

Independent Auditor's Report

The Japanese Red Cross Society

We have audited the accompanying special-purpose Statement of Income and Expenditure of the Japanese Red Cross Society for the Great East Japan Earthquake International Donation, for the period from March 16, 2011 to March 31, 2012 and a summary of significant accounting policies and other explanatory information (together the "Special-Purpose Statement"). The Special-Purpose Statement has been prepared by management of the Japanese Red Cross Society based on "Financial Rules for the Statement of Income and Expenditure of the Japanese Red Cross Society for the Great East Japan Earthquake International Donation" described in Note 2.

Management's Responsibility for the Special-Purpose Statement

Management is responsible for the preparation of this Special-Purpose Statement in accordance with "Financial Rules for the Statement of Income and Expenditure of the Japanese Red Cross Society for the Great East Japan Earthquake International Donation" described in Note 2 and for such internal control as management determines is necessary to enable the preparation of the Special-Purpose Statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this Special-Purpose Statement based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Special-Purpose Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Special-Purpose Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Special-Purpose Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the Special-Purpose Statement 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Special-Purpose Statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Special-Purpose Statement for the period from March 16, 2011 to March 31, 2012 is prepared, in all material respects, in accordance with "Financial Rules for the Statement of Income and Expenditure of the Japanese Red Cross Society for the Great East Japan Earthquake International Donation" described in Note 2.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 2 to the Special-Purpose Statement, which describes the basis of accounting. The Special-Purpose Statement is prepared to provide information to the donors to comply with "Financial Rules for the Statement of Income and Expenditure of the Japanese Red Cross Society for the Great East Japan Earthquake International Donation" referred to above. As a result, the Special-Purpose Statement may not be suitable for another purpose. Our report is intended solely for the Japanese Red Cross Society and the donors, and should not be used by parties other than the Japanese Red Cross Society and the donors.

Ernst & Young ShinNihon LLC

June 13, 2012

**Statement of Income and Expenditure
of the Japanese Red Cross Society
for the Great East Japan Earthquake
International Donation
from 16 March 2011 to 31 March 2012**

The Japanese Red Cross Society
for the Great East Japan Earthquake International Donation

Statement of Income and Expenditure

Unit: Japanese Yen

	Note	Period from 16 March 2011 to 31 March 2012
1. INCOME		
Voluntary contributions	2.3(a)	53,117,613,670
Interest income	2.3(b)	60,273
Total INCOME		53,117,673,943
2. OPERATING EXPENDITURE		
Supplies	2.4(a)	33,246,000,735
Transport and storage	2.4(b)	1,203,674,430
Personnel expenditure	2.4(c)	803,016,867
Information & Public Relations	2.4(d)	150,816,758
Travel		43,831,806
Office costs		22,993,061
Communications		4,556,503
Other general expenditures		42,665,512
Services support from the IFRC	2.4(e)	68,940,476
Total OPERATING EXPENDITURE		35,586,496,148
3. INCOME IN EXCESS OF EXPENDITURE		17,531,177,795
4. FUNDS HELD FOR OPERATIONS	2.5	
Income in excess of expenditure		17,531,177,795
FUNDS HELD FOR OPERATIONS		17,531,177,795

The Japanese Red Cross Society
for the Great East Japan Earthquake International Donation

Notes to the Statement of Income and Expenditure

For the period from 16 March 2011 to 31 March 2012

1. Background

On 11 March 2011, a 9.0 magnitude earthquake, followed by a massive tsunami, swept through the north eastern (Tohoku) coastal region of the main island of Honshu. The Great East Japan Earthquake and Tsunami (GEJET) claimed the lives of nearly 19,000 people, and left over 129,000 houses destroyed and 250,000 houses partially destroyed.

