

# Financial Statements

Table 5-3 Balance Sheet (as of March 31, 2008)

(Unit: ¥)

Assets		Liabilities	
Item	Amount	Item	Amount
I Current assets	41,924,323,835	I Current liabilities	30,149,070,508
Cash and bank deposits	37,362,258,112	Management grant liabilities	6,898,768,986
Inventories	529,628,561	Donations received	124,501,571
Stored goods	522,812,127	Accrued payments	21,508,261,460
Livestock	6,816,434	Accrued expense	1,129,740,736
Advance payments	2,506,512,847	Lease liabilities	193,651,741
Prepaid expenses	157,884,682	Deposit received	294,116,014
Accrued income	75,436,930	Unearned revenues	30,000
Accrued revenues	104,470,560		
Short-term loans of development investment and financing	1,021,218,670	II Fixed liabilities	2,136,755,837
Allowance for bad debt	-7,094,468	Property liabilities	2,036,168,499
Short-term loans of migration investment and financing	143,142,625	Property management grants	1,957,571,121
Allowance for bad debt	-10,498,114	Property grants, etc.	78,597,378
Short-term installment principal on sales of settlement	246,672	Long-term lease liabilities	100,565,588
Allowance for bad debt	-14,183	Long-term unearned revenues	21,750
Consignment goods	5,650,316		
Suspense payments	33,438,554	<b>Total liabilities</b>	<b>32,285,826,345</b>
Advances paid	2,042,071		
II Fixed assets	64,828,258,770		
1 Tangible fixed assets	57,342,219,450	<b>Capital</b>	
Buildings	43,200,210,425	I Capital	83,332,866,850
Accumulated depreciation	-8,428,849,916	Governmental investment	83,332,866,850
Accumulated impairment loss	-580,935,598		
Structures	1,473,218,572	II Capital surplus	-11,225,025,211
Accumulated depreciation	-597,874,549	Capital surplus	-323,796,115
Accumulated impairment loss	-461,505	Accumulated depreciation not included in expenses	-10,313,421,043
Machines and equipment	250,627,562	Accumulated impairment loss not included in expenses	-587,808,053
Accumulated depreciation	-171,573,299		
Vehicles and other transportation devices	1,516,007,935	III Retained earnings	2,358,914,621
Accumulated depreciation	-769,455,497	Reserve funds	2,319,583,805
Tools, instruments, and fixtures	2,737,292,798	Unappropriated income for the current year	39,330,816
Accumulated depreciation	-1,629,438,709	(Total income for the current year)	(39,330,816)
Land	19,748,669,867		
Accumulated impairment loss	-520,800	<b>Total net assets</b>	<b>74,466,756,260</b>
Construction in process	595,302,164		
2 Intangible fixed assets	13,639,118	<b>Total of liabilities and net assets</b>	<b>106,752,582,605</b>
Trademarks	3,593,243		
Telephone subscription rights	6,299,300		
Right to use power plants and other supply facilities	3,746,575		
3 Investment and other assets	7,472,400,202		
Investment in securities	38,118		
Long-term loans of development investment and financing	4,453,816,109		
Allowance for bad debt	-50,990,733		
Long-term loans of migration investment and financing	3,336,947,199		
Allowance for bad debt	-1,909,806,461		
Long-term installment principal on sales of settlement	71,626,919		
Allowance for bad debt	-71,626,919		
Long-term prepaid expenses	1,287,080		
Guarantee money paid	1,641,108,890		
<b>Total assets</b>	<b>106,752,582,605</b>		
<b>Total</b>	<b>106,752,582,605</b>	<b>Total</b>	<b>106,752,582,605</b>

Table 5-4 Income Statement (April 1, 2007 - March 31, 2008)

(Unit: ¥)

