on 12 February 1993.

The Company's major shareholders who held more than 5% of total paid-up share capital as at 31 December were as follows :

	2008	2007
	(%)	
Natural Ventures Company Limited	11.88	11.88
Phahusuth Group	13.68	13.68
Subandit Group	6.64	6.64

The principal activities of the Company are business of construction.

Details of the Company's joint ventures were as follows :

Name of entities	Type of business	Country of incorporation	Portion of joint (%)	
			2008	2007
Joint ventures				
1) Joint venture between Siam Syntech Construction Pcl. and Federal Engineering Co., Ltd.	Construction (ceased operations)	Thailand	75	75
2) Joint venture between Siam Syntech Construction Pcl. and Underground Technologies (Thailand) Co., Ltd.	Construction (ceased operations)	Thailand	50	50
3) SVK Joint venture	Construction (ceased operations)	Thailand	51	51
4) SSU Joint venture	Construction (ceased operations)	Thailand	95	95
5) Syntec - Mivan Joint venture	Construction	Thailand	65	65

Notes to the Financial Statements

For the years ended 31 December 2008 and 2007

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

2. Basis of preparation of financial statements

The financial statements issued for Thai reporting purposes are prepared in the Thai language. The English translation of the standards has been prepared for the convenience of readers not conversant with the Thai language.

The financial statements are prepared in accordance with Thai Accounting Standards (“TAS”) including related interpretations and guidelines promulgated by the Federation of Accounting Professions (“FAP”) and regulations of the Securities and Exchange Commission and with generally accepted accounting principles in Thailand.

The Company has adopted the following revised Thai Accounting Standards (TAS) which were issued by the FAP during 2007 and effective for accounting periods beginning on or after 1 January 2008 :

TAS 25 (revised 2007)	Cash Flows Statements
TAS 29 (revised 2007)	Leases
TAS 31 (revised 2007)	Inventories
TAS 35 (revised 2007)	Presentation of Financial Statements
TAS 41 (revised 2007)	Interim Financial Reporting
TAS 49 (revised 2007)	Construction Contracts
TAS 51	Intangible Assets

The adoption of these new and revised TAS does not have any material impact on the consolidated and separate financial statements.

The FAP has issued during 2008 a number of revised TAS which are only effective for financial statements beginning on or after 1 January 2009 and have not been adopted in the preparation of these financial statements. These revised TAS are disclosed in Note 47.

The financial statements are presented in Thai Baht. They are prepared on the historical cost basis except as stated in the accounting policies.

The preparation of financial statements in conformity with TAS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors, including management’s assessment of the potential impact on the Group’s operations and financial position of the Global economic crisis. Accordingly, actual results may differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes :

Note 29	Lease classification
Note 30	Provision
Note 40	Valuation of financial instruments

Notes to the Financial Statements

For the years ended 31 December 2008 and 2007

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

3. Significant accounting policies

3.1 Basis of consolidation

The consolidated financial statements relate to the Company and its joint ventures (together referred to as the "Group") and the Group's interests in associates.

Significant intra - group transactions between the Company and its joint ventures are eliminated on consolidation.

Joint ventures

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement. The consolidated financial statements include the Group's proportionate share of the entities' assets, liabilities, revenue and expenses combined with items of a similar nature on a line by line basis, from the date that joint control commences until the date that joint control ceases.

Associates

Associates are those companies in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

3.2 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of income.

Non - monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

3.3 Derivative financial instruments

Derivative financial instruments are used to manage exposure to foreign exchange, interest rate and commodity price risks arising from operational, financing and investment activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognized initially at fair value ; attributable transaction costs are recognized in the statement of income when incurred. Subsequent to initial recognition, they are remeasured at fair value.

The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

3.4 Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

Notes to the Financial Statements

For the years ended 31 December 2008 and 2007

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

3.5 Trade and other accounts receivable

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

3.6 Inventories

Inventories represented construction materials which comprised steel bars and construction supplies, are stated at lower of cost or net realizable value. Spare parts and supplies are stated at average cost.

Cost is calculated using the weighted average cost formula and comprise all cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Construction contracts

When the outcome of a construction contract can be estimated reliably, contract costs are recognised as expenses in the statement of income by reference to the stage of completion of the contract activity at the balance sheet date. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense in the statement of income immediately. When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in the statement of income for the period in which they are incurred.

3.7 Investments

Investments in joint ventures and associates.

Investments in joint ventures and associates in the separate financial statements are accounted for using the cost method. Investments in associates in the consolidated financial statements are accounted for using the equity method.

Investments in other debt and equity securities

Debt securities that the Group intends and is able to hold to maturity are stated at amortised cost less impairment losses.

Debt securities and marketable equity securities other than those securities held for trading or intended to be held to maturity, are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity. The exceptions are impairment losses, which are recognised in the statement of income. When these investments are disposed and derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in the statement of income.

Equity securities which are not marketable are stated at cost less impairment losses.

The fair value of financial instruments classified as available-for-sale is determined as the quoted bid price at the balance sheet date.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in the statement of income.

If the Company disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

Notes to the Financial Statements

For the years ended 31 December 2008 and 2007

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

3.8 Land under development

Land under development is stated at cost.

3.9 Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Leased assets

Leases in terms of which the Company substantially assumes all the risk and rewards of ownership are classified as finance leases. Equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the statement of income.

Depreciation

Depreciation is charged to the statement of income on a straight - line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows :

Land and construction in progress	No depreciation
Buildings	20 years
Worker camp	5 years
Building improvement	5-10 years
Construction machinery and equipment	5-10 years
Furniture, fixtures and office equipment	5 years
Vehicles	5 years

3.10 Intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are stated at cost less accumulated amortisation and impairment losses (if any).

Amortisation

Amortisation is charged to the statement of income on a straight - line basis over the estimated useful lives of intangible assets from the date that intangible assets are available for use. The estimated useful lives are as follows :

Software licences	5 years
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3.11 Impairment

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

Other intangible assets with indefinite useful lives, and intangible assets not yet available for use, are tested for impairment annually and as and when indicators of impairment are identified.

Notes to the Financial Statements

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An impairment loss is recognised whenever the carrying amount of an asset or its cash - generating unit exceeds its recoverable amount. The impairment loss is recognised in the statement of income unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

When a decline in the fair value of an available - for - sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognized directly in equity is recognised in the statement of income even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the statement of income is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the statement of income.

Calculation of recoverable amount

The recoverable amount of assets of non-financial assets is the greater of the assets' net selling price and value in use. In assessing 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. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized. For available - for sale financial assets that are equity securities, the reversal is recognized directly in equity.

The Group reverses an impairment loss if there has been a change in the estimates used to determine the recoverable amount.

The Group reverses an impairment loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.12 Trade and other accounts payable

Trade and other accounts payable are stated at cost.

3.13 Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event or obligations resulting from joint venture agreements, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Warranties and penalties

A provision for warranties, which is based on each construction contract, is recognized when receiving payment from customers. If any damages on project would be incurred within the period of time specified in contract, repairing cost is recorded. Penalties are recognized a provision according to contracts which is based on output and a weighting off all possible outcomes against their associated probabilities.

3.14 Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of income as incurred.

Notes to the Financial Statements

For the years ended 31 December 2008 and 2007

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

3.15 Revenues

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

Sale of goods and services rendered

Revenue is recognised in the statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods. Service income is recognised as services are provided.

Construction contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognized in the statement of income by reference to the stage of completion of the contract activity at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed (to the costs incurred to date and the estimated total costs for each contract.) When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized immediately as an expense in the statement of income.

Interest and dividend income

Interest income is recognised in the statement of income as it accrues. Dividend income is recognised in the statement of income on the date the Group's right to receive payments is established.

Other income is recognized on an accrual basis.

3.16 Expenses

Operating leases

Payments made under operating leases are recognised in the statement of income on a straight line basis over the term of the lease. Lease incentives received are recognised in the statement of income as an integral part of the total lease payments made. Contingent rentals are charged to the statement of income for the accounting period in which they are incurred.

Finance cost

Interest expenses and similar costs are charged to the statement of income for the period in which they are incurred

Other expenses are recognized on the accrual basis.

3.17 Income tax

Income tax on the profit or loss for the year comprises current tax which is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date and applicable to the reporting period, and any adjustment to tax payable in respect of previous years.

4. Related party transactions and balances

Related parties are those parties linked to the Group and the Company by as shareholders or by common shareholders or directors. Transactions with related parties are conducted at prices based on market prices or, where no market price exists, at contractually agreed prices.