A Partnership Meeting was convened in Tokyo on 9 May 2011 with participation from representatives of 19 Partner National Societies (PNS), the International Federation of Red Cross and Red Crescent Societies (IFRC), the International Committee of the Red Cross (ICRC), the European Community Humanitarian Aid Office (ECHO), the Ministry of Foreign Affairs, the Embassy of Ireland in Tokyo and the Embassy of Greece in Tokyo, where a Plan of Action (PoA) was agreed at an amount of JPY 30,000 million. A revised PoA, totalling an amount of JPY 52,994 million, was presented on 31 October 2011 during a monitoring meeting held at the Japanese Red Cross Society National Head Quarters (JRCS NHQ) and projects have been in operation based on the revised PoA. The recovery support projects are divided into nine areas: distribution of emergency relief supplies, emergency medical services and a psychological support programme (PSP), regional healthcare support, assistance for nuclear power plant accident victims, rehabilitation of health infrastructure in the Ishinomaki area, improving the living conditions of affected people in evacuation centres and temporary housing, social welfare support, children's education support and the capacity building of JRCS in the area of disaster management.

2. Significant accounting policies

2.1 Basis of accounting

The Statement of Income and Expenditure of the Japanese Red Cross Society for the Great East Japan Earthquake International Donation ("The Statement") is presented in Japanese Yen. The Statement is prepared in accordance with the Financial Rules for the Statement of Income and Expenditure of the Japanese Red Cross Society for the Great East Japan Earthquake International Donation, which are described below.

The Statement has been prepared to report and disclose income and expenditures resulting from the international donations made to the JRCS for earthquake and tsunami relief activities during the period from 16 March 2011 to 31 March 2012.

This Statement is not applicable for any other purposes nor is it intended to present the financial position, results of operations or cash flows of the JRCS.

Income reflects the total amount received from the remittances made by the Red Cross and Red Crescent movement and other regions, and the interest revenue earned on such remittances. The basis of the PoA for the international donations was approved during the Partnership (PNS) Meeting on 9 May 2011 in the presence of the international partners. The international donations are exclusively allocated to the recovery support projects approved by the recovery task force, established within JRCS NHQ and led by the President of the JRCS.

The donations received from the State of Kuwait through the sale of crude oil and the donations made by the public allocated for the cash distribution scheme are not included in this Statement.

2.2 Foreign currency transactions

Foreign currency transactions are translated into Japanese Yen using rates which approximate the prevailing rate at the date of the transactions.

2.3 Income

a) Voluntary contributions

Unearmarked cash contributions are recognised as income when a confirmed written pledge has been received from the donor or when cash has been received from the donor (if there is no confirmed written pledge from the donor) unless: either the contributions are earmarked for a future accounting period, in which case they are booked as deferred income and taken to the Statement of Income and Expenditure in the period for which they were earmarked or; in the case of earmarked contributions made which are subject to a specific service contract, income is recognised as the contractual obligations are fulfilled and expenditure is incurred.

b) Interest income

Interest income is recognised as it is earned, in the period to which it relates.

2.4 Operating expenditure

Operating expenditures are recognised as incurred, in the period to which they relates.

a) Supplies

This category is used for supplies made to beneficiaries. Such supplies are not only made to direct beneficiaries, but may instead be made indirectly through other organisations to targeted people who benefit from Red Cross operations.

b) Transport and storage

Transport and storage includes all warehousing, distribution/monitoring and transport costs.

c) Personnel expenditure

Personnel expenditure principally includes the costs of outsourcing staff, consulting staff and temporary staff, and excludes staffing costs of the Japanese Red Cross Society.

d) Information & Public Relations

Information & Public Relations principally include publicity costs for newspaper advertising.

e) Services support from the IFRC

Services support from the IFRC relates to disbursements made to the IFRC for services support activities.

2.5 Funds held for operations

The cumulative excess of income received over operating expenditure incurred is recorded as Funds held for operations. In the event that the funds cannot be spent, the Japanese Red Cross Society obtains agreement from the donor for a reallocation of those funds for a different use, or reimburses them to the donor. No amounts were reimbursed to donors during the period from 16 March 2011 to 31 March 2012.