Expenses and losses		Revenues	
Item	Amount	Item	Amount
Ordinary expenses	157,899,702,010	Ordinary revenues	153,145,575,286
Operating expenses	144,834,553,937	Revenues from management grants	148,122,292,107
Expenses for program formulation	4,791,082,617	Revenues from contracted programs	2,562,664,566
Expenses for technical cooperation projects	79,712,767,511	Revenues from development investment and financing	140,340,440
Expenses for grant aid projects	3,416,812,405	Revenues from settlement operations	10,896,494
Expenses for public participation based cooperation	25,660,608,390	Revenues from migration investment and financing	96,710,058
Expenses for emigration program	476,289,763	Donation revenues	96,675
Expenses for disaster relief activities	522,172,455	Transfer from allowance for bad debts	677,977,523
Expenses for aid personnel recruitment and training	3,153,486,724	Transfer from liabilities for property management grants	395,438,994
Expenses for follow-up cooperation	1,438,463,295	Transfer from liabilities for property grants	19,560,026
Expenses for project/program evaluation	600,223,076	Financial revenues	
Expenses for operation support	8,112,804,085	Interest income	263,294,155
Expenses for accounting support	13,843,941,150	Miscellaneous profits	856,304,248
Contracted program expenses	2,560,286,883	Operating profits	-4,754,126,724
Expenses for donation projects	96,675		
Depreciation costs	545,518,908	Non-recurrent loss	16,132,469
General administrative expenses	12,189,153,303	Loss on retirement of fixed assets	5,684,171
Financial expenses	839,555,457	Loss on sales of fixed assets	10,448,298
Interest expense	12,119,470		
Loss on foreign exchange	827,435,987	Non-recurrent profits	6,716,918
Miscellaneous loss	36,439,313	Profit on sales of fixed assets	1,162,020
		Profit on sales of affiliate stocks	5,554,898
		Net income	-4,763,542,275
		Reversal of surplus deposits from the previous midterm period	4,802,873,091
		Total income for the current year	39,330,816
<b>Total</b>	<b>157,899,702,010</b>	<b>Total</b>	<b>157,899,702,010</b>

Table 5-5 Cash Flow Statement (April 1, 2007 - March 31, 2008)

(Unit: ¥)

<b>I Cash flow from operating activities</b>	
Payment of operating expenses	-138,766,928,984
Payment of contracted program expenses	-2,517,675,315
Payment of personnel costs	-16,413,070,580
Other operation payments	-880,467,743
Revenues from management grants	155,625,501,000
Revenues from contracted programs	2,750,361,000
Loan interest income	249,547,932
Proceeds from settlement operations	24,657,890
Interest revenues	10,917,004
Installment principal	13,740,886
Donation revenues	96,675
Other revenues	1,649,028,133
Subtotal	1,721,050,008
Interest received	258,982,473
Interest paid	-12,119,470
Payment to the national treasury	-652,291,667
Cash flow from operating activities	1,315,621,344
<b>II Cash flow from investing activities</b>	
Payments for purchase of fixed assets	-1,555,069,585
Proceeds from sales of fixed assets	57,980,791
Proceeds from long-term loans receivable	1,854,360,417
Proceeds from time deposit refunds	400,000,000
Proceeds from negotiable certificate of deposit refunds	1,500,000,000
Proceeds from liquidation of affiliates	49,000,000
Cash flow from investing activities	2,306,271,623
<b>III Cash flow from financing activities</b>	
Repayment of lease liabilities	-282,727,487
Payment to the national treasury	-5,175,174,281
Cash flow from financing activities	-5,457,901,768
<b>IV Effect of exchange rate fluctuation on funds</b>	-193,825,575
<b>V Net decrease in funds</b>	-2,029,834,376
<b>VI Funds at beginning of year</b>	5,192,092,488
<b>VII Funds at end of year</b>	3,162,258,112

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

(Unit: ¥)

<b>I Unappropriated income for the current year</b>		<b>39,330,816</b>
Total income for the current year	39,330,816	
<b>II Appropriation of income</b>		
Reserve funds	39,330,816	39,330,816

**Table 5-7 Administrative Service Operation Cost Statement (April 1, 2007 - March 31, 2008)**

(Unit: ¥)

