

# Financial Statements

**Table 5-3** Balance Sheet (as of March 31, 2006)

(Unit: ¥)

Assets		Liabilities and capital	
Item	Amount	Item	Amount
I Current assets	41,888,871,593	I Current liabilities	27,695,961,601
Cash and bank deposits	38,661,509,775	Management grant liabilities	5,026,651,805
Accrued revenues	275,008,252	Donations received	1,000,000
Inventories	754,582,558	Accrued payments	21,268,883,789
Stored goods	745,263,789	Accrued expense	458,390,231
Livestock	9,318,769	Lease liabilities	243,407,486
Advance payments	420,110,403	Unearned revenues	327,000
Prepaid expenses	144,522,830	Deposit received	347,301,062
Accrued income	51,501,284	Others	350,000,228
Others	1,581,636,491	Suspense receipt	350,000,228
Suspense payments	46,421,877		
Advances paid	5,368,152	II Fixed liabilities	1,953,525,662
Short-term loans of development investment and financing	1,480,945,754	Property liabilities	1,554,463,109
Allowance for bad debt	-11,244,330	Property management grants	1,489,245,809
Short-term loans of migration investment and financing	68,565,422	Property grants, etc.	65,217,300
Allowance for bad debt	-9,105,488	Long-term lease liabilities	399,046,053
Short-term installment principal on sales of settlement	731,636	Long-term unearned revenues	16,500
Allowance for bad debt	-46,532		
II Fixed assets	71,654,517,998	Total liabilities	29,649,487,263
1 Tangible fixed assets	60,916,840,977		
Buildings	42,538,878,070	I Capital	88,508,041,131
Accumulated depreciation	-4,929,801,527	Governmental investment	88,508,041,131
Structures	1,474,462,069		
Accumulated depreciation	-369,597,365	II Capital surplus	-6,433,859,543
Machines and equipment	242,866,501	Capital surplus	-47,440,149
Accumulated depreciation	-144,091,185	Accumulated depreciation not included in expenses	-6,386,419,394
Vehicles and other transportation devices	1,133,623,768		
Accumulated depreciation	-468,311,363	III Retained earnings	1,819,720,740
Tools, instruments, and fixtures	2,469,858,442	Reserve funds	964,278,921
Accumulated depreciation	-866,407,697	Unappropriated income for the current year	855,441,819
Land	19,825,543,764	(Total income for the current year)	855,441,819
Construction in process	9,817,500		
2 Intangible fixed assets	21,620,580	Total capital	83,893,902,328
Trademarks	4,485,651		
Others	17,134,929	Total liabilities and capital	113,543,389,591
Telephone subscription rights	12,189,450		
Right to use power plants and other supply facilities	4,945,479		
3 Investment and other assets	10,716,056,441		
Investment in securities	36,220		
Investment in affiliates	428,445,102		
Long-term loans	8,958,256,772		
Long-term loans of development investment and financing	6,945,952,449		
Allowance for bad debt	-63,282,584		
Long-term loans of migration investment and financing	5,023,497,110		
Allowance for bad debt	-2,947,910,203		
Others	1,329,318,347		
Guarantee money paid	1,328,519,106		
Long-term installment principal on sales of settlement	105,518,329		
Allowance for bad debt	-104,719,088		
Total assets	113,543,389,591		
<b>Total</b>	<b>113,543,389,591</b>	<b>Total</b>	<b>113,543,389,591</b>

Table 5-4 Income Statement (April 1, 2005 - March 31, 2006)

(Unit:¥)

Expenses and losses		Revenues	
Item	Amount	Item	Amount
Ordinary expenses	166,833,925,649	Ordinary revenues	167,730,037,969
Operating expenses	156,663,694,815	Revenues from management grants	160,905,309,135
Expenses for program formulation	4,998,692,554	Revenues from contracted programs	2,982,676,189
Expenses for technical cooperation projects	87,973,240,144	Revenues from development investment and financing	215,274,863
Expenses for grant aid projects	4,474,673,389	Revenues from settlement operations	8,090,261
Expenses for public participation based cooperation	25,709,264,397	Revenues from migration investment and financing	68,326,296
Expenses for emigration program	493,477,552	Revenues from facilities operations	1,998,415,894
Expenses for disaster relief activities	929,710,093	Donation revenues	943,676
Expenses for aid-personnel recruitment and training	2,950,048,091	Transfer from liabilities for property management grants	255,418,825
Expenses for project/program evaluation	773,598,274	Transfer from liabilities for property grants	17,325,229
Expenses for operation support	8,226,360,327	Financial revenues	20,832,413
Expenses for domestic offices	4,314,434,142	Interest income	20,832,413
Expenses for overseas offices	10,000,779,481	Miscellaneous profits	692,471,617
Facility operating expenses	2,525,908,323	Gain on foreign exchange	564,953,571
Contracted program expenses	2,982,676,189		
Depreciation costs	310,831,859	Non-recurrent profits	632,306
General administrative expenses	10,038,969,279	Profit on sales of fixed assets	632,306
General administrative expenses	10,038,969,279		
Transfer to allowance for bad debts	118,762,824		
Financial expenses	11,806,307		
Interest expense	11,806,307		
Miscellaneous loss	692,424		
Non-recurrent loss	41,302,807		
Loss on retirement of fixed assets	34,631,897		
Loss on sales of fixed assets	6,670,910		
Net income	855,441,819		
<b>Total</b>	<b>167,730,670,275</b>	<b>Total</b>	<b>167,730,670,275</b>

