

**GENERAL ENVIRONMENTAL CONSERVATION PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARIES**

Notes to Interim Financial Statements

March 31, 2009 and 2008 (Reviewed)

And December 31, 2008 (Audited)

The financial statements were authorized for issue by the directors on May 14, 2009.

1. BASIS OF INTERIM FINANCIAL STATEMENT PREPARATION

These interim financial statements are prepared in accordance with the Accounting Standard No. 41 (Revised 2007) “Interim Financial Reporting” and Regulations of The Stock Exchange of Thailand (SET) relating to accounting.

The interim financial statements are prepared as updated information to the financial statements for the year ended December 31, 2008 with an emphasis on the more current information about activities, events and situations, not a duplicate of information previously reported. These interim financial statements should therefore be read in conjunction with the financial statements for the year ended December 31, 2008.

The accompanying financial statements are prepared in Thai Baht and in the Thai language in conformity with generally accepted accounting principles in Thailand. The accompanying financial statements are intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in Thailand.

For the convenience of the reader, an English translation of financial statements has been prepared from the statutory Thai language financial statements which are issued for domestic reporting purposes.

The consolidated financial statements as at March 31, 2009 and December 31, 2008, include the accounts of the Company and its subsidiaries which the Company has controlling power or directly and indirectly holdings on those subsidiaries as follows :

Name of Companies	Type of business	Paid-up share capital (In Thousand Baht)		Percentage of direct and indirect holdings (%)	
		March 31, 2009	December 31, 2008	March 31, 2009	December 31, 2008
		Asia Patana Land Co., Ltd.	Buy, sale, and land development	200,000	200,000
Genco Engineering Co., Ltd.	Waste selection and management of waste for recycling facilities	20,000	20,000	99.99	99.99
General Logistics Co., Ltd.	Transportation of waste including provide the service of domestic transportation	5,000	5,000	99.99	99.99
Industrial Waste Management (Asia) Co., Ltd.	Industrial waste treatment	200,000	200,000	99.99	99.99

All significant intercompany transactions between the Company and subsidiaries included in the consolidated financial statements have been eliminated.

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2. EFFECTIVE ACCOUNTING STANDARDS

The Federation of Accounting Professions (FAP) has issued Notification No. 86/2551 regarding Accounting Standards. The notification mandates the use of the following new accounting standards.

TAS 36 (revised 2007) Impairment of Assets

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

These accounting standards will become effective for the financial statements for fiscal years beginning on or after January 1, 2009. The Managements of the Company and its subsidiaries have assessed the effect of these revised accounting standards and believes that they will not have any significant impact on the financial statements for the current year.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying interim financial statements have been prepared in accordance with generally accepted accounting principles. Accounting policies that have been applied in the preparation of the interim financial statements for the three-month periods ended March 31, 2009 are similar to those which have been applied to the financial statements for the year ended December 31, 2008.

4. TRANSACTIONS WITH RELATED PARTIES

A portion of the Company's assets, liabilities, revenues, costs and expenses arose from transactions with related companies. Related parties are those parties controlled by the Company, directly or indirectly or significant influence, to govern the financial and operating policies of the Company.

Types of relationship of related companies are as follows:

<u>Name of Related parties</u>	<u>Type of business</u>	<u>Type of relationship</u>
The Department of Industrial Works, The Ministry of Industry	The Government enterprise	Shareholders & Co directors
Industrial Estate Authority of Thailand	The Government enterprise	Shareholders & Co directors
Asia Patana Land Co., Ltd.	Buy, sale, and land development	Subsidiary
Genco Engineering Co., Ltd.	Waste selection and management of waste for recycling facilities	Subsidiary
General Logistics Co., Ltd.	Transportation of waste including provide the service of domestic transportation	Subsidiary
Industrial Waste Management (Asia) Co., Ltd.	Industrial waste treatment	Subsidiary

Pricing policies for each transactions are described as follows:

<u>Transactions</u>	<u>Pricing policies</u>
Real estate development cost	Cost plus margin
Transportation expense	Market price
Rental and royalty fee	Market price
Interest income	Interest rate at 3% p.a.