<b>I Business expenses</b>			<b>153,300,833,402</b>
(1) Expenses on income statement			
Operating expenses	144,834,553,937		
General expenses	12,189,153,303		
Financial expenses	839,555,457		
Miscellaneous loss	36,439,313		
Loss on retirement of fixed assets	5,684,171		
Loss on sales of fixed assets	10,448,298	157,915,834,479	
(2) (Deduction) Self revenues, etc.			
Revenues from contracted programs	-2,562,664,566		
Revenues from development investment and financing	- 140,340,440		
Revenues from settlement operations	- 10,896,494		
Revenues from migration investment and financing	- 96,710,058		
Donation revenues	- 96,675		
Transfer from allowance for bad debts	- 677,977,523		
Financial revenues	- 263,294,155		
Miscellaneous profits	- 856,304,248		
Profit on sales of fixed assets	- 1,162,020		
Profit on sales of affiliate stocks	- 5,554,898	- 4,615,001,077	
<b>II Accumulated depreciation not included in expenses</b>			<b>2,069,920,506</b>
Accumulated depreciation not included in expenses		2,056,358,146	
Loss on retirement of fixed assets not included in expenses		13,562,360	
<b>III Accumulated impairment loss not included in expenses</b>			<b>68,943,975</b>
<b>IV Estimated bonus payment not included in allowance</b>			<b>- 16,395,589</b>
<b>V Estimated increase in retirement benefit not included in allowance</b>			<b>- 556,090,347</b>
<b>VI Opportunity cost</b>			
Governmental investments and other opportunity costs			966,230,724
<b>VII Administrative service operation cost</b>			<b>155,833,442,671</b>

# Significant Accounting Policies

## 1. Standards for reporting revenues from management grants

Revenue Recognition Standard Based on Accrued Expense is applied. This is due to the difficulty of applying standards based on achievement or time period, as they require far more time to objectively evaluate operation results and have other complexities.

## 2. Depreciation methods

### (1) Tangible fixed asset

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 bonus payments

The allowance for bonus payments is not provided for bonuses, since the financial source is secured by management grants.

The estimated bonus payment not included in allowance, as shown in the Administrative Service Operation Cost Statement, is reported as current-year estimate of allowances in relation to bonus payments which has been calculated according to Accounting Standard No. 87.

## 4. 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 Accounting Standard No. 38.

## 5. 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.

## 6. Standards and methods for the valuation of 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

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

### Stored goods

Cost method as determined by the FIFO method

## 8. 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.

## 9. 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.

1.275% in reference to the yield of 10-year fixed-rate JGB as of March 31, 2008.

## 10. 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.

## 11. Accounting for consumption taxes

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

## 12. Important changes in accounting policies

### (1) Change in accounting procedures

Previously, the "revenues from facilities operations" and "expenses for operation support" (related to trainees from JICA) were calculated separately. From this fiscal year, however, they will be calculated together in a way to offset each other. This will have no impact on the overall income statements. For the previous fiscal year, the revenues from facilities operations and expenses for operation support each listed ¥1,714,178,662.

### (2) The Accounting Standards for Independent Administrative Institutions

The "Revision of the Accounting Standards for Independent Administrative Institutions" (Public Corporation Accounting Subcommittee, Legal System/Public Accounting Panel, Financial Systems Sectional Committee, Financial Systems Committee, Study Group on the Accounting Standards for Independent Administrative Institutions, November 19, 2007), "the Accounting Standards for Independent Administrative Institutions" and the "Q&A concerning 'the Accounting Standards for Independent Administrative Institutions' and 'the Guidance Notes for the Accounting Standards for Independent Administrative Institutions'" (Administrative Management Bureau of the Ministry of Internal Affairs and Communications, Budget Bureau of the Ministry of Finance, and the Japanese Institute of Certified Public Accountant, Final revision in February 2008 ) have been adopted starting this fiscal year.

The following represents the changes of the significant accounting procedures and influences caused by such changes, as a result of the revisions of the Accounting Standards for Independent Administrative Institutions:

#### 1) Estimated amount of bonuses not included in the allowance

As the financial source is secured by management grants from the current fiscal year and afterwards, the estimated amount of bonuses not included in allowance is reported as current-year allowance for bonuses in the Administrative Service Operation Cost Statement. As a result, the Administrative Service Operation Cost is 16,395,589 less than in the case when the former method is used.

#### 2) Capital and Net Assets

Capital for the current year is indicated as net assets. This measure has had no influence on profits and losses.

The amount for the current fiscal year that is equivalent to "capital" in the past statements was ¥74,466,756,260.

### 13. Change in classification

From this fiscal year, some of the items on the Income Statement are reclassified. The resulting changes to the previous year's statement are detailed in the table below.

The table also includes the amount of money affected by the change in accounting procedures (¥1,714,178,662) as detailed above in "12. Important changes in accounting policies."