Notes to the Financial Statements

For the years ended 31 December 2008 and 2007

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

Relationships with related parties that control or jointly control the Company or are being controlled or jointly controlled by the Company or have transactions with the Company or the Group were as follows :

	Name of entities	Country of incorporation	Nature of relationships
1.	Natural Hotel Sukhumvit Co., Ltd.	Thailand	Associate, 25% shareholding
2.	Natural Hotel Siam Co., Ltd.	Thailand	Associate, 25% shareholding until 25 November 2008
3.	Beauconcept Development Sdn. Bhd.	-	Associate which ceased its operations and no financial information
4.	SSU Joint venture	Thailand	Joint venture which ceased its operations
5.	Joint venture between Siam Syntech Construction Pcl. and Underground Technologies (Thailand) Co., Ltd.	Thailand	Joint venture, 50% portion of joint which ceased its operations
6.	Joint venture between Siam Syntech Construction Pcl. and Federal Engineering Co., Ltd.	Thailand	Joint venture, 75% portion of joint which ceased its operations
7.	SVK Joint venture	Thailand	Joint venture, 51% portion of joint which ceased its operations
8.	Syntec – Mivan Joint venture	Thailand	Joint venture, 65% portion of joint
9.	Natural Venture Co., Ltd.	Thailand	Related company and a shareholder
10.	Natural Park Public company Limited	Thailand	Indirect related company and a shareholder of Natural Venture Co., Ltd. and Sansiri Public Company Limited
11.	Bangkok Metro Plc.	Thailand	Related company, 3.08 % shareholding and the Company's director is a director of this company
12.	Mivan (Thailand) Co., Ltd.	Thailand	Related company as a joint party in Syntec-Mivan joint venture

The nature of shareholding between its related parties was detailed as follows :

	Shareholding (%)	
	2008	2007
1. Syntec Construction Public Company Limited holds shares in Natural Hotel Sukhumvit company Limited	25	25
2. Natural Venture Co., Ltd. holds shares in Syntec Construction Public Company Limited	11.88	11.88
3. Natural Park Public Company Limited holds shares in Natural Venture Company Limited	99.94	99.94
4. Natural Park Public Company Limited holds shares in Sansiri Public Company Limited	4.26	4.26
5. Natural Park Public Company Limited holds shares in Natural Real Estate Co., Ltd.	99.99	99.99
6. Sansiri Public Company Limited holds shares in Plus property Partners Co., Ltd	100	100
7. Sansiri Public Company Limited holds shares in Sansiri Ramintra Co., Ltd	99.99	99.99
8. Syntec Construction Public Company Limited holds shares in Natural Hotel Siam Co., Ltd. (until 25 November 2008)	-	25
9. Natural Park Public Company Limited holds shares in Natural Hotel Siam Co., Ltd.	35	35

Notes to the Financial Statements

For the years ended 31 December 2008 and 2007

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

The pricing policies for particular types of transactions are explained further below :

Pricing policies	
Revenue from rendering of services	Contract price (Cost plus margin of 4-6%)
Gain on sale and return on investment in associate	Approval from the associate's shareholders and net book value
Cost of sale of goods and rendering of services	Invoice price pursuant to the joint ventures agreements (Market price)
Directors' remuneration represents meeting allowance and director bonus	Approval from the Company's directors and shareholders
Directors' and management's remuneration represent salary and bonus	Approval from the Company's directors and shareholders

Significant transactions for the years ended 31 December 2008 and 2007 with related parties were summarized as follows :

(in Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Joint ventures				
Revenue from rendering of services	-	311,362	-	6,227,250
Cost of sale of goods and rendering of services	280,290,924	9,052	-	181,031
Associates				
Revenue from rendering of services	610,588,605	182,253,045	610,588,605	182,253,045
Gain on sale and return on investment in associates	42,282,512	-	-	-
Related persons and companies				
Revenue from rendering of services	164,375,893	398,971,200	164,375,893	398,971,200
Directors' remuneration	576,000	756,000	576,000	756,000
Management's remuneration	4,916,000	6,432,000	4,916,000	6,432,000

Details of projects with related parties were summarized as follows :

(in million Baht)

Project names	Project owners	Project values	Balances		Pricing policies
			2008	2007	
Condo One Siam	Plus Property Co., Ltd.	138	-	3	Bid process
Condo One X	Plus Property Co., Ltd.				
Sathorn - Narativas		427	-	244	Bid process
The Siam Kempinski Hotel	Natural Hotel Siam	710	-	528	Bid process

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For the years ended 31 December 2008 and 2007

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

Balance as at 31 December 2008 and 2007 with related parties were as follows :

Trade accounts receivable

(in Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Associates				
Natural Hotel Siam Co., Ltd. (until 25 November 2008)	-	46,479,879	-	46,479,879
Other related companies				
Sansiri Public Company Limited	2,140,000	2,140,000	2,140,000	2,140,000
Sansiri Ramintra Co., Ltd.	1,177,000	2,010,244	1,177,000	2,010,244
Plus Property Co., Ltd.	6,114,870	65,261,221	6,114,870	65,261,221
Park Opera Co., Ltd.	5,952,694	5,952,694	5,952,694	5,952,694
Total	15,384,564	121,844,038	15,384,564	121,844,038

Retentions receivable under construction contracts

(in Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Associate				
Natural Hotel Siam Co., Ltd. (until 25 November 2008)	-	13,878,979	-	13,878,979
Other related companies				
Sansiri Public Company Limited	6,298,840	6,298,840	6,298,840	6,298,840
Sansiri Ramintra Co., Ltd.	501,567	7,430,482	501,567	7,430,482
Plus Property Co., Ltd.	24,484,442	20,369,668	24,484,442	20,369,668
Natural Real Estate Co., Ltd.	9,075,588	10,441,969	9,075,588	10,441,969
Park Opera Co., Ltd.	401,071	401,071	401,071	401,071
Total	40,761,508	58,821,009	40,761,508	58,821,009

Unbilled construction in progress

(in Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Other related companies				
Plus Property Co., Ltd.	6,742,385	5,262,265	6,742,385	5,262,265

Notes to the Financial Statements

For the years ended 31 December 2008 and 2007

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

Short - term loans to related parties

(in Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Consist of :-				
Other receivables and advance - net	43,910,081	55,954,689	85,684,804	125,397,598
Total	43,910,081	55,954,689	85,684,804	125,397,598

(in Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Other receivables and advances				
Joint ventures				
Joint Venture between Siam Syntech Construction Pcl. and Federal Engineering Co., Ltd.	14,098,874	11,584,756	56,365,496	56,355,496
Joint Venture between Siam Syntech Construction Pcl. And Underground Technologies (Thailand) Co., Ltd.	2,197,412	2,025,872	4,051,744	4,051,744
SVK Joint Venture	4,132,759	3,657,459	8,434,203	7,464,203
SSU Joint Venture	319,046	323,045	6,380,906	6,460,905
Syntec – Mivan Joint Venture	29,494,082	37,462,389	84,268,804	107,035,398
Other related companies				
Joint Venture				
Federal Engineering Co., Ltd.	-	20,521,850	-	-
Mivan (Thailand) Co., Ltd.	77,831,108	901,168	-	-
Total	128,073,281	76,476,539	159,501,153	181,367,746
Less Allowance for doubtful accounts	(19,332,092)	(20,521,850)	(73,816,349)	(55,970,148)
Net	108,741,189	55,954,689	85,684,804	125,397,598
Doubtful accounts for the year	-	-	9,651,458	-

Details of investments in joint ventures and associates were described in Note 14 to financial statements.

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SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

Other long - term investments

(in Baht)

	Consolidated and separate financial statements			
	2008		2007	
	At cost	Fair value	At cost	Fair value
<i>Available – for sale securities</i>				
Other related companies				
Bangkok Metro Plc.	560,624,974	147,132,343	560,624,974	382,544,092
Less allowance for devaluation of investments	(413,492,631)	-	(178,080,882)	-
Net	147,132,343	147,132,343	382,544,092	382,544,092

Long-term loans to related parties

(in Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	Joint ventures			
Joint Ventures between Siam SyntechConstruction Pcl. and Federal Engineering Co., Ltd.	-	-	28,655,435	28,655,435
Siam Syntech – Wattana Engineering	12,180,598	12,180,598	12,180,598	12,180,598
Other related companies				
Gentech Engineering Co., Ltd.	4,956,268	4,956,268	4,956,268	4,956,268
Total	17,136,866	17,136,866	45,792,301	45,792,301
Less Allowance for doubtful accounts	(17,136,866)	(17,136,866)	(45,792,301)	(45,792,301)
Net	-	-	-	-

Long - term loans to related parties were without contract and interest bearing.

