

**INTERNATIONAL COOPERATION AND  
DEVELOPMENT FUND  
FINANCIAL STATEMENTS AND REPORT OF  
INDEPENDENT ACCOUNTANTS  
DECEMBER 31, 2019 AND 2018**

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For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR19000200

To the International Cooperation and Development Fund (TaiwanICDF)

***Opinion***

We have audited the accompanying balance sheets of the International Cooperation and Development Fund (TaiwanICDF) as at December 31, 2019 and 2018, and the related statements of comprehensive revenues and expenses, of changes in fund balances and of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the TaiwanICDF as at December 31, 2019 and 2018, and its results of operations and its cash flows for the years then ended in accordance with the requirements of “Regulations Governing Accounting Handling and Preparation of Financial Reports of Foundations established and approved by the Ministry of Foreign Affairs”, accounting policies of TaiwanICDF (including proposed revision), the relevant laws and regulations formulated by the central government, Enterprise Accounting Standards (“EAS”) and related interpretations.

***Basis for opinion***

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the TaiwanICDF in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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### ***Emphasis of matter-custodianship of certain assets***

As described in Note 11 to the financial statements, certain assets were placed under the custodianship of TaiwanICDF at the request of the owners and these assets are not reflected in the financial statements. The details of these assets are disclosed for reference purposes only.

### ***Responsibilities of management for the financial statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the requirements of “Regulations Governing Accounting Handling and Preparation of Financial Reports of Foundations established and approved by the Ministry of Foreign Affairs”, accounting policies of TaiwanICDF (including proposed revision), the relevant laws and regulations formulated by the central government, “EAS” and related interpretations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the TaiwanICDF’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the TaiwanICDF or to cease operations, or has no realistic alternative but to do so.

### ***Auditor’s responsibilities for the audit of the financial statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



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1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the TaiwanICDF's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the TaiwanICDF's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the TaiwanICDF to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.





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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chou, Hsiao-Tzu

For and on behalf of PricewaterhouseCoopers, Taiwan

March 27, 2020

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The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

**INTERNATIONAL COOPERATION AND DEVELOPMENT FUND**  
**BALANCE SHEETS**  
**DECEMBER 31, 2019 AND 2018**  
(Expressed in New Taiwan dollars)

ASSETS	Notes	2019		2018	
		AMOUNT	%	AMOUNT	%
<b>Current assets</b>					
Cash and cash equivalents	6(1)	\$ 5,143,536,478	32	\$ 5,837,101,581	37
Other receivables	6(4)	456,626,390	3	137,882,738	1
Prepayments		45,715,879	-	53,699,730	-
Held-to-maturity financial assets - current	6(3)	673,557,003	4	387,517,911	3
Other current assets		56,989,721	-	50,370,945	-
Current portion of long-term loans receivable	6(5) and 9	234,351,596	2	225,907,652	2
<b>Total current assets</b>		<u>6,610,777,067</u>	<u>41</u>	<u>6,692,480,557</u>	<u>43</u>
<b>Long-term loans and investment</b>					
Available-for-sale financial assets - noncurrent	6(2)	42,561,050	-	-	-
Held-to-maturity financial assets - noncurrent	6(3)	3,728,205,446	23	4,029,621,436	25
Financial assets carried at cost - noncurrent	6(6) and 9	2,289,343,521	14	2,061,417,118	13
Long-term loans receivable	6(5) and 9	3,472,609,263	22	2,949,746,881	19
<b>Total long-term loans and investment</b>		<u>9,532,719,280</u>	<u>59</u>	<u>9,040,785,435</u>	<u>57</u>
<b>Property, plant and equipment</b>	6(7)				
Machinery and equipment		13,845,783	-	15,588,843	-
Transportation equipment		1,183,337	-	1,374,255	-
Miscellaneous equipment		1,792,710	-	2,195,578	-
Leasehold improvements		737,448	-	886,495	-
<b>Net property, plant and equipment</b>		<u>17,559,278</u>	<u>-</u>	<u>20,045,171</u>	<u>-</u>
<b>Other assets</b>					
Deposits-out		319,344	-	327,657	-
Deferred expenses		6,670,949	-	9,157,957	-
<b>Total other assets</b>		<u>6,990,293</u>	<u>-</u>	<u>9,485,614</u>	<u>-</u>
<b>TOTAL ASSETS</b>		<u>\$ 16,168,045,918</u>	<u>100</u>	<u>\$ 15,762,796,777</u>	<u>100</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Current liabilities</b>					
Payables	6(8)	\$ 576,319,441	4	\$ 129,720,862	1
Collections payable		15,261,343	-	2,431,950	-
Other current liabilities		1,097,424	-	68,651	-
<b>Total current liabilities</b>		<u>592,678,208</u>	<u>4</u>	<u>132,221,463</u>	<u>1</u>
<b>Other liabilities</b>					
Other liabilities		12,846,894	-	11,893,873	-
<b>Total other liabilities</b>		<u>12,846,894</u>	<u>-</u>	<u>11,893,873</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>		<u>605,525,102</u>	<u>4</u>	<u>144,115,336</u>	<u>1</u>
<b>Fund balances</b>					
<b>Funds</b>	6(10)				
Funds		12,468,838,072	77	12,468,838,072	79
<b>Accumulated earnings</b>	6(11)				
Accumulated earnings		3,086,884,812	19	3,149,843,369	20
<b>Adjustment for other fund balances</b>					
Other accumulated earnings	6(2)	6,797,932	-	-	-
<b>TOTAL FUND BALANCES</b>		<u>15,562,520,816</u>	<u>96</u>	<u>15,618,681,441</u>	<u>99</u>
<b>SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS</b>	9				
<b>TOTAL LIABILITIES AND FUND BALANCES</b>		<u>\$ 16,168,045,918</u>	<u>100</u>	<u>\$ 15,762,796,777</u>	<u>100</u>

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

INTERNATIONAL COOPERATION AND DEVELOPMENT FUND  
STATEMENTS OF COMPREHENSIVE REVENUES AND EXPENSES  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018  
(Expressed in New Taiwan dollars)

Items	Notes	Year ended December 31			
		2019		2018	
		AMOUNT	%	AMOUNT	%
<b>Operating revenues</b>					
Revenues from banking and finance operations		\$ 104,856,471	6	\$ 68,900,868	5
Revenues from contracted projects		1,584,913,379	94	1,256,977,175	95
<b>Total operating revenues</b>		<u>1,689,769,850</u>	<u>100</u>	<u>1,325,878,043</u>	<u>100</u>
<b>Operating expenses</b>					
Humanitarian assistance expenses		( 27,426,967 )	( 2 )	( 25,933,639 )	( 2 )
Banking and finance operations		( 23,893,193 )	( 1 )	( 36,869,369 )	( 3 )
International human resources		( 91,111,620 )	( 5 )	( 90,327,470 )	( 7 )
Technical cooperation expenses		( 33,229,251 )	( 2 )	( 38,307,495 )	( 3 )
General and administrative expenses		( 136,843,960 )	( 8 )	( 140,041,694 )	( 10 )
Contracted project expenses	6(12)	( <u>1,584,913,379</u> )	( <u>94</u> )	( <u>1,256,977,175</u> )	( <u>95</u> )
<b>Total operating expenses</b>		<u>( 1,897,418,370 )</u>	<u>( 112 )</u>	<u>( 1,588,456,842 )</u>	<u>( 120 )</u>
<b>Net operating losses</b>		<u>( 207,648,520 )</u>	<u>( 12 )</u>	<u>( 262,578,799 )</u>	<u>( 20 )</u>
<b>Non-operating income and gains</b>					
Financial income	6(14)	164,028,506	10	178,534,282	14
Other non-operating income	6(15)	<u>9,762,869</u>	-	<u>12,450,458</u>	<u>1</u>
<b>Total non-operating income and gains</b>		<u>173,791,375</u>	<u>10</u>	<u>190,984,740</u>	<u>15</u>
<b>Non-operating expenses and losses</b>					
Financial expenses		( 28,815,453 )	( 2 )	( 31,651,654 )	( 3 )
Other non-operating expenses		( <u>285,959</u> )	-	( <u>639,266</u> )	-
<b>Total non-operating expenses and losses</b>		<u>( 29,101,412 )</u>	<u>( 2 )</u>	<u>( 32,290,920 )</u>	<u>( 3 )</u>
<b>Deficiency of revenues over expenses</b>		<u>( \$ 62,958,557 )</u>	<u>( 4 )</u>	<u>( \$ 103,884,979 )</u>	<u>( 8 )</u>
<b>Other comprehensive income</b>					
Unrealized valuation gains from available-for-sale financial assets	6(2)	<u>\$ 6,797,932</u>	<u>1</u>	<u>\$ -</u>	<u>-</u>
<b>Total comprehensive losses</b>		<u>( \$ 56,160,625 )</u>	<u>( 3 )</u>	<u>( \$ 103,884,979 )</u>	<u>( 8 )</u>

