

THAILAND ENVIRONMENT FOUNDATION

STATUTORY FINANCIAL STATEMENTS

31 DECEMBER 2007

AUDITOR'S REPORT

To the Board of Directors of Thailand Environment Foundation

I have audited the accompanying balance sheets as at 31 December 2007, and the related statements of revenues and expenditures and changes in fund balances for the year then ended of Thailand Environment Foundation. The Foundation's management is responsible for the correctness and completeness of information in these financial statements. My responsibility is to express an opinion on these financial statements based on my audit. The financial statements of Thailand Environment Foundation for the year ended 31 December 2006, presented herewith for comparative purposes, were audited by another auditor of the same firm as myself, whose report dated 10 April 2007, expressed an unqualified opinion on those statements.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position as at 31 December 2007, and the revenues and expenditures for the year then ended of Thailand Environment Foundation in accordance with generally accepted accounting principles.

Kajornkiet Aroonpirodkul
Certified Public Accountant (Thailand) No. 3445
PricewaterhouseCoopers ABAS Limited

Bangkok
22 April 2008



Thailand Environment Foundation
Balance sheets
As at 31 December 2007 and 2006

| | | 2007 | | | | 2006 |
|--|---|-------------------|-------------------|-------------------|--------------------|--------------------|
| | | Operating | Sponsored | Capital and | Total | Total |
| | | fund | program | reserve | all funds | all funds |
| | | Baht | Baht | Baht | Baht | Baht |
| Notes | | | | | | |
| Assets | | | | | | |
| Current assets | | | | | | |
| Deposits at banks | 3 | 18,516,900 | 25,379,220 | 18,403,631 | 62,299,751 | 75,372,101 |
| Short-term investments | 4 | 28,250,581 | - | 33,209,572 | 61,460,153 | 59,254,189 |
| Restricted cash | 5 | 3,698,492 | - | - | 3,698,492 | 1,960,917 |
| Sponsorship receivables | | 2,947 | 18,784,779 | - | 18,787,726 | 8,755,435 |
| Funds receivable | | 10,465,694 | - | 2,103,574 | 12,569,268 | 15,452,595 |
| Other current assets | | 931,529 | 2,927,623 | 2,663,313 | 6,522,465 | 3,323,946 |
| Total current assets | | <u>61,866,143</u> | <u>47,091,622</u> | <u>56,380,090</u> | <u>165,337,855</u> | <u>164,119,183</u> |
| Non-current assets | | | | | | |
| Government bond | 6 | - | - | 12,000,000 | 12,000,000 | - |
| Intangible assets, net | 7 | 96,912 | 141,758 | - | 238,670 | 364,986 |
| Property and equipment, net | 8 | 35,760,006 | 1,868,087 | - | 37,628,093 | 40,853,317 |
| Total non-current assets | | <u>35,856,918</u> | <u>2,009,845</u> | <u>12,000,000</u> | <u>49,866,763</u> | <u>41,218,303</u> |
| Total assets | | <u>97,723,061</u> | <u>49,101,467</u> | <u>68,380,090</u> | <u>215,204,618</u> | <u>205,337,486</u> |
| Liabilities and fund balances | | | | | | |
| Current liabilities | | | | | | |
| Advances received from sponsors | | 1,671,165 | 26,720,810 | - | 28,391,975 | 30,026,568 |
| Accounts payable | | 168,090 | 1,006,372 | 1,108,177 | 2,282,639 | 1,128,046 |
| Accrued expenses | | 696,842 | 6,369,786 | 284,395 | 7,351,023 | 3,222,707 |
| Funds payable | | - | 12,569,268 | - | 12,569,268 | 15,452,595 |
| Total current liabilities | | <u>2,536,097</u> | <u>46,666,236</u> | <u>1,392,572</u> | <u>50,594,905</u> | <u>49,829,916</u> |
| Fund balances | | | | | | |
| Unrestricted funds | | 95,186,964 | - | 19,079,815 | 114,266,779 | 112,707,795 |
| Restricted funds | 9 | - | 2,435,231 | 47,907,703 | 50,342,934 | 42,799,775 |
| Total fund balances | | <u>95,186,964</u> | <u>2,435,231</u> | <u>66,987,518</u> | <u>164,609,713</u> | <u>155,507,570</u> |
| Total liabilities and fund balances | | <u>97,723,061</u> | <u>49,101,467</u> | <u>68,380,090</u> | <u>215,204,618</u> | <u>205,337,486</u> |

The notes to the financial statements on pages 66 to 74 are an integral part of the financial statements.