Movements of long - term loans to related parties during the years were as follows :

(in Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	At 1 January	17,136,866	79,836,171	45,792,301
Increase	-	-	-	-
Decrease	-	(62,699,305)	-	(62,699,305)
At 31 December	17,136,866	17,136,866	45,792,301	45,792,301

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For the years ended 31 December 2008 and 2007

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

Trade accounts payable

(in Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Joint venture				
Mivan (Thailand) Co., Ltd.	2,733,841	45,398,069	-	-

Short – term loans from related parties

(in Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Consist of :-				
Other and retention payables	13,461,480	11,166,414	-	-
Net	13,461,480	11,166,414	-	-

Other and retention payables

(in Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Other payables				
Joint ventures				
Federal Engineering Co., Ltd	134,813	11,166,414	-	-
Retention payables				
Joint ventures				
Mivan (Thailand) Co., Ltd.	13,326,667	-	-	-
Total	13,461,480	11,166,414	-	-

Long-term loans from related parties

(in Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Accounts payable and advance				
Joint venture				
Federal Engineering Co., Ltd.	-	277,777	-	-

Details of provisions were described in Note 30 to the financial statements.

Notes to the Financial Statements

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SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

The commitments with related parties

The Ordinary General Meeting of Shareholders held 29 April 2008 resolved the approval of directors' remunerations for the year 2008 in the amount not exceeding Baht 2 million, which represented the meeting allowance of Baht 3,000 per time per head and the yearly audit committee directors' remuneration of Baht 120,000 per head.

The Ordinary General Meeting of Shareholders held 30 April 2007 resolved the approval of directors' remunerations for the year 2007, which represented the meeting allowance of Baht 3,000 per time per head and the yearly audit committee directors' remuneration of Baht 120,000 per head, and an additional allowance for a last period of Baht 120,000 per head totalling Baht 240,000.

The commitment under construction contract with Natural Hotel Siam Co., Ltd. as at 31 December, 2007 amounted to Baht 532 million.

5. Cash and cash equivalents

	(in Baht)			
	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Cash on hand	1,513,719	2,069,825	1,513,493	2,066,699
Cash at banks – current accounts	9,432,242	93,363,198	9,410,161	807,447
Cash at banks – savings accounts	416,168,882	135,193,762	416,029,394	134,681,408
Total	427,114,843	230,626,785	426,953,048	137,555,554

Cash and cash equivalents of the Group as at 31 December 2008 and 2007 were denominated entirely in Thai Baht.

6. Current investments - promissory notes

	(in Baht)			
	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Current	3,850,000	-	3,850,000	-

As at 31 December 2008, current investments of Baht 3.85 million represented four promissory notes from a finance company, due on 20 April 2009 and 19 October 2009, respectively, with interest rate of 3.125% and 4% per annum.

Notes to the Financial Statements

For the years ended 31 December 2008 and 2007

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

7. Trade accounts receivable

(in Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Related parties	15,384,564	121,844,038	15,384,564	121,844,038
Other parties	711,611,769	784,119,456	711,611,769	784,119,456
Total	726,996,333	905,963,494	726,996,333	905,963,494
<i>Less</i> allowance for doubtful accounts	(214,637,277)	(343,570,223)	(214,637,277)	(343,570,223)
Net	512,359,056	562,393,271	512,359,056	562,393,271
Doubtful debts for the year	89,579,921	85,399,290	89,579,921	85,399,290
Reversal of allowance for doubtful accounts	(129,074,749)	(36,360,310)	(129,074,749)	(36,360,310)
Total	(39,494,828)	49,038,980	(39,494,828)	49,038,980

Aging analyses for trade accounts receivable were as follows :

(in Baht)

	Consolidated financial statements and Separate financial statements					
	Related parties		Other parties		Total	
	2008	2007	2008	2007	2008	2007
Within credit terms	3,719,034	74,692,412	390,039,696	235,342,099	393,758,729	310,034,511
Still installment	-	-	-	98,123,350	-	98,123,350
Overdue :						
- Less than 3 months	2,295,605	35,149,600	83,808,365	39,045,864	86,103,970	74,195,464
- Over 3 months to 6 months	100,232	1,899,089	7,500,083	27,145,987	7,600,316	29,045,076
- Over 6 months to 12 months	-	2,740,669	8,306,181	150,634,456	8,306,181	153,375,125
- Over 12 months	9,269,693	7,362,268	221,957,444	233,827,700	231,227,137	241,189,968
Total	15,384,564	121,844,038	711,611,769	784,119,456	726,996,333	905,963,494

The normal credit term granted by the Group ranges from 30 days to 45 days.

Trade accounts receivable of the Group as at 31 December 2008 and 2007 were denominated entirely in Thai Baht.

Trade accounts receivable of Baht 139.47 million are used as collateral under the transferring claim agreement until to 31 January 2008 as described in Note 44 to the financial statements.

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8. Retentions receivable under construction contracts

(in Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Related parties	40,761,508	58,821,009	40,761,508	58,821,009
Other parties	418,936,958	284,000,753	417,636,958	283,666,328
Total	459,698,466	342,821,762	458,398,466	342,487,337
Less allowance for doubtful accounts	(32,744,118)	(37,492,903)	(32,744,118)	(37,492,903)
Net	426,954,348	305,328,859	425,654,348	304,994,434
Doubtful debts for the year	2,471,596	-	2,471,596	-
Reversal of allowance for doubtful accounts	(2,471,596)	-	(2,471,596)	-
Total	-	-	-	-

Retentions receivable under construction contracts of the Group as at 31 December 2008 and 2007 were denominated entirely in Thai Baht.

9. Unbilled construction in progress

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Construction project contracts amount	21,216	17,256	18,251	14,322
Less expected losses recognized	(31)	-	-	-
Construction project contracts amount, net	21,185	17,256	18,251	14,322
Contract revenue recognized				
as revenue since commencing date to present	14,128	9,185	11,535	7,274
Less progress billings (as invoices)	(13,246)	(8,722)	(10,824)	(6,910)
Unbilled construction in progress	882	463	711	364
Unbilled construction in progress (before 2000)	166	166	166	166
Unbilled construction in progress at the end of year	1,048	629	877	530
Less allowance for doubtful accounts	(141)	(141)	(141)	(141)
Net	907	488	736	389
Comprise				
Unbilled construction in progress				
Related parties	7	5	7	5
Other parties	1,041	624	870	525
	1,048	629	877	530
Less allowance for doubtful accounts	(141)	(141)	(141)	(141)
Net	907	488	736	389
Excess of progress billing over work in progress	(278)	(179)	(278)	(179)
Total	629	309	458	210

Notes to the Financial Statements

For the years ended 31 December 2008 and 2007

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

10. Inventories

(in Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Construction materials	223,473,059	127,534,610	223,473,059	105,417,071
Spare parts and supplies	7,620,429	6,765,568	7,620,429	6,765,568
Total	231,093,488	134,300,178	231,093,488	112,182,639

11. Advance payments to subcontractors

(in Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Advance payments to subcontractors	99,224,041	97,478,209	99,095,265	87,097,202
Less allowance for doubtful accounts	-	(76,522,469)	-	(76,522,469)
Net	99,224,041	20,955,740	99,095,265	10,574,733

12. Other receivables

(in Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Other receivables	592,449,434	713,002,769	592,448,370	713,002,769
Less Allowance for doubtful accounts	(582,809,818)	(696,006,844)	(582,809,818)	(696,006,844)
Net	9,639,616	16,995,925	9,638,552	16,995,925
Reversal of allowance for doubtful accounts	(1,515,969)	-	(1,515,969)	-

13. Other current assets

(in Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Prepaid expenses	12,179,946	11,584,036	10,849,961	10,752,582
Advances	3,654,508	11,630,056	3,004,508	4,479,552
Prepaid value added tax	9,206,440	16,034,797	3,176,707	9,347,533
Accrued interest receivable	429,876	115,945	429,876	115,945
Total	25,470,770	39,364,834	17,461,052	24,695,612

Notes to the Financial Statements

For the years ended 31 December 2008 and 2007

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

14. Investments in joint ventures and associates

(in Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
At 1 January	305,312,231	423,468,329	344,301,500	503,989,000
Share of net losses of investments equity method	(12,272,953)	(3,468,598)	-	-
Purchase of investments-increase of share capital	84,999,000	-	84,999,000	-
Write off	-	-	-	(45,000,000)
Disposals	(344,403,547)	-	(384,998,500)	-
Gain from fund returned	1,687,559	-	-	-
Fund returned	(5,625,000)	(114,687,500)	(5,625,000)	(114,687,500)
	29,697,290	305,312,231	38,677,000	344,301,500
<i>Less allowance for valuation</i>	(29,302,000)	(29,302,000)	(38,677,000)	(29,302,000)
At 31 December	395,290	276,010,231	-	314,999,500

The Company recorded loss on impairment of investment for 2008 in the amount of Baht 9.38 million in the separate financial statement.

