

Form **1065**

Department of the Treasury  
Internal Revenue Service

**U.S. Return of Partnership Income**  
For calendar year 2007, or tax year beginning \_\_\_\_\_, 2007,  
ending \_\_\_\_\_, 20 \_\_\_\_\_.  
▶ See separate instructions.

OMB No. 1545-0099

**2007**

**A** Principal business activity

RESEARCH

**B** Principal product or service

SERVICE

**C** Business code number

519100

Use the  
IRS  
label.  
Other-  
wise,  
print  
or type.

ASIA ECONOMIC INSTITUTE, LLC  
11766 WILSHIRE BLVD, SUITE 260  
LOS ANGELES, CA 90025

**D** Employer identification number

**E** Date business started

4/06/2006

**F** Total assets (see instrs)

\$

**G** Check applicable boxes: (1)  Initial return (2)  Final return (3)  Name change (4)  Address change (5)  Amended return

**H** Check accounting method: (1)  Cash (2)  Accrual (3)  Other (specify) \_\_\_\_\_ ▶

**I** Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year \_\_\_\_\_ ▶ **2**

**J** Check if Schedule M-3 attached \_\_\_\_\_

**Caution.** Include **only** trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.

<b>INCOME</b>	<b>1 a</b> Gross receipts or sales	<b>1 a</b>	
	<b>b</b> Less returns and allowances	<b>1 b</b>	<b>1 c</b>
	<b>2</b> Cost of goods sold (Schedule A, line 8)	<b>2</b>	
	<b>3</b> Gross profit. Subtract line 2 from line 1c	<b>3</b>	
	<b>4</b> Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)	<b>4</b>	
	<b>5</b> Net farm profit (loss) (attach Schedule F (Form 1040))	<b>5</b>	
	<b>6</b> Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)	<b>6</b>	
	<b>7</b> Other income (loss) (attach statement)	<b>7</b>	
<b>8</b> Total income (loss). Combine lines 3 through 7	<b>8</b>		
<b>SEE INSTRUCTIONS FOR LIMITATIONS</b>	<b>9</b> Salaries and wages (other than to partners) (less employment credits)	<b>9</b>	55,392.
	<b>10</b> Guaranteed payments to partners	<b>10</b>	
	<b>11</b> Repairs and maintenance	<b>11</b>	
	<b>12</b> Bad debts	<b>12</b>	
	<b>13</b> Rent	<b>13</b>	3,056
	<b>14</b> Taxes and licenses	<b>14</b>	7,459.
	<b>15</b> Interest	<b>15</b>	
	<b>16 a</b> Depreciation (if required, attach Form 4562)	<b>16 a</b>	1,346.
	<b>b</b> Less depreciation reported on Schedule A and elsewhere on return	<b>16 b</b>	
	<b>16 c</b>	<b>16 c</b>	1,346.
	<b>17</b> Depletion (Do not deduct oil and gas depletion)	<b>17</b>	
	<b>18</b> Retirement plans, etc.	<b>18</b>	
	<b>19</b> Employee benefit programs	<b>19</b>	
<b>20</b> Other deductions (attach statement)	<b>20</b>	See Statement 1 34,410.	
<b>21</b> Total deductions. Add the amounts shown in the far right column for lines 9 through 20	<b>21</b>	101,663.	
<b>22</b> Ordinary business income (loss). Subtract line 21 from line 8	<b>22</b>	-101,663.	

Asia Economic Institute et al v: Xcentric Ventures LLC et al

Doc. 68 Att. 2

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member manager) is based on all information of which preparer has any knowledge.

**Sign Here**

▶ *Diana Danar* ▶ *6/1/08*

Signature of general partner or limited liability company member manager Date

May the IRS discuss this return with the preparer shown below (see instrs)?  Yes  No

**Paid Preparer's Use Only**

Preparer's signature \_\_\_\_\_ Date *6/5/08* Check if self-employed

Firm's name (or yours if self-employed), address, and ZIP code \_\_\_\_\_ Preparer's SSN or PTIN \_\_\_\_\_

EIN \_\_\_\_\_ Phone no. \_\_\_\_\_

**Schedule A Cost of Goods Sold (see the instructions)**

1	Inventory at beginning of year.....	1	
2	Purchases less cost of items withdrawn for personal use.....	2	
3	Cost of labor.....	3	
4	Additional section 263A costs (attach statement).....	4	
5	Other costs (attach statement).....	5	
6	<b>Total.</b> Add lines 1 through 5.....	6	
7	Inventory at end of year.....	7	
8	<b>Cost of goods sold.</b> Subtract line 7 from line 6. Enter here and on page 1, line 2.....	8	

9a Check all methods used for valuing closing inventory:

- (i)  Cost as described in Regulations section 1.471-3
- (ii)  Lower of cost or market as described in Regulations section 1.471-4
- (iii)  Other (specify method used and attach explanation)..... ▶

b Check this box if there was a writedown of 'subnormal' goods as described in Regulations section 1.471-2(c)..... ▶  Yes  No

c Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)..... ▶  Yes  No

d Do the rules of section 263A (for property produced or acquired for resale) apply to the partnership?.....  Yes  No

e Was there any change in determining quantities, cost, or valuations between opening and closing inventory?.....  Yes  No  
If 'Yes', attach explanation.

**Schedule B Other Information**

		Yes	No
1	What type of entity is filing this return? Check the applicable box:		
a	<input type="checkbox"/> Domestic general partnership		
b	<input type="checkbox"/> Domestic limited partnership		
c	<input checked="" type="checkbox"/> Domestic limited liability company		
d	<input type="checkbox"/> Domestic limited liability partnership		
e	<input type="checkbox"/> Foreign partnership		
f	<input type="checkbox"/> Other..... ▶		
2	Are any partners in this partnership also partnerships?.....		X
3	During the partnership's tax year, did the partnership own any interest in another partnership or in any foreign entity that was disregarded as an entity separate from its owner under Regulations sections 301.7701-2 and 301.7701-3? If 'Yes,' see instructions for required attachment.....		X
4	Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section 6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for more details.....		X
5	Does this partnership meet all three of the following requirements? a The partnership's total receipts for the tax year were less than \$250,000; b The partnership's total assets at the end of the tax year were less than \$600,000; and c Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return. If 'Yes,' the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065; or Item L on Schedule K-1.....	X	
6	Does this partnership have any foreign partners? If 'Yes,' the partnership may have to file Forms 8804, 8805 and 8813. See the instructions.....		X
7	Is this partnership a publicly traded partnership as defined in section 469(k)(2)?.....		X
8	Has this partnership filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction?.....		X
9	At any time during calendar year 2007, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If 'Yes,' enter the name of the foreign country..... ▶		X
10	During the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If 'Yes,' the partnership may have to file Form 3520. See the instructions.....		X
11	Was there a distribution of property or a transfer (for example, by sale or death) of a partnership interest during the tax year? If 'Yes,' you may elect to adjust the basis of the partnership's assets under section 754 by attaching the statement described under <i>Elections Made By the Partnership</i> in the instructions.....		X
12	Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return..... ▶	0	