Thailand Environment Foundation
Statements of revenues and expenditures
For the years ended 31 December 2007 and 2006

| | | 2007 | | | 2006 |
|------------------------------|------|--------------|-------------|-------------|-------------|
| | | Operating | Sponsored | Capital and | |
| | | fund | program | reserve | Total |
| | | Baht | fund | funds | all funds |
| Notes | | Baht | Baht | Baht | Baht |
| Revenues | | | | | |
| Sponsorships for research | | | | | |
| | | 128,000 | 97,001,056 | - | 97,129,056 |
| | | 30,500 | 6,918,122 | - | 6,948,622 |
| Other income | 10 | 2,739,290 | 1,562,686 | 2,144,707 | 6,446,683 |
| Total revenues | | 2,897,790 | 105,481,864 | 2,144,707 | 110,524,361 |
| Expenditures | | | | | |
| Salaries and related staff | | | | | |
| | | 13,935,094 | 23,384,787 | 958,950 | 38,278,831 |
| Sub-contracts for researches | | 99,178 | 10,679,435 | 183,541 | 10,962,154 |
| Rental expense | | 143,517 | 2,042,718 | 73,630 | 2,259,865 |
| Utility and communication | | | | | |
| expenses | | 1,666,449 | 1,802,009 | 12,464 | 3,480,922 |
| Travelling and related costs | | 185,765 | 7,313,773 | 111,851 | 7,611,389 |
| Meeting and seminar | | | | | |
| expenses | | 600,507 | 12,588,338 | 133,866 | 13,322,711 |
| Publication expense | | 591,371 | 3,989,940 | 54,944 | 4,636,255 |
| Promotional materials | | 243,818 | 1,474,745 | 33,333 | 1,751,896 |
| Library expense | | 48,578 | 919,609 | - | 968,187 |
| Stationery supplies | | 640,713 | 1,056,157 | 18,448 | 1,715,318 |
| Bank charges and duty | | | | | |
| stamps | | 101,458 | 191,582 | 126 | 293,166 |
| Professional consulting and | | | | | |
| audit fees | | 322,150 | 23,556 | - | 345,706 |
| Media expenses | | 75,000 | 317,375 | - | 392,375 |
| Field expenses | | - | 182,430 | - | 182,430 |
| Amortisation and | | | | | |
| depreciation charge | 7, 8 | 3,279,975 | 1,827,016 | - | 5,106,991 |
| Contributions for project | | | | | |
| activities | | 38,595 | 7,976,275 | 16,000 | 8,030,870 |
| Miscellaneous expenses | | 1,383,254 | 698,738 | 1,160 | 2,083,152 |
| Total expenditures | | 23,355,422 | 76,468,483 | 1,598,313 | 101,422,218 |
| Excess of revenues over | | | | | |
| (under) expenditures | | (20,457,632) | 29,013,381 | 546,394 | 9,102,143 |

The notes to the financial statements on pages 66 to 74 are an integral part of the financial statements.



Thailand Environment Foundation
 Statements of changes in fund balances
 For the years ended 31 December 2007 and 2006

| | Note | 2007 | | | | 2006 |
|--|------|---------------------------|--------------------------------------|---|----------------------------|----------------------------|
| | | Operating fund Baht | Sponsored program fund Baht | Capital and reserve funds Baht | Total all funds Baht | Total all funds Baht |
| Fund balances brought forward | | 91,092,874 | 3,752,167 | 60,662,529 | 155,507,570 | 147,269,658 |
| Excess of revenues over (under) expenditures | | (20,457,632) | 29,013,381 | 546,394 | 9,102,143 | 8,237,912 |
| Fund transfers | | | | | | |
| - completed projects | 11 | <u>24,551,722</u> | <u>(30,330,317)</u> | <u>5,778,595</u> | <u>-</u> | <u>-</u> |
| Fund balances carried forward | | <u>95,186,964</u> | <u>2,435,231</u> | <u>66,987,518</u> | <u>164,609,713</u> | <u>155,507,570</u> |

The notes to the financial statements on pages 66 to 74 are an integral part of the financial statements.



1. General information

Thailand Environment Foundation ("the Foundation") was established on 24 February 1993 as a non-profit making organisation and aims at playing a catalytic role in promoting close cooperation among government, private sector, and a coalition of NGOs, medias and academia. The Foundation conducts policy research and action-oriented research for protection of the environment and promoting Thailand's long-term policy on the environment.