Notes to the Financial Statements

For the years ended 31 December 2008 and 2007

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

Investments in joint ventures and associates

Consolidated financial statements														
	Percentage of Shareholding		Paid-up Share capital		Cost method		Equity method		Impairment		At equity - net		Dividend income	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	(in million Baht)													
Associates														
Natural Hotel Sukhumvit Co., Ltd.	25	25	41	66	10	15	0.4	4	-	-	0.4	4	-	-
Natural Hotel Siam Co., Ltd.	-	25	-	1,200	-	300	-	272	-	-	-	272	-	-
Beauconcept Development Co., Ltd	25	25	RM 12	RM 12	29	29	-	-	(29)	(29)	-	-	-	-
Total					39	344	0.4	276	(29)	(29)	0.4	276	-	-

Separate financial statements														
	Percentage of Shareholding		Paid - up Share capital		Cost method		Impairment		At cost - net		Market price of listed securities		Dividend income	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	(in million Baht)													
Associates														
Natural Hotel Sukhumvit Co., Ltd.	25	25	41	66	10	15	(10)	-	-	15	-	-	-	-
Natural Hotel Siam Co., Ltd.	-	25	-	1,200	-	300	-	-	-	300	-	-	-	-
Beauconcept Development Co., Ltd.	25	25	RM12	RM 12	29	29	(29)	(29)	-	-	-	-	-	-
Total					39	344	(39)	(29)	-	315	-	-	-	-

Notes to the Financial Statements

For the years ended 31 December 2008 and 2007

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

The Extraordinary Shareholders Meetings of Natural Hotel Sukhumvit Co., Ltd. held on 9 June 2008 and 26 June 2008 passed the special resolution to reduce its authorized share capital from Baht 240 million by Baht 90 million to Baht 150 million. The paid - up share capital of Baht 24.81 million will be returned to the shareholder (Syntec Construction Public Company Limited received return on share of Baht 5.63 million on 29 August 2008) and the Company recognized gain on return of investment of Baht 1.69 million.

The Extraordinary Shareholders Meetings of Natural Hotel Sukhumvit Co., Ltd. held on 4 July 2007 and 20 July 2007 passed the special resolution to reduce its authorized share capital from Baht 875 million by Baht 635 million to Baht 240 million. The paid - up share capital of Baht 452.58 million will be returned to the shareholder. (Syntec Construction Public Company Limited proceeded returned share of Baht 114.69 million on 4 December 2007.)

The Board of Directors Meetings held on 22 October 2008 and 25 November 2008, authorized the Company sold shares in Natural Hotel Siam Co., Ltd. to formerly shareholder in the amount of shares 3,849,985 at the price of Baht 100 per share totaling Baht 384,998,500. Gain on sale of investment of Baht 40.59 million was recognized in the consolidated financial statement.

The following summarized financial information of associates which have been accounted for using the equity method in the consolidated financial statements.

	Ownership (%)	Total assets	Total liabilities	Total revenues	Net profit (loss)
(in million Baht)					
2008					
Natural Hotel Sukhumvit Co., Ltd.	25	2,176	595	3,746	2,260
Total		2,176	595	3,746	2,260
2007					
Natural Hotel Sukhumvit Co., Ltd.	25	29	5	18	15
Natural Hotel Siam Co., Ltd.	25	1,165	78	9	(30)
Total		1,194	83	27	(15)

Notes to the Financial Statements

For the years ended 31 December 2008 and 2007

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

The following summarized financial information of interests in jointly controlled entities which have been included in the consolidated financial statements represents the Group's share :-
(in million Baht)

	Ownership (%)	Current assets		Non-current assets		Total assets		Current liabilities		Non-current liabilities		Total liabilities		Total revenues		Total expenses		Net profit (loss)	
2008																			
SSU Joint Ventures	95	1	-	1	6	-	1	6	-	-	6	-	6	-	-	-	2	-	(2)
Joint Ventures between Siam Syntech Construction Pcl. and Underground Technology (Thailand) Co., Ltd.	50	-	-	-	2	-	-	2	-	-	2	-	-	-	-	-	-	-	-
Joint Ventures between Siam Syntech Construction Pcl. and Federal Engineering Co., Ltd.	75	-	-	-	16	-	-	16	64	80	-	-	80	-	-	-	-	-	-
SVK Joint Venture	51	-	1	1	4	-	1	4	-	4	-	-	4	-	-	1	-	-	(1)
Syntec – Mivan Joint Ventures	65	258	45	303	335	72	407	671	759	759	671	759	671	759	671	759	671	759	(91)
Total		259	46	305	363	136	499	671	671	671	671	671	671	671	671	762	762	762	(94)
2007																			
SSU Joint Ventures	95	1	2	3	6	-	6	6	-	6	-	6	6	-	6	8	-	-	(2)
Joint Ventures between Siam Syntech Construction Pcl. and Underground Technology (Thailand) Co., Ltd.	50	-	1	-	2	-	2	2	-	2	-	2	-	-	-	-	-	-	-
Joint Ventures between Siam Syntech Construction Pcl. and Federal Engineering Co., Ltd.	75	11	-	11	29	62	91	29	62	91	-	91	-	-	-	-	-	-	-
Joint Ventures between Siam Syntech SVK Joint Venture	51	-	2	2	4	-	4	4	-	4	-	4	-	-	-	1	-	-	(1)
Syntec – Mivan Joint Ventures	65	240	30	270	283	-	283	283	-	283	-	283	1,377	1,397	1,397	1,397	1,397	1,397	(20)
Total		252	35	286	324	62	386	324	62	386	386	1,383	1,406	1,406	1,406	1,406	1,406	1,406	(23)

Notes to the Financial Statements

For the years ended 31 December 2008 and 2007

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

15. Other long - term investments

(in Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
General investments - net	-	-	-	-
Equity securities available for sale, net	147,132,343	382,544,092	147,132,343	382,544,092
Debt securities held to maturity	10,000,000	10,000,000	10,000,000	10,000,000
Total	157,132,343	392,544,092	157,132,343	392,544,092

(in Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
General investments				
DS Management Co., Ltd.	-	10,062,136	-	10,062,136
S.S. Bangkok Development Co., Ltd.	34,038,000	34,038,000	34,038,000	34,038,000
Salintara Co., Ltd.	18,750,000	18,750,000	18,750,000	18,750,000
The Bangkok Club Co., Ltd.	3,000,000	3,000,000	3,000,000	3,000,000
Total	55,788,000	65,850,136	55,788,000	65,850,136
Less allowance for devaluation of investment	(55,788,000)	(65,850,136)	(55,788,000)	(65,850,136)
Net	-	-	-	-
Available - for - sale securities				
Bangkok Metro Public Co., Ltd	560,624,974	560,624,974	560,624,974	560,624,974
Less unrealized loss on valuation adjustment	(413,492,631)	(178,080,882)	(413,492,631)	(178,080,882)
Net	147,132,343	382,544,092	147,132,343	382,544,092
Debt securities held to maturity				
Glow Energy Pcl.	10,000,000	10,000,000	10,000,000	10,000,000
Total	157,132,343	392,544,092	157,132,343	392,544,092

As at 31 December 2008 and 2007, investment in Bangkok Metro Pcl., its book value of Baht 147.13 million and 382.54 million, respectively were used as collateral with a domestic commercial bank for long-term loans in credit line of Baht 240 million.

As at 31 December 2008 and 2007, the market value of investment in Bangkok Metro Pcl. amounted to Baht 147.13 million and Baht 382.54 million respectively.

As at 31 December 2008 and 2007, debt securities held to maturity represented debentures valued of Baht 10 million, its fair value amounted to Baht 10.02 million and Baht 10.05 million respectively, with interest rate of 4.60% per annum due on redemption in 2009.