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

INTERNATIONAL COOPERATION AND DEVELOPMENT FUND  
STATEMENTS OF CHANGES IN FUND BALANCE  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018  
(Expressed in New Taiwan dollars)

	Fund			Accumulated other comprehensive income	Total
	Notes	Founding fund	Endowment fund		
<u>2018</u>					
Balance at January 1, 2018		\$ 11,614,338,576	\$ 854,499,496	\$ -	\$ 15,722,566,420
Deficiency of revenues over expenses for 2018		-	( 103,884,979)	-	( 103,884,979)
Balance at December 31, 2018		<u>\$ 11,614,338,576</u>	<u>\$ 854,499,496</u>	<u>\$ -</u>	<u>\$ 15,618,681,441</u>
<u>2019</u>					
Balance at January 1, 2019		\$ 11,614,338,576	\$ 854,499,496	\$ -	\$ 15,618,681,441
Deficiency of revenues over expenses for 2019		-	( 62,958,557)	-	( 62,958,557)
Other comprehensive income for 2019	6(2)	-	-	6,797,932	6,797,932
Balance at December 31, 2019		<u>\$ 11,614,338,576</u>	<u>\$ 854,499,496</u>	<u>\$ 6,797,932</u>	<u>\$ 15,562,520,816</u>

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



INTERNATIONAL COOPERATION AND DEVELOPMENT FUND  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018  
(Expressed in New Taiwan dollars)

	Notes	2019	2018
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Loss before tax		(\$ 62,958,557)	(\$ 103,884,979)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(13)	4,425,606	4,608,086
Amortization	6(13)	3,408,408	6,687,747
Reversal of allowance for bad debts	6(15)	( 3,626,573 )	( 3,514,937 )
Held-to-maturity financial assets - interest amortization		4,847,618	3,629,616
Loss on disposal of fixed assets	6(7)	36,832	537,344
Financial assets carried at cost-impairment loss	6(6)	17,171,015	29,380,098
Changes in assets and liabilities			
Receivables		23,719,778	( 11,596,973 )
Prepayments		( 6,492,553 )	2,893,376
Other current assets		( 6,618,776 )	57,537,412
Accrued expenses		( 1,910,074 )	5,473,097
Other payables		124,901,590	642,949
Collections payable		12,829,393	11,168
Other current liabilities		1,028,773	1,451
Other liabilities		( 21,979 )	( 61,534 )
Cash inflow (outflow) generated from operations		<u>110,740,501</u>	<u>( 7,656,079 )</u>
Net cash flows from (used in) operating activities		<u>110,740,501</u>	<u>( 7,656,079 )</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Increase in long-term lending	6(5)	( 781,791,997 )	( 482,233,940 )
Proceeds from long-term loans receivable	6(5)	254,119,016	383,767,326
Increase in available-for-sale financial assets	6(2)	( 35,763,118 )	-
Increase in held-to-maturity financial assets		( 581,962,454 )	( 823,132,090 )
Proceeds upon maturity of held-to-maturity financial assets		588,104,999	355,686,545
Increase in financial assets carried at cost	6(6)	( 252,280,000 )	-
Decrease in financial assets carried at cost	6(6)	7,182,582	3,274,860
Increase in fixed assets	6(7)	( 1,976,545 )	( 4,406,102 )
Decrease (increase) in deposits-out		8,313	( 23,250 )
Increase in deferred assets		( 921,400 )	( 1,466,900 )
Net cash flows used in investing activities		<u>( 805,280,604 )</u>	<u>( 568,533,551 )</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Increase (decrease) in deposits-in		<u>975,000</u>	<u>( 2,508,500 )</u>
Net cash flows from (used in) financing activities		<u>975,000</u>	<u>( 2,508,500 )</u>
Net decrease in cash and cash equivalents		( 693,565,103 )	( 578,698,130 )
Cash and cash equivalents at beginning of year		5,837,101,581	6,415,799,711
Cash and cash equivalents at end of year		<u>\$ 5,143,536,478</u>	<u>\$ 5,837,101,581</u>

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

INTERNATIONAL COOPERATION AND DEVELOPMENT FUND  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

(Expressed in New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

In accordance with the Statute for the Establishment of the International Cooperation and Development Fund, promulgated by the President of the Republic of China, the International Cooperation and Development Fund (TaiwanICDF) was formed and approved by the Ministry of Foreign Affairs (MOFA) on June 29, 1996. TaiwanICDF was formed to succeed the International Economic Cooperation Development Fund (IECDF) management committee on June 30, 1996.

The mission of TaiwanICDF is to provide assistance to developing countries to promote economic growth, strengthening international cooperation, developing foreign relations with allies and friendly countries, and advancing social progress.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These financial statements were authorised for issuance by the Board of Directors on March 27, 2020.

3. CHANGES IN ACCOUNTING POLICIES

None.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all reporting periods, unless otherwise stated.

(1) Compliance statement

The financial statements of the TaiwanICDF have been prepared in accordance with the requirements of “Regulations Governing Accounting Handling and Preparation of Financial Reports of Foundations established and approved by the Ministry of Foreign Affairs”, accounting policies of TaiwanICDF (including proposed revision), the relevant laws and regulations formulated by the central government, Enterprise Accounting Standards (“EAS”) and related interpretations.

The financial statements of 2019 are the first set of financial statements that have been prepared in accordance with the abovementioned regulations and standards. The financial statements of 2018 were reclassified in accordance with the classification requirements of the abovementioned regulations and standards. Please refer to Note 12 for details.

(2) Basis of preparation

Government funding are recognised as revenue at current expenses plus accrual reserved fund as total annual expenses based on matching of costs with revenues. Others are accounted at accrual basis. In addition, the financial statements of TaiwanICDF adopted accrual basis, anything accounted at cash basis will be adjusted to accrual basis during closing of accounts.

(3) Foreign currency translation

TaiwanICDF maintains its accounts in New Taiwan (NT) dollars. Transactions denominated in foreign currencies are converted into NT dollars at the spot exchange rates prevailing on the transaction dates. Deposits, receivables and the unreimbursed balance of reserves payable by the Central Bank of the Republic of China due to engaged programmes denominated in foreign currencies are translated at the spot exchange rates prevailing at the balance sheet date. Exchange gains or losses are recognized in profit or loss. The other assets denominated in foreign currencies are measured at the historical exchange rate at the date of the transaction.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date;
- (d) Cash or cash equivalents, excluding cash and cash equivalents that are restricted from being exchanged, used to settle liabilities for at least twelve months after the balance sheet date or restricted by other factors.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months after the balance sheet date;
- (d) Liabilities for which the repayment date cannot be deferred unconditionally for at least twelve months after the balance sheet date.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid time deposits or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(6) Allowance for uncollectible accounts

The provision of reserve for bad debts is made based on their risk levels in accordance with the Regulation for TaiwanICDF Dealings with Past Due/Non-Performing Loans and Bad Debts.