The address of its registered office is as follows:

16/151, Muang Thong Thani, Bond Street, Tambon Bangpood, Amphur Pakkred, Nonthaburi 11120.

Thailand Environment Foundation was declared to be a public charity No. 322 in accordance with the Ministry of Finance's notification dated 14 October 1997.

As at 31 December 2007, the Foundation employs 115 people (2006 : 108 people).

The financial statements for the year ended 31 December 2007 have been approved by the Foundation's Board of Directors on 22 April 2008.

2. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

2.1 Basis of preparation

The financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547, designated as applicable to non-public companies.

The Foundation has chosen not to apply Thai Accounting Standards No. 25, "Statements of Cash Flows", No. 47, "Related Party Disclosures", and No. 48, "Financial Instruments: Disclosure and Presentation". The application of these accounting standards are not mandatory for non-public companies that is in accordance with the notification which is complied with the Accounting Profession Act B.E. 2547.



2. Accounting policies (Continued)

2.1 Basis of preparation (Continued)

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses in the reported periods. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

An English version of the financial statements have been prepared from the statutory financial statements that are in Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

2.2 Amendment to accounting standards effective in 2007 and 2008

The following Thai Accounting Standards ("TAS") have been revised and are effective for accounting periods beginning on or after 1 January 2007.

| | |
|------------|--|
| TAS No. 44 | "Consolidated and Separate Financial Statements" |
| TAS No. 45 | "Investments in Associates" |
| TAS No. 46 | "Interests in Joint Ventures" |

The following Thai Accounting Standards ("TAS") have been revised and newly issued and are effective for accounting periods beginning on or after 1 January 2008.

Revised standards

| | |
|------------|---|
| TAS No. 25 | "Statement of Cash Flows" |
| TAS No. 29 | "Leases" |
| TAS No. 31 | "Inventory" |
| TAS No. 33 | "Borrowing Costs" |
| TAS No. 35 | "Presentation of Financial Statements" |
| TAS No. 39 | "Accounting Policies, Changes in Accounting Estimates and Errors" |
| TAS No. 41 | "Interim Financial Reporting" |
| TAS No. 43 | "Business Combinations" |
| TAS No. 49 | "Construction Contracts" |

2. Accounting policies (Continued)

2.2 Amendment to accounting standards effective in 2007 and 2008 (Continued)

New standard

TAS No. 51 "Intangible Assets"

The Foundation will apply these revised accounting standards commencing the accounting periods beginning on 1 January 2008. The Foundation's management has determined that the adoption of these revised standards and new standards will not significantly impact the financial statements being presented.

2.3 Fund accounting

To ensure observance of limitations and restrictions placed on the use of the resources available to Thailand Environment Foundation, the financial statements are maintained in accordance with the principles of "fund accounting". The purposes of the funds maintained by the Foundation are as follows:

Operating fund: represents funds available for general operating purposes. The operating fund is supported by approximately 30% of gross revenues from the sponsored program fund.

Sponsored program fund: represents funds for research activities, field activities, seminars, workshops, conferences, symposia, or training, supported by donors or other outside agencies.

Capital fund: represents the initial registered fund of the Foundation of Baht 5 million. Commencing from 1 January 1996, interest income derived from the capital fund has been included in the reserve fund.

Reserve fund: represents funds derived from contributions received from various sources and are accumulated as a reserve for future uses. Commencing from 1 January 1996, interest income derived from the reserve fund has been included in the reserve fund.

2.4 Revenues and expenditures

The financial statements of the Foundation have been prepared on an accrual basis. Sponsorships are recorded as revenues when due. Sponsorship income on a cost reimbursement program is recognised as income when direct contract costs are incurred. When sponsorships received exceed the income recognised for the year, the net balance is presented as advances received from sponsors, and vice versa, the net balance is presented as sponsorship receivables.



2. Accounting policies (Continued)

2.4 Revenues and expenditures (Continued)

Membership fee income is recognised when due. Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity.

The Foundation recognises expenditures on an accrual basis.

2.5 Short-term investments

Short-term investments in fixed deposits at banks which are classified as held-to-maturity investments are carried at cost.

2.6 Intangible asset

Expenditure on acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Those costs are amortised over their estimated useful lives of 3 years.

2.7 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation.

Depreciation is calculated on the straight-line basis to write off the cost of each asset, except for land which is considered to have an indefinite life, to its residual value over the estimated useful life as follows:

| | |
|-------------------------------------|----------------|
| Buildings and building improvements | 5 and 20 years |
| Furniture and office equipment | 3 and 5 years |
| Motor vehicles | 5 years |

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals of property and equipment are determined by comparing proceeds with the carrying amounts and are included in revenues or expenditures.