**Designation of Tax Matters Partner (see the instructions)**

Enter below the general partner designated as the tax matters partner (TMP) for the tax year of this return:

Name of designated TMP ▶ ILIANA LLANERAS Identifying number of TMP ▶ \_\_\_\_\_  
 Address of designated TMP ▶ 11766 WILSHIRE BLVD, SUITE 260  
LOS ANGELES, CA 90025

Schedule K Partners' Distributive Share Items		Total amount	
Income (Loss)	1 Ordinary business income (loss) (page 1, line 22)	1	-101,663.
	2 Net rental real estate income (loss) (attach Form 8825)	2	
	3a Other gross rental income (loss)	3a	
	b Expenses from other rental activities (attach stmt)	3b	
	c Other net rental income (loss). Subtract line 3b from line 3a	3c	
	4 Guaranteed payments	4	
	5 Interest income	5	709.
	6 Dividends: a Ordinary dividends	6a	
	b Qualified dividends	6b	
	7 Royalties	7	
	8 Net short-term capital gain (loss) (attach Schedule D (Form 1065))	8	
9a Net long-term capital gain (loss) (attach Schedule D (Form 1065))	9a		
	b Collectibles (28%) gain (loss)	9b	
	c Unrecaptured section 1250 gain (attach statement)	9c	
10 Net section 1231 gain (loss) (attach Form 4797)	10		
11 Other income (loss) (see instructions) Type ▶	11		
Deductions	12 Section 179 deduction (attach Form 4562)	12	
	13a Contributions	13a	
	b Investment interest expense	13b	
	c Section 59(e)(2) expenditures: (1) Type ▶ (2) Amount. ▶	13c (2)	
d Other deductions (see instructions) Type ▶	13d		
Self-Employment	14a Net earnings (loss) from self-employment	14a	-101,663.
	b Gross farming or fishing income	14b	
	c Gross nonfarm income	14c	
Credits	15a Low-income housing credit (section 42(j)(5))	15a	
	b Low-income housing credit (other)	15b	
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	15c	
	d Other rental real estate credits (see instructions) Type ▶	15d	
	e Other rental credits (see instructions) Type ▶	15e	
	f Other credits (see instructions) Type ▶	15f	
Foreign Transactions	16a Name of country or U.S. possession ▶		
	b Gross income from all sources	16b	
	c Gross income sourced at partner level <i>Foreign gross income sourced at partnership level</i>	16c	
	d Passive category ▶ e General category ▶ f Other. ▶	16f	
	<i>Deductions allocated and apportioned at partner level</i>		
	g Interest expense ▶ h Other. ▶	16h	
	<i>Deductions allocated and apportioned at partnership level to foreign source income</i>		
	i Passive category ▶ j General category ▶ k Other. ▶	16k	
	l Total foreign taxes (check one): ▶ Paid <input type="checkbox"/> Accrued <input type="checkbox"/>	16l	
	m Reduction in taxes available for credit (attach statement)	16m	
n Other foreign tax information (attach statement)			
Alternative Minimum Tax (AMT) Items	17a Post-1986 depreciation adjustment	17a	291.
	b Adjusted gain or loss	17b	
	c Depletion (other than oil and gas)	17c	
	d Oil, gas, and geothermal properties – gross income	17d	
	e Oil, gas, and geothermal properties – deductions	17e	
	f Other AMT items (attach stmt)	17f	
Other Information	18a Tax-exempt interest income	18a	
	b Other tax-exempt income	18b	
	c Nondeductible expenses	18c	78.
	19a Distributions of cash and marketable securities	19a	
	b Distributions of other property	19b	
	20a Investment income	20a	709.
b Investment expenses	20b		
c Other items and amounts (attach stmt)			

**Analysis of Net Income (Loss)**

1 Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 12 through 13d, and 16l.						1	-100,954.
2 Analysis by partner type:	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other	
a General partners							
b Limited partners		-100,954.					

Schedule L	Balance Sheets per Books	Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
<b>Assets</b>					
1	Cash				
2a	Trade notes and accounts receivable				
b	Less allowance for bad debts				
3	Inventories				
4	U.S. government obligations				
5	Tax-exempt securities				
6	Other current assets (attach stmt)				
7	Mortgage and real estate loans				
8	Other investments (attach stmt)				
9a	Buildings and other depreciable assets				
b	Less accumulated depreciation				
10a	Depletable assets				
b	Less accumulated depletion				
11	Land (net of any amortization)				
12a	Intangible assets (amortizable only)				
b	Less accumulated amortization				
13	Other assets (attach stmt)				
14	Total assets				
<b>Liabilities and Capital</b>					
15	Accounts payable				
16	Mortgages, notes, bonds payable in less than 1 year				
17	Other current liabilities (attach stmt)				
18	All nonrecourse loans				
19	Mortgages, notes, bonds payable in 1 year or more				
20	Other liabilities (attach stmt)				
21	Partners' capital accounts				
22	Total liabilities and capital				

**Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return**  
 Note. Schedule M-3 may be required instead of Schedule M-1 (see instructions).

1 Net income (loss) per books		6 Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize):	
2 Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize):		a Tax-exempt interest \$	
3 Guaranteed prmts (other than health insurance)		7 Deductions included on Schedule K, lines 1 through 13d, and 16l, not charged against book income this year (itemize):	
4 Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16l (itemize):		a Depreciation \$	
a Depreciation \$		8 Add lines 6 and 7	
b Travel and entertainment \$		9 Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5	
5 Add lines 1 through 4			

**Schedule M-2 Analysis of Partners' Capital Accounts**

1 Balance at beginning of year		6 Distributions: a Cash	
2 Capital contributed: a Cash		b Property	
b Property		7 Other decreases (itemize):	
3 Net income (loss) per books		8 Add lines 6 and 7	
4 Other increases (itemize):		9 Balance at end of year. Subtract line 8 from line 5	
5 Add lines 1 through 4			

Schedule K-1  
(Form 1065)

2007

Final K-1

Amended K-1

OMB No. 1545-0099

Department of the Treasury  
Internal Revenue Service

For calendar year 2007, or tax  
year beginning \_\_\_\_\_, 2007  
ending \_\_\_\_\_

**Partner's Share of Income, Deductions, Credits, etc.**  
▶ See separate instructions.

**Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items**

1	Ordinary business income (loss)	15	Credits
	-50,831.		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
	354.		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
		A	145.
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		
		C	39.
		19	Distributions
12	Section 179 deduction		
13	Other deductions		
		20	Other information
		A	354.
14	Self-employment earnings (loss)		
A	-50,831.		