(7) Available-for-sale financial assets

- A. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.
- B. On a regular way purchase or sale basis, available-for-sale financial assets are recognised and derecognised using trade date accounting.
- C. Available-for-sale financial assets are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in other comprehensive income.

(8) Held-to-maturity financial assets

- A. Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity date that the TaiwanICDF has the positive intention and ability to hold to maturity other than those designated as at fair value through profit or loss or as available-for-sale on initial recognition and those that meet the definition of loans and receivables.
- B. If the TaiwanICDF has sold or reclassified more than an insignificant amount of held-to-maturity investments before the maturity date during the current or the two preceding financial years, any financial assets should not be classified as held-to-maturity financial assets and all of its remaining held-to-maturity investments must be reclassified as available-for-sale
- C. On a regular way purchase or sale basis, held-to-maturity financial assets are recognised and derecognised using settlement date accounting.
- D. Financial assets are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets, and subsequently measured at amortised cost using the effective interest method, less impairment loss. Amortised interest of assets is recognised in profit or loss.

(9) Receivables

Retained money receivable on completed projects

Any unfunded projects that need to be included in the final accounts due to the government budget, or need to be approved to be retained until next year.

(10) Financial assets measured at cost

- A. Financial assets measured at cost are equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured or derivatives that are linked to and must be settled by delivery of such unquoted equity instrument
- B. On a regular way purchase or sale basis, financial assets measured at cost are recognised and derecognised using trade date accounting.
- C. Financial assets measured at cost are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition and subsequently measured at cost.

(11) Impairment of financial assets

- A. The TaiwanICDF assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.
- B. The criteria that the TaiwanICDF uses to determine whether there is objective evidence of an impairment loss is as follows:
  - (a) Significant financial difficulty of the issuer or debtor;
  - (b) A breach of contract, such as a default or delinquency in interest or principal payments;
  - (c) For economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;
  - (d) It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
  - (e) The disappearance of an active market for that financial asset because of financial difficulties;

- (f) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;
  - (g) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered;
  - (h) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.
- C. When the TaiwanICDF assesses that there has been objective evidence of impairment loss of financial assets, the amount of impairment loss is determined as follows according to the category of financial assets:
- (a) Financial assets measured at amortised cost
 

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost that would have been at the date of reversal had the impairment loss not been recognised previously. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.
  - (b) Financial assets measured at cost
 

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at current market return rate of similar financial asset, and is recognised in profit or loss. Impairment loss recognised for this category shall not be reversed subsequently. Impairment loss is recognised by adjusting the carrying amount of the asset through the use of an impairment allowance account.
  - (c) Available-for-sale financial assets
 

The amount of the impairment loss is measured as the difference between the asset's acquisition cost (less any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, and is reclassified from 'other comprehensive income' to 'profit or loss'. If, in a subsequent period, the fair value of an investment in a debt instrument increases, and the increase can be related objectively to an event occurring after the impairment loss was recognised, such impairment loss is reversed through profit or loss. Impairment loss of an investment in an equity instrument recognised in profit or loss shall not be reversed through profit or loss. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(12) Long-term loans receivable

Foreign currency loans are stated at historical exchange rates.

(13) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. In case of replacement of one part of the property, plant and equipment, the new part is capitalised to the extent that it is probable that future economic benefits associated with the item will flow to the TaiwanICDF, and the carrying amount of the part replaced is derecognised. All other repairs and maintenance are charged to profit or loss when incurred.

C. Property, plant and equipment are measured at cost model subsequently. Land is not depreciated. Other property, plant and equipment are depreciated using the straight-line method over their estimated useful lives. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately, unless it is impracticable. The estimated useful lives of property, plant and equipment are as follows:

Machinery and equipment	3 ~ 10 years
Transportation equipment	2 ~ 10 years
Miscellaneous equipment	3 ~ 10 years
Leasehold improvements	5 years

D. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under EAS 4, 'Accounting policies, estimates and errors', from the date of the change.

(14) Impairment of non-financial assets

A. The TaiwanICDF assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. The impairment loss on revalued assets is recognised in other comprehensive income to the extent of amount of unrealised revaluation surplus; excess is recognised in profit or loss, if any.

B. Where the recoverable amount increases in subsequent period, the book value of the asset is adjusted to its recoverable amount. The carrying amount after reversal should not exceed its book value (less depreciation or amortisation amount) that would have been if the impairment had not been recognised. Reversal of impairment loss is recognised in profit or loss, but gain on reversal of impairment loss on revalued assets is recognised in profit or loss to the extent of impairment loss initially recognised in profit or loss; excess is recognised in other comprehensive income as unrealised revaluation surplus of the asset.

(15) Accounts payable

Retained money payable on completed projects

Any unfunded projects that need to be included in the final accounts due to the government budget or need to be approved to be retained until next year.



(16) Retirement plan

A. TaiwanICDF had a non-contributory pension plan originally, covering all regular employees, which was defined by the Fund. TaiwanICDF contributed monthly an amount based on 7% of the employees' monthly salaries and wages to the retirement fund deposited with a financial institution. This fund balance was not reflected in the financial statements. Effective September 1, 2009, TaiwanICDF has established a funded defined contribution pension plan (the "New Plan") under the Labor Pension Act. Under the New Plan, TaiwanICDF contributes monthly an amount based on 7% of the payroll grades corresponding to the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. No further contributions are made to TaiwanICDF's retirement fund.

B. Under the defined contribution pension plan, net periodic pension costs are recognized as incurred.

(17) Income tax

Income tax is accounted in accordance with the Standard for Non-profit Organizations Exempt from Income Tax promulgated by the Executive Yuan, and Statement of Financial Accounting Standards. Under- or over-provision of income tax in the previous year is accounted for as an adjustment of income tax expense in the current year.

(18) Revenues, costs and expenses

Revenues (including government donations) are recognized when the earning process is substantially completed and is realized or realizable. Costs and expenses are recognized as incurred.

5. CRITICAL ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

None.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31,	
	2019	2018
Petty cash	\$ 110,000	\$ 110,000
Demand deposits	973,596,983	178,021,866
Time deposits	4,169,829,495	5,558,969,715
Cash equivalents		
- Bonds purchased under resale agreements	-	100,000,000
	<u>\$ 5,143,536,478</u>	<u>\$ 5,837,101,581</u>

(2) Available-for-sale financial assets

Items	December 31, 2019	December 31, 2018
Non-current items :		
Exchange trade funds	\$ 35,763,118	\$ -
Valuation adjustments	6,797,932	-
	<u>\$ 42,561,050</u>	<u>\$ -</u>

A. The TaiwanICDF recognised \$6,797,932 in other comprehensive income for fair value changes.

B. The fair values of investment in exchange traded funds are based on the closing price in market on balance sheet date.

(3) Held-to-maturity financial assets

	December 31,	
	2019	2018
<u>Current items</u>		
Corporate bonds	\$ 673,557,003	\$ 387,517,911
<u>Non-current items</u>		
Government bonds	\$ 484,528,749	\$ 281,932,870
Corporate bonds	3,243,676,697	3,747,688,566
	<u>\$ 3,728,205,446</u>	<u>\$ 4,029,621,436</u>

The TaiwanICDF recognised interest income of \$102,597,024 and \$95,276,259 for the years ended December 31, 2019 and 2018, respectively.