Table 5-5 Cash Flow Statement (April 1, 2005 - March 31, 2006)

(Unit: ¥)

<b>I Cash flow from operating activities</b>	
Payment of operating expenses	-138,545,635,524
Payment of operation support expenses	-2,111,778,509
Payment of contracted program expenses	-3,069,284,540
Payment of personnel costs	-17,381,985,730
Other operation payments	-233,782,862
Loan interest income	278,657,548
Proceeds from settlement operations	40,591,306
Interest revenues	8,358,979
Installment principal	32,232,327
Revenues from management grants	160,076,920,000
Revenues from contracted programs	2,990,074,781
Revenues from facilities operations	1,998,415,894
Donation revenues	1,943,676
Other revenues	1,169,993,633
Subtotal	5,214,129,673
Interest received	21,892,548
Interest paid	-11,806,307
Cash flow from operating activities	5,224,215,914
<b>II Cash flow from investing activities</b>	
Payments for purchase of fixed assets	-1,041,138,903
Proceeds from sales of fixed assets	36,900,311
Payments for loan granting	-419,199,775
Proceeds from long-term loans receivable	1,993,343,822
Payments for time deposits	-8,600,000,000
Proceeds from cashing of negotiable certificates of deposit	5,900,000,000
Intermediate revenues from distribution of residual property due to liquidation of affiliates	350,000,000
Cash flow from investing activities	-1,780,094,545
<b>III Cash flow from financing activities</b>	
Repayment of lease liabilities	-169,431,182
Cash flow from financing activities	-169,431,182
IV Effect of exchange rate fluctuation on funds	82,402,347
V Net increase in funds	3,357,092,534
VI Funds at beginning of year	3,504,417,241
VII Funds at end of year	6,861,509,775

**Table 5-6** Schedule Concerning Profit Appropriation

(Unit: ¥)

I Unappropriated income for the current year		
Total income for the current year	855,441,819	855,441,819
II Appropriation of income		
Reserve funds	855,441,819	
	855,441,819	855,441,819

**Table 5-7** Administrative Service Operation Cost Statement (April 1, 2005 - March 31, 2006)

(Unit: ¥)

I Business expenses			160,322,611,370
Expenses on income statement			
Operating expenses	156,663,694,815		
General expenses	10,038,969,279		
Transfer to allowance for bad debts	118,762,824		
Financial expenses	11,806,307		
Miscellaneous loss	692,424		
Loss on retirement of fixed assets	34,631,897		
Loss on sales of fixed assets	6,670,910	166,875,228,456	
(Deduction) Self revenues, etc.			
Revenues from contracted programs	-2,982,676,189		
Revenues from development investment and financing	-215,274,863		
Revenues from settlement operations	-8,090,261		
Revenues from migration investment and financing	-68,326,296		
Revenues from facilities operations	-1,998,415,894		
Donation revenues	-943,676		
Financial revenues	-20,832,413		
Miscellaneous profits	-692,471,617		
Loss on foreign exchange	-564,953,571		
Profit on sales of fixed assets	-632,306	-6,552,617,086	
II Accumulated depreciation not included in expenses			2,431,579,800
Accumulated depreciation not included in expenses	2,430,283,162		
Loss on retirement of fixed assets not included in expenses	1,296,638		
III Estimated increase in retirement benefit not included in allowance			-1,413,485,787
IV Opportunity cost			
Governmental investments and other opportunity costs			1,473,911,994
V Administrative service operation cost			162,814,617,377

## Significant Accounting Policies

### 1. Standards for reporting revenues from management grants

Revenue Recognition Standard Based on Accrued Expense is applied.

### 2. Depreciation methods

#### 1) Tangible fixed assets

Straight-line method.

The useful lives of major assets are as follows:

Buildings: 2 - 50 years

Structures: 1 - 39 years

Machines and equipment: 1 - 20 years

Vehicles and other transportation devices: 1 - 6 years

Tools, instruments, and fixtures: 1 - 18 years

The estimated depreciation costs for specific depreciable assets (Accounting standard for Independent Administrative Institution No.86) are directly deducted from the capital surplus and reported as accumulated depreciation not included in expenses.

#### 2) Intangible fixed assets

Straight-line method.

