

**ASEAN PROMOTION CENTRE ON
TRADE, INVESTMENT AND TOURISM**

**FINANCIAL STATEMENTS
for the year ended March 31, 2006**

ASEAN PROMOTION CENTRE ON
TRADE, INVESTMENT AND TOURISM

BALANCE SHEET, March 31, 2006

ASSETS	Japanese Yen	U.S. Dollars (Note 2)
Cash and bank deposits	¥ 299,581,757	\$ 2,550,283
Accounts receivable	1,654,865	14,087
Prepaid expenses	10,700,295	91,090
Property, plant and equipment (Note 1B) ¥126,154,419		
Less: Accumulated depreciation (Note 1B) ¥99,690,922	26,463,497	225,279
Software (Note 1B)	1,282,424	10,917
Lease deposits (Note 4A)	100,601,780	856,404
	<u>¥ 440,284,618</u>	<u>\$ 3,748,060</u>
LIABILITIES AND FUND BALANCE		
Accounts payable	¥ 55,559,250	\$ 472,965
Loans from bank (Note 4A)	82,195,780	699,717
Accrued severance benefits (Note 1C)	111,385,228	948,202
Receipt in advance	14,763,576	125,680
	<u>263,903,834</u>	<u>2,246,564</u>
Commitments (Notes 4A and 4B)		
Fund balance:		
Appropriated for future refurbishing costs (Note 6A)	18,290,000	155,699
Appropriated for special fund (Note 6B)	78,259,463	666,208
Appropriated for earmarked expenses (Note 5 and 6C)	13,336,579	113,532
Appropriated for property, plant, equipment and software (Note 1B)	27,745,921	236,196
Unappropriated	38,748,821	329,861
	<u>176,380,784</u>	<u>1,501,496</u>
Total fund balance	<u>176,380,784</u>	<u>1,501,496</u>
Total liabilities and fund balance	<u>¥ 440,284,618</u>	<u>\$ 3,748,060</u>

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

ASEAN PROMOTION CENTRE ON
TRADE, INVESTMENT AND TOURISM

STATEMENT OF REVENUE, EXPENSES AND CHANGES
IN FUND BALANCE

for the year ended March 31, 2006

	Japanese Yen	U.S. Dollars (Note 2)
Revenue:		
Contributions from member countries (Notes 1A and 3) ¥	841,156,003	\$ 7,160,603
Fund from Japan-ASEAN General Exchange Fund (Note 1B)	9,393,255	79,963
Fund from Japan ASEAN Solidarity Fund (Note 1B)	1,806,950	15,382
Miscellaneous income:		
Interest on bank deposits	68,007	579
Others	228,067	1,941
Total revenue	852,652,282	7,258,468
Expenses:		
Projects:		
Trade and trade-oriented	174,959,082	1,489,394
Investment	105,905,134	901,550
Tourism and tourism-oriented	72,234,287	614,917
Public relations	42,364,277	360,639
ASEAN national activities	46,865,362	398,956
Administration:		
Meetings of Council and Executive Board	16,367,884	139,337
Office maintenance (Note 4A)	49,359,059	420,184
Office operation	12,265,869	104,417
Staff expenses (Note 1C)	262,735,459	2,236,618
Rent for Permanent Exhibition Hall (Note 4A)	83,389,471	709,879
Depreciation expenses (Note 1B)	8,036,280	68,411
Amortization expenses (Note 1B)	320,606	2,729
Loss on disposal of property, plant and equipment	1,268,441	10,798
Total expenses	876,071,211	7,457,829
Excess of expenses over revenue	23,418,929	199,361

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

Special gain:

Adjustment of reserve for lease deposit (Note 7)	18,290,000	155,699
Adjustment of property, plant, equipment and software as of April 1, 2005 (Note 1B)	31,418,250	267,458
Fund balance at beginning of year	<u>150,091,463</u>	<u>1,277,700</u>
Fund balance at end of year	<u>¥ 176,380,784</u>	<u>\$ 1,501,496</u>