(4) Other receivables

	December 31,	
	2019	2018
Interest receivable	\$ 91,637,556	\$ 101,992,541
Retained money receivable on completed projects	365,582,251	27,498,784
Other receivables	3,686	8,981,744
	<u>457,223,493</u>	<u>138,473,069</u>
Less: Allowance for doubtful accounts	( 597,103)	( 590,331)
	<u>\$ 456,626,390</u>	<u>\$ 137,882,738</u>

(5) Long-term loans receivable

	December 31,	
	2019	2018
<u>Current items</u>		
Current portion of long-term loans receivable	\$ 242,764,354	\$ 234,429,930
Less: Allowance for doubtful accounts	( 8,412,758)	( 8,522,278)
Net	<u>\$ 234,351,596</u>	<u>\$ 225,907,652</u>
<u>Non-current items</u>		
Long-term loans receivable	3,532,565,595	3,013,227,038
Less: Allowance for doubtful accounts	( 59,956,332)	( 63,480,157)
Net	<u>\$ 3,472,609,263</u>	<u>\$ 2,949,746,881</u>
Total	<u>\$ 3,706,960,859</u>	<u>\$ 3,175,654,533</u>

A. TaiwanICDF provides long-term loans in accordance with the Regulations for Loans by the International Cooperation and Development Fund as approved by the Executive Yuan. As of December 31, 2019 and 2018, the total outstanding loans denominated in U.S. dollars, Australia dollars and Euro dollars amounted to US\$62,461,384.36, AU\$20,227,983, € 34,012,905.09 and US\$60,104,801.31, AU\$20,227,983 and € 20,837,674.52, respectively.

B. Allowances for doubtful accounts were based on the Regulation for TaiwanICDF Dealings with Past Due/Non-Performing Loans and Bad Debts.

C. As Parque Industrial Oriente S.A. (PIO) defaulted on the loan extended for the Industrial Park Development Project in Paraguay amounting to US\$11,003,488.32, TaiwanICDF filed a legal claim against PIO on September 1, 2003. The court in Ciudad del Este ruled in favor of TaiwanICDF in the first trial on March 26, 2004. PIO filed an appeal, which was rejected. Accordingly, it was proposed that the Industrial Park be auctioned off. Under TaiwanICDF's 51st board resolution, TaiwanICDF has agreed, under a term of 20 years, for MOFA to repay the remaining loan balance. Although the MOFA agreed to pay off the remaining balance annually for 3 years beginning 2012 on December 13, 2012, payments of only US\$3,293,162.77 and US\$400,000 were made in years 2012 and 2013, respectively. The MOFA stated in a letter dated on April 16, 2014 that there were no payments made by MOFA for year 2014 and installments would resume starting from 2015 through annual budgets, and a payment of US\$500,000 was made in year 2016 to 2019. As of December 31, 2019, the MOFA had repaid US\$8,293,162.77 and the remaining balance was US\$2,710,325.55.

D. There was no significant past due loan as of December 31, 2019 and 2018.

E. See Appendix 1 for the statement of changes in long-term loans for the year ended December 31, 2019.

(6) Financial assets measured at cost

As of December 31, 2019 and 2018, the details of financial assets at cost are as follows:

	<u>December 31, 2019</u>		<u>December 31, 2018</u>	
	<u>Carrying Amount</u>	<u>Ownership</u>	<u>Carrying Amount</u>	<u>Ownership</u>
	(NT\$)		(NT\$)	
<u>Equity investments accounted for using cost method:</u>				
Overseas Investment & Development Corporation	\$ 175,000,000	19.44%	\$ 175,000,000	19.44%
Less:				
Accumulated Impairment	( 6,000,000)		( 6,000,000)	
	<u>169,000,000</u>		<u>169,000,000</u>	
BTS India Private Equity Fund Limited	113,333,733	6.80%	120,516,315	6.80%
	(=US\$ 3,640,112)		(=US\$ 3,857,799)	
Less:				
Accumulated Impairment	( 113,333,733)		( 96,162,718)	
	(=US\$ 3,640,112)		(=US\$ 3,135,340)	
	<u>-</u>		<u>24,353,597</u>	
Taiwan's Agricultural Development Corporation	20,000,000	8.33%	20,000,000	8.33%
Less:				
Accumulated Impairment	( 6,910,615)		( 6,910,615)	
	<u>13,089,385</u>		<u>13,089,385</u>	
	<u>182,089,385</u>		<u>206,442,982</u>	

	<u>December 31, 2019</u>		<u>December 31, 2018</u>	
	<u>Carrying Amount</u>		<u>Carrying Amount</u>	
	<u>(NT\$)</u>	<u>Ownership</u>	<u>(NT\$)</u>	<u>Ownership</u>
<u>International institution investment fund:</u>				
FIISF-Small Business Account-Phase III	1,174,490,000		922,210,000	
	(=US\$ 38,000,000)		(=US\$ 30,000,000)	
Agribusiness Account	474,630,000		474,630,000	
	(=US\$ 15,000,000)		(=US\$ 15,000,000)	
Less:				
Accumulated Impairment	( 18,165,864)		(18,165,864.00)	
	(=US\$ 591,433)		(=US\$ 591,433)	
	<u>1,630,954,136</u>		<u>1,378,674,136</u>	
EBRD Financial Intermediary and Private Enterprises Investment Special Fund- Agribusiness Account	476,300,000		476,300,000	
	(=US\$ 15,000,000)		(=US\$ 15,000,000)	
	<u>2,107,254,136</u>		<u>1,854,974,136</u>	
Total	<u>\$ 2,289,343,521</u>		<u>\$ 2,061,417,118</u>	

- A. TaiwanICDF and the European Bank for Reconstruction Development (EBRD) entered into a contribution agreement dated May 19, 2011 in respect of the Financial Intermediary and Private Enterprises Investment Special Fund (FIPEISF)-Small Business Account III (SBA III), as amended on April 19, 2017 and March 19, 2019, pursuant to which TaiwanICDF had committed US\$50,000,000. The contribution to SBA III is used to co-finance EBRD lending operations with financial intermediaries for on-lending to micro and small enterprises. TaiwanICDF's accumulated contribution amounted to US\$38,000,000 and US\$30,000,000 as of December 31, 2019 and 2018, respectively.
- B. TaiwanICDF and the Inter-American Development Bank (IDB) entered into an agreement dated March 27, 2006 in respect of the Specialized Financial Intermediary Development Fund (SFIDF), pursuant to which TaiwanICDF had committed US\$15,000,000. The contribution to the SFIDF is used to co-invest in, or co-finance well-performing microfinance institutions with the LAB of IDB Group. TaiwanICDF's accumulated contribution both amounted to US\$15,000,000 as of December 31, 2019 and 2018.
- C. TaiwanICDF and the EBRD entered into a contribution agreement dated November 18, 2015 in respect of the FIPEISF-Agribusiness Account (ABA), pursuant to which TaiwanICDF had committed US\$15,000,000. The contribution to the ABA is mainly used to co-finance EBRD lending operations for the private enterprises operating in agribusiness sector. TaiwanICDF's accumulated contribution both amounted to US\$15,000,000 as of December 31, 2019 and 2018.
- D. The above listed foreign currency investments projects are stated using the historical exchange rate.
- E. See Appendix 2 for the statement of changes in financial assets carried at cost for the year ended December 31, 2019.