Notes to the Financial Statements

For the years ended 31 December 2008 and 2007

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

16. Land under development

(in Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Cost				
At 1 January	99,643,500	-	99,643,500	-
Additions	-	99,643,500	-	99,643,500
Deductions	-	-	-	-
At 31 December	99,643,500	99,643,500	99,643,500	99,643,500

As at 31 December 2008 and 2007, land under development amounted to Baht 99.64 million were mortgage as collateral for short term loan from others persons in the amount of Baht 85 million.

17. Other long - term loans receivable

(in Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Other long - term loans	180,756,235	180,756,235	180,756,235	180,756,235
Less allowance for doubtful accounts	(180,756,235)	(180,756,235)	(180,756,235)	(180,756,235)
Net	-	-	-	-

Other long - term loans represented loans to two other companies without loan agreements and interest bearing.

Notes to the Financial Statements

For the years ended 31 December 2008 and 2007

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

18. Property, plant and equipment

	Consolidated financial statements						(in Baht)
	Land	Buildings and building improvement	Construction machinery and equipment	Furniture, fixtures and equipment	Vehicles	Construction in progress	
<i>Cost</i>							
At 1 January 2007	26,716,400	97,734,603	1,140,119,291	76,074,898	69,768,035	35,478	1,410,448,705
Additions	31,400,000	33,000,000	107,480,941	13,710,265	17,949,500	35,889,945	239,430,651
Transfers	-	-	-	-	-	-	-
Disposals	-	-	(82,546,990)	(17,508,865)	(4,220,987)	-	(104,276,842)
At 31 December 2007	58,116,400	130,734,603	1,165,053,242	72,276,298	83,496,548	35,925,423	1,545,602,514
Additions	-	-	63,152,497	7,924,663	19,795,361	35,531,521	126,404,042
Transfers	-	12,488,952	-	-	-	(12,488,952)	-
Disposals	-	(4,936,939)	(30,610,806)	(16,693,786)	(8,549,484)	-	(60,791,015)
At 31 December 2008	58,116,400	138,286,616	1,197,594,933	63,507,175	94,742,425	58,967,992	1,611,215,541

Notes to the Financial Statements

For the years ended 31 December 2008 and 2007

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

	Consolidated financial statements						(in Baht)
	Land	Buildings and building improvement	Construction machinery and equipment	Furniture, fixtures and equipment	Vehicles	Construction in progress	
<i>Accumulated depreciation</i>							
At 1 January 2007	-	57,875,218	1,028,617,176	58,387,180	46,604,703	-	1,191,484,277
Depreciation charge for the year	-	7,223,397	37,311,013	7,367,098	9,884,394	-	61,785,902
Transfers	-	-	-	-	-	-	-
Disposals	-	-	(49,205,686)	(17,232,784)	(4,136,785)	-	(70,575,255)
At 31 December 2007	-	65,098,615	1,016,722,503	48,521,494	52,352,312	-	1,182,694,924
Depreciation charge for the year	-	10,813,943	48,538,913	8,903,905	12,164,643	-	80,421,404
Transfers	-	-	-	-	-	-	-
Disposals	-	(4,936,926)	(15,443,266)	(16,601,489)	(6,233,501)	-	(43,215,182)
At 31 December 2008	-	70,975,632	1,049,818,150	40,823,910	58,283,454	-	1,219,901,146
<i>Net book value</i>							
Owned assets	58,116,400	65,635,988	93,999,824	22,791,220	6,828,764	35,925,423	283,297,619
Assets under finance leases	-	-	54,330,915	963,584	24,315,472	-	79,609,971
Total at 31 December 2007	58,116,400	65,635,988	148,330,739	23,754,804	31,144,236	35,925,423	362,907,590
Owned asset	58,116,400	67,310,984	81,993,435	22,683,265	2,404,721	58,967,992	291,476,797
Assets under finance leases	-	-	65,783,348	-	34,054,250	-	99,837,598
Total at 31 December 2008	58,116,400	67,310,984	147,776,783	22,683,265	36,458,971	58,967,992	391,314,395

Notes to the Financial Statements

For the years ended 31 December 2008 and 2007

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

	Separate financial statements						(in Baht)
	Land	Buildings and building improvement	Construction machinery and equipment	Furniture, fixtures and equipment	Vehicles	Construction in progress	
<i>Cost</i>							
At 1 January 2007	26,716,400	92,797,664	1,115,259,828	70,319,848	69,768,035	35,478	1,374,897,253
Additions	31,400,000	33,000,000	107,480,941	13,710,265	17,949,500	35,889,945	239,430,651
Transfers	-	-	-	-	-	-	-
Disposals	-	-	(82,546,990)	(17,508,865)	(4,220,987)	-	(104,276,842)
At 31 December 2007	58,116,400	125,797,664	1,140,193,779	66,521,248	83,496,548	35,925,423	1,510,051,062
Additions	-	-	63,152,497	7,924,663	19,795,361	35,531,521	126,404,042
Transfers	-	12,488,952	-	-	-	(12,488,952)	-
Disposals	-	-	(27,385,249)	(10,972,862)	(8,549,484)	-	(46,907,595)
At 31 December 2008	58,116,400	138,286,616	1,175,961,027	63,473,049	94,742,425	58,967,992	1,589,547,509

Notes to the Financial Statements

For the years ended 31 December 2008 and 2007

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

	Separate financial statements						(in Baht)
	Land	Buildings and building improvement	Construction machinery and equipment	Furniture, fixtures and equipment	Vehicles	Construction in progress	
<i>Accumulated depreciation</i>							
At 1 January 2007	-	52,938,292	1,022,806,054	52,662,232	46,604,703	-	1,175,011,281
Depreciation charge for the year	-	7,223,397	33,273,156	7,359,697	9,884,394	-	57,740,644
Transfers	-	-	-	-	-	-	-
Disposals	-	-	(49,205,686)	(17,232,784)	(4,136,785)	-	(70,575,255)
At 31 December 2007	-	60,161,689	1,006,873,524	42,789,145	52,352,312	-	1,162,176,670
Depreciation charge for the year	-	10,813,943	44,202,654	8,897,065	12,164,643	-	76,078,305
Transfers	-	-	-	-	-	-	-
Disposals	-	-	(12,217,746)	(10,880,671)	(6,233,501)	-	(29,331,918)
At 31 December 2008	-	70,975,632	1,038,858,432	40,805,539	58,283,454	-	1,208,923,057
Net book value							
Owned assets	58,116,400	65,635,975	78,989,340	22,768,519	6,828,764	35,925,423	268,264,421
Assets under finance leases	-	-	54,330,915	963,584	24,315,472	-	79,609,971
Total at 31 December 2007	58,116,400	65,635,975	133,320,255	23,732,103	31,144,236	35,925,423	347,874,392
Owned assets	58,116,400	67,310,984	71,319,247	22,667,510	2,404,721	58,967,992	280,786,854
Assets under finance leases	-	-	65,783,348	-	34,054,250	-	99,837,598
Total at 31 December 2008	58,116,400	67,310,984	137,102,595	22,667,510	36,458,971	58,967,992	380,624,452

Notes to the Financial Statements

For the years ended 31 December 2008 and 2007

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

Depreciation was included in : -

(in Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Cost of sales and services	66,998,743	52,507,982	62,662,484	48,469,546
Selling and administrative Expenses	13,422,661	9,277,920	13,415,821	9,271,098
Total	80,421,404	61,785,902	76,078,305	57,740,644

As at 31 December 2008 and 2007, the gross amount of the Group's fully depreciated buildings and equipment that was still in use amounted to Baht 987 million and Baht 1,011 million, respectively.

As at 31 December 2008 and 2007, land, buildings and building improvement of which cost amounted to Baht 123 million and Baht 122 million, respectively, were mortgaged as collateral for contingent liabilities due to the letter of guarantee issued by the domestic commercial banks.

As at 31 December 2007, the Company's 2 title deeds, original cost valued Baht 31.40 million, were joint ownership with domestic commercial bank and 3 persons for 16,000 portion from total of 27,322. Those title deeds were in the process of separating ownership. Later on 16 and 18 December 2008, such title deeds were already separated ownership.