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

ASEAN PROMOTION CENTRE ON
TRADE, INVESTMENT AND TOURISM

STATEMENT OF CASH FLOWS
for the year ended March 31, 2006

	Japanese Yen	U.S. Dollars (Note 2)
Cash flows from operating activities:		
Cash received from member countries, Japan-ASEAN General Exchange Fund and Japan ASEAN Solidarity Fund	¥ 866,930,672	\$ 7,380,018
Interest received	68,075	580
Cash received from other operating activities	451,590	3,844
Cash paid to suppliers and staff	(872,759,050)	(7,429,634)
Interest paid	(1,812,374)	(15,428)
Net cash used in operating activities	(7,121,087)	(60,620)
Cash flows from investing activities		
Acquisition of property, plant, equipment and software	(5,952,998)	(50,677)
Net cash used in investing activities	(5,952,998)	(50,677)
Net decrease in cash and bank deposits	(13,074,085)	(111,297)
Cash and bank deposits at beginning of year	312,655,842	2,661,580
Cash and bank deposits at end of year	¥ 299,581,757	\$ 2,550,283

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

ASEAN PROMOTION CENTRE ON
TRADE, INVESTMENT AND TOURISM

NOTES TO FINANCIAL STATEMENTS

1. Basis of Presentation and Summary of Significant Accounting Policies

The financial statements of ASEAN Promotion Centre on Trade, Investment and Tourism (the "Centre") have been prepared in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects from the application and disclosure requirements of International Accounting Standards.

A. Contributions and Funds

The contributions from the member countries are recognized as revenue in the year when such contributions become due and payable.

For the year ended March 31, 2006, the Centre received two funds, the fund from Japan-ASEAN General Exchange Fund ("JAGEF") and the fund from Japan-ASEAN Solidarity Fund ("JASF"). The Centre recognized revenue for the two funds in conformity with percentage of completion method. Unrecognized revenue of the fund was recorded as "Receipt in advance" on the balance sheet as of March 31, 2006.

The fund from JAGEF was fully used for the expenses of holding the meetings of the Eminent Persons Committee which was held in May and October, 2005, in order to discuss the Centre's future direction. The expenses were included in the expenses of "Meetings of Council and Executive Board".

The fund from JASF was used for the expenses of the project "Promotion of BIMP-EAGA as a Single Destination: with Emphasis on Natural and Cultural Tourism Resources", which had been ongoing as of March 31, 2006 since November 2005 and expected to continue until October 2006. The expenses were included in the expenses of "Tourism and tourism-oriented".

B. Property, plant and equipment and Software

Prior to last year, the acquisition cost of property, plant, equipment and software was charged to expenses in the year acquired and had not been recorded as assets on the balance sheet. However, effective April 1, 2005, the acquisition cost of property, plant, equipment and software, limited to those with more than one year of estimated useful life and individual amounts of ¥200,000 (US\$1,703) or more, was recorded as assets on the balance sheet in accordance with accounting principles generally accepted in Japan. The net book value of property, plant, equipment and software as of April 1, 2005 in the amount of ¥31,418,250 (US\$267,458) was recorded as assets on the balance sheet and as special gain on the statement of revenue, expenses and changes in fund balance.

Continued:

ASEAN PROMOTION CENTRE ON
TRADE, INVESTMENT AND TOURISM

NOTES TO FINANCIAL STATEMENTS

Property, plant and equipment and Software, continued:

Depreciation expenses of property, plant and equipment are computed using the declining-balance method over the estimated useful lives ranging from 2 to 15 years. Software is amortized using the straight-line method over the estimated useful life of 5 years.

C. Severance Benefits

Staff members of the Centre with at least one year of service are entitled to receive a lump-sum payment upon termination. The amount of benefit is determined by whether the terminating employee is a permanent or fixed-term appointee based on the rate of one-month base salary at the time of resignation or termination for every completed year of service in accordance with 'RULES AND REGULATIONS'. The provision charged to operations for the year ended March 31, 2006 amounted to ¥ 15,555,305 (US\$132,419).

2. United States Dollar Amounts

The accounts of the Centre presented herein are expressed in Japanese yen (the Centre's functional currency). The Yen denominated financial statements have been translated to and presented in U.S. dollars, solely for the convenience of the reader, using a translation rate of ¥117.47 = US\$1, the approximate rate of exchange prevailing at March 31, 2006.

ASEAN PROMOTION CENTRE ON
TRADE, INVESTMENT AND TOURISM

NOTES TO FINANCIAL STATEMENTS

3. Establishment and Purpose

The Centre was established on May 25, 1981 as an unincorporated non-profit organization under an agreement among the governments of Japan and five ASEAN member countries. This agreement was extended to May 24, 2007 at the Council held in Tokyo in December 2001. The Centre's main purpose is to promote exports from the ASEAN member countries to Japan, particularly semi-processed and manufactured products; to accelerate the inflow of investment from Japan to the ASEAN member countries, including the transfer of skill and technology; and to vitalize tourist traffic from Japan to the ASEAN member countries through close cooperation between Japan and the ASEAN member countries. There are ten member countries as of March 31, 2006.