(7) Property, plant and equipment

	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Miscellaneous equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
<u>At January 1, 2019</u>					
Cost	\$ 37,035,686	\$ 3,565,597	\$ 5,251,345	\$ 3,857,054	\$ 49,709,682
Accumulated depreciation	( 21,446,843)	( 2,191,342)	( 3,055,767)	( 2,970,559)	( 29,664,511)
	<u>\$ 15,588,843</u>	<u>\$ 1,374,255</u>	<u>\$ 2,195,578</u>	<u>\$ 886,495</u>	<u>\$ 20,045,171</u>
<u>2019</u>					
Opening net book amount as at January 1	\$ 15,588,843	\$ 1,374,255	\$ 2,195,578	\$ 886,495	\$ 20,045,171
Additions	1,940,355	23,800	12,390	-	1,976,545
Disposals	( 34,532)	-	( 2,300)	-	( 36,832)
Depreciation charge	( 3,648,883)	( 214,718)	( 412,958)	( 149,047)	( 4,425,606)
Closing net book amount as at December 31	<u>\$ 13,845,783</u>	<u>\$ 1,183,337</u>	<u>\$ 1,792,710</u>	<u>\$ 737,448</u>	<u>\$ 17,559,278</u>
<u>At December 31, 2019</u>					
Cost	\$ 38,839,514	\$ 3,589,397	\$ 5,247,635	\$ 3,857,054	\$ 51,533,600
Accumulated depreciation	( 24,993,731)	( 2,406,060)	( 3,454,925)	( 3,119,606)	( 33,974,322)
	<u>\$ 13,845,783</u>	<u>\$ 1,183,337</u>	<u>\$ 1,792,710</u>	<u>\$ 737,448</u>	<u>\$ 17,559,278</u>

	Machinery and equipment	Transportation equipment	Miscellaneous equipment	Leasehold improvements	Total
<u>At January 1,</u> <u>2018</u>					
Cost	\$ 35,492,832	\$ 3,489,497	\$ 5,234,553	\$ 3,857,054	\$ 48,073,936
Accumulated depreciation	( 20,029,243)	( 1,892,944)	( 2,673,116)	( 2,694,134)	( 27,289,437)
	<u>\$ 15,463,589</u>	<u>\$ 1,596,553</u>	<u>\$ 2,561,437</u>	<u>\$ 1,162,920</u>	<u>\$ 20,784,499</u>
<u>2018</u>					
Opening net book amount as at January 1	\$ 15,463,589	\$ 1,596,553	\$ 2,561,437	\$ 1,162,920	\$ 20,784,499
Additions	4,239,760	96,000	70,342	-	4,406,102
Disposals	( 525,104)	( 3,316)	( 8,874)	-	( 537,294)
Depreciation charge	( 3,589,402)	( 314,982)	( 427,277)	( 276,425)	( 4,608,086)
Closing net book amount as at December 31	<u>\$ 15,588,843</u>	<u>\$ 1,374,255</u>	<u>\$ 2,195,628</u>	<u>\$ 886,495</u>	<u>\$ 20,045,221</u>
<u>At December 31,</u> <u>2018</u>					
Cost	\$ 37,035,686	\$ 3,565,597	\$ 5,251,345	\$ 3,857,054	\$ 49,709,682
Accumulated depreciation	( 21,446,843)	( 2,191,342)	( 3,055,767)	( 2,970,559)	( 29,664,511)
	<u>\$ 15,588,843</u>	<u>\$ 1,374,255</u>	<u>\$ 2,195,578</u>	<u>\$ 886,495</u>	<u>\$ 20,045,171</u>

(8) Payables

	December 31,	
	2019	2018
Accrued expenses	\$ 38,626,090	\$ 40,536,164
Retained money payable on completed projects	393,134,342	69,527,279
Other payables	144,559,009	19,657,419
	<u>\$ 576,319,441</u>	<u>\$ 129,720,862</u>

(9) Retirement funds

- A. TaiwanICDF contributes monthly an amount based on seven percent of the employees' remuneration and deposits it with a financial institution. This fund balance is not reflected in the financial statements. The fund balance with financial institution were \$98,215,436 and \$97,437,497 as of December 31, 2019 and 2018, respectively.
- B. The details of employees' retirement funds allocated by TaiwanICDF are as follows:



	For the years ended December 31,	
	2019	2018
Balance at the beginning of the year	\$ 97,437,497	\$ 94,130,724
Interest income	985,119	980,565
Contribution during the year	2,340,000	2,326,208
Payments during the year	( 2,547,180)	-
Balance at the end of the year	\$ 98,215,436	\$ 97,437,497

C. Effective September 1, 2009, TaiwanICDF has been the entity covered by the Labor Standards Law and has adopted the following two schemes:

Scheme A: the pension and severance obligation are settled and the settled amounts are transferred to TaiwanICDF's retirement fund deposited with the financial institution. The employees may claim pension benefits when they retire or reach 55 years old or upon their death.

Scheme B: the pension and severance obligation are not settled and the old pension plan is extended.

Accordingly, TaiwanICDF recognized an accrued pension reserve of \$16,014,156 for the excess of present value of pension benefits for the past and future service years under the old pension plan over the fair value of the pension fund at the measurement date, September 1, 2009 and contributed the amount to the account in 2010.

D. Effective September 1, 2009, TaiwanICDF has established a funded defined contribution pension plan (the "New Plan") under the Labor Pension Act. Under the New Plan, TaiwanICDF contributes monthly depending on the contribution grades an amount based on 7% of the payroll grades corresponding to the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued in the employees' individual pension accounts could be received in full or in monthly installments when the employees retire. The pension costs under the New Plan for the years ended December 31, 2019 and 2018 amounted to \$9,292,906 and \$10,288,317, respectively.

(10) Funds

- A. The founding fund balance of \$11,614,338,576 (Total assets of \$11,634,131,427 less total liabilities of \$19,792,851) was derived from the closure of the IECDF management committee on June 30, 1996. In the official registration with the court, the total property value filed as \$11,634,131,427 was based on the closing balance of assets of the IECDF management committee. As of September 5, 2018, the total amount of the assets registered with TaiwanICDF was \$15,722,566,420.
- B. The donated fund of TaiwanICDF consisted of the following items:
- The amount of \$4,423,541 from MOFA's Committee of International Technical Cooperation (CITC) was consolidated in TaiwanICDF on July 1, 1997.
  - The amount of \$600,000,000 was donated by the MOFA on January 16, 1999.
  - The MOFA provided the amount of \$250,075,955 on December 31, 2001 under the Regulation for TaiwanICDF in Providing Guarantee for Credit Facilities Extended to Private Enterprises Which Invest in Countries with Formal Diplomatic Relationships.

7. RELATED PARTY TRANSACTIONS

(1) Name of subsidiaries and the relationship with the TaiwanICDF

<u>Name of related party</u>	<u>Relationship with the TaiwanICDF</u>
Ministry of Foreign Affairs	TaiwanICDF is an entity of government relations under its control

(2) Revenues from contracted projects are the subsidy received from the contracted projects of the Ministry of Foreign Affairs.

8. PLEGGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Pursuant to the Regulations for Loans by the International Cooperation and Development Fund, the loan amount in U.S. dollars under the loan agreements entered into by TaiwanICDF amounted to US\$193,932,578.92 and US\$194,474,578.92 as of December 31, 2019 and 2018, respectively. The total amount of loans drawn down amounted to US\$141,666,954.36 and US\$141,274,789.48, and the undisbursed committed balance amounted to US\$52,265,624.56 and US\$53,199,789.44 as of December 31, 2019 and 2018, respectively. Additionally, the loan amount in Euro dollars amounted to € 56,553,755.54 as of December 31, 2019 and 2018. The total amount of loans drawn down amounted to € 34,012,905.09 and € 20,837,674.52, and the undisbursed committed balance amounted to € 22,540,850.45 and € 35,716,081.02 as of December 31, 2019 and 2018, respectively. Moreover, the loan amount in Australia dollars amounted to AU\$20,227,983.00 as of December 31, 2019 and 2018. The total amount of loans drawn down amounted to AU\$20,227,983.00, and the undisbursed committed balance amounted to AU\$0 as of December 31, 2019 and 2018.