Significant revenues and expenses derived from transactions with related parties for the three-month periods ended March 31, 2009 and 2008 are summarized as follows:

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	In Thousand Baht			
	Consolidated		The Company only	
	2009	2008	2009	2008
Real estate development cost				
Asia Pattana Land Co.,Ltd.	-	-	1,200	-
Sales				
Genco Engineering Co.,Ltd.	-	-	-	675
Interest income				
Asia Pattana Land Co.,Ltd.	-	-	-	1,226
General Logistics Co.,Ltd.	-	-	229	82
Transportation expense				
General Logistics Co.,Ltd.	-	-	17,369	8,681
Rental and royalty fee				
Industrial Estate Authority of Thailand	1,271	1,321	1,271	1,321
The Department of Industrial Works	2,294	843	2,294	843
Other expenses				
Industrial Estate Authority of Thailand	438	467	438	467

The balances of receivables from and payables to related parties as of March 31, 2009 and December 31, 2008 were as follows:

	In Thousand Baht			
	Consolidated		The Company only	
	March 31,2009	December 31, 2008	March 31,2009	December 31, 2008
Advance to director	-	300	-	-
Prepaid rent				
Industrial Estate Authority of Thailand	2,144	1,942	2,144	1,942
Deposit for rent				
Industrial Estate Authority of Thailand	31	31	31	31
General Logistics Co.,Ltd.	-	-	2,000	2,000
	31	31	2,031	2,031
Long-term loan and interest receivable				
General Logistics Co.,Ltd.				
Long-term loan (interest rate at 3%p.a.)	-	-	31,000	31,000
Interest receivable	-	-	1,225	996
	-	-	32,225	31,996
Trade accounts payable				
General Logistics Co.,Ltd.	-	-	4,570	2,533
Industrial Estate Authority of Thailand	32	35	32	35
The Department of Industrial Works	840	582	840	582
	872	617	5,442	3,150
Advance from director	1,200	1,200	-	-

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The significant movements of loans to related parties during the period are as follows

	In Thousand Baht			
	The Company only			
	December 31,2008	Increase	Decrease	March 31,2009
Principal				
Loan agreement 1	4,000	-	-	4,000
Loan agreement 2	7,000	-	-	7,000
Loan agreement 3	20,000	-	-	20,000
Total	<u>31,000</u>	<u>-</u>	<u>-</u>	<u>31,000</u>

The Company entered into three loan agreements with General Logistics Co., Ltd. as follows :

Loan agreement 1, amounted to Baht 4 million repayable within December 2010.

Loan agreement 2, amounted to Baht 7 million repayable within September 2011.

Loan agreement 3, credit facility of Baht 25 million, as at December 31, 2008, the subsidiary company had drawdown Baht 20 million. Such loan is repayable within 5 years commencing from date of the first drawdown (August 25, 2008).

The above three loan agreements bearing interest rate at 3.0% p.a.

In addition, the Company entered into the significant contracts with related parties are as follows:

- a) Rental and exclusive right agreement (Note 17.1)
- b) Land lease agreement (Note 17.2)

5. CURRENT INVESTMENTS

	In Thousand Baht			
	Consolidated			
	March 31, 2009		December 31, 2008	
	Cost	Fair value	Cost	Fair value
For Trading				
Investments in marketable securities	2,000	1,250	2,000	2,000

During the year 2009, the change of current investments are as follows:

	In Thousand Baht
Net carrying amount at beginning of the period - net	2,000
Purchase of securities	-
Sold of securities	-
Change in fair value of current investments	(750)
Net carrying amount at end of the period - net	<u>1,250</u>

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6. TRADE ACCOUNTS RECEIVABLE - NET

As at March 31, 2009 and December 31, 2008, the trade accounts receivable are classified by aging as follows:

	In Thousand Baht			
	Consolidated		The Company only	
	March 31,2009	December 31, 2008	March 31,2009	December 31, 2008
Billed receivables				
Trade accounts receivable - service				
Current	25,735	27,141	25,735	27,141
Overdue				
Less than 3 months	9,955	16,474	9,955	16,474
Over 3 months to 6 months	901	1,018	901	1,018
Over 6 months to 12 months	117	60	117	60
Over 12 months	6,796	6,823	6,796	6,823
	<u>43,504</u>	<u>51,516</u>	<u>43,504</u>	<u>51,516</u>
Trade accounts receivable – real estate				
Current	75	110	75	110
Overdue				
Less than 3 months	-	-	-	-
Over 3 months to 6 months	-	-	-	-
Over 6 months to 12 months	-	-	-	-
Over 12 months	232	232	232	232
	<u>307</u>	<u>342</u>	<u>307</u>	<u>342</u>
Total	43,811	51,858	43,811	51,858
Less allowance for doubtful accounts	(5,510)	(5,508)	(5,510)	(5,508)
Net	<u>38,301</u>	<u>46,350</u>	<u>38,301</u>	<u>46,350</u>
Unbilled receivables				
Trade accounts receivable - service	<u>14,909</u>	<u>17,954</u>	<u>14,909</u>	<u>17,954</u>

7. REAL ESTATE DEVELOPMENT COST

As at March 31, 2009 and December 31, 2008, the Company mortgaged its plots of land and constructions for sale and land and structure held for future development in totaling of Baht 320.1 million and Baht 295.4 million, respectively, as collateral for loan from a local bank in credit facilities totaling of Baht 155.8 million.

8. LONG – TERM INVESTMENTS – AVAILABLE FOR SALES

	In Thousand Baht			
	Consolidated and The Company only			
	March 31,2009		December 31 ,2008	
	Cost	Fair value	Cost	Fair value
Available-for-sale securities				
Investment in marketable securities	120,803	28,848	120,703	32,256
Less unrealized loss recognized in equity	(91,955)	-	(88,447)	-
Net	<u>28,848</u>	<u>28,848</u>	<u>32,256</u>	<u>32,256</u>

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**9. INVESTMENTS IN SUBSIDIARIES ACCOUNTED FOR USING
THE COST METHOD - NET**

	The Company only					
	In Thousand Baht					
	Percentage of holding		Paid – up share capital		Investment	
	March 31,2009	December 31,2008	March 31,2009	December 31,2008	March 31,2009	December 31,2008
Asia Patana Land Co., Ltd.	99.99	99.99	200,000	200,000	200,000	200,000
Genco Engineering Co., Ltd.	99.99	99.99	20,000	20,000	20,000	20,000
General Logistics Co., Ltd.	99.99	99.99	5,000	5,000	5,000	5,000
Industrial Waste Management (Asia) Co., Ltd.	99.99	99.99	200,000	200,000	200,000	200,000
Total					425,000	425,000
Less Impairment loss on investments					(32,969)	(32,085)
Net					392,031	392,915

10. PROPERTY, PLANT AND EQUIPMENT - NET

	In Thousand Baht	
	Consolidated	The Company only
Net book value as at January 1, 2009	430,114	209,575
Acquisitions during the period-at cost	1,186	1,014
Depreciation for the period	(10,688)	(7,351)
Net book value as at March 31, 2009	420,612	203,238

The Company's building and machinery at Map Ta Phut Industrial Waste Treatment Facilities are mortgaged as collateral for a letter of guarantee line obtained from a local bank totaling approximately Baht 45 million. The carrying value of such assets as of March 31, 2009 and December 31, 2008 amounted to approximately Baht 76.8 million and Baht 79.1 million, respectively.

11. LONG - TERM LOANS

	In Thousand Baht	
	Consolidated and the Company only	
	March 31, 2009	December 31, 2008
Loans from bank		
Loan 1	16,845	17,508
Loan 2	95,900	95,900
Total	112,745	113,408
Less Current portion	(12,549)	(13,165)
Net	100,196	100,243

In year 2008, the Company entered into loan agreements with a local bank in the amount of Baht 155.8 million details are as follows :

Loan 1, credit lines of Baht 34.9 million for working capital of the real estate development project and the Company had completely drawdown the loan, repayable in installments commencing from February 2008 to February 2014 with interest at the rates as follows :

- In 1st year - 4th year at MLR + 1.50% p.a.

- 5th year onward at MLR + 2.50% p.a.

The above loan is secured by the mortgage of the Company's land and structures for sales.

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Loan 2, credit lines of Baht 120.9 million for project development cost, the Company had drawdown Baht 95.90 million. Such loan is repayable in six - month installments commencing from November 2009 and full repayment is to be paid within November 2014 with interest at the rate MLR (Siam Commercial Bank) + 1.50% p.a.