Repairs and maintenance are charged to the statement of revenues and expenditures during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Foundation. Major renovations are depreciated over the remaining useful life of the related asset.



2. Accounting policies (Continued)

2.8 Provisions

Provisions, which exclude the provisions relating to employee benefits, are recognised when the Foundation has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Foundation expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

3. Deposits at banks

| | 2007 | 2006 |
|--|-------------------|-------------------|
| | <u>Baht</u> | <u>Baht</u> |
| Deposits held at call with banks | 32,782,659 | 48,386,016 |
| Fixed deposits with maturity periods within three months | <u>29,517,092</u> | <u>26,986,085</u> |
| Total deposits at banks | <u>62,299,751</u> | <u>75,372,101</u> |

As at 31 December 2007, deposits held at call with banks and fixed deposits carry interest at the rates of 0.75% per annum, and between 1.75% per annum and 2.50% per annum, respectively (2006 : 0.75% per annum, and between 3.50% per annum and 4.50% per annum, respectively).

4. Short-term investments

| | 2007 | 2006 |
|---|-------------------|-------------------|
| | <u>Baht</u> | <u>Baht</u> |
| Fixed deposits with maturity periods more than three months | <u>61,460,153</u> | <u>59,254,189</u> |

As at 31 December 2007, fixed deposits carry interest at the rates between 2.00% per annum and 4.75% per annum (2006 : 3.75% per annum and 5% per annum)

5. Restricted cash

The Foundation has pledged the fixed deposits with local banks as collateral for letters of bank guarantee issued by the local banks in respect of the research and field projects (Note 12).

6. Government bond

As at 31 December 2007, government bond represents an investment in four-year saving bonds issue by the Bank of Thailand carrying interest at the rate of 4.25% per annum.



7. Intangible assets, net

| | Operating fund Baht | Sponsored program fund Baht | Total Baht |
|------------------------------------|---------------------------|--------------------------------------|----------------|
| As at 31 December 2006 | | | |
| Cost | 689,615 | 289,117 | 978,732 |
| Less Accumulated amortisation | (530,767) | (82,979) | (613,746) |
| Net book amount | <u>158,848</u> | <u>206,138</u> | <u>364,986</u> |
| Year ended 31 December 2007 | | | |
| Opening net book amount | 158,848 | 206,138 | 364,986 |
| Purchase | - | 11,342 | 11,342 |
| Amortisation charge | (61,936) | (75,722) | (137,658) |
| Closing net book amount | <u>96,912</u> | <u>141,758</u> | <u>238,670</u> |
| As at 31 December 2007 | | | |
| Cost | 689,615 | 300,459 | 990,074 |
| Less Accumulated amortisation | (592,703) | (158,701) | (751,404) |
| Net book amount | <u>96,912</u> | <u>141,758</u> | <u>238,670</u> |

8. Property and equipment, net

Operating fund

| | Land Baht | Buildings and building improvements Baht | Furniture and office equipment Baht | Motor vehicles Baht | Total Baht |
|--|------------------|---|--|---------------------------|-------------------|
| As at 31 December 2006 | | | | | |
| Cost | 9,569,200 | 30,643,053 | 10,429,279 | 890,661 | 51,532,193 |
| Less Accumulated depreciation | - | (4,907,242) | (8,110,028) | (675,869) | (13,693,139) |
| Net book amount | <u>9,569,200</u> | <u>25,735,811</u> | <u>2,319,251</u> | <u>214,792</u> | <u>37,839,054</u> |
| For the year ended 31 December 2007 | | | | | |
| Opening net book amount | 9,569,200 | 25,735,811 | 2,319,251 | 214,792 | 37,839,054 |
| Additions | - | - | 1,138,997 | - | 1,138,997 |
| Disposal | - | - | (6) | - | (6) |
| Depreciation charge | - | (1,616,534) | (1,500,476) | (101,029) | (3,218,039) |
| Closing net book amount | <u>9,569,200</u> | <u>24,119,277</u> | <u>1,957,766</u> | <u>113,763</u> | <u>35,760,006</u> |