19. Intangible Assets

(in Baht)

	Consolidated and separate financial statements	
	Software license	Total
<i>Cost</i>		
At 1 January 2007	11,471,449	11,471,449
Additions	251,709	251,709
Disposals	-	-
At 31 December 2007	11,723,158	11,723,158
Additions	420,175	420,175
Disposals	1,030,478	1,030,478
At 31 December 2008	11,112,855	11,112,855
<i>Accumulated amortisation</i>		
At 1 January 2007	7,761,548	7,761,548
Amortisation charge for the year	1,617,497	1,617,497
Disposals	-	-
At 31 December 2007	9,379,045	9,379,045
Amortisation charge for the year	1,614,712	1,614,712
Disposals	1,030,472	1,030,472
At 31 December 2008	9,963,285	9,963,285
Net book value		
At 31 December 2007	2,344,113	2,344,113
At 31 December 2008	1,149,570	1,149,570

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For the years ended 31 December 2008 and 2007

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

(in Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Amortization for the years included in Selling and administrative expenses	1,614,712	1,617,497	1,614,712	1,617,497
Total	1,614,712	1,617,497	1,614,712	1,617,497

20. Pledged bank deposits

(in Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Cash at banks – savings accounts	58,021,983	91,867,900	58,021,983	91,867,900
Cash at banks – current accounts	163,910,016	68,387,765	163,910,016	68,387,765
Total	221,931,999	160,255,665	221,931,999	160,255,665

The above cash at domestic banks were used as collateral for bank overdrafts, other long-term loans, contingent liabilities due to the letter of guarantee issued by the domestic commercial banks and guarantee to the Court for settle debt to a creditor according to the Primary Court's Judgment.

21. Other non - current assets

(in Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Deposits and others	59,629,951	190,503,608	45,005,654	188,804,900
Less allowance for doubtful accounts	(3,722,386)	(166,538,886)	(3,688,886)	(166,538,886)
Net	55,907,565	23,964,722	41,316,768	22,266,014

22. Bank overdrafts and short - term loans from financial institutions

(in Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Bank overdrafts	5,126,413	12,826	5,079,944	-
Short-term loans - Promissory note	99,000,000	40,300,000	73,000,000	-
Total	104,126,413	40,312,826	78,079,944	-

As at 31 December 2008, the Group and the Company has short term loans from two financial institutions in the amount of Baht 99 million and Baht 73 million in the consolidated and separate financial statement, respectively, due on 20 January 2009 and 26 February 2009. Interest rate was charged at MOR per annum. The above loans were secured by land and office building of the Company.

As at 31 December 2008 and 2007, the Group and the Company had unutilized credit facilities provided by two domestic commercial banks totaling Baht 2,698 million and Baht 1,010 million respectively.

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SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

23. Trade accounts payable

(in Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Related parties	2,733,841	45,398,069	-	-
Other parties	557,133,527	450,026,781	327,213,631	327,667,321
Total	559,867,368	495,424,850	327,213,631	327,667,321

Trade accounts payable of the Group as at 31 December 2008 and 2007 were denominated entirely in Thai Baht.

24. Other short - term loans payable

(in Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Notes payable	431,300,000	311,000,000	431,300,000	311,000,000

As at 31 December 2008 and 2007, other short-term loans payable of Baht 431.30 million and Baht 311 million, respectively, are the other short - term loans payable represented the promissory notes from non - related parties due within February 2008 and 2007 with interest rate charged at 7.50% per annum.

25. Other current liabilities

(in Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Undue output tax	102,233,720	50,872,372	91,029,677	50,872,372
Vat payable	19,331,783	-	19,331,783	-
Accrued withholding tax	6,386,739	8,936,122	6,217,723	6,257,164
Other payable	19,876,485	620,146	10,820,127	620,146
Others	7,299,645	2,720,062	2,572,380	2,720,062
Total	155,128,372	63,148,702	129,971,690	60,469,744

26. Long - term loans from financial institutions

((in Baht))

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Long - term loans from financial institutions	-	40,000,000	-	40,000,000
Less current portion due within one Year	-	(40,000,000)	-	(40,000,000)
Net	-	-	-	-

Notes to the Financial Statements

For the years ended 31 December 2008 and 2007

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

Long - term loans from financial institution represented loans from a domestic commercial bank under a credit facilities agreement which additionally revised dated 20 April 2004 in the amount of Baht 240 million. Interest is charged monthly at MLR per annum. Principal is repayable in three equal annual installments. As at 31 December 2007, the above loans balanced to Baht 40 million and were repaid in full on 30 January 2008.

Such agreement contains certain restrictions, among other things, to fail repayment, reserve cash in reserve account for interest payment, maintain debts to equity ratio and outstanding debts to value of collaterals ratio, make liabilities, dispose or transfer its assets, provide a loan or guarantee, invest in corporation, reduce its capital and pay dividend.

The above loan was secured by shares in Bangkok Metro Public Company Limited of 345 million shares under a mortgage agreement, and the saving account, a reserve account for interest payment, under a transfer of rights agreement.

27. Other long - term loans payable

(in Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Other long - term loans payable	50,000,000	50,000,000	50,000,000	50,000,000
Less current portion due within one Year	(50,000,000)	-	(50,000,000)	-
Net	-	50,000,000	-	50,000,000

As at 31 December 2008 and 2007, other long-term loans payable of Baht 50 million represented loans from person under the loan agreement dated 23 May 2007 due within 2 years as from date of agreement. Interest rate was monthly payable at 6% per annum. 6 Title deeds of land under development of the Company were registered to mortgage as collateral in credit line of Baht 85 million.

28. Creditors under the rehabilitation plan

(in Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Creditors under the rehabilitation Plan	127,716,898	141,384,723	127,716,898	141,384,723
Creditors in the process of converting debts to share capital	13,036,063	13,036,063	13,036,063	13,036,063
	140,752,961	154,420,786	140,752,961	154,420,786
Less current portion due within one Year	(140,752,961)	(154,420,786)	(140,752,961)	(154,420,786)
Net	-	-	-	-

The currency denomination of creditors under the rehabilitation plan was as follows: -

(in Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Thai Baht (THB)	106,754,321	112,045,824	106,754,321	112,045,824
United States Dollars (USD)	33,998,640	42,374,962	33,998,640	42,374,962
Total	140,752,961	154,420,786	140,752,961	154,420,786

Notes to the Financial Statements

For the years ended 31 December 2008 and 2007

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

The above creditors under the rehabilitation plan were the outstanding balances after implementing the rehabilitation plan to be approved by the creditors and the Central Bankruptcy Court as described in Note 43 to the financial statements. Pursuant to the rehabilitation plan requiring a period of 7 year, up to 31 December 2008, the Company reached to the term of plan but the payment has not been complete. The outstanding creditors comprised Group 3 to certain Group 9 because the majority of creditors have not contacted for receiving claims and certain creditors have been in the process of arbitration.

29. Finance lease liabilities

(in Baht)

	Consolidated and Separate financial statements					
	2008			2007		
	Principal	Interest	Payments	Principal	Interest	Payments
Within one year	24,441,552	5,175,845	29,617,397	21,174,929	4,443,879	25,618,808
After one year but within five years	57,861,156	7,879,627	65,740,783	44,057,258	5,900,108	49,957,366
After 5 years	-	-	-	-	-	-
Total	82,302,708	13,055,472	95,358,180	65,232,187	10,343,987	75,576,174

As at 31 December 2008 and 2007, finance lease liabilities of Baht 82.30 million and Baht 65.23 million, respectively, represented the creditors under the hire purchase agreements on machinery, computers and vehicles with other companies of 10 companies and 7 companies respectively, for 71 agreements and 83 agreements, respectively. The term of agreements covered for the period of 3-5 years, monthly payable amounting to Baht 10,475 to Baht 324,542.