The above loan is secured by the mortgage of the Company's land and structures under development.

12. LIABILITIES UNDER FINANCIAL LEASE CONTRACTS

	In Thousand Baht			
	Consolidated		The Company only	
	March 31,2009	December 31,2008	March 31,2009	December 31,2008
Liabilities under financial lease contracts				
Trucks and chassis	10,931	12,616	-	-
Transportation equipment	7,579	8,164	4,183	4,569
	18,510	20,780	4,183	4,569
Less Deferred interest	(1,378)	(1,705)	(343)	(412)
	17,132	19,075	3,840	4,157
Less Current portion	(8,492)	(8,251)	(1,326)	(1,303)
Net	8,640	10,824	2,514	2,854

As at March 31, 2009 and December 31, 2008, the Company and subsidiary have liabilities under financial lease contracts with the period of payment as follows:

	In Thousand Baht					
	Consolidated					
	March 31, 2009			December 31, 2008		
	Principal	Deferred interest	Total	Principal	Deferred interest	Total
Payment due 1 year	8,492	991	9,483	8,251	1,131	9,382
Payment due over 1 year to 5 years	8,640	387	9,027	10,824	574	11,398
Total	17,132	1,378	18,510	19,075	1,705	20,780

	In Thousand Baht					
	The Company only					
	March 31, 2009			December 31, 2008		
	Principal	Deferred interest	Total	Principal	Deferred interest	Total
Payment due 1 year	1,326	218	1,544	1,303	242	1,545
Payment due over 1 year to 5 years	2,514	125	2,639	2,854	170	3,024
Total	3,840	343	4,183	4,157	412	4,569

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13. EXPENSES BY NATURE

The significant expenses classified by nature for the three-month periods ended March 31, 2009 and 2008 are as follows:

	In Thousand Baht			
	Consolidated		The Company only	
	2009	2008	2009	2008
Change in real estate development cost	7,912	7,635	7,912	7,636
Employee benefits expenses	32,181	25,338	29,383	23,131
Depreciation and amortization	12,451	14,409	9,114	12,849
Transportation expenses	6,029	24,152	16,684	28,744
Chemical, supplies and lab analysis expenses	14,149	22,734	13,887	22,321
Other expenses	22,196	11,243	18,092	10,394
Total	<u>94,918</u>	<u>105,511</u>	<u>95,072</u>	<u>105,075</u>

14. INCOME TAX

No income tax expenses were payable for the three – month periods ended March 31, 2009 and 2008 because of the utilization of the tax benefit arising from loss carry forward and an exemption from income tax expenses on net profit from the promotion business.

15. COMPANY'S SERVICE INCOME

By virtue of the provisions of the Investment Promotion Act B.E. 2520, the Company was granted certain privileges in business of disposal waste, industrial waste or waste water treatment service at Map Ta Phut Industrial Waste Treatment Facilities such as exemption from payment of income tax on net profit from the promoted business for a period of eight years from the date of operations and reduction of income tax at the rate of 50% of the net profit from the promoted business for the period of five years from the expiration date such period, etc.

Service income for the three-month periods ended March 31, 2009 and 2008 classified under promoted and non - promoted businesses are as follows:

	In Thousand Baht	
	Consolidated and The Company only	
	2009	2008
Promoted business	45,202	77,576
Non-promoted business	22,262	28,662
Total	<u>67,464</u>	<u>106,238</u>

Under the promotional privileges, the Company must comply with certain terms and conditions specified in the promotional certificate.

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16. BUSINESS SEGMENT INFORMATION

The segment financial information of the Company and its subsidiary for the three-month periods ended March 31, 2009 and 2008 are as follows:

	In Thousand Baht							
	for the three-month periods ended March 31,							
	Service		Real estate		Elimination		Consolidation	
	2009	2008	2009	2008	2009	2008	2009	2008
Revenues	84,833	114,919	13,908	13,335	(18,569)	(8,681)	80,172	119,573
Profit from operations	10,169	30,430	5,012	5,700	(216)	-	14,965	36,130
Other income							2,286	4,103
Administrative expenses	23,370	16,422	5,351	4,916	-	-	(29,711)	(22,608)
Finance cost							(669)	(527)
Income tax							(881)	(143)
Net profit (loss)							(14,010)	17,495