(Unit: ¥)

	Before reclassification	After reclassification	Difference
Ordinary expenses			
Operating expenses			
Expenses for technical cooperation projects	84,297,866,175	82,922,352,554	1,375,513,621
Expenses for follow-up cooperation	0	1,671,751,254	-1,671,751,254
Expenses for public participation-based cooperation	25,593,830,863	24,720,769,896	873,060,967
Expenses for domestic offices	4,080,819,562	0	4,080,819,562
Expenses for overseas offices	9,716,747,759	0	9,716,747,759
Expenses for operation support	2,527,180,881	0	2,527,180,881
Expenses for accounting support	0	13,798,422,615	-13,798,422,615
Other operating expenses	25,894,004,411	25,894,004,411	0
General administrative expenses	9,943,283,178	11,332,253,437	-1,388,970,259
Other ordinary expenses	158,386,941	158,386,941	0
Total ordinary expenses	162,212,119,770	160,497,941,108	1,714,178,662
Ordinary revenues			
Revenues from facilities operations	1,988,278,212	0	1,988,278,212
Miscellaneous profits	718,622,590	992,722,140	-274,099,550
Other ordinary revenues	165,396,409,187	165,396,409,187	0
Total ordinary revenues	168,103,309,989	166,389,131,327	1,714,178,662
Operating profits	5,891,190,219	5,891,190,219	0
Non-recurrent loss	98,833,403	98,833,403	0
Non-recurrent profits	714,238	714,238	0
Net income	5,793,071,054	5,793,071,054	0
Total income for the current year	5,793,071,054	5,793,071,054	0

## Notes

### Notes to the Balance Sheet

#### 1. Estimated retirement benefits to be provided from management grants

¥26,378,836,361

##### (1) Breakdown of retirement benefit costs

	FY2007
1) Retirement benefit obligation	-40,326,626,191
2) Plan assets	13,947,787,830
3) Accrued retirement benefit costs 1) + 2)	-26,378,838,361
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)	-26,378,838,361
8) Prepaid pension costs	0
9) Allowance for retirement benefits 7) - 8)	-26,378,838,361

##### (2) Breakdown of pension expenses

	FY2007
1) Service cost	968,587,000
2) Interest cost	531,171,020
3) Expected return on plan assets	0
4) Amortization of past service obligation	0
5) Amortization of actuarial differences	343,066,368
6) Others (premiums collected for Employees' Pension Fund)	-328,804,426

##### (3) Computation basis for retirement benefit obligation, etc.

	FY2007
1) Discount rate Retirement pension	2.0%
2) Periodic allocation method for expected retirement	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

#### 2. Estimated bonuses to be provided from management grants

¥877,136,387

### 3. Impairment loss on fixed assets

#### (1) Impaired fixed assets

##### A. Outline of the usage, type, location, book value of impaired fixed assets

Impairment of losses was cognized in the following assets.

Name of Asset	Usage	Location	Type	Book Value before Impairment Loss	Impairment Loss not Included in Current Year Expenses	Accumulated Impairment Loss not Included in Current Year Expenses	
Yokosuka Heim 1002	Employees Housing	Yokosuka City, Kanagawa Prefecture	Building	5,197,842	1,298,445	Note 1	
Yokosuka Heim 1210		Yokosuka City, Kanagawa Prefecture	Building	8,687,429	2,668,922	Note 1	
		Land	6,274,000	62,183	Note 1		
Lions Mansion Daidou 505		Naha City, Okinawa Prefecture	Building	5,574,154	1,083,304	Note 1	
		Land	3,898,000	378,750	Note 1		
Konan Motoyama Cooperative Apartment House 507		Kobe City, Hyogo Prefecture	Building	2,383,875	1,559,625	1,559,625	
Suma Ichinotani Green Heights G-305		Kobe City, Hyogo Prefecture	Building	837,037	324,112	324,112	
		Land	2,901,000	520,800	520,800		
Telephone subscription right		Telephone subscription right	Shibuya Tokyo	Telephone subscription right	7,291,850	992,550	992,550
Off-site Ranch affiliated to JICA Tsukuba		Training Project	Tsukuba City Ibaraki Prefecture	Building	59,324,304	59,324,304	Note 1
	Land		Land	730,980	730,980	Note 1	

Note 1: already sold or removed and therefore excluded from Accumulated Impairment Loss at the end of the current year.