(2) Pursuant to the Regulations for Investments by the International Cooperation and Development Fund, the committed amounts denominated in U.S. dollars under the outstanding contracts entered into by TaiwanICDF amounted to US\$105,000,000 and US\$65,000,000, of which US\$72,215,985 and US\$64,215,985 had been invested as of December 31, 2019 and 2018, respectively. The recalled amount of the investments are US\$784,015 and US\$0 as of December 30, 2019 and 2018, respectively. The undisbursed committed balance amounted to US\$32,000,000 and US\$0 as of December 31, 2019 and 2018, respectively. Additionally, the committed amounts denominated in NT dollars under the outstanding investment agreement entered into by TaiwanICDF has been fully disbursed, with the balance of NT\$195,000,000 as of December 31, 2019 and 2018. The undisbursed committed balance amounted to NT\$0 as of December 31, 2019 and 2018.

(3) TaiwanICDF had entered into a lease agreement with the MOFA to lease state-owned real estate properties. As per the lease agreement, the lease period is from October 1, 2015 to September 30, 2020 with the rents charged on a monthly basis. The rents are calculated as follows:

A. Land: 3% of the most recent official land price per square meter multiplied by the rental area and divided by 12.

B. Building: 10% of the current taxable building value divided by 12.

10. SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

None.

(11) Accumulated earnings

TaiwanICDF is registered as a consortium juridical person with the aim of strengthening international cooperation and enhancing foreign relations by promoting economic development, social progress and the welfare of the people in partner nations around the world. As TaiwanICDF is a non-profit organization, distribution of income is not permitted in accordance with its Articles of Association.

(12) Contracted project expenses

	For the years ended December 31,	
	2019	2018
Personnel expenses	\$ 414,721,426	\$ 424,192,427
Operating expenses	1,001,838,803	681,147,464
Travel and transportation expense	47,628,097	45,240,798
Equipment investment expense	120,725,053	106,396,486
	<u>\$ 1,584,913,379</u>	<u>\$ 1,256,977,175</u>

(13) Personnel expenses, depreciation and amortization

	For the years ended December 31,	
	2019	2018
Personnel expenses(Note)		
Salaries	\$ 126,276,003	\$ 126,523,918
Labor and health insurance	11,041,800	11,025,998
Pension	9,292,906	10,288,317
Others	5,305,273	5,326,113
	<u>\$ 151,915,982</u>	<u>\$ 153,164,346</u>
Depreciation	<u>\$ 4,425,606</u>	<u>\$ 4,608,086</u>
Amortization	<u>\$ 3,408,408</u>	<u>\$ 6,687,747</u>

(14) Financial income

	For the years ended December 31,	
	2019	2018
Interest income	\$ 163,884,306	\$ 178,534,282
Investment income-non-operating	144,200	-
	<u>\$ 164,028,506</u>	<u>\$ 178,534,282</u>

(15) Other non-operating income

	For the years ended December 31,	
	2019	2018
Reversal of allowance for doubtful accounts	\$ 3,626,573	\$ 3,514,937
Subsidy and donation income	478,815	4,534,050
Others	5,657,481	4,401,471
	<u>\$ 9,762,869</u>	<u>\$ 12,450,458</u>

(16) Income tax

Activities and related expenses of TaiwanICDF are in compliance with "Standard for Non-profit Organizations Exempt from Income Tax". Accordingly, TaiwanICDF is exempt from income tax. The income tax returns through 2017 have been assessed and approved by the Tax Authority.

## 11. PROPERTIES UNDER CUSTODIANSHIP

- (1) The government has placed certain assets under TaiwanICDF's custodianship and management. These properties are entered into memo accounts: "Properties under Custodianship" and "Custodianship Property Payable".

The properties under custodianship were accounted for at cost. Expenditures for major procurement, renewals and improvements were debited to "Properties under Custodianship" and credited to "Custodianship Property Payable". Moreover, the repairs and maintenance expenditures shall be treated as revenues and expenditures of these projects. Upon disposal, the cost was deducted from the book amount. As of December 31, 2019 and 2018, the book value of fixed assets under custodianship was \$250,532,404 and \$305,170,397, respectively. In addition, as of December 31, 2019 and 2018, the reserve for severance pay for personnel stationed abroad in charge of the government's assignments, which were administered by TaiwanICDF on behalf of government and for contracted assistants of TaiwanICDF amounted to \$29,283,318 and \$32,122,207, respectively.

- (2) The MOFA has engaged TaiwanICDF to manage the Central American Economic Development Fund (ROC-CAEDF). As of December 31, 2019 and 2018, the total amount of ROC-CAEDF was \$7,904,129,198 and \$7,940,072,590, respectively, and the details of the financial assets of the ROC-CAEDF are as follows:

	December 31, 2019	
	US\$	NT\$
Demand deposits	\$ 1,414,790.73	\$ 42,415,426
Time deposits	237,416,825.69	7,123,736,435
Interest receivable	4,765,651.76	142,874,240
Prepaid expenses	282,510.94	8,615,171
Corporate bonds	19,177,876.71	586,487,926
	<u>\$ 263,057,655.83</u>	<u>\$ 7,904,129,198</u>

	December 31, 2018	
	US\$	NT\$
Demand deposits	\$ 1,305,714.00	\$ 40,105,005
Time deposits	240,411,254.28	7,384,231,673
Interest receivable	4,474,955.08	137,446,743
Prepaid expenses	225,468.91	6,953,461
Corporate bonds	12,137,425.66	371,335,708
	<u>\$ 258,554,817.93</u>	<u>\$ 7,940,072,590</u>

## 12. INITIAL APPLICATION OF EAS

The financial statements of 2019 are the first set of financial statements that have been prepared in accordance with the requirements of “Regulations Governing Accounting Handling and Preparation of Financial Reports of Foundations established and approved by the Ministry of Foreign Affairs”, accounting policies of TaiwanICDF (including proposed revision), the relevant laws and regulations formulated by the central government, EAS and related interpretations. The financial statements of 2018 were reclassified in accordance with the classification requirements of the abovementioned regulations and standards. Information relating to reclassification is as follows:

### (1) Significant reclassification adjustments for the balance sheets for the year ended December 31, 2018.

	Previous R.O.C GAAP	Effect of transition	“Regulations Governing Accounting Handling and Preparation of Financial Reports of Foundations established and approved by the Ministry of Foreign Affairs”, accounting policies of TaiwanICDF (including proposed revision), the relevant laws and regulations formulated by the central government, EAS and related interpretations.	Remark
<b><u>Current assets</u></b>				
Cash and cash equivalents	\$ 5,837,101,581	-	\$ 5,837,101,581	
Other receivables	137,882,738	-	137,882,738	
Prepayments	53,699,730	-	53,699,730	
Held-to-maturity financial assets - current	387,517,911	-	387,517,911	
Other current assets	50,370,945	-	50,370,945	
Current portion of long-term loans receivable	225,907,652	-	225,907,652	
<b>Total current assets</b>	<b>6,692,480,557</b>	<b>-</b>	<b>6,692,480,557</b>	
<b><u>Long-term loans and investments</u></b>				
Available-for-sale financial assets - noncurrent	-	-	-	
Held-to-maturity financial assets - noncurrent	4,029,621,436	-	4,029,621,436	
Financial assets carried at cost - noncurrent	2,061,417,118	-	2,061,417,118	
Long-term loans receivable	2,949,746,881	-	2,949,746,881	
<b>Total Long-term loans and investments</b>	<b>9,040,785,435</b>	<b>-</b>	<b>9,040,785,435</b>	

