

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

We have examined the balance sheets of International Cooperation and Development Fund as of June 30, 1997 (Foundation Year), and the related statements of income, changes in equity and cash flows for the years then ended. Our examinations were made in accordance with auditing standards generally accepted in the Republic of China and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of International Cooperation and Development Fund as of June 30, 1997 (Foundation Year), and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the Republic of China applied on a consistent basis.

Clock & Co.,

July 28, 1997



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BALANCE SHEET

30 June 1997

NT\$'000

Assets	11,726,155	LIABILITIES & EQUITY	
Assets	11,726,155	Liabilities	8,208
Current Assets	7,137,184	Current Liabilities	7,140
Cash on Hand	407,604	Accounts Payable	7,140
Bank Deposits	407,409	Other Liabilities	1,068
Cash Balances	195	Deposits Received	1,068
Short-term Investments	6,575,939		
Time Deposits	4,601,575	Equity	11,717,947
Marketable Securities	1,974,364	Funds	11,614,339
Accounts Receivable	148,379	Initial Funds	11,614,339
Interest Receivable	143,197	Reserves & Surplus	103,608
Accounts Receivable	5,181	Accumulated Surplus	0
Prepaid Account	5,262	Surplus End of Period	103,608
Prepaid Expenses	4,258		
Inventory	1,004		
Long-term Investment & Lending	4,571,991		
Long-term Lending	4,791,991		
Lending (Commitment)	9,068,318		
Less Undisbursed	4,276,327		
Provision for Bad Debts	350,000		
Long-term Investments	130,000		
Fixed Assets	16,770		
Information Equipment	3,146		
Accumulated Depreciation	1,209		
Communication & Transportation Equipment	1,571		
Accumulated Depreciation	754		
Other Equipment	1,285		
Accumulated Depreciation	746		
Remodeling/Reconditioning of Buildings	13,477		
Accumulated Depreciation	0		
Other Assets	210		
Deposits to Suppliers			
Intangible Assets	176		
	34		
Total	11,726,155	Total	11,726,155

INCOME STATEMENT
1 July 1996 – 30 June 1997
NT\$'000

Operating Revenues		167,345
Income from Investment & Lending	167,345	
Operating Expenses		508,561
Investment & Lending	379,439	
Technical Cooperation	91,393	
General & Administrative Expenses	37,729	
Operating Income		-341,216
Non-Operating Revenues		445,277
Interest from Capital	434,928	
Adjustment Items	3,281	
Other Non-Operating Revenues	70	
Gain from Foreign Exchange	6,998	
Non-Operating Expenses		454
Adjustment Items	196	
Other Operating Expenses	209	
Loss from Foreign Exchange	49	
Non-Operating Income		444,824
Net Income		103,608