30. Provision

(in Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Estimated loss under joint venture agreement	-	-	140,368,044	57,597,897
Estimated loss for construction contracts	30,976,437	-	-	-
Estimated penalties under construction contracts	40,605,156	-	-	-
Total	71,581,593	-	140,368,044	57,597,897
At 31 December				
Current	-	-	-	-
Non-current	71,581,593	-	140,368,044	57,597,897
Total	71,581,593	-	140,368,044	57,597,897

Notes to the Financial Statements

For the years ended 31 December 2008 and 2007

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

Movements during the years 2008 and 2007 were as follows :

(in Baht)

	Consolidated financial statements			Total
	Estimated loss under joint venture agreement	Estimated loss for construction contracts	Estimated penalties under construction contracts	
At 1 January 2007	-	-	-	-
Provision made	-	-	-	-
Provision reversed	-	-	-	-
At 31 December 2007	-	-	-	-
Provision made	-	30,976,437	40,605,156	71,581,593
Provision reversed	-	-	-	-
At 31 December 2008	-	30,976,437	40,605,156	71,581,593

(in Baht)

	Separate financial statements			Total
	Estimated loss under joint venture agreement	Estimated loss for construction contracts	Estimated penalties under construction contracts	
At 1 January 2007	30,994,908	-	-	30,994,908
Provision made	26,602,989	-	-	26,602,989
Provision reversed	-	-	-	-
At 31 December 2007	57,597,897	-	-	57,597,897
Provision made	90,964,890	-	-	90,964,890
Provision reversed	(8,194,743)	-	-	(8,194,743)
At 31 December 2008	140,368,044	-	-	140,368,044

Estimated loss under joint venture agreement

As at 31 December 2008 and 2007, the Company recognized the estimated loss under joint venture agreement which was based on the proportionate share of the entities as follow :

(in Baht)

	Separate financial statements	
	2008	2007
Joint Venture between Siam Syntec Construction Plc. and Federal Engineering Co., Ltd	36,497,042	36,882,390
Joint Venture between Siam Syntec Construction Plc. and Underground Technologies (Thailand) Co., Ltd.	-	1,741,394
SVK Joint Venture	-	2,308,248
SSU Joint Venture	-	3,759,753
Syntec – Mivan Joint Venture	103,871,002	12,906,112
Total	140,368,044	57,597,897

Notes to the Financial Statements

For the years ended 31 December 2008 and 2007

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

Estimated loss for construction contracts

As at 31 December 2008, the Joint Venture recognized the estimated loss for construction contracts for 2 projects in the amount of Baht 31 million in the consolidated financial statements.

Estimated penalties under construction contracts

As at 31 December 2008, the Joint Venture recorded the estimated penalties under construction contracts which were based on rate identified in construction contracts and expected for damages in the amount of Baht 41 million in the consolidated financial statements.

31. Share capital

	2008		2007		
	Par Value (Baht)	Number (in million shares)	Value (in million Baht)	Number (in million shares)	Value (in million Baht)
Authorized share capital					
At 1 January					
- Ordinary shares	1	1,600	1,600	1,600	1,600
At 31 December					
- Ordinary shares	1	1,600	1,600	1,600	1,600
Issued and called up share capital					
At 1 January					
- Ordinary shares	1	1,600	1,600	1,600	1,600
At 31 December					
- Ordinary shares	1	1,600	1,600	1,600	1,600

The Company's management converted debts into equity as specified in the Company's rehabilitation plan. The Company also increased its share capital and issued share certificates to the creditors whose some claims were judged by the Central Bankruptcy Court. As at 31 December 2008 and 2007, the Company had the remaining shares balanced to Baht 13.04 million (13,036,063 shares) which was presented under share subscription receivables. Those share certificates were issued on behalf of the Plan Administrator (Siam Syntech Planner Co., Ltd.) who collected and delivered to the creditors under the Plan.

32. Reserves and legal reserve

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

Fair value changes of available - for - sale of securities

Fair value changes of available - for - sale of securities recognized in the shareholders' equity relate to cumulative net changes in the fair value of available-for-sale investments until depositing those investments.

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 Section 116 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

Notes to the Financial Statements

For the years ended 31 December 2008 and 2007

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

The Board of Directors Meetings held on 13 May 2008 and 14 August 2008 passed the resolution to appropriate legal reserve at 5% of net profit for 2008 amounting to Baht 11.52 million.

The Board of Directors Meeting held on 28 February 2008 passed the resolution to appropriate legal reserve at 5% of net profit for 2007 amounting to Baht 11.90 million.

33. Segment information

The Financial statements for the years ended 31 December 2008 and 2007 did not present the financial segment information because the Group involves virtually only construction business in one geographical segment in domestic. The management considers that the Group has only one major geographic segment.

34. Other income

	(in Baht)			
	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Gain on disposal of assets	6,579,224	1,246,977	6,579,380	1,246,977
Others	63,527,825	11,058,308	63,519,675	10,837,913
Total	70,107,049	12,305,285	70,099,055	12,084,890

35. Selling and administrative expenses

	(in Baht)			
	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Personnel	84,230,116	74,323,420	84,230,116	74,323,420
Consulting and professional	10,635,182	9,233,345	10,157,627	8,888,245
Bank fees	18,260,022	70,805,295	7,951,267	8,544,739
Entertaining	10,006,250	5,625,434	10,006,250	5,625,434
Depreciation	15,037,373	10,888,595	15,030,533	10,888,595
Others	40,571,896	37,134,331	38,139,631	44,351,251
Total	178,740,839	208,010,420	165,515,424	152,621,684

36. Personnel expenses

	(in Baht)			
	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Salaries and bonus	239,856,960	221,472,365	239,856,960	221,472,365
Others	13,724,308	10,829,920	13,724,308	10,829,920
Total	253,581,268	232,302,285	253,581,268	232,302,285

Partial personnel expenses were included in cost of sales and cost of rendering of services.

Notes to the Financial Statements

For the years ended 31 December 2008 and 2007

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

37. Interest expense

(in Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Interest paid and payable to				
Non - related parties	33,940,662	20,969,052	33,940,662	20,969,052
Financial institutions	15,211,844	17,696,912	12,694,624	15,072,930
Creditors under the rehabilitation plan	446,962	2,096,704	446,962	2,096,704
Total	49,599,468	40,762,668	47,082,248	38,138,686

38. Income tax expense

Income tax reduction

Royal Decree No. 475 B.E. 2551 dated 6 August 2008 grants companies listed on the Stock Exchange of Thailand a reduction in the corporate income tax rate from 30% to 25% for taxable profit not exceeding Baht 300 million for the three consecutive accounting periods beginning on or after 1 January 2008.

For the year ended 31 December 2008 and 2007, the Company and the Group had cumulative loss carry forward not exceeding 5 years before current accounting period, therefore, there is no income tax liability for the year.

39. Basic earnings

Basic earnings per share

Basic earnings per share for the years ended 31 December 2008 and 2007 were calculated by dividing the net profit for the years attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the years as follows :

(in Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
Net profit attributable to equity holders of the Company (basic)	267,664,425	248,061,587	230,431,847	238,043,134
Number of ordinary shares outstanding (shares)	1,600,000,000	1,600,000,000	1,600,000,000	1,600,000,000
Basic earnings per share	0.17	0.16	0.14	0.15

Notes to the Financial Statements

For the years ended 31 December 2008 and 2007

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

40. Financial instruments

Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because loan interest rates are mainly fixed. The Group is primarily exposed to interest rate risk from its borrowings. The Group does not use derivative financial instruments to manage those exposures.

Foreign currency risk

The Company is exposed to foreign currency risk relating to creditors denominated in foreign currencies, however, the Company does not utilize any forward exchange contracts. As 31 December 2008 and 2007, the Company had creditors denominated in the following currencies :-

	2008	2007
Foreign currencies		
United States Dollars (in million dollars)	0.98	1.25

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. Collection in advance before starting projects and collection based on the completion of work are performed. The exposure to credit risk is represented by the carrying amount less an allowance for doubtful accounts in the balance sheet. However, due to the large number of parties comprising the Group's customer base, management does not anticipate material losses from its debt collection.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Fair values

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The fair value of trade and other short-term receivables is taken to approximate the carrying value.

The fair value of investments in equity, which are held for available-for-sale, is determined by reference to their quoted bid price at the reporting date.

The fair value of non-derivative financial liabilities, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Notes to the Financial Statements

For the years ended 31 December 2008 and 2007

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

Fair values of financial assets and liabilities, together with the carrying values shown in the balance sheets at 31 December 2008 and 2007 were as follows :

	(in million Baht)			
	Consolidated financial statements		Separate financial statements	
	Fair value	Book value	Fair value	Book value
2008				
Current				
Deposit at the financial institutions	425	425	425	425
Current investment - promissory notes	4	4	4	4
Accounts receivable	512	512	512	512
Retentions receivable under construction contracts	427	427	426	426
Short - term loans to related parties	44	44	86	86
Advance payments to subcontractors	99	99	99	99
Other receivables	74	74	10	10
Short - term loans from financial institutions	(99)	(99)	(73)	(73)
Trade accounts payable	(560)	(560)	(327)	(327)
Current portion of long-term loans	(50)	(50)	(50)	(50)
Current portion of creditor under rehabilitation plan	(141)	(141)	(141)	(141)
Short - term loans from related parties	(13)	(13)	-	-
Other short - term loans payable	(431)	(431)	(431)	(431)
Current portion of finance lease liabilities	(24)	(24)	(24)	(24)
Advances received from customers under construction contracts	(278)	(278)	(278)	(278)
Retention payables from subcontractors	(182)	(182)	(179)	(179)
Non - current				
Other equity securities	157	157	157	157
Pledged bank deposits	222	222	222	222
Finance lease liabilities	(58)	(58)	(58)	(58)
Total	128	128	380	380