8. Property and equipment, net (Continued)

Operating fund (Continued)

| | Land | Buildings and building improvements | Furniture and office equipment | Motor vehicles | Total |
|-------------------------------|------------------|---|--------------------------------------|-------------------|-------------------|
| | Baht | Baht | Baht | Baht | Baht |
| As at 31 December 2007 | | | | | |
| Cost | 9,569,200 | 30,643,053 | 11,460,552 | 890,661 | 52,563,466 |
| Less Accumulated depreciation | – | (6,523,776) | (9,502,786) | (776,898) | (16,803,460) |
| Net book amount | <u>9,569,200</u> | <u>24,119,277</u> | <u>1,957,766</u> | <u>113,763</u> | <u>35,760,006</u> |

Sponsored program fund

| | Furniture and office equipment | Motor vehicles | Total |
|--|--------------------------------------|-------------------|------------------|
| | Baht | Baht | Baht |
| As at 31 December 2006 | | | |
| Cost | 17,563,013 | 5,141,136 | 22,704,149 |
| Less Accumulated depreciation | (15,010,463) | (4,679,423) | (19,689,886) |
| Net book amount | <u>2,552,550</u> | <u>461,713</u> | <u>3,014,263</u> |
| For the year ended 31 December 2007 | | | |
| Opening net book amount | 2,552,550 | 461,713 | 3,014,263 |
| Additions | 795,698 | 38,490 | 834,188 |
| Disposals | (229,070) | – | (229,070) |
| Depreciation charge | (1,306,665) | (444,629) | (1,751,294) |
| Closing net book amount | <u>1,812,513</u> | <u>55,574</u> | <u>1,868,087</u> |
| As at 31 December 2007 | | | |
| Cost | 17,709,012 | 5,179,626 | 22,888,638 |
| Less Accumulated depreciation | (15,896,499) | (5,124,052) | (21,020,551) |
| Net book amount | <u>1,812,513</u> | <u>55,574</u> | <u>1,868,087</u> |

Equipment of the sponsored program fund is the equipment acquired for specific projects and available to be used by the Foundation at the completion of the projects except the respective sponsors specify for other particular purposes.

As at 31 December 2007, the original cost of fully depreciated property and equipment that are still in use is amounting to Baht 23,844,891 (2006 : Baht 21,684,125).



9. Capital and reserve fund balances - restricted

| | 2007 | 2006 |
|--|------------|------------|
| | Baht | Baht |
| Capital fund | 26,300,493 | 21,155,785 |
| Reserve for building improvement fund | 5,004,105 | 6,200,405 |
| Reserve for staff educational fund | 6,994,581 | 5,839,943 |
| Reserve for staff medical welfare | 1,450,801 | 995,309 |
| Reserve for social services fund | 6,194,515 | 4,856,166 |
| Reserve for publication and communication fund | 1,963,208 | - |
| Total | 47,907,703 | 39,047,608 |

Reserve for building improvement fund

The Foundation has established a reserve for building improvement fund since 2004. An appropriate amount of which is allocated from the operating fund.

Reserve for staff educational fund

The Foundation established a reserve for staff educational fund. An amount of Baht 1 million per annum or the available amount for the appropriation is allocated from the operating fund.

Reserve for staff medical welfare fund

The Foundation established a reserve for staff medical welfare fund. An appropriate amount of which is allocated from the operating fund.

Reserve for social services fund

In 2004, the Foundation established an initial fund for social services, which was allocated from the operating fund. Appropriate amounts of additional allocation to the fund are based on the Foundation's consideration.

Reserve for publication and communication fund

In 2007, the Foundation established a reserve for publication and communication fund. An appropriate amount of which is allocated from unrestricted funds under the capital and reserve fund.

10. Other income

| | 2007 | | | | 2006 |
|--------------------|------------------|------------------|------------------|------------------|------------------|
| | Operating | Sponsored | Capital and | Total | Total |
| | fund | program | reserve | all funds | all funds |
| | Baht | Baht | Baht | Baht | Baht |
| Interest income | 1,608,075 | 245,609 | 2,132,585 | 3,986,269 | 3,275,653 |
| Others | 1,131,215 | 1,317,077 | 12,122 | 2,460,414 | 5,137,347 |
| Total other income | <u>2,739,290</u> | <u>1,562,686</u> | <u>2,144,707</u> | <u>6,446,683</u> | <u>8,413,000</u> |

11. Fund transfers - completed projects

Revenues from the sponsored program fund are allocated to the operating fund at the rates between 10% and 30% of gross revenues. The allocation is made when cash is received.

12. Bank guarantee

As at 31 December 2007, there are outstanding letters of bank guarantee issued by local banks on behalf of the Foundation in respect of the research and field projects amounting to Baht 3,698,492 (2006 : Baht 1,960,917).

