

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

**FINANCIAL STATEMENTS
for the year ended March 31, 2007**

ASEAN PROMOTION CENTRE ON
TRADE, INVESTMENT AND TOURISM

BALANCE SHEET, March 31, 2007

ASSETS	Japanese Yen	U.S. Dollars (Note 2)
Cash and bank deposits	¥ 427,440,403	\$ 3,620,842
Prepaid expenses	13,440,754	113,856
Advance to staff members	782,960	6,632
Other current asset	1,032,863	8,749
Property, plant and equipment (Note 1B)	¥127,648,334	
Less: Accumulated depreciation (Note 1B)	¥104,256,571	198,151
Software (Note 1B)	950,950	8,056
Lease deposits (Note 4A)	100,601,780	852,197
	<u>¥ 567,641,473</u>	<u>\$ 4,808,483</u>
LIABILITIES AND FUND BALANCE		
Accounts payable	¥ 61,280,692	\$ 519,108
Receipts in advance (Note 1A)	171,039,893	1,448,877
Loans from bank (Note 4A)	82,195,780	696,279
Accrued severance benefits (Note 1C)	116,693,788	988,511
	<u>¥ 431,210,153</u>	<u>\$ 3,652,775</u>
Commitments (Notes 4A and 4B)		
Fund balance:		
Appropriated for future refurbishing costs (Note 6A)	¥ 18,290,000	\$ 154,934
Appropriated for special fund (Note 6B)	40,952,821	346,911
Appropriated for earmarked expenses (Note 4B, Note 5 and 6C)	2,173,471	18,411
Appropriated for property, plant, equipment and software (Note 1B)	24,342,713	206,207
Unappropriated	50,672,315	429,245
	<u>¥ 136,431,320</u>	<u>\$ 1,155,708</u>
	<u>¥ 567,641,473</u>	<u>\$ 4,808,483</u>

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

ASEAN PROMOTION CENTRE ON
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STATEMENT OF REVENUE, EXPENSES AND CHANGES
IN FUND BALANCE
for the year ended March 31, 2007

	Japanese Yen	U.S. Dollars (Note 2)
Revenue:		
Contributions from member countries (Notes 1A and 3)	¥ 777,088,000	\$ 6,582,702
Funds from Japan-ASEAN General Exchange Fund (Note 1A)	5,207,032	44,109
Funds from Japan ASEAN Solidarity Fund (Note 1A)	16,898,793	143,149
Funds from ASEAN-Japan Integration Fund (Note 1A)	1,711,227	14,496
Miscellaneous income:		
Interest on deposits	308,254	2,611
Others	74,240	629
	¥ 801,287,546	\$ 6,787,696
Expenses:		
Projects:		
Trade	¥ 141,579,185	\$ 1,199,315
Investment	93,535,343	792,337
Tourism	84,985,098	719,908
Public relations	41,474,918	351,333
ASEAN national activities	52,376,702	443,682
Depreciation expenses (Note 1B)	1,091,262	9,244
Loss on disposal of property, plant and equipment	21,892	185
Administration:		
Meetings of Council and Executive Board	12,963,141	109,811
Office maintenance (Note 4A)	47,080,798	398,821
Office operation	11,292,202	95,656
Staff expenses (Note 1C)	272,835,877	2,311,189
Rent for Permanent Exhibition Hall (Note 4A)	77,714,623	658,319
Depreciation expenses (Note 1B)	3,926,195	33,259
Amortization expenses (Note 1B)	331,474	2,808
Loss on disposal of property, plant and equipment	28,300	240
	¥ 841,237,010	\$ 7,126,107
Excess of Expenses over Revenue	¥ 39,949,464	\$ 338,411

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

Fund Balance at Beginning of Year	<u>¥ 176,380,784</u>	<u>\$ 1,494,119</u>
Fund Balance at End of Year	<u>¥ 136,431,320</u>	<u>\$ 1,155,708</u>

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

ASEAN PROMOTION CENTRE ON
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STATEMENT OF CASH FLOWS
for the year ended March 31, 2007

	Japanese Yen	U.S. Dollars (Note 2)
Cash Flows from Operating Activities:		
Cash received from member countries, Japan-ASEAN General Exchange Fund, Japan ASEAN Solidarity Fund and ASEAN-Japan Integration Fund	¥ 957,181,369	\$ 8,108,271
Interest received	196,596	1,665
Cash received from other operating activities	119,734	1,014
Cash paid to suppliers and staff	(825,171,755)	(6,990,019)
Interest paid	(1,800,081)	(15,248)
Net Cash provided by Operating Activities	¥ 130,525,863	\$ 1,105,683
Cash Flows from Investing Activities:		
Acquisition of property, plant, equipment and software	(1,995,915)	(16,907)
Cash paid to staff for salary advance	(2,348,880)	(19,897)
Cash received from staff for monthly settlements of salary advance	1,565,920	13,264
Acquisition of investments in securities	(99,888,342)	(846,153)
Proceeds from redemption of investment securities	100,000,000	847,099
Net Cash used in Investing Activities	¥ (2,667,217)	\$ (22,594)
Net increase in Cash and Bank Deposits	¥ 127,858,646	\$ 1,083,089
Cash and Bank Deposits at Beginning of Year	299,581,757	2,537,753
Cash and Bank Deposits at End of Year	¥ 427,440,403	\$ 3,620,842

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 Financial Reporting Standards.