##### B. Background of the recognition of impairment losses

The five units of employee housing were put forward for bidding in January 2008, following the decision not to use them in fiscal 2007, pursuant to the Midterm Plan during the mid-term objective period, which started from fiscal 2007. Three units (two units of Yokosuka Heim and Lions Mansion Daidou) were sold in January 2008, while bidding for the remaining two (Konan Motoyama Cooperative Apartment House and Suma Ichinotani Green Heights) was unsuccessful, so they are planned to be sold in fiscal 2008 or afterward. As a result, their book values were reduced to the recoverable service amounts and these reduced amounts were recorded as accumulated impairment losses not included in expenses, shown as deductions of Capital Surplus.

As for the telephone subscription right, a general increase of suspended lines has been incorporated and thus, the book value was reduced to the recoverable service amount and the reduced amount was recorded as

accumulated impairment loss not included in expenses, shown as a deduction of Capital Surplus.

It was decided to stop the use of the off-site ranch affiliated to JICA Tsukuba and transfer the ranch's functions inside JICA Tsukuba. The off-site ranch was thus removed in July 2007 and an impairment loss was recognized.

\*1 The recoverable service amounts of the buildings and lands of employees' housing are measured by net sales amount, which is calculated based on the real-estate appraisal values, less estimated disposal expenses.

\*2 Recoverable service amount of the telephone subscription rights in suspension is measured by the net sales amount and the net sales amount is calculated based on the inheritance tax appraisal values. Recoverable service amount of the telephone subscription rights in use is measured by use-value or its equivalent and use-value, or its equivalent is calculated based on the official price set by NTT.

\*3 Recoverable service amount of the off-site ranch affiliated to JICA Tsukuba is measured by use-value or its equivalent.

## (2) Fixed assets indicating impairment losses

### A. Outline of usage, type, and location of fixed assets whose termination was decided

The following assets have an indication of impairment losses.

Name of asset	Usage	Location	Type	Book Value
Former Hachioji International Center	Accommodation facility for training	Hachioji City, Tokyo	Land	0
			Buildings	0
			Structures	522,376,000
Chubu International Center	Accommodation facility for training	Nagoya City, Aichi	Land	136,146,419
			Buildings	1,921,664
			Structures	452,715,000

### B. Background and reasons for termination

Based on the results of the Survey on Assistance targeting all domestic offices, termination of the Hachioji International Center was decided on in fiscal 2004, and it was thereby closed in March 2007. As a result, the book values of its buildings and structures were reduced to the recoverable service amounts in fiscal 2006 and the reduced amounts were recorded as accumulated impairment losses not included in expenses, shown as deductions of Capital Surplus.

Termination of the Chubu International Center was decided on after the reconstruction of the facility was adopted in the Midterm Plan during the mid-term objective period, which started from fiscal 2003, to take on the role as a center for training and participatory cooperation projects in the Chubu region.

### C. Estimated book value, recoverable service amount, and impairment loss amount at the time of termination

Name of Asset	Type	Termination Date	Book value on the Date of Termination	Impairment Loss (estimate)	Recoverable Service Amount (estimate) <sup>Note 2</sup>
Former Hachioji International Center	Land	March 2007	0	0	0
	Buildings		0	0	0
	Structures		522,376,000	522,376,000	0
Chubu International Center	Land	Fiscal 2008 (scheduled)	119,117,923	119,117,923	0
	Buildings		1,591,055	1,591,055	0
	Structures		452,715,000	452,715,000	0

Note 2: Recoverable service amount is estimated based on the book value on the date of termination.

## 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

(as of March 31, 2008)

Cash and deposit	37,362,258,112
Time deposit	-34,200,000,000
Ending balance of funds	3,162,258,112

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

Assets granted under finance lease	
Tools, instruments, and fixtures	79,543,699

## 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, ¥28,338,210 was recognized as the current-year increase of allowance for retirement and severance for 28 loan employees according to JICA's internal regulations.

### Finance lease transactions

The amount influenced by finance lease transactions on the current year's profits and losses was ¥4,614,035. The current year's net profit after the deduction of this amount were ¥34,716,781.

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

JICA does not prepare consolidated financial statements since it has no legally designated subsidiaries. There is no profit and loss on the equity method concerning JICA's affiliates. Japan-Brazil Agricultural Development Corporation (JADECO), the only affiliate of JICA, decided to dissolve on October 20, 2005, and the registry to prove the completion of its liquidation was completed on August 27, 2007.

### Significant debt burden

N/A

### Significant subsequent events

N/A