\*See attached statement for additional information.

FOR IRS USE ONLY

**Part I Information About the Partnership**

**A** Partnership's employer identification number \_\_\_\_\_

**B** Partnership's name, address, city, state, and ZIP code  
ASIA ECONOMIC INSTITUTE, LLC  
11766 WILSHIRE BLVD, SUITE 260  
LOS ANGELES, CA 90025

**C** IRS Center where partnership filed return  
Ogden, UT

**D**  Check if this is a publicly traded partnership (PTP)

**Part II Information About the Partner**

**E** Partner's identifying number \_\_\_\_\_

**F** Partner's name, address, city, state, and ZIP code  
RAYMOND MOBAREZ  
11766 WILSHIRE BLVD, SUITE 260  
LOS ANGELES, CA 90025

**G**  General partner or LLC member-manager  Limited partner or other LLC member

**H**  Domestic partner  Foreign partner

**I** What type of entity is this partner? Individual

**J** Partner's share of profit, loss, and capital:

	Beginning	Ending
Profit	50 %	50 %
Loss	50 %	50 %
Capital	50 %	50 %

**K** Partner's share of liabilities at year end:

Nonrecourse ..... \$ \_\_\_\_\_

Qualified nonrecourse financing ..... \$ \_\_\_\_\_

Recourse ..... \$ \_\_\_\_\_

**L** Partner's capital account analysis:

Beginning capital account ..... \$ \_\_\_\_\_

Capital contributed during the year ..... \$ \_\_\_\_\_

Current year increase (decrease) ..... \$ \_\_\_\_\_

Withdrawals and distributions ..... \$ \_\_\_\_\_

Ending capital account ..... \$ \_\_\_\_\_

Tax basis  GAAP  Section 704(b) book  
 Other (explain) \_\_\_\_\_

Schedule K-1  
(Form 1065)

2007

Department of the Treasury  
Internal Revenue Service

For calendar year 2007, or tax  
year beginning \_\_\_\_\_, 2007  
ending \_\_\_\_\_

Final K-1  Amended K-1 OMB No. 1545-0047

**Partner's Share of Income, Deductions, Credits, etc.**  
▶ See separate instructions.

**Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items**

**Part I Information About the Partnership**

**A** Partnership's employer identification number \_\_\_\_\_

**B** Partnership's name, address, city, state, and ZIP code  
ASIA ECONOMIC INSTITUTE, LLC  
11766 WILSHIRE BLVD, SUITE 260  
LOS ANGELES, CA 90025

**C** IRS Center where partnership filed return  
Ogden, UT

**D**  Check if this is a publicly traded partnership (PTP)

**Part II Information About the Partner**

**E** Partner's identification number \_\_\_\_\_

**F** Partner's name, address, city, state, and ZIP code  
ILIANA LLANERAS  
11766 WILSHIRE BLVD, SUITE 260  
LOS ANGELES, CA 90025

**G**  General partner or LLC member-manager  Limited partner or other LLC member

**H**  Domestic partner  Foreign partner

**I** What type of entity is this partner? Individual

**J** Partner's share of profit, loss, and capital:

	Beginning	Ending
Profit	50 %	50 %
Loss	50 %	50 %
Capital	50 %	50 %

**K** Partner's share of liabilities at year end:

Nonrecourse ..... \$ \_\_\_\_\_

Qualified nonrecourse financing ..... \$ \_\_\_\_\_

Recourse ..... \$ \_\_\_\_\_

1	Ordinary business income (loss)	15	Credits
	-50,832.		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
	355.		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
		A	146.
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)	C	39.
		19	Distributions
12	Section 179 deduction		
13	Other deductions		
		20	Other information
		A	355.
14	Self-employment earnings (loss)		
A	-50,832.		

\*See attached statement for additional information.

**L** Partner's capital account analysis:

Beginning capital account ..... \$ \_\_\_\_\_

Capital contributed during the year ..... \$ \_\_\_\_\_

Current year increase (decrease) ..... \$ \_\_\_\_\_

Withdrawals and distributions ..... \$ \_\_\_\_\_

Ending capital account ..... \$ \_\_\_\_\_

Tax basis  GAAP  Section 704(b) book

Other (explain) \_\_\_\_\_

FOR IRS USE ONLY

Client 1113

ASIA ECONOMIC INSTITUTE, LLC

6/05/08

08:37AM

Statement 1  
Form 1065, Line 20  
Other Deductions

Amortization.....	\$	215.
Auto and Truck Expense.....		43.
Bank Charges.....		144.
Delivery and Freight.....		10.
Legal and Professional.....		405.
Meals and Entertainment.....		79.
Office Expense.....		452.
Outside Services.....		32,701.
Telephone.....		361.
Total	\$	<u>34,410.</u>

TAXABLE YEAR

2007

CALIFORNIA FORM

568

Limited Liability Company Return of Income

For calendar year 2007 or fiscal year beginning month day year, and ending month day year

Form fields for Principal business activity name (ASIA ECONOMIC INSTITUTE, LLC), Principal product or service (RESEARCH), Principal business activity code (519100), and Secretary of State file number (200705910088).

Form fields for Accounting method (Cash), FEIN (2), and Initial/Final Return checkboxes.

Table with 16 rows for tax calculations, including Total income, fees, taxes, and total amount due.

Form fields for Single Member LLC Information and Consent, Federal TIN/SSN, and SOS File No.

Form fields for Street Address, City, State, and ZIP Code, and Return filed with the FTB by the Owner.

Member's Consent Statement: I consent to the jurisdiction of the State of California to tax my LLC income and agree to file returns and pay tax as may be required by the Franchise Tax Board.

Form fields for Signature, Date, and Title.

Form fields for Please Sign Here, Signature of officer, Date, and Telephone.

Form fields for Paid Preparer's Use Only, including Paid preparer's signature, Date, Check if self-employed, Firm's name, and Telephone.