A. Contributions and Funds

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

For the year ended March 31, 2007, the Centre received extra funding from the Japan-ASEAN General Exchange Fund ("JAGEF"), the Japan-ASEAN Solidarity Fund ("JASF") and the ASEAN-Japan Integration Fund ("JAIF"). The Centre recognized these funds as revenues in conformity with percentage of completion method. Unrecognized revenues from JAIF were recorded as "Receipts in advance" on the Balance Sheet as of March 31, 2007.

The funds from JAGEF were fully used for the expenses of holding the meeting of the Eminent Persons Committee held in April 2006, to discuss the Centre's future direction. The above expenses were included under the account of "Meetings of Council and Executive Board".

The funds from JASF were used for the expenses of the project "Promotion of BIMP-EAGA as a Single Destination: with Emphasis on Natural and Cultural Tourism Resources," which was implemented from November 2005 to October 2006. The expenses were included in the expenses under "Tourism".

The funds from JAIF were used for the expenses of the projects "Capacity-Building Program - The B.E.S.T Program for SMEs" and "Capacity-Building Program on Information and Communications Technology - Transforming ASEAN TPO Websites into Transactions-based Web Services", which had been ongoing as of March 31, 2007 and expected to continue until May 2008. The expenses were included in the expenses under "Trade".

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NOTES TO FINANCIAL STATEMENTS

B. Property, Plant and Equipment and Software

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\$1,694) or more, was recorded as assets on the balance sheet.

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 are entitled to receive a lump-sum payment upon termination of their employment either by resignation or retirement. The amount of benefits for a permanent appointee is determined based on the rate of one-month base salary at the time of resignation or retirement for every completed year of service. For a fixed-term appointee, it is determined at the rate of monthly base salary for a year of service computed on a pro-rata, monthly basis effective at the time of termination of his/her employment in accordance with 'RULES AND REGULATIONS'. The Centre has recorded the amount of 100% liability that the Centre would have to pay for all the staff members if they retire at the balance sheet date. This is permitted under accounting principles accepted in Japan for certain companies whose number of staff members are less than three hundred. The provision charged to operations for the year ended March 31, 2007 amounted to ¥19,192,796 (US\$162,582).

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 an exchange rate of ¥118.05 = US\$1, the approximate rate prevailing as of March 30, 2007.

ASEAN PROMOTION CENTRE ON
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NOTES TO FINANCIAL STATEMENTS

3. Establishment and Purpose

The Centre was established on May 25, 1981, as an un-incorporated, non-profit organization under an Agreement among the governments of Japan and five ASEAN Member Countries. This Agreement was extended to May 24, 2012 at the 26th Annual Meeting of the Council held in Tokyo in February 2007. 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 skills 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 11 member countries as of March 31, 2007.

The members of the Centre made the following contributions for the year ended March 31, 2007:

	Japanese Yen	U.S. Dollars (Note 2)
Obligatory Contribution:		
Japan	¥ 473,585,000	\$ 4,011,732
ASEAN Member Countries	52,620,000	445,743
Rent of Permanent Exhibition Hall	86,382,000	731,741
Voluntary Contribution from Japan	164,501,000	1,393,486
	¥ 777,088,000	\$ 6,582,702

Article X of the Agreement establishing the Centre states that “*Except for the rent of the permanent ASEAN Trade, Investment and Tourism Exhibition Hall, which shall be borne by Japan, the annual budget of the Centre shall be met in the following proportion: Japan: 90 per cent, the ASEAN Member Countries: 10 per cent.*” This annual budget is now referred to as Obligatory Contribution.

In addition, the Centre also receives Voluntary Contribution from Japan, which started in 1988 to meet its increasing financial requirements for the implementation of the Centre's new programs and projects.

ASEAN PROMOTION CENTRE ON
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NOTES TO FINANCIAL STATEMENTS

4. Commitments

A. Lease Commitments and Loan from Bank:

As of March 31, 2007, the aggregate lease deposits of ¥100,601,780 (US\$852,197) consists of ¥100,485,780 (US\$851,214) and ¥116,000 (US\$983) 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, the signboard fee and the parking space fee are ¥8,443,140 (US\$71,522), ¥160,000(US\$1,355) and ¥58,000 (US\$491), respectively.

The amount of ¥ 82,195,780 (US\$696,279) 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 interest expenses were included under the “Rent for the Permanent Exhibition Hall”.

The building, which the Centre leases, was entrusted to Mitsubishi 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, 2007 is refundable from ORIX Real Estate K.K. upon the termination of the lease.

B. Contractual Purchase Obligations

The Centre has contractual purchase obligations related to the annual budget for FY2006 as of March 31, 2007. The amount of the obligations is ¥2,173,471 (US\$18,411) and is mainly comprised of the amounts of ¥2,172,471 (US\$18,403) for Tourism as of March 31, 2007.

ASEAN PROMOTION CENTRE ON
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NOTES TO FINANCIAL STATEMENTS

5. Earmarked Expenses

The amount of earmarked expenses, which are outstanding purchase orders and other commitments for materials and services not received as of the Balance Sheet date of March 31, 2007, was not recorded as “Accounts payable” on the Balance Sheet and “Expenses” on the Statement of Revenues, 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\$154,934), which had been previously charged to expenses, for the purpose of future possible refurbishing costs at the end of the lease contract.

B. Appropriated for Special Fund

The Centre Council periodically appropriates fund balance for contingency fund and special fund. As of March 31, 2007, the aggregate appropriated fund balance of ¥40,952,821 (US\$346,911) consists of ¥2,204,000 (US\$18,670) and ¥38,748,821 (US\$328,241) for contingency fund and special fund, respectively.

C. Appropriated for Earmarked Expenses

The amount of ¥2,173,471 (US\$18,411) is appropriated for the contractual purchase obligations.