	Previous R.O.C GAAP	Effect of transition	“Regulations Governing Accounting Handling and Preparation of Financial Reports of Foundations established and approved by the Ministry of Foreign Affairs”, accounting policies of TaiwanICDF (including proposed revision), the relevant laws and regulations formulated by the central government, EAS and related interpretations.	Remark
<b><u>Fixed assets</u></b>				
Cost	49,709,682	( 49,709,682)	-	(3)A.
Less: Accumulated depreciation	( 29,664,511)	29,664,511	-	(3)A.
<b>Net fixed assets</b>	<b>20,045,171</b>	<b>( 20,045,171)</b>	<b>-</b>	
<b><u>Property, plant and equipment</u></b>				
Machinery and equipment	-	15,588,843	15,588,843	(3)A.
Transportation equipment	-	1,374,255	1,374,255	(3)A.
Miscellaneous equipment	-	2,195,578	2,195,578	(3)A.
Leasehold improvements	-	886,495	886,495	(3)A.
<b>Net property, plant and equipment</b>	<b>-</b>	<b>20,045,171</b>	<b>20,045,171</b>	
<b><u>Other assets</u></b>				
Deposits-out	\$ 327,657	\$ -	\$ 327,657	
Deferred expenses	9,157,957	-	9,157,957	
<b>Total other assets</b>	<b>9,485,614</b>	<b>-</b>	<b>9,485,614</b>	
<b>Total assets</b>	<b>\$ 15,762,796,777</b>	<b>\$ -</b>	<b>\$ 15,762,796,777</b>	
<b><u>Current liabilities</u></b>				
Payables	129,720,862	-	129,720,862	
Collections payable	2,431,950	-	2,431,950	
Other current liabilities	68,651	-	68,651	
<b>Total current liabilities</b>	<b>132,221,463</b>	<b>-</b>	<b>132,221,463</b>	
<b><u>Other liabilities</u></b>				
Deposits-in	11,762,000	( 11,762,000)	-	(3)B.
Deposits payable	131,873	( 131,873)	-	(3)B.
Other liabilities	-	11,893,873	11,893,873	(3)B.
<b>Total other liabilities</b>	<b>11,893,873</b>	<b>-</b>	<b>11,893,873</b>	
<b>Total liabilities</b>	<b>144,115,336</b>	<b>-</b>	<b>144,115,336</b>	
<b><u>Fund balances</u></b>				
Funds				
Funds	12,468,838,072	-	12,468,838,072	
Accumulated earnings				
Accumulated earnings	3,149,843,369	-	3,149,843,369	
<b>Total fund balances</b>	<b>15,618,681,441</b>	<b>-</b>	<b>15,618,681,441</b>	
<b>Total liabilities and fund balances</b>	<b>\$ 15,762,796,777</b>	<b>\$ -</b>	<b>\$ 15,762,796,777</b>	



(2) Significant reclassification adjustments for the statements of comprehensive revenues and expenses for the year ended December 31, 2018.

	Previous R.O.C GAAP	Effect of transition	“Regulations Governing Accounting Handling and Preparation of Financial Reports of Foundations established and approved by the Ministry of Foreign Affairs”, accounting policies of TaiwanICDF (including proposed revision), the relevant laws and regulations formulated by the central government, EAS and related interpretations.	Remark
<b><u>Operating revenues</u></b>				
Revenues from banking and finance operations	\$ 1,256,977,175	\$ -	\$ 1,256,977,175	
Revenues from contracted projects	68,900,868	-	68,900,868	
<b>Total operating revenues</b>	<b>1,325,878,043</b>	<b>-</b>	<b>1,325,878,043</b>	
<b><u>Operating expenses</u></b>				
Humanitarian assistance expenses	( 25,933,639)	-	( 25,933,639)	
Banking and finance operations	( 36,869,369)	-	( 36,869,369)	
International human resources	( 90,327,470)	-	( 90,327,470)	
Technical cooperation expenses	( 38,307,495)	-	( 38,307,495)	
General and administrative expenses	( 140,041,694)	-	( 140,041,694)	
Contracted project expenses	( 1,256,977,175)	-	( 1,256,977,175)	
<b>Total operating expenses</b>	<b>( 1,588,456,842)</b>	<b>-</b>	<b>( 1,588,456,842)</b>	
<b>Net operating losses</b>	<b>(\$ 262,578,799)</b>	<b>\$ -</b>	<b>(\$ 262,578,799)</b>	

	Previous R.O.C GAAP	Effect of transition	“Regulations Governing Accounting Handling and Preparation of Financial Reports of Foundations established and approved by the Ministry of Foreign Affairs”, accounting policies of TaiwanICDF (including proposed revision), the relevant laws and regulations formulated by the central government, EAS and related interpretations.	Remark
<b><u>Non-operating</u></b>				
<b><u>income and gains</u></b>				
Interest on fund investments	178,534,282	(178,534,282)		- (3)C.
Other revenues	12,450,458	(12,450,458)		- (3)D.
Financial income	-	178,534,282	178,534,282	(3)C.
Other non-operating income	-	12,450,458	12,450,458	(3)D.
<b>Total non-operating income and gains</b>	<u>190,984,740</u>	<u>-</u>	<u>190,984,740</u>	
<b><u>Non-operating</u></b>				
<b><u>expenses and losses</u></b>				
Loss on disposal of fixed assets	( 537,344)	537,344		- (3)E.
Exchange losses	( 31,651,654)	31,651,654		- (3)F.
Other expenses	( 101,922)	101,922		- (3)E.
Financial expenses	-	( 31,651,654)	( 31,651,654)	(3)F.
Other non-operating expenses	-	( 639,266)	( 639,266)	(3)E.
<b>Total non-operating expenses and losses</b>	<u>( 32,290,920)</u>	<u>-</u>	<u>( 32,290,920)</u>	
<b>Deficiency of revenues over expenses</b>	<u>(\$ 103,884,979)</u>	<u>\$ -</u>	<u>(\$ 103,884,979)</u>	

(3) Reasons for reconciliation are outlined below:

- A. In accordance with the requirements of “Regulations Governing Accounting Handling and Preparation of Financial Reports of Foundations established and approved by the Ministry of Foreign Affairs” and accounting policies of TaiwanICDF (including proposed revision) revised in 2019, “Fixed assets” was reclassified to “Property, plant and equipment” and shown in the balance sheet.
- B. In accordance with the requirements of “Regulations Governing Accounting Handling and Preparation of Financial Reports of Foundations established and approved by the Ministry of Foreign Affairs” and accounting policies of TaiwanICDF (including proposed revision) revised in 2019, “Deposits-in” and “Deposits payable” were combined in “Other liabilities.”
- C. In accordance with the requirements of “Regulations Governing Accounting Handling and Preparation of Financial Reports of Foundations established and approved by the Ministry of Foreign Affairs” and accounting policies of TaiwanICDF (including proposed revision) revised in 2019, “Interest on fund investments” was shown in “Financial income.”

- D. In accordance with the requirements of “Regulations Governing Accounting Handling and Preparation of Financial Reports of Foundations established and approved by the Ministry of Foreign Affairs” and accounting policies of TaiwanICDF (including proposed revision) revised in 2019, “Other revenues” was shown in “Other non-operating income.”
- E. In accordance with the requirements of “Regulations Governing Accounting Handling and Preparation of Financial Reports of Foundations established and approved by the Ministry of Foreign Affairs” and accounting policies of TaiwanICDF (including proposed revision) revised in 2019, “Loss on disposal of fixed assets” and “Other expenses” were shown in “Other non-operating expenses.”
- F. In accordance with the requirements of “Regulations Governing Accounting Handling and Preparation of Financial Reports of Foundations established and approved by the Ministry of Foreign Affairs” and accounting policies of TaiwanICDF (including proposed revision) revised in 2019, “Exchange losses” was shown in “Financial expenses.”