2.6 Voluntary contributions

	Donations	Outstanding Pledges (Revalued)	TOTAL
Afghan Red Crescent Society	4,879,150		4,879,150
Albanian Red Cross	1,682,400		1,682,400
American Red Cross	22,911,136,000		22,911,136,000
Andorran Red Cross	29,058		29,058
Argentine Red Cross	4,382,045		4,382,045
Armenian Red Cross Society	102,874		102,874
Australian Red Cross	2,175,995,664		2,175,995,664
Austrian Red Cross	370,927,819		370,927,819
Austrian Red Cross (Austrian Gov't)	116,040,000		116,040,000
Red Crescent Society of Azerbaijan	13,453		13,453
Bahamas Red Cross Society	405,200		405,200
Bangladesh Red Crescent Society	8,681,211		8,681,211
Belgian Red Cross (Flanders)	72,927,814		72,927,814
Belgian Red Cross (French)	43,635,650		43,635,650
Belize Red Cross Society	779,896		779,896
Bolivian Red Cross	104,429		104,429
The Red Cross Society of Bosnia and Herzegovina	11,597,299		11,597,299
Brazilian Red Cross	13,234,664		13,234,664
British Red Cross	1,819,526,780	9,168,309	1,828,695,089
Bulgarian Red Cross	14,926,315		14,926,315
Burkinabe Red Cross Society	1,464,945		1,464,945
Cambodian Red Cross Society	1,584,772		1,584,772
The Canadian Red Cross Society	2,399,440,000	1,236,300,000	3,635,740,000
Chilean Red Cross	14,779,794		14,779,794
Red Cross Society of China	902,667,236		902,667,236
Red Cross Society of China Ezhou Branch	1,238,748		1,238,748
Red Cross Society of China, Hong Kong Branch (*)	1,470,493,000		1,470,493,000
Red Cross Society of China, Macau Branch	44,305,000		44,305,000
Colombian Red Cross Society	1,277,721		1,277,721
Costa Rican Red Cross	11,889,223		11,889,223
Croatian Red Cross	85,775,140		85,775,140
Cyprus Red Cross Society	5,618,812		5,618,812
Czech Red Cross	47,342,500		47,342,500
Danish Red Cross	34,474,000		34,474,000
Danish Red Cross (Faroe Islands Red Cross)	681,500		681,500
Dominican Red Cross	335,291		335,291
Ecuadorian Red Cross	2,590,860		2,590,860
Estonia Red Cross	80,696		80,696
Finnish Red Cross	119,570,000		119,570,000
French Red Cross	1,850,669,146		1,850,669,146
Red Cross Society of Georgia	4,031,550		4,031,550
German Red Cross	3,251,292,190		3,251,292,190
Hungarian Red Cross	6,688,594		6,688,594
Icelandic Red Cross	17,491,250		17,491,250
Indonesian Red Cross Society	79,060,000		79,060,000

