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

*Financial Statements for the
Year Ended March 31, 2018*

ASEAN PROMOTION CENTRE ON TRADE, INVESTMENT AND TOURISM

Balance Sheet
March 31, 2018

<u>ASSETS</u>	<u>Japanese Yen</u>	<u>U.S. Dollars</u> (Note 2)	<u>LIABILITIES AND FUND BALANCE</u>	<u>Japanese Yen</u>	<u>U.S. Dollars</u> (Note 2)
CURRENT ASSETS:			CURRENT LIABILITIES:		
Cash and bank deposits	¥ 228,738,001	\$ 2,153,031	Accounts payable	¥ 63,617,337	\$ 598,808
Prepaid expenses	2,308,122	21,726	Short-term bank loan (Notes 7.a and 8.a)	55,700,800	524,292
Accounts receivable	2,579,779	24,282	Deposits received (Note 5)	7,800,826	73,426
Other current assets	<u>73,253</u>	<u>689</u>	Other current liabilities	<u>2,704,077</u>	<u>25,453</u>
Total current assets	<u>233,699,155</u>	<u>2,199,728</u>	Total current liabilities	<u>129,823,040</u>	<u>1,221,979</u>
PROPERTY:			LONG-TERM LIABILITIES:		
Property, plant and equipment:			Asset retirement obligations (Notes 3.d and 4)	17,996,758	169,397
Property, plant and equipment (Notes 3.a, 3.d and 4)	97,215,094	915,052	Accrued severance benefits (Note 3.c)	<u>64,540,953</u>	<u>607,502</u>
Accumulated depreciation	<u>(74,678,019)</u>	<u>(702,918)</u>	Total long-term liabilities	<u>82,537,711</u>	<u>776,899</u>
Net property, plant and equipment	22,537,075	212,134			
Intangible assets—software (Note 3.a)	<u>29,398,619</u>	<u>276,719</u>	COMMITMENTS AND CONTINGENT LIABILITIES (Note 7.a)		
Total property	<u>51,935,694</u>	<u>488,853</u>	FUND BALANCE:		
INVESTMENTS AND OTHER ASSETS:			Appropriated for repayment of bank loan (Note 8.a)	638,000	6,005
Lease deposits (Notes 7.a and 8.a)	57,745,800	543,541	Appropriated for special fund	65,825,601	619,593
Deposits	310,000	2,918	Appropriated for earmarked expenses (Notes 7.b and 8.b)	1,296,306	12,202
Long-term prepaid expenses	<u>446,709</u>	<u>4,205</u>	Appropriated for property, plant and equipment and software (Notes 3.a, 3.d and 4)	51,935,694	488,853
Total investments and other assets	<u>58,502,509</u>	<u>550,664</u>	Appropriated for asset retirement obligations (Notes 3.d and 4)	(17,996,758)	(169,397)
			Unappropriated	<u>30,077,764</u>	<u>283,111</u>
			Total fund balance	<u>131,776,607</u>	<u>1,240,367</u>
TOTAL	<u>¥ 344,137,358</u>	<u>\$ 3,239,245</u>	TOTAL	<u>¥ 344,137,358</u>	<u>\$ 3,239,245</u>

See notes to financial statements.

ASEAN PROMOTION CENTRE ON TRADE, INVESTMENT AND TOURISM

Statement of Revenues, Expenses, and Changes in Fund Balance Year Ended March 31, 2018

	<u>Japanese Yen</u>	<u>U.S. Dollars</u> (Note 2)
REVENUES:		
Contributions from Member States (Note 6)	¥ 537,039,000	\$ 5,054,960
Other income:		
Interest income	9,190	87
Others	<u>10,470</u>	<u>99</u>
Total revenues	<u>537,058,660</u>	<u>5,055,146</u>
EXPENSES:		
Projects:		
Trade (Note 3.c)	51,127,527	481,246
Investment	65,491,810	616,452
Tourism and exchanges	42,368,831	398,803
Public relations	14,635,185	137,756
ASEAN national activities	34,676,080	326,394
Centre-wide activities	15,223,797	143,296
Depreciation expenses (Note 3.a)	1,481,149	13,942
Amortization expenses (Note 3.a)	4,572,018	43,035
Loss on disposal of noncurrent assets (Note 3.a)	3,698,833	34,816
Administration:		
Meetings of Council and Executive Board	2,487,685	23,416
Office maintenance	50,180,367	472,330
Office operation	7,361,877	69,295
Staff expenses	202,226,853	1,903,491
Provision for accrued severance benefits (Note 3.c)	11,182,765	105,259
Rent for Permanent Exhibition Hall (Note 7.a)	33,763,091	317,800
Depreciation expenses (Notes 3.a and 3.d)	4,270,134	40,193
Amortization expenses (Note 3.a)	978,634	9,211
Loss on disposal of noncurrent assets (Note 3.a)	<u>188,204</u>	<u>1,771</u>
Total expenses	<u>545,914,840</u>	<u>5,138,506</u>
EXCESS OF EXPENSES OVER REVENUES	(8,856,180)	(83,360)
FUND BALANCE, BEGINNING OF YEAR	<u>140,632,787</u>	<u>1,323,727</u>
FUND BALANCE, END OF YEAR	<u>¥ 131,776,607</u>	<u>\$ 1,240,367</u>