The members of the Centre made the following contributions for the year ended March 31, 2006:

	Japanese Yen	U.S. Dollars (Note 2)
For operations:		
Japan	¥ 473,585,000	\$ 4,031,540
ASEAN member countries	52,620,000	447,944
For rent of Permanent Exhibition Hall – Japan	86,382,000	735,354
Voluntary contribution – Japan	228,569,000	1,945,765
	¥ 841,156,000	\$ 7,160,603

Article X of the agreement establishing the Centre states that the annual budget of the rent of Permanent Exhibition Hall shall be borne by Japan and that the rest of annual budget of the Centre shall be contributed in 90% by Japan and 10% by the ASEAN member countries.

ASEAN PROMOTION CENTRE ON
TRADE, INVESTMENT AND TOURISM

NOTES TO FINANCIAL STATEMENTS

4. Commitments

A. Lease Commitments and Loan from Bank:

As of March 31, 2006, the aggregate lease deposits of ¥100,601,780 (US\$856,404) consists of ¥100,485,780 (US\$855,417) and ¥116,000 (US\$987) for the Permanent Exhibition Hall / Secretariat Office including the Information Corner, and the parking space, respectively.

Total monthly rent including maintenance fees for the Permanent Exhibition Hall / Secretariat Office and Information Corner, and the parking space were ¥8,443,140 (US\$71,875) and ¥58,000 (US\$494), respectively.

The amount of ¥ 82,195,780 (US\$699,717) for the lease deposit was financed by bank loans, which bear an interest rate of 2.19% per annum. The principal amount is payable on June 29, 2007.

The building and land, which the Centre leases, was entrusted to UFJ Trust and Banking Corporation and the beneficial right of the trust was transferred to ORIX Real Estate K.K. on September 26, 2002. As a result, the lease deposit as of March 31, 2006 is refundable by ORIX Real Estate K.K. upon termination of the lease.

B. Contractual Purchase Obligations

The Centre has contractual purchase obligations related to the annual budget for FY2005 as of March 31, 2006. The amount of the obligations was ¥13,336,579 (US\$113,532), of which comprised the amount of ¥2,651,288 (US\$22,570) for the Trade and trade-oriented, ¥1,585,014 (US\$13,493) for Investment, ¥463,000 (US\$3,941) for the Tourism and tourism-oriented, ¥4,512,655 (US\$38,415) for Public relations, ¥3,360,172 (US\$28,605) for ASEAN national activities and ¥764,450 (US\$6,508) for Administration at March 31, 2006.

ASEAN PROMOTION CENTRE ON
TRADE, INVESTMENT AND TOURISM

NOTES TO FINANCIAL STATEMENTS

5. Earmarked expenses

Prior to last year, the amount of encumbrances, which were outstanding purchase orders and other commitments for materials and services not received as of the balance sheet date, was charged to expense and included in "Expenses" on the statement of revenue, expenses and changes in fund balance and "Accounts payable" on the balance sheet due to budgetary control purposes. However, the amount of such encumbrances as of March 31, 2006 was not recorded as "Accounts payable" on the balance sheet and "Expenses" on the statement of revenue, expenses and changes in fund balance in accordance with accounting principles generally accepted in Japan.

6. Fund balance

A. Appropriated for future refurbishing costs

The Centre reserved the amount of ¥18,290,000 (US\$155,699) which had been previously charged to expenses, for the purpose of future possible refurbishing costs at the end of the lease contract. (See Note 7)

B. Appropriated for special fund

The Centre Council periodically appropriates fund balance for contingency fund and special fund. As of March 31, 2006, the aggregate appropriated fund balance of ¥78,259,463 (US\$666,208) consists of ¥2,204,000 (US\$18,762) and ¥76,055,463 (US\$647,446) for contingency fund and special fund, respectively.

C. Appropriated for earmarked expenses

The amount of ¥13,336,579 (US\$113,532) is appropriated for the contractual purchase obligations.

7. Adjustment of reserve for lease deposit

Prior to last year, reserve for lease deposit had been recorded as a liability. However, it should have been included in a part of Fund balance for the purposes of future possible refurbishing costs. This year, the liability was reserved and included in special gain to correct it to the fund balance. As a result, it was included in the statement of revenue, expenses and changes in fund balance.