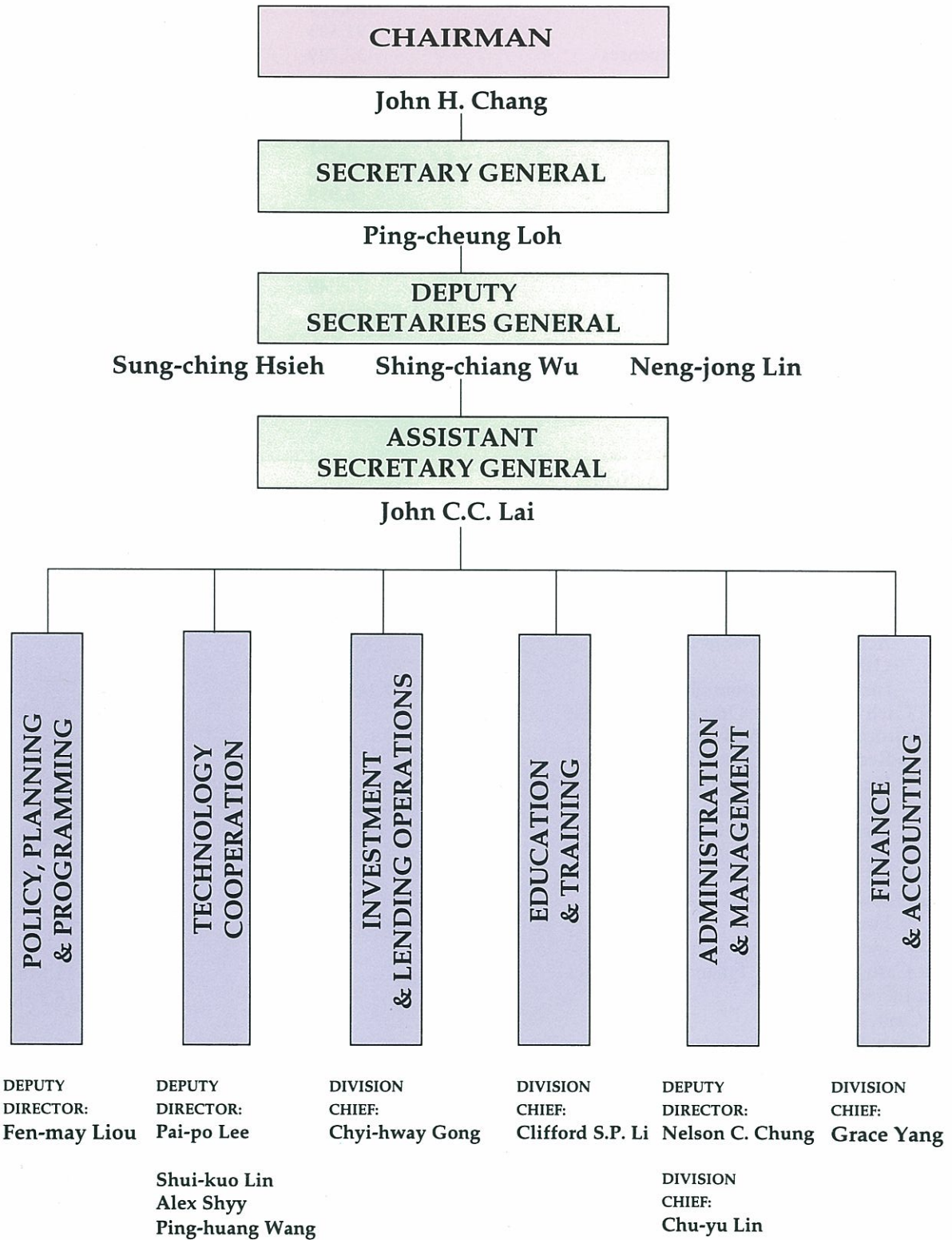
STATEMENT OF CASH FLOWS
1 July 1996 – 30 June 1997
NT\$'000

Net Cash Flow from Operating Activities		
Net Income	103,608	
Adjustment for Difference Between Income Flow and Cash		
Add: Depreciation Expenses	643	
Provision for Bad Debts	350,000	
Receipts from Property Sale	139	
Accounts Receivable	(148,379)	
Other Assets	(5,262)	
Increase in Accounts Payable	7,140,501	
Net Cash Provided by Operating Activities		307,889
Cash from Investing Activities		
Receipts from Sale of Fixed Assets	51	
Increase in Long-term Investment & Lending	(4,921,900)	
Increase in Fixed Assets	(17,602)	
Increase in Deposits to Suppliers	(176)	
Increase in Intangible Assets	(34)	
Net Cash Used for Investing Activities		(4,939,752)
Cash Flows from Financing Activities		
Funds Increase	11,614,338	
Increase in Deposits from Suppliers	1,068	
Net Cash Provided by Financing Activities		11,615,406
Net Increase in Cash		6,983,543
Cash, 1 July 1996		—
Cash, 30 June 1997		6,983,543

CHANGES IN EQUITY
1 July 1996 – 30 June 1997
NT\$'000

Funds	11,614,339		11,614,339
Accumulated Surplus		103,608	103,608
Total	11,614,339	103,608	11,717,947

ORGANIZATIONAL STRUCTURE





CHAIRMAN
John H. Chang



**SECRETARY
GENERAL**
Ping-cheung Loh

DEPUTY SECRETARIES GENERAL



Sung-ching Hsieh



Shing-chiang Wu



Neng-jong Lin



**ASSISTANT
SECRETARY
GENERAL**

John C.C. Lai



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TECHNOLOGY COOPERATION
DEPUTY DIRECTOR:
Pai-po Lee



Shiu-kuo Lin



Alex Shyy



Ping-huang Wang



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DEPUTY DIRECTOR:
Nelson C. Chung



DIVISION CHIEF:
Chu-yu Lin



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Chyi-hway Gong



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Clifford S.P. Li



**FINANCE &
ACCOUNTING**
DIVISION CHIEF:
Grace Yang

This English report is an abridged version of the International Cooperation and Development Fund's Annual Report 1 July 1996 – 30 June 1997. For a copy of the official (Chinese) version, please contact the ICDF.

Published by

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August 1997

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