Notes to the Financial Statements

For the years ended 31 December 2008 and 2007

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	Fair value	Book value	Fair value	Book value
2007				
<i>Current</i>				
Deposit at the financial institutions	228	228	135	135
Accounts receivable	562	562	562	562
Retentions receivable under construction contracts	305	305	305	305
Short-term loans to related parties	56	56	125	125
Advance payments to subcontractors	21	21	11	11
Other receivables	17	17	17	17
Short - term loans from financial institutions	(40)	(40)	-	-
Trade accounts payable	(495)	(495)	(328)	(328)
Current portion of long - term loans	(40)	(40)	(40)	(40)
Current portion of creditor under rehabilitation plan	(154)	(154)	(154)	(154)
Short - term loans from related parties	(11)	(11)	-	-
Other short - term loans payable	(311)	(311)	(311)	(311)
Current portion of finance lease liabilities	(21)	(21)	(21)	(21)
Advances received from customers under construction contracts	(179)	(179)	(179)	(179)
Retention payables from subcontractors	(128)	(128)	(112)	(112)
<i>Non - current</i>				
Equity securities available for sale	276	276	315	315
Other equity securities	393	393	393	393
Pledged bank deposits	160	160	160	160
Other long - term loans payable	(50)	(50)	(50)	(50)
Finance lease liabilities	(44)	(44)	(44)	(44)
Total	545	545	784	784

Notes to the Financial Statements

For the years ended 31 December 2008 and 2007

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

41. Commitments with non - related parties

(in million Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
<i>Capital commitments</i>				
Worker lodgings	12	24	12	24
<i>Other commitments</i>				
Subcontractor agreements	1,090	1,982	1,053	1,017
Unused letters of credits	-	2	-	2
Letters of guarantee from banks for purchasing inventories, utilities usage, guarantee the work performance and advance received from customers	1,548	2,191	1,439	1,029
Joint venture for establishing a new company in oversea	163	163	163	163
Total	2,813	4,362	2,667	2,235

The Board of Directors Meeting held on 9 November 2007 authorized to established the new company in oversea to provide construction service which its the authorized share capital amounted to AED 36,700,000 (UAE DIRHAM) or Baht 353,788,000. The Company held in the new company at 46% of authorized share capital in the amount of AED 16,882,000 or Baht 162,742,480.

42. Contingent liabilities

As at 31 December 2008, contingent liabilities were as follows :

The Company may have the contingent liabilities on the amounts, which were examined by the Official Receiver and are still in the process of examination and consideration by Bankruptcy Court and Commercial domestic bank as the guarantee contract balanced to Baht 10 million.

The Group and the Company has contingent liabilities due to breach of purchase contract on material and service contract. The sued amount is Baht 95.35 million.

43. The rehabilitation plan of the Company

The rehabilitation plan of the Company dated December 27, 2000 and a petition to amend the Plan dated February 7, 2001, which were accepted by the meeting of creditors and approved by the Central Bankruptcy Court.

On 30 March 2001, the Central Bankruptcy Court ordered the appointment of Siam Syntec Planner Company Limited as the Company's Plan Administrator and the Company implemented under the rehabilitation. On 28 April 2003, the Central Bankruptcy Court ordered to cancel the Company's rehabilitation in accordance with the Bankruptcy Act. Therefore, the responsibility for managing the business operations and the debtors' assets were devolved to the debtors' management. The debtors' shareholders had legal rights from the announcement in the Government Gazette dated 1 July 2003 onwards.

Pursuant to the rehabilitation plan requiring a period of 7 year, up to 31 December 2008, the Company reached to the term of plan but the payment has not been complete. The outstanding creditors comprised Group 3 to certain Group 9 because the majority of creditors have not contacted for receiving claims and certain creditors have been in the process of arbitration.

During 2008, the Company has complied with the term of rehabilitation plan.

Notes to the Financial Statements

For the years ended 31 December 2008 and 2007

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

44. Transferring claims agreement

On 2 January 2003, the Company by the Plan Administrator (“transferor”) entered into the transferring claims agreement with another company (“transferee”) whereby the transferor agreed to transfer the entire claims on debtors of Baht 314.62 million to the transferee and the transferee committed to pay the compensation of Baht 114 million in monthly installments. As at 31 December 2007 the above compensation balanced to Baht 20.72 million.

45. Pledged assets

As at 31 December 2008 and 2007, the Company’s cash at bank of Baht 222 million and Baht 160 million, respectively was used as collateral for loans, issuance of the letters of guarantee from three domestic commercial banks in 2008 and 2007 and guarantee to the Court for the settle debt to a creditor as the Primary Court’s judgment in 2007.

As at 31 December 2008 and 2007, long - term investments in securities available for sale for 368 million shares, their book value of Baht 147 million and Baht 383 million, respectively were used as collateral for bank overdrafts, long-term loans and issuance of letters of guarantee from a domestic commercial bank.

As at 31 December 2008 and 2007, land, land under development, office buildings and structures existing at present, and to be constructed in the future of which the book value amounted to Baht 222.64 million and Baht 221.64 million, respectively, were mortgaged as collateral for issuance of the letter of guarantee from the domestic commercial banks, other short - term loans and long - term loans from others pursuant to the mortgage agreements dated 15 August 2002 28 May 2003 29 May 2007 and 8 May 2008 in the credit line amounting to Baht 446.50 million.

46. Events after the balance sheet date

Syntec Construction Pcl. (LLC) (“the Joint Company”) is incorporated in United Arab Emirates, authorized share capital amounted to AED 36,700,000. The principal activities are business of construction. The Joint Company resolved to firstly call up the share capital of AED 10,000,000.

Later, on 12 January 2009, the Company had the payment for shares in the amount of AED 4,600,000 or Baht 43.83 million.

47. Thai Accounting standards (TAS) not yet adopted

The Group has not adopted the following revised TAS that has been issued as of the balance sheet date but are not yet effective. These revised TAS will become effective for financial periods beginning on or after 1 January 2009

TAS 36 (revised 2007) Impairment of Assets

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

The adoption and initial application of these revised TAS is not expected to have any material impact on the consolidated and separate financial statements.

Notes to the Financial Statements

For the years ended 31 December 2008 and 2007

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

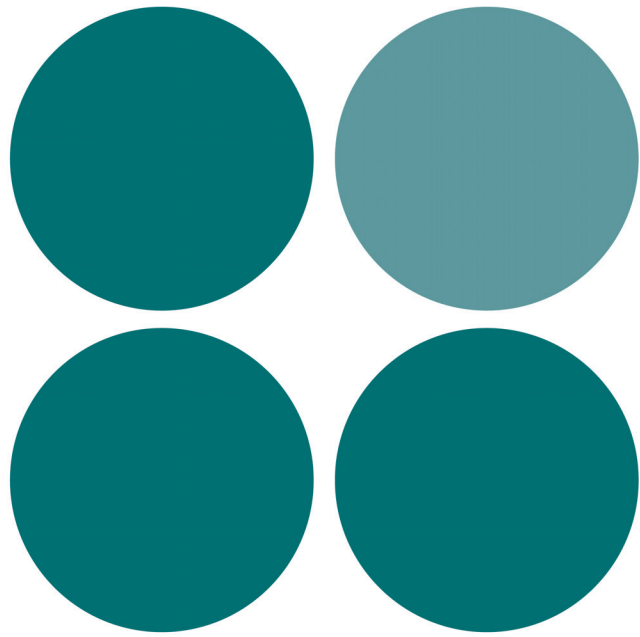
48. Reclassification of accounts

Certain accounts in the 2007 financial statements have been reclassified to conform with the presentation in the 2008 financial statements were as follows :

(in million Baht)

	2007					
	Consolidated Financial statements			Separate financial statements		
	Before reclass	Reclass	After reclass	Before reclass	Reclass	After reclass
Balance sheet						
Accounts receivable and retentions receivable under construction contracts	868	(868)	-	868	(868)	-
Accounts receivable	-	563	563	-	563	563
Retentions receivable under construction contracts	-	305	305	-	305	305
Property, plant and equipment - net	363	-	363	348	-	348
Intangible assets	-	2	2	-	2	2
Other non - current assets	26	(2)	24	24	(2)	22
	1,257	-	1,257	1,240	-	1,240

The reclassifications have been made because, in the opinion of the management, the new classification is more appropriate to the Company's business but there are no effects to previously reported net profit or shareholders' equity.



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