	Donations	Outstanding Pledges (Revalued)	TOTAL
Red Crescent Society of the Islamic Republic of Iran	7,653,000		7,653,000
Irish Red Cross Society	62,376,800		62,376,800
Italian Red Cross	52,074,792	288,325,503	340,400,295
Red Cross Society of the Democratic People's Republic of Korea	8,090,000		8,090,000
The Republic of Korea National Red Cross	2,976,995,694		2,976,995,694
Lao Red Cross	636,563		636,563
Latvian Red Cross	18,391,430		18,391,430
Luxembourg Red Cross	23,705,000		23,705,000
The Red Cross of The Former Yugoslav Republic of Macedonia	1,529,982		1,529,982
Malaysian Red Crescent Society	169,976,541		169,976,541
Maldivian Red Crescent	2,718,135		2,718,135
Mexican Red Cross	72,535,786		72,535,786
Micronesia Red Cross	8,223,912		8,223,912
Red Cross of Monaco	5,156,582		5,156,582
Mongolian Red Cross Society	12,301,960		12,301,960
Red Cross of Montenegro	956,661		956,661
Myanmar Red Cross Society	4,309,161		4,309,161
Nepal Red Cross Society	3,580,216		3,580,216
The Netherlands Red Cross	745,298,645		745,298,645
New Zealand Red Cross	46,981,930		46,981,930
Nicaraguan Red Cross	200,527		200,527
Norwegian Red Cross	161,780,204		161,780,204
Pakistan Red Crescent Society	8,340,626		8,340,626
Palau Red Cross Society	2,428,894		2,428,894
The Palestine Red Crescent Society	840,563		840,563
Red Cross Society of Panama	1,092,949		1,092,949
Peruvian Red Cross	2,519,291		2,519,291
Philippine Red Cross	167,000,000		167,000,000
Polish Red Cross	12,420		12,420
Portuguese Red Cross	6,169,630		6,169,630
Qatar Red Crescent Society	67,526,838		67,526,838
Romanian Red Cross	11,443,454		11,443,454
The Russian Red Cross Society	163,836,124		163,836,124
Rwandan Red Cross	8,183,902		8,183,902
Salvadorean Red Cross Society	3,258,180		3,258,180
Samoa Red Cross Society	1,752,769		1,752,769
Red Cross of the Republic of San Marino	1,017,100		1,017,100
The Red Cross of Serbia	191,253,450		191,253,450
Singapore Red Cross Society (*)	589,973,416		589,973,416
Slovak Red Cross	2,872,219		2,872,219
Slovenian Red Cross	19,304,221		19,304,221
South African Red Cross Society	10,829,000		10,829,000
Spanish Red Cross	404,746,365		404,746,365
The Sri Lanka Red Cross Society	395,169		395,169
Swedish Red Cross	51,600,000		51,600,000
Swiss Red Cross (*)	1,602,093,624	377,679,500	1,979,773,124

	Donations	Outstanding Pledges (Revalued)	TOTAL
Taiwan Red Cross Organisation (*)	1,686,484,000	0	1,686,484,000
The Thai Red Cross Society	748,362,342		748,362,342
Tonga Red Cross Society	11,534,778		11,534,778
Trinidad and Tobago Red Cross Society	5,999,459		5,999,459
Uganda Red Cross Society	108,047		108,047
Ukrainian Red Cross Society	7,100,000		7,100,000
Red Crescent Society of the United Arab Emirates	15,968,619		15,968,619
Uruguayan Red Cross	1,872,938		1,872,938
Vanuatu Red Cross Society	297,234		297,234
Vietnam Red Cross Society	608,584,747		608,584,747
Alwaleed Bin Talal Foundation	8,376,000		8,376,000
European Commission - DG ECHO	943,464,578		943,464,578
Embassy of Belgium	4,469,800		4,469,800
Japan-America Society of Hawaii	237,317,787		237,317,787
IFRC	4,902,319		4,902,319
IFRC at the UN Inc.	217,934,650	15,053,073	232,987,723
Irish Aid, Ireland	121,450,000		121,450,000
New Zealand Ministry of Finance and Trade	60,730,000		60,730,000
SNF USA, Inc.	20,212,500		20,212,500
Individuals, corporations and other organisations	856,104,073		856,104,073
	<u>51,191,087,285</u>	<u>1,926,526,385</u>	<u>53,117,613,670</u>

The Outstanding Pledges column shows movements in outstanding pledges between 16 March 2011 and 31 March 2012, together with the revaluation of outstanding foreign currency pledges as at 31 March 2012.

(*) Donations that were earmarked for a future accounting period, which will be recognised in the period for which they are earmarked (see Note 2.3 (a)), are listed below:

	Cash	Deferred	Net
Red Cross Society of China, Hong Kong Branch	1,597,834,431	127,341,431	1,470,493,000
Singapore Red Cross Society	652,033,000	62,059,584	589,973,416
Taiwan Red Cross Organisation	2,486,484,000	800,000,000	1,686,484,000
	<u>4,736,351,431</u>	<u>989,401,015</u>	<u>3,746,950,416</u>
	Outstanding Pledges	Deferred	Net
Swiss Red Cross	397,117,048	19,437,548	377,679,500
Taiwan Red Cross Organisation	3,687,500,000	3,687,500,000	0
	<u>4,084,617,048</u>	<u>3,706,937,548</u>	<u>377,679,500</u>