<b>J</b> Enter the maximum number of members in the LLC at any time during the year. Attach a California Schedule K-1 (568) for each of these members.....	•	2	
<b>K</b> Is this LLC an investment partnership? See General information O.....	•	Yes	No X
<b>L</b> Is this LLC apportioning income to California using Schedule R?.....	•	Yes	No X
<b>M</b> Was there a distribution of property or a transfer (for example, by sale or death) of an LLC interest during the taxable year?.....	•	Yes	No X
<b>O(1)</b> For this taxable year, was there a change in control or majority ownership for this limited liability company (or any legal entity in which it holds a controlling or majority interest) that owned or leased real property in California?.....	•	Yes	No X
<b>(2)</b> For this taxable year, did this LLC (or any legal entity in which it holds a controlling or majority interest) acquire control or majority ownership of any other legal entity that owned or leased real property in California?.....	•	Yes	No X
<b>(3)</b> If this limited liability company (or any legal entity in which it holds a controlling or majority interest) owned or leased real property in California, has more than 50 percent of the LLC ownership interest cumulatively transferred in one or more transactions since March 1, 1975, which was not reported on a previous year's tax return?.....	•	Yes	No X
<b>(Penalties May Apply – See Instructions)</b>			
<b>P(1)</b> Does the LLC have any foreign nonresident members?.....	•	Yes	No X
<b>(2)</b> Does the LLC have any nonresident members?.....	•	Yes	No X
<b>(3)</b> Were Form 592, Form 592-A, and Form 592-B filed for these members?.....	•	Yes	No X
<b>Q</b> Are any members in this LLC also LLCs or partnerships?.....	•	Yes	No X
<b>S</b> Is this LLC a member or partner in another LLC or partnership?.....	•	Yes	No X
<b>T</b> Is this LLC a publicly traded partnership as defined in IRC Section 469(k)(2)?.....	•	Yes	No X
<b>U(1)</b> Is this LLC a business entity disregarded for tax purposes?.....	•	Yes	No X
<b>(2)</b> If 'Yes', see instructions and complete Side 1, Side 2 and Side 4. Are there credits or credit carryovers attributable to the disregarded entity?.....	•	Yes	No X
<b>V</b> Has the LLC included a Reportable Transaction or Listed Transaction within this return? (See Instructions for definitions). If 'Yes,' complete and attach Form 8886 for each transaction.....	•	Yes	No X
<b>W</b> Did this LLC file the Federal Schedule M-3 (federal Form 1065)?.....	•	Yes	No X
<b>X</b> Is this LLC a direct owner of an entity that filed a federal Schedule M-3?.....	•	Yes	No X
<b>Y</b> Does the LLC have a beneficial interest in a trust or is it a grantor of a Trust?..... Attach schedule of trusts and federal identification numbers.	•	Yes	No X
<b>Z</b> Does this LLC own a membership in a business entity disregarded for tax purposes?..... Attach a schedule of disregarded entity names and identification numbers.	•	Yes	No X

**Schedule A Cost of Goods Sold**

1	Inventory at beginning of year	1	
2	Purchases less cost of items withdrawn for personal use	2	
3	Cost of labor	3	
4	Additional IRC Section 263A costs. Attach schedule	4	
5	Other costs. Attach schedule	5	
6	<b>Total.</b> Add line 1 through line 5	6	
7	Inventory at end of year	7	
8	<b>Cost of goods sold.</b> Subtract line 7 from line 6. Enter here and on Schedule B, line 2	8	

9 **Check all methods used for valuing closing inventory:**  
 (1)  Cost (2)  Lower of cost or market as described in Treas. Reg. Section 1.471-4 (3)  Write down of 'subnormal' goods as described in Treas. Reg. Section 1.471-2(c) (4)  Other. Specify method used and attach explanation \_\_\_\_\_  
 b Check this box if the LIFO inventory method was adopted this taxable year for any goods. If checked, attach federal Form 970.  Yes  No  
 c Do the rules of IRC Section 263A (with respect to property produced or acquired for resale) apply to the LLC?  Yes  No  
 d Was there any change (other than for IRC Section 263A purposes) in determining quantities, cost, or valuations between opening and closing inventory? If 'Yes,' attach explanation  Yes  No

**Schedule B Income and Deductions**

**Caution:** Include only trade or business income and expenses on line 1a through line 22 below. See the instructions for more information.

Income	1 a Gross receipts or sales \$ _____ b Less returns & allowances \$ _____ c Balance	1 c	
	2 Cost of goods sold (Schedule A, line 8)	2	
	3 GROSS PROFIT. Subtract line 2 from line 1c	3	
	4 Total ordinary income from other LLCs, partnerships, and fiduciaries. Attach schedule	4	
	5 Total ordinary loss from other LLCs, partnerships, and fiduciaries. Attach schedule	5	
	6 Total farm profit. Attach federal Schedule F (Form 1040)	6	
	7 Total farm loss. Attach federal Schedule F (Form 1040)	7	
	8 Total gains included on Schedule D-1, Part II, line 17 (gain only)	8	
	9 Total losses included on Schedule D-1, Part II, line 17 (loss only)	9	
	10 Other income. Attach schedule	10	
	11 Other loss. Attach schedule	11	
	12 <b>Total income (loss).</b> Combine line 3 through line 11	12	
Deductions	13 Salaries and wages (other than to members)	13	55,392.
	14 Guaranteed payments to members	14	
	15 Bad debts	15	
	16 Deductible interest expense not claimed elsewhere on return	16	
	17 a Depreciation and amortization. Attach form FTB 3885L \$ 1,561. b Less depreciation reported on Schedule A and elsewhere on return \$ _____ c Balance	17 c	1,561.
	18 Depletion. Do not deduct oil and gas depletion	18	
	19 Retirement plans, etc.	19	
	20 Employee benefit programs	20	
	21 Other deductions. Attach schedule. See Statement 1	21	43,910.
	22 <b>Total deductions.</b> Add line 13 through line 21	22	100,863.
	23 <b>Ordinary income (loss) from trade or business activities.</b> Subtract line 22 from line 12	23	-100,863.

**Schedule T Nonconsenting Nonresident Members' Tax Liability**

(a) Member's name	(b) SSN, ITIN, or FEIN	(c) Distributive share of income	(d) Tax rate	(e) Member's total tax due (see instructions)	(f) Amount withheld by this LLC on this member - reported on Form 592-B	(g) Member's net tax due

Total the amount of tax due. Enter the total here and on Side 1, line 4 \_\_\_\_\_  
 Attach additional sheets if necessary.

Schedule K Members' Shares of Income, Deductions, Credits, Etc.