See notes to financial statements.

ASEAN PROMOTION CENTRE ON TRADE, INVESTMENT AND TOURISM

Statement of Cash Flows Year Ended March 31, 2018

	<u>Japanese Yen</u>	<u>U.S. Dollars</u> (Note 2)
OPERATING ACTIVITIES:		
Cash received from Member States	¥ 537,039,000	\$ 5,054,960
Cash received from other operating activities	10,470	99
Cash received from other activities	2,503,037	23,560
Cash paid to suppliers and staff	(529,540,761)	(4,984,382)
Interest received	9,190	87
Interest paid	<u>(1,011,479)</u>	<u>(9,521)</u>
Net cash provided by operating activities	<u>9,009,457</u>	<u>84,803</u>
INVESTING ACTIVITIES:		
Acquisition of property, plant and equipment and software	(4,160,000)	(39,157)
Cash received from staff members for lease deposit	10,000	94
Cash paid for lease deposit	<u>(156,000)</u>	<u>(1,468)</u>
Net cash used in investing activities	<u>(4,306,000)</u>	<u>(40,531)</u>
FINANCING ACTIVITIES:		
Cash paid to bank for settlement of short-term bank loan	<u>(638,000)</u>	<u>(6,005)</u>
Net cash used in financing activities	<u>(638,000)</u>	<u>(6,005)</u>
NET INCREASE IN CASH AND BANK DEPOSITS	4,065,457	38,267
CASH AND BANK DEPOSITS, BEGINNING OF YEAR	<u>224,672,544</u>	<u>2,114,764</u>
CASH AND BANK DEPOSITS, END OF YEAR	<u>¥ 228,738,001</u>	<u>\$ 2,153,031</u>

See notes to financial statements.

ASEAN PROMOTION CENTRE ON TRADE, INVESTMENT AND TOURISM

Notes to Financial Statements Year Ended March 31, 2018

1. ORGANIZATION

ASEAN PROMOTION CENTRE ON TRADE, INVESTMENT AND TOURISM (the Centre) was established on May 25, 1981, as an unincorporated, nonprofit organization under the Agreement between the Governments of Japan and five ASEAN Member States. This Agreement was extended to May 24, 2022, at the 36th Annual Meeting of the Council held in Tokyo in March 2017. The Centre's main purpose is to promote exports from the ASEAN Member States to Japan, particularly semi-processed and manufactured products; to accelerate the flow of investment between Japan and the ASEAN Member States including the transfer of skill and technology; to vitalize tourist traffic between Japan and the ASEAN Member States; and to expand exchanges of persons through close cooperation between Japan and the ASEAN Member States. There are 11 Member States as of March 31, 2018.

2. BASIS OF PRESENTING FINANCIAL STATEMENTS

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

The financial statements are stated in Japanese yen, the currency of the country in which the Centre operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers and have been made at the rate of ¥106.24 to \$1, the rate of exchange at March 30, 2018. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Property, Plant and Equipment and Software*—Property, plant and equipment and software, limited to those with individual amounts of ¥200,000 (\$1,883) or more, are stated at cost. Depreciation of property, plant and equipment is computed substantially by the declining-balance method at rates based on the estimated useful lives of the assets. The range of useful lives is principally from 2 to 20 years. Amortization of software is computed by the straight-line method at rates based on estimated useful lives of 5 years.
- b. Long-Lived Assets*—The Centre reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. The impairment loss is measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the net selling price at disposition.
- 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 the 'RULES AND REGULATIONS.' The Centre has recorded a 100 percent liability for the amount that the Centre would have to pay for all the staff members if they resign at the balance sheet date. This is permitted under generally accepted accounting principles in Japan for certain companies that have less than 300 staff members.