### 3. Standard for appropriation of allowances and estimation in relation to retirement benefits

The allowance for retirement benefits is not provided for lump-sum severance, since the financial source is secured by management grants.

The allowance for retirement benefits is not provided for pension benefits from Employees' Pension Funds, since the financial source for EPF's insurance fees and reserve shortfall is secured by management grants.

The estimated increase in retirement benefits not included in allowance as shown in the Administrative Service Operation Cost Statement, is reported as current-year allowance for retirement benefits which has been calculated according to the Accounting standard No. 38.

### 4. Basis and standard for appropriation of allowances, etc.

Allowance for bad debts

To provide for loan loss, JICA records the estimated default amount, taking into account the actual loss rate for ordinary loans and specific collectibility of doubtful loans, etc.

## 5. Standards and methods for the valuation for securities

- 1) Investment in associated companies  
Cost method as determined by the total-average cost
- 2) Other securities (non-marketable)  
Cost method as determined by the total-average cost

## 6. Standards and methods for the valuation of inventories

- Stored goods  
Cost method as determined by the FIFO method

## 7. Translation standard of foreign currency assets and liabilities into yen

Foreign currency money claims and liabilities are translated into the yen with the spot exchange rate as of the fiscal year end, and the exchange differences are recognized as profit or loss.

## 8. Standards for computing opportunity costs in Administrative Service Operation Cost Statement

Interest rate used to compute opportunity costs concerning central and local governments' investments, etc.  
1.770% in reference to the yield of 10-year fixed-rate JGB as of March 31, 2006

## 9. Accounting for lease transactions

The same accounting method as ordinary transactions is applied to the finance lease transactions with a total lease fee of ¥3 million or more.

The same accounting method as ordinary rental transactions is applied to the finance lease transactions with a total lease fee of less than ¥3 million.

## 10. Accounting for consumption taxes

Consumption taxes are included in the amounts on the financial statements.

## Notes

### Notes to the Balance Sheet

Estimated retirement benefits to be provided from management grants

¥27,338,185,451

#### A. Breakdown of retirement benefit costs

	FY2005
1) Retirement benefit obligation	-37,755,570,495
2) Plan assets	10,417,385,044
3) Accrued retirement benefit costs 1) + 2)	-27,338,185,451
4) Difference at the change of accounting standards	0
5) Unrecognized actuarial differences	0
6) Unrecognized past service obligation (decrease in liabilities)	0
7) Net reported amount on Balance Sheet 3) + 4) + 5) + 6)	-27,338,185,451
8) Prepaid pension costs	0
9) Allowance for retirement benefits 7) - 8)	-27,338,185,451

#### B. Breakdown of pension expenses

	FY2005
1) Service cost	928,592,000
2) Interest cost	478,013,540
3) Expected return on plan assets	0
4) Amortization of past service obligation	0
5) Amortization of actuarial differences	-339,986,142
6) Others (premiums collected for Employees' Pension Fund)	-334,578,655

#### C. Computation basis for retirement benefit obligation, etc.

	FY2005
1) Discount rate Retirement pension	2.0%
2) Periodic allocation method for expected retirement benefits method	Periodic fixed-amount benefits method
3) Amortization period for actuarial differences	1
4) Others (Amortization period of differences at the change of accounting standards; actual return rate, etc.)	1

### Notes to Cash Flow Statement

The funds shown in the cash flow statements are cash, deposit accounts, and checking accounts.

#### 1) Relation between the BOY balance of funds and the amounts of balance sheet accounts

(Unit: ¥)

	(as of March 31, 2006)
Cash and deposit	38,661,509,775
Time deposit	-31,800,000,000
Ending balance of funds	6,861,509,775

#### 2) Description of significant non-financial transactions

(Unit: ¥)

Assets granted under finance lease	(as of March 31, 2006)
Vehicles and other transportation devices	26,030,534
Ending balance of funds	749,257,311
Total	775,287,845

### Notes to Administrative Service Operation Cost Statement

Loan employees from governments who are counted for opportunity costs

Of the estimated increase in retirement bonus not included in the allowance, ¥33,479,260 was recognized as the current-year increase of allowance for retirement and severance for 40 loan employees according to JICA's internal regulations.

### Profit and loss on equity method, etc.

JICA does not prepare consolidated financial statements since it has no subsidiaries. Japan-Brasil Agricultural Development Corporation (JADECO), the only affiliate of JICA, decided to dissolve on October 20, 2005, and is in the process of liquidation as of the end of the current fiscal year. Since JADECO no longer operates regular business activities, profit and loss on the equity method, etc., concerning the company are not recorded. The financial condition of the company as of the nearest preceding date is as follows.

(Unit: ¥)

Net assets	951,063,650
JICA's equity	475,531,825
Book value of investment in stock of JADECO	428,445,102

### Significant debt burden

N/A

### Significant subsequent events

N/A