		(a) Distributive share items	(b) Amounts from federal K (1065)	(c) California adjustments	(d) Total amounts using California law			
INCOME OR LOSS	1	Ordinary income (loss) from trade or business activities	-101,663.	800.	-100,863.			
	2	Net income (loss) from rental real estate activities. Attach federal Form 8825						
	3a	Gross income from other rental activities						
	3b	Less expenses Alt sch						
	3c	Net income (loss) from other rental activities. Subtract line 3b from line 3a						
	4	Guaranteed payments to members						
	5	Interest income	709.		709.			
	6	Dividends						
	7	Royalties						
	8	Net short-term capital gain (loss) Schedule D (568)						
	9	Net long-term capital gain (loss) Schedule D (568)						
	10a	Total Gain under IRC Section 1231 (other than due to casualty or theft)						
	10b	Total Loss under IRC Section 1231 (other than due to casualty or theft)						
DEDUCTIONS	12	Expense deduction for recovery property (IRC Section 179 and R&TC Sections 17267.2, 17267.6, and 17268). Attach schedule						
	13a	Charitable contributions. See instructions. Attach schedule						
	13b	Investment interest expense						
	13c1	Total expenditures to which IRC Section 59(e) election may apply. Attach schedule						
	13c2	Type of expenditures						
CREDITS	15a	Withholding on LLC allocated to all members						
	15b	Low-income housing credit						
	15c	Credit(s) other than the credit shown on line 15b related to rental real estate activities. Attach schedule						
	15d	Credit(s) related to other rental activities. Attach schedule						
	15e	Nonconsenting nonresident members' tax paid by LLC						
	15f	Other credits. Attach schedule						
ALTERNATIVE MINIMUM TAX ITEMS	17a	Depreciation adjustment on property placed in service after 1986	291.		291.			
	17b	Adjusted gain or loss						
	17c	Depletion (other than oil and gas)						
	17d	Gross income from oil, gas, and geothermal properties						
	17e	Deductions allocable to oil, gas, and geothermal properties						
	17f	Other alternative minimum tax items. Attach schedule						
INFORMATION	18a	Tax-exempt interest income						
	18b	Other tax-exempt inc						
	18c	Nondeductible expenses	78.	800.	878.			
	19a	Distributions of money (cash and marketable securities)						
	19b	Distribution of property other than money						
	20a	Investment income	709.		709.			
	20b	Investment expenses						
ANALYSIS	20c	Other information. See instructions.			Statement 2			
	21a	Total distributive income/payment items. Combine lines 1, 2, and 3c through 11c. From the result, subtract the sum of lines 12 through 13e.	-100,954.	800.	-100,154.			
		b Analysis of members:						
		(a) Corporate	(b) Individual		(c) Partnership	(d) Exempt Organization	(e) Nominee/Other	(f) LLC
			i Active	ii Passive				
		Memoers	-100,154.					

**Schedule L Balance Sheets.** See the instructions for Schedule L, before completing Schedules L, M-1, and M-2.

Assets	Beginning of taxable year		End of taxable year	
	(a)	(b)	(c)	(d)
1 Cash				
2 a Trade notes and accounts receivable				
b Less allowance for bad debts				
3 Inventories				
4 U.S. government obligations				
5 Tax-exempt securities				
6 Other current assets Attach schedule				
7 Mortgage and real estate loans				
8 Other investments Attach schedule				
9 a Buildings and other depreciable assets				
b Less accumulated depreciation				
10 a Depletable assets				
b Less accumulated depletion				
11 Land (net of any amortization)				
12 a Intangible assets (amortizable only)				
b Less accumulated amortization				
13 Other assets Attach schedule				
14 Total assets				
<b>Liabilities and Capital</b>				
15 Accounts payable				
16 Mortgages, notes, bonds payable in less than 1 year				
17 Other current liabilities Attach schedule				
18 All nonrecourse loans				
19 Mortgages, notes, bonds payable in 1 year or more				
20 Other liabilities Attach schedule				
21 Members' capital accounts				
22 Total liabilities and capital				

**Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return.** Use total amount under California law.

If the partnership completed federal Schedule M-3 (federal Form 1065), see instructions.

1 Net income (loss) per books		6 Income recorded on books this year not included on Schedule K, line 1 through line 11c. Itemize:	
2 Income included on Schedule K, line 1 through line 11c, not recorded on books this year. Itemize:		a Tax-exempt interest \$	
3 Guaranteed payments (other than health insurance)		7 Deductions included on Schedule K, line 1 through line 13e, not charged against book income this year. Itemize:	
4 Expenses recorded on books this year not included on Schedule K, line 1 through line 13e. Itemize:		a Depreciation ... \$	
a Depreciation \$		8 Total of line 6 and line 7	
b Travel & entertainment \$		9 Income (loss) (Schedule K, line 21a). Subtract line 8 from line 5	
c Annual LLC tax \$			
5 Total of line 1 through line 4			

**Schedule M-2 Analysis of Members' Capital Accounts.** Use California amounts.

1 Balance at beginning of year		6 Distributions:	
2 Capital contributed during year		a Cash	
3 Net income (loss) per books		b Property	
4 Other increases. Itemize:		7 Other decreases. Itemize:	
5 Total of line 1 through line 4		8 Total of line 6 and line 7	
		9 Balance at end of year. Subtract line 8 from line 5	

**Schedule O Amounts from Liquidation used to Capitalize a Limited Liability Company.** (Complete only if initial return box is checked on Side 1, Question I.)

Name of entity liquidated (if more than one, attach a schedule)

Type of entity:  (1) C Corporation  (2) S Corporation  (3) Partnership  (4) Limited Partnership  (5) Sole Proprietor  (6) Farmer

Entity ID number(s)  FEIN  SSN or ITIN  Corp  SOS

Amount of liquidation gains recognized to capitalize the LLC

Name as shown on return

ASIA ECONOMIC INSTITUTE, LLC

Employer Identification No.

Enter your California income amounts on the worksheet. If your business is both within and outside of California, see the LLC Income Worksheet Instructions to assign the correct amounts to California. If your business is wholly within California no assignment is necessary, enter the California amounts beginning with line 1a.