- d. Asset Retirement Obligation*—An asset retirement obligation is recorded for a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the related asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

4. ASSET RETIREMENT OBLIGATIONS

The changes in asset retirement obligations for the year ended March 31, 2018, were as follows:

	<u>Japanese Yen</u>	<u>U.S. Dollars</u>
Balance at beginning of year	¥ 17,678,544	\$ 166,402
Reconciliation associated with passage of time	<u>318,214</u>	<u>2,995</u>
Balance at end of year	<u>¥ 17,996,758</u>	<u>\$ 169,397</u>

5. DEPOSITS RECEIVED

Return of termination gratuity in the amount of ¥7,800,826 (\$73,426) was paid to persons temporarily seconded by the Government of Japan in the past fiscal years.

This amount will be paid back to the Government of Japan in the fiscal year ending March 31, 2019.

6. SOURCE OF FUNDING

Contributions

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

The members of the Centre made the following contributions for the year ended March 31, 2018:

	<u>Japanese Yen</u>	<u>U.S. Dollars</u>
Obligatory contributions:		
Japan	¥ 362,143,000	\$ 3,408,726
ASEAN Member States	51,735,000	486,963
Rent for Permanent Exhibition Hall	34,372,000	323,531
Voluntary contributions:		
Japan	87,789,000	826,327
ASEAN Member States	<u>1,000,000</u>	<u>9,413</u>
Total	<u>¥ 537,039,000</u>	<u>\$ 5,054,960</u>

Article X 2 of the Amendments to the Agreement Establishing the Centre which was amended by the Council Decision on November 20, 2007, 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: 87.5 percent, the ASEAN Member States: 12.5 percent." This annual budget is now referred to as obligatory contributions.

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

And furthermore, the Centre received voluntary contribution of ¥1,000,000 (\$9,413) from ASEAN Member States for the year ended March 31, 2018.

The fund was used for the expenses of the ASEAN 50th anniversary commemorative reception in November 2017. The expenses were recorded in "Centre-wide activities."

7. COMMITMENTS

a. Lease Commitments and Loan from Bank

The aggregate lease deposits at March 31, 2018 of ¥57,745,800 (\$543,541) consist of ¥55,104,000 (\$518,675) and ¥1,234,800 (\$11,622) for the Permanent Exhibition Hall/Secretariat Office including the Information Corner and the storage in Onarimon, respectively, and ¥1,407,000 (\$13,244) for housing for the Secretary General and three member of ASEAN staff.

Total monthly rents from February 1, 2017 through January 31, 2019 for the Permanent Exhibition Hall/Secretariat Office and Information Corner, the signboard fee and the storage in Onarimon of ¥5,488,000 (\$51,657), ¥60,000 (\$565) and ¥205,800 (\$1,937), respectively, are ¥5,753,800 (\$54,159).

The amount of ¥55,700,800 (\$524,292) for the lease deposit was financed by a floating rate bank loan based on bank base rate plus 1.775 percent per annum on March 23, 2018. The interest rate is subject to review monthly. The principal amount is payable on March 22, 2019. The interest expenses were included under "Rent for Permanent Exhibition Hall."

b. Contractual Purchase Obligations

The Centre has contractual purchase obligations related to the annual budget for the fiscal year ended March 31, 2018. The amount of the obligations is ¥1,296,306 (\$12,202) which consists of ¥30,000 (\$283) for trade activities, ¥10,000 (\$94) for investment activities, ¥76,856 (\$724) for tourism and exchange activities, ¥10,000 (\$94) for centre-wide activities, ¥42,000 (\$395) for ASEAN national activities and ¥1,127,450 (\$10,612) for staff expenses, at March 31, 2018.

8. FUND BALANCE

a. Appropriated for Repayment of Bank Loan

The amount of ¥638,000 (\$6,005), which is the partial repayment on the bank loan for the lease deposits of the Permanent Exhibition Hall/Secretariat Office including the Information Corner and the storage in Onarimon, is the difference between the lease deposits of ¥56,338,800 (\$530,297) and the bank loan of ¥55,700,800 (\$524,292).

b. Appropriated for Earmarked Expenses

The amount of earmarked expenses, which consists of outstanding purchase orders and other commitments for materials and services not received as of March 31, 2018, was not recorded as "Accounts payable" in the balance sheet and "Expenses" in the statement of revenues, expenses, and changes in fund balance in accordance with generally accepted accounting principles in Japan.

The amount of ¥1,296,306 (\$12,202) was appropriated for contractual purchase obligations.

* * * * *