	In Thousand Baht					
	Service		Real estate		Consolidation	
	March 31, 2009	December 31, 2008	March 31, 2009	December 31, 2008	March 31, 2009	December 31, 2008
Property, plant and equipment-net	420,097	429,508	515	606	420,612	430,114
Other assets	244,759	287,917	660,348	640,712	905,107	928,629
Total assets	664,856	717,425	660,863	641,318	1,325,719	1,358,743

17. AGREEMENTS

As at March 31, 2009, the Company and subsidiaries had entered into the following agreements :

17.1 Rental and exclusive right agreement with the Department of Industrial Works whereby the Company is granted the right to operate in the Industrial Waste Facility at Samae Dam including the Research and Development Center for Environmental Conservation (Rajburi) for a period of 10 years. Under the terms of the agreement, the Company agreed to pay annual rental fee from year 1st to year 5th amounting to approximately Baht 1.06 million per year, year 6th to year 10th amounting to approximately Baht 1.37 million per year and royalty fee at a certain percentage of waste served. The agreement commenced from October 1, 2006, and terminates on September 30, 2016.

Future minimum payments under the above rental agreement are as follows :

	In Million Baht
1 year	1.1
2 to 5 years	5.0
Over 5 years	3.6

17.2 Three land lease agreements with The Industrial Estate Authority of Thailand (which is one of the Company's shareholders) for a period of 30 years up to May 2026, August 2026 and March 2031. The Company is committed to pay fees at the rate specified in the agreements.

Future minimum payments under the above operating lease agreements are as follows :

	In Million Baht
1 year	5.2
2 to 5 years	21.1
Over 5 years	79.2

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17.3 The contract of Investing in Reception Facility at Leam chabang Port with the Port Authority of Thailand (PAT). The contract shall be effective on July 1, 2004 and terminate on June 30, 2024. The Company has the right to request for renewal of the contract for two times with renewal periods of 5 years per time by giving not less than 1 year advance written notice. Under the terms of the contract, the Company agreed to pay PAT an annual fee pursuant to amount and time as specified in the contract and pay additional fee based on a percentage of service income from treatment of waste with marine oil.

At present, due to the property has been occupied by trespasser, the Company is unable to construct and operate the above project within the date specified in the said contract. The Board of Directors Meeting held on November 9, 2006 had approved to terminate the said contract and take legal action against the Port Authority of Thailand.

On April 11, 2007, the Company has terminated the contract with the Port Authority of Thailand. And on May 23, 2007, the Company filed the dispute of Investing in Reception Facility at Leam chabang Port to the Arbitration Institute by requesting the Port Authority of Thailand to pay for the damages to the Company amounted to Baht 927.68 million and the Arbitration Institute had ordered to accept the case for consideration. On August 9, 2007, the Port Authority of Thailand has filed the protestation. At present, the dispute is in the process of the Arbitration Institute.

17.4 On November 21, 2006, the Company has signed a strategic business alliance agreement with a local company for a period of 3 years. The company will be received the fee at the rate specified in the agreement.

18. COMMITMENTS AND CONTINGENT LIABILITIES

As at March 31, 2009, the Company and subsidiary companies have

18.1 contingent liabilities to a local bank for letters of guarantee issued to related parties, private companies and government agencies to guarantee rental agreements, treatment service agreements and investing in Reception Facility at Laem Chabang port amounting to Baht 38.5 million.

18.2 contingent liability to a local bank for letter of guarantee issued to a government agency to guarantee for performance under utility construction, which has secured by company's fixed deposit account amounting to Baht 0.4 million.

18.3 commitment under the construction agreements and others amounting to Baht 11.0 million.

18.4 commitment under the attorney's consultant proposal in case of dispute the contract of Investing in Reception Facility at Laem chabang Port at the rate and basis as stipulated in the proposal.

19. SUBSEQUENT EVENT

At the Ordinary Shareholders' Meeting held on April 29, 2009, the shareholders resolved to declare total dividends at Baht 0.01 per share, in totaling of Baht 9 million. The payment will be paid on May 21, 2009 and appropriated for legal reserve amounting to Baht 0.9 million.

20. RECLASSIFICATION OF ACCOUNTS

Certain accounts in 2008 were reclassified to conform with those in the 2009 financial statements.