1	a	Total California income from Form 568, Schedule B, line 12	1a	
	b	Enter the California Cost of Goods sold from Form 568, Schedule B, line 2 and from federal Schedule F (1040) (plus California adjustments) associated with the receipts assigned to California on line 1a	1b	
	c	Enter as a negative number, any allocations, distributions, or gains from another LLC that was already subject to the LLC fee	1c	
2	a	Gross California income of the disregarded entity not included in lines 1 and 9 through 17	2a	
	b	Enter the Cost of Goods sold of the disregarded entity associated with the receipts assigned to California on line 2a	2b	
3	a	LLC's distributive share of ordinary income plus deductions from pass-through entities	3a	
	b	Enter the LLC's distributive share of Cost of Goods sold from other pass-through entities associated with the receipts assigned to California on line 3a	3b	
4		Add gross farm income from federal Schedule F (Form 1040). Use California amounts	4	
5		Total the amounts from Schedule B, line 4 through line 11. If the amount is positive, enter as a negative. If the amount is negative, enter as a positive	5	
6		Enter the total of other income (not loss) from Form 568, Schedule B, line 10	6	
7		Enter the ordinary gains (not losses) and the recapture income from Schedule D-1, Part II, line 17	7	
8		<b>Add line 1a through line 7</b>	8	0.
9		<b>California Rental real estate</b>		
	a	Enter the gross rents from federal Form 8825, line 17	9a	
	b	Enter the gross rents from rental real estate of the disregarded entity	9b	
	c	Enter the LLC's distributive share of gross rents from rental real estate	9c	
	d	<b>Add line 9a through line 9c</b>	9d	0.
10		<b>Other California rentals</b>		
	a	Enter the gross income from other rental activities (do not include any losses from the sale or involuntary conversion of an asset if included in Schedule K, line 3a)	10a	
	b	Enter the gross income from other rentals of the disregarded entity	10b	
	c	Enter the LLC's distributive share of gross income from other rentals from pass-through entities	10c	
	d	<b>Add line 10a through line 10c</b>	10d	0.
11		<b>California Interest</b>		
	a	Enter the total interest of the disregarded entity	11a	
	b	Enter interest from Schedule K, line 5. Do not include on this line interest received from disregarded entities	11b	709.
	c	<b>Add line 11a through line 11b</b>	11c	709.
12		<b>California Dividends</b>		
	a	Enter the total dividends of the disregarded entity	12a	
	b	Enter dividends from Schedule K, line 6. Do not include on this line interest received from disregarded entities	12b	
	c	<b>Add line 12a through line 12b</b>	12c	0.
13		<b>California Royalty income</b>		
	a	Enter the gross royalty income of the disregarded entity	13a	
	b	Enter the LLC's distributive share of gross royalty income from pass-through entities	13b	
	c	Enter the LLC's gross royalty income included in Schedule K, line 7. Do not include on this line interest received from pass-through entities or disregarded entities	13c	
	d	<b>Add line 13a through line 13c</b>	13d	0.
14		<b>California Capital gains</b>		
	a	Enter capital gains (not losses) of the disregarded entity	14a	
	b	Enter the LLC's distributive share of capital gains (not losses) from pass-through entities	14b	
	c	Enter capital gains (not losses) from Schedule D (Form 568)	14c	
	d	<b>Add line 14a through line 14c</b>	14d	0.
15		<b>Other California portfolio income</b>		
	a	Enter other portfolio income (not loss) of the disregarded entity	15a	
	b	Enter the LLC's distributive share of other portfolio income (not loss) from pass-through entities	15b	
	c	Enter the LLC's other portfolio income (not loss) included in Schedule K, line 11. Do not include on this line interest received from pass-through entities or disregarded entities	15c	
	d	<b>Add line 15a through line 15c</b>	15d	0.
16		<b>California 1231 gains</b>		
	a	Enter the 1231 gains (not losses) of the disregarded entity	16a	
	b	Enter the LLC's distributive share of 1231 gains (not losses) from pass-through entities	16b	
	c	Enter the LLC's 1231 gains (not losses) included in Schedule D-1	16c	
	d	<b>Add line 16a through line 16c</b>	16d	0.
17		<b>Other California income (not loss) not included in line 6</b>		
	a	Enter other income (not loss) of the disregarded entity	17a	
	b	Enter the LLC's distributive share of other income (not loss) from pass-through entities	17b	
	c	Enter the LLC's other income (not loss) included in Schedule K, line 11b. Do not include on this line interest received from pass-through entities or disregarded entities	17c	
	d	Enter the LLC's gain (not loss) on property subject to IRC Section 179 provisions	17d	
	e	<b>Add line 17a through line 17d</b>	17e	0.
18		<b>Total California income.</b> Add lines 8, 9d, 10d, 11c, 12c, 13d, 14d, 15d, 16d, and 17e. Enter here and on Form 568, Side 1, line 1	18	709.

**Member's Share of Income, Deductions, Credits, etc.**

For calendar year 2007 or fiscal year beginning month \_\_\_\_\_ day \_\_\_\_\_ year 2007, and ending month \_\_\_\_\_ day \_\_\_\_\_ year

<b>Member's identifying number</b> <small>Member's name, address, state, and ZIP Code</small>  RAYMOND MOBAREZ 11766 WILSHIRE BLVD, SUITE 260 LOS ANGELES, CA 90025	<b>LLC's FEIN</b> <b>Secretary of State file number</b> 200705910088 <small>LLC's name, address, state, and ZIP Code</small>  ASIA ECONOMIC INSTITUTE, LLC 11766 WILSHIRE BLVD, SUITE 260 LOS ANGELES, CA 90025
--	---

<b>A</b> What type of entity is this member? ● (1) <input checked="" type="checkbox"/> Individual    (5) <input type="checkbox"/> General Partnership Limited Partnership    (9) <input type="checkbox"/> IRA/Keogh/SEP Exempt Organization Disregarded Entity (2) <input type="checkbox"/> S Corporation    (6) <input type="checkbox"/> LLP    (10) <input type="checkbox"/> (11) <input type="checkbox"/> (3) <input type="checkbox"/> Estate/Trust    (7) <input type="checkbox"/> LLC (4) <input type="checkbox"/> C Corporation    (8) <input type="checkbox"/> LLC  <b>B</b> Is this member a foreign member? ● <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <b>C</b> Enter member's percentage (without regard to special allocations) of: (i) Before decrease or termination    (ii) End of year Profit sharing ..... % ● 50.0000 % Loss sharing ..... % ● 50.0000 % Ownership of capital .. % ● 50.0000 %	<b>D</b> Member's share of liabilities: Nonrecourse..... ● \$ _____ Qualified nonrecourse financing ..... ● \$ _____ Other ..... ● \$ _____  <b>E</b> Tax shelter registration number ..... <b>F</b> (1) Check here if this is a publicly traded partnership as defined in IRC Section 469(k)(2) ..... <input type="checkbox"/> (2) Check here if this is an investment partnership (R&TC Sections 17955 and 23040.1) ..... <input type="checkbox"/> <b>G</b> Check here if this is: ● (1) <input type="checkbox"/> A final Schedule K-1 (568)    (2) <input type="checkbox"/> An amended Schedule K-1 (568) <b>H</b> Is this member a nonresident of California? .. <input type="checkbox"/> Yes ● <input checked="" type="checkbox"/> No
---	--

<b>I</b> Analysis of member's capital account: Check the box ● (1) <input checked="" type="checkbox"/> Tax Basis (2) <input type="checkbox"/> GAAP (3) <input type="checkbox"/> Sec 704(b) Bk (4) <input type="checkbox"/> Other (explain)				
(a) Capital account at beginning of year	(b) Capital contributed during year	(c) Member's share of line 3, line 4, and line 7 Form 568, Schedule M-2	(d) Withdrawals and distributions	(e) Capital account at end of year, combine column (a) through column (d)
●	●	●	●	●

**Caution:** Refer to Member's Instructions for Schedule K-1 (568) before entering information from this schedule on your California return.