## Appendix I

International Cooperation and Development Fund  
Statement of Changes in Long-term Loans  
For the Year Ended December 31, 2019

(Expressed in NT\$)

Item	Beginning Balance	Increase in		Collection of		Ending Balance	Collection Term
		long-term loans	long-term loans	long-term loans	long-term loans		
Industrial Park Development Project in Paraguay, reimbursed by the guarantor, MOFA	\$ 108,945,861	\$ -	\$ -	\$ 17,257,850	\$ 91,688,011	May. 2010~May. 2029 (Note)	
Quimistan Valley Irrigation Project in Honduras	53,750,210	-	-	17,960,552	35,789,658	Nov. 2005 ~ Nov. 2021	
Housing Solidarity Reconstruction Program in Honduras	46,200,000	-	-	9,240,000	36,960,000	May. 2004 ~ Nov. 2023	
Phase I Solidarity Reconstruction Program in Nicaragua	54,195,045	-	-	9,920,790	44,274,255	Jul. 2004 ~ Jan. 2024	
Phase II Housing Solidarity Reconstruction Program in Nicaragua	56,996,172	-	-	8,185,124	48,811,048	Mar. 2006 ~ Sep. 2025	
Guatemala Rio Polochic Region Recovery Program	34,814,759	-	-	6,927,300	27,887,459	Jul. 2004 ~ Jan. 2024	
Technical Education Project in Guatemala	61,020,890	-	-	17,434,540	43,586,350	Aug. 2007 ~ Feb. 2022	
Housing Solidarity Reconstruction Program in El Salvador	36,509,026	-	-	6,526,220	29,982,806	Nov. 2004 ~ May. 2024	
Program for Environmental Pollution Control in Critical Areas in El Salvador	42,836,966	-	-	17,587,817	25,249,149	Nov. 2006 ~ May. 2021	
Belize Tourism Development Project / Caracol road	31,564,807	-	-	4,134,262	27,430,545	Nov. 2005 ~ May. 2026	
Belize Southern Highway Rehabilitation Project	10,823,938	-	-	10,823,938	-	Aug. 2003 ~ Feb. 2019	
Program for Modernizing the National Congress and the Office of the Comptroller General in Dominican Republic	48,409,407	-	-	6,367,176	42,042,231	Nov. 2004 ~ May. 2026	
Drinking Water Distribution Project in Petion-Ville-Lot I in Haiti	21,963,319	-	-	1,914,610	20,048,709	May. 2007 ~ Nov. 2029	
Rural Credit Project in Burkina Faso	21,683,974	-	-	4,786,116	16,897,858	Nov. 2005 ~ May. 2023	
Microfinancing and Capacity Building Project in the Gambia	6,939,832	-	-	1,601,499	5,338,333	Mar. 2010 ~ Sep. 2024	
Agricultural Production Reactivation Phase II in Nicaragua	86,035,055	-	-	8,781,860	77,253,195	Mar. 2011 ~ Sep. 2028	
Lower Usuthu Smallholder Irrigation Project in Eswatini	66,727,560	-	-	8,897,008	57,830,552	Jul. 2009 ~ Jan. 2026	

## Appendix 1

International Cooperation and Development Fund  
Statement of Changes in Long-term Loans  
For the Year Ended December 31, 2019

(Expressed in NT\$)

Item	Beginning Balance	Increase in long-term loans	Collection of long-term loans	Ending Balance	Collection Term
Information Technology School Project	\$ 88,759,849	\$ -	7,439,598	81,320,251	Sep. 2014 ~ Mar. 2031
Technical and Vocational Education and Training Project in the Gambia	47,538,915	-	3,684,962	43,853,953	Jan. 2016~Jul. 2031
CABEI's Special Fund for the Social Transformation of Central America	110,972,163	-	10,088,380	100,883,783	May. 2012~Nov. 2029
CABEI's SMME Re-lending Project--Phase II	83,214,287	-	41,607,142	41,607,145	Jan. 2014~Jul. 2020
CABEI's Special Fund for the Social Transformation of Central America Phase II	229,083,744	-	15,684,818	213,398,926	Nov. 2014~May. 2032
Taiwan ICDF-CABEI Technological and Vocational Education and Repair and Upgrade of Bonniki International Airport (Kiribati)	37,200,734	-	6,079,964	31,120,770	Jan. 2015~Jul. 2024
Belize City House of Culture and the Downtown Rejuvenation Project	489,421,455	-	-	489,421,455	Sep. 2021~Mar.2044
The Green Energy Special Fund	38,551,977	54,691,993	4,626,060	88,617,910	Mar. 2018 ~ Sep. 2031
	863,096,479	459,288,538	-	1,322,385,017	The period depends on the sub-projects.
The Home Energy Efficiency and Renewable Energy Project In The Republic Of The Marshall Islands	30,840,000	-	-	30,840,000	Nov. 2021~May. 2031
National Broadband Plan	347,700,544	193,219,466	-	540,920,010	Jul. 2021~Jan. 2030
Integral Microfinance Project (El Salvador)	91,860,000	-	6,561,430	85,298,570	Jul. 2019~Jan. 2026
Tuvalu Convention Centre at Funafuti	-	74,592,000	-	74,592,000	Jan. 2020~Jul. 2029
	3,247,656,968	\$ 781,791,997	\$ 254,119,016	3,775,329,949	
Less: Allowance for doubtful accounts	( 72,002,435)			( 68,369,090)	
	\$ 3,175,654,533			\$ 3,706,960,859	

Note: Although the MOFA agreed to pay off the remaining balance annually for 3 years beginning 2012 on December 13, 2012, payments of only US\$3,293,162.77 and US\$400,000 were made in years 2012 and 2013, respectively. There were no payments made by MOFA for year 2014. The MOFA stated in a letter dated on April 16, 2014 that there were no payments made by MOFA for year 2014 and installments would resume starting from 2015 through annual budgets, and a payment of US\$500,000 was made in year 2016 to 2019. As of December 31, 2019, the MOFA had repaid US\$8,293,162.77 and the remaining balance was US\$2,710,325.55.

## Appendix 2

International Cooperation and Development Fund  
Statement of Changes in Fixed Assets  
For the Year Ended December 31, 2019

	Beginning Balance		Acquisition of Long-term Investments		Decrease in Long-term Investments		Ending Balance		
	Ownership	Carrying Amount	Ownership	Carrying Amount	Ownership	Carrying Amount	Ownership	Carrying Amount	
Equity investments accounted for using cost method:									
Overseas Investment & Development Corporation	19.44%	\$ 175,000,000	-	\$ -	-	\$ -	19.44%	\$ 175,000,000	None
Less: Accumulated impairment	(	6,000,000)	-	-	-	-	(	6,000,000)	
		<u>169,000,000</u>						<u>169,000,000</u>	
BTS Private Equity Fund in India	6.80%	120,516,315	-	-	-	7,182,582	6.80%	113,333,733	None
Less: Accumulated impairment	(	96,162,718)	(	17,171,015)	-	-	(	113,333,733)	
		<u>24,353,597</u>		<u>( 17,171,015)</u>		<u>7,182,582</u>		<u>-</u>	
Taiwan's Agricultural Development Corporation	8.33%	20,000,000	-	-	-	-	8.33%	20,000,000	None
Less: Accumulated impairment	(	6,910,615)	-	-	-	-	(	6,910,615)	
		<u>13,089,385</u>						<u>13,089,385</u>	
		<u>206,442,982</u>		<u>( 17,171,015)</u>		<u>7,182,582</u>		<u>182,089,385</u>	
International Institution Investment Fund:									
Agribusiness Account		474,630,000	-	-	-	-		474,630,000	None
FHSF-Small Business Account-Phase III		922,210,000		252,280,000		-		1,174,490,000	None
Less: Accumulated impairment	(	18,165,864)	-	-	-	-	(	18,165,864)	
		<u>1,378,674,136</u>		<u>252,280,000</u>				<u>1,630,954,136</u>	
Financial Intermediary Development Fund		476,300,000	-	-	-	-		476,300,000	None
		<u>1,854,974,136</u>		<u>252,280,000</u>				<u>2,107,254,136</u>	
		<u>\$ 2,061,417,118</u>		<u>\$ 235,108,985</u>		<u>\$ 7,182,582</u>		<u>\$ 2,289,343,521</u>	