	(a) Distributive share items	(b) Amounts from federal Schedule K-1 (1065)	(c) California adjustments	(d) Total amounts using California law. Combine col (b) and col (c) where applicable	(e) California source amounts and credits
<b>Income (Loss)</b>	1 Ordinary income (loss) from trade or business activities.....	-50,831.	400.	-50,431.	▶
	2 Net income (loss) from rental real estate activities.....				▶
	3 Net income (loss) from other rental activities.....				▶
	4 Guaranteed payments to members.....				▶
	5 Interest income.....	354.		354.	▶
	6 Dividends.....				▶
	7 Royalties.....				▶
	8 Net short-term capital gain (loss).....				▶
	9 Net long-term capital gain (loss).....				▶
	10 a Total Gain under IRC Section 1231 (other than due to casualty or theft)....				▶
	b Total Loss under IRC Section 1231 (other than due to casualty or theft)....				▶
11 a Other portfolio income (loss). Attach schedule.....				▶	
b Total other income. Attach schedule.....				▶	
c Total other loss. Attach schedule.....				▶	

Member 1

ASIA ECONOMIC INSTITUTE, LLC

	(a) Distributive share items	(b) Amounts from federal Schedule K-1 (1065)	(c) California adjustments	(d) Total amounts using California law Combine column (b) and column (c)	(e) California source amounts and credits
Deductions	12 Expense deduction for recovery property (IRC Section 179 and R&TC Sections 17267.2, 17267.6 and 17268).				
	13a Charitable contributions				
	b Investment Interest expense				
	c 1 Total expenditures to which an IRC Section 59(e) election may apply				
	2 Type of expenditures				
	d Deductions related to portfolio income. Attach schedule.				
	e Other deductions. Attach schedule.				
Credits	15a Total withholding (equals amt on Form 592-B if cal year LLC).				
	b Low-income housing credit				
	c Credits other than line 15b related to rental real estate activities. Attach schedule.				
	d Credits related to other rental activities. Attach schedule.				
	e Nonconsenting member's tax paid by LLC.				
	f Other credits. Attach required schedules or statements.				
Adjustments and Tax (AMT) Preference Items	17a Depreciation adjustment on property placed in service after 1986.	145.		145.	
	b Adjusted gain or loss				
	c Depletion (other than oil and gas)				
	d Gross income from oil, gas, and geothermal properties				
	e Deductions allocable to oil, gas, and geothermal properties				
	f Other alternative minimum tax items. Attach schedule.				
Tax-exempt income and nondeductible expenses	18a Tax-exempt interest income				
	b Other tax-exempt income				
	c Nondeductible expenses	39.	400.	439.	
Distributions	19a Distributions of money (cash and marketable securities)				
	b Distributions of property other than money				
Other Information	20a Investment income	354.		354.	
	b Investment expenses				
	c Other information			See Attached	

Member 1: RAYMOND MOBAREZ

ASIA ECONOMIC INSTITUTE, LLC

Table 1 — Member's share of nonbusiness income from intangibles (source of income is dependent on residence or commercial domicile of the member):

Interest . . . . .	\$ _____	Sec 1231 Gains/Losses . . . . .	\$ _____	Capital Gains/Losses . . . . .	\$ _____
Dividends . . . . .	\$ _____	Royalties . . . . .	\$ _____	Other . . . . .	\$ _____

FOR USE BY APPORTIONING UNITARY MEMBERS ONLY — See instructions.

Table 2 — Member's share of distributive items.

Other  
Member  
Informa-  
tion

- A Member's share of the LLC's business income. See instructions . . . . . \$ \_\_\_\_\_
- B Member's share of nonbusiness income from real and tangible personal property sourced or allocable to California.
  - Capital Gains/Losses . . . . . \$ \_\_\_\_\_
  - Rents/Royalties . . . . . \$ \_\_\_\_\_
  - Section 1231 Gains/Losses . . . . . \$ \_\_\_\_\_
  - Other . . . . . \$ \_\_\_\_\_

C Member's distributive share of the LLC's property, payroll, and sales:

Factors	Total within and outside California	Total within California
Property: Beginning . . . . .	\$ _____	\$ _____
Ending . . . . .	\$ _____	\$ _____
Annual Rent Expense . . . . .	\$ _____	\$ _____
Payroll . . . . .	\$ _____	\$ _____
Sales . . . . .	\$ _____	\$ _____

Member 1: RAYMOND MOBAREZ



**Line 20c - Column d  
Other Information**

Proportionate Int. of Aggregate Gross Receipts.....	\$	<u>354.</u>
	Total	<u>\$ 354.</u>

TAXABLE YEAR

2007

**Member's Share of Income, Deductions, Credits, etc.**

CALIFORNIA SCHEDULE

**K-1 (568)**

For calendar year 2007 or fiscal year beginning month day year 2007, and ending month day year

**Member's identifying number**

Member's name, address, state, and ZIP Code

**LLC's FEIN**

**Secretary of State file number**

200705910088

LLC's name, address, state, and ZIP Code

ILIANA LLANERAS  
11766 WILSHIRE BLVD, SUITE 260  
LOS ANGELES, CA 90025

ASIA ECONOMIC INSTITUTE, LLC  
11766 WILSHIRE BLVD, SUITE 260  
LOS ANGELES, CA 90025

**A What type of entity is this member? •**

- (1)  Individual
- (2)  S Corporation
- (3)  Estate/Trust
- (4)  C Corporation
- (5)  General Partnership
- (6)  Limited Partnership
- (7)  LLP
- (8)  LLC
- (9)  IRA/Keogh/SEP
- (10)  Exempt Organization
- (11)  Disregarded Entity

**B Is this member a foreign member? •**  Yes  No

**C Enter member's percentage (without regard to special allocations) of:**

	(i) Before decrease or termination	(ii) End of year
Profit sharing	50.0000 %	50.0000 %
Loss sharing	50.0000 %	50.0000 %
Ownership of capital	50.0000 %	50.0000 %

**D Member's share of liabilities:**

Nonrecourse ..... ● \$ \_\_\_\_\_  
 Qualified nonrecourse financing ..... ● \$ \_\_\_\_\_  
 Other ..... ● \$ \_\_\_\_\_

**E Tax shelter registration number** .....

**F (1)** Check here if this is a publicly traded partnership as defined in IRC Section 469(k)(2)   
**(2)** Check here if this is an investment partnership (R&TC Sections 17955 and 23040.1)

**G Check here if this is:** •

(1)  A final Schedule K-1 (568) (2)  An amended Schedule K-1 (568)

**H Is this member a nonresident of California? •**  Yes •  No

**I Analysis of member's capital account: Check the box •** (1)  Tax Basis (2)  GAAP (3)  Sec 704(b) Bk (4)  Other (explain)

(a) Capital account at beginning of year	(b) Capital contributed during year	(c) Member's share of line 3, line 4, and line 7 Form 568, Schedule M-2	(d) Withdrawals and distributions	(e) Capital account at end of year, combine column (a) through column (d)
●	●	●	●	●

**Caution:** Refer to Member's Instructions for Schedule K-1 (568) before entering information from this schedule on your California return.

	(a) Distributive share items	(b) Amounts from federal Schedule K-1 (1065)	(c) California adjustments	(d) Total amounts using California law. Combine col (b) and col (c) where applicable	(e) California source amounts and credits
<b>Income (Loss)</b>	1 Ordinary income (loss) from trade or business activities	-50,832.	400.	-50,432.	▶
	2 Net income (loss) from rental real estate activities				▶
	3 Net income (loss) from other rental activities				▶
	4 Guaranteed payments to members				▶
	5 Interest income	355.		355.	▶
	6 Dividends				▶
	7 Royalties				▶
	8 Net short-term capital gain (loss)				▶
	9 Net long-term capital gain (loss)				▶
	10 a Total Gain under IRC Section 1231 (other than due to casualty or theft)				▶
	b Total Loss under IRC Section 1231 (other than due to casualty or theft)				▶
	11 a Other portfolio income (loss). Attach schedule				▶
	b Total other income. Attach schedule				▶
	c Total other loss. Attach schedule				▶

Member 2

ASIA ECONOMIC INSTITUTE, LLC

	(a) Distributive share items	(b) Amounts from federal Schedule K-1 (1065)	(c) California adjustments	(d) Total amounts using California law. Combine column (b) and column (c)	(e) California source amounts and credits
Deductions	12 Expense deduction for recovery property (IRC Section 179 and R&TC Sections 17267.2, 17267.6 and 17268).				
	13a Charitable contributions				
	b Investment interest expense				
	c 1 Total expenditures to which an IRC Section 59(e) election may apply				
	2 Type of expenditures				
	d Deductions related to portfolio income. Attach schedule.				
	e Other deductions. Attach schedule.				
Credits	15a Total withholding (equals amt on Form 592-B if cal year LLC)				
	b Low-income housing credit				
	c Credits other than line 15b related to rental real estate activities. Attach schedule.				
	d Credits related to other rental activities. Attach schedule.				
	e Nonconsenting member's tax paid by LLC				
	f Other credits. Attach required schedules or statements.				
Adjustments and Tax (AMT) Preference Items	17a Depreciation adjustment on property placed in service after 1986	146.		146.	
	b Adjusted gain or loss				
	c Depletion (other than oil and gas)				
	d Gross income from oil, gas, and geothermal properties				
	e Deductions allocable to oil, gas, and geothermal properties				
	f Other alternative minimum tax items. Attach schedule.				
Tax-exempt income and nondeductible expenses	18a Tax-exempt interest income				
	b Other tax-exempt income				
	c Nondeductible expenses	39.	400.	439.	
Distributions	19a Distributions of money (cash and marketable securities)				
	b Distributions of property other than money				
Other Information	20a Investment income	355.		355.	
	b Investment expenses				
	c Other information			See Attached	

Member 2: ILIANA LLANERAS

**Table 1** — Member's share of nonbusiness income from intangibles (source of income is dependent on residence or commercial domicile of the member):

Interest . . . . .	\$ _____	Sec 1231 Gains/Losses . . . . .	\$ _____	Capital Gains/Losses . . . . .	\$ _____
Dividends . . . . .	\$ _____	Royalties . . . . .	\$ _____	Other . . . . .	\$ _____

FOR USE BY APPORTIONING UNITARY MEMBERS ONLY — See instructions.

**Table 2** — Member's share of distributive items.

Other  
Member  
Informa-  
tion

- A Member's share of the LLC's business income. See instructions . . . . . \$ \_\_\_\_\_
- B Member's share of nonbusiness income from real and tangible personal property sourced or allocable to California.
  - Capital Gains/Losses . . . . . \$ \_\_\_\_\_
  - Rents/Royalties . . . . . \$ \_\_\_\_\_
  - Section 1231 Gains/Losses . . . . . \$ \_\_\_\_\_
  - Other . . . . . \$ \_\_\_\_\_

C Member's distributive share of the LLC's property, payroll, and sales:

Factors	Total within and outside California	Total within California
Property: Beginning . . . . .	\$ _____	\$ _____
Ending . . . . .	\$ _____	\$ _____
Annual Rent Expense . . . . .	\$ _____	\$ _____
Payroll . . . . .	\$ _____	\$ _____
Sales . . . . .	\$ _____	\$ _____

Member 2: ILIANA LLANERAS

**Line 20c - Column d  
Other Information**

Proportionate Int. of Aggregate Gross Receipts.....	\$	355.
	Total	<u>\$ 355.</u>

2007 Depreciation and Amortization

3885L

Name as shown on return

ASIA ECONOMIC INSTITUTE, LLC

Secretary of State (SOS) File Number

200705910088

FEIN

Depreciation of Assets Assets placed in service after 12/31/06 (depreciation):

Table with 6 columns: (a) Description of property, (b) Date placed in service, (c) Cost or other basis, (d) Method of figuring depreciation, (e) Life or rate, (f) Depreciation for this year.

1 Enter line 1, column (f) totals here 1(f)

Amortization of Property Intangibles placed in service after 12/31/06 (amortization):

Table with 6 columns: (a) Description of property, (b) Date placed in service, (c) Cost or other basis, (g) Code section, (h) Period or percentage, (i) Amortization to this year.

1 Enter line 1, column (i) totals here 1(i)

Depreciation

Be sure to make adjustments for any basis differences when calculating Depreciation.

Summary table for Depreciation: Line 2 California depreciation for assets placed in service before January 1, 2007 (1,346); Line 3 Total California depreciation (1,346).

Amortization

Be sure to make adjustments for any basis differences when calculating Amortization.

Summary table for Amortization: Line 4 California amortization for intangibles placed in service before January 1, 2007 (215); Line 5 Total California amortization (215); Line 6 Total depreciation and amortization (1,561); Line 7 IRC Section 179 expense deduction; Line 8 Carryover of disallowed deduction to 2008.

Client 1113

ASIA ECONOMIC INSTITUTE, LLC

6/05/08

08:37AM

Statement 1  
Form 568, Schedule B, Line 21  
Other Deductions

Auto and Truck Expense .....	\$	43.
Bank Charges .....		144.
Delivery and Freight .....		10.
Legal and Professional .....		405.
Meals and Entertainment .....		79.
Office Expense .....		452.
Outside Services .....		32,701.
Rent .....		3,056.
Taxes: Licenses and Permits .....		190.
Taxes: Payroll Taxes .....		6,469.
Telephone .....		361.
	Total \$	<u>43,910.</u>

Statement 2  
Form 568, Schedule K, Line 20c - Column d  
Other Reportable Items

Proportionate Int. of Aggregate Gross Receipts .....	\$	709.
--	----	------