Financial Statements

1 General Account

Balance Sheet (as of March 31, 2013)

Assets				
Ⅰ Current assets				
Cash and bank deposits		48,349,816,229		
Marketable securities		80,000,000,000		
Inventories				
Stored goods	441,297,977			
Costs on uncompleted programs	145,502,782	586,800,759		
Advance payments		13,043,743,227		
Prepaid expenses		195,766,971		
Accrued income		12,429,932		
Accrued revenues		1,508,505,299		
Short-term loans of development investment and financing	418,246,000			
Allowance for possible loan losses	(1,034,680)	417,211,320		
Short-term loans of migration investment and financing	161,983,275			
Allowance for possible loan losses	(5,924,702)	156,058,573		
Consignment goods		36,442,684		
Suspense payments		19,542,511		
Advances paid		4,325,284		
Total current assets			144,330,642,789	
Ⅱ Fixed assets				
1 Tangible fixed assets				
Buildings	41,402,007,864			
Accumulated depreciation	(13,812,042,519)			
Accumulated impairment loss	(241,832,273)	27,348,133,072		
Structures	1,482,583,210			
Accumulated depreciation	(857,563,062)			
Accumulated impairment loss	(226,230)	624,793,918		
Machines and equipment	200,610,728			
Accumulated depreciation	(128,453,796)	72,156,932		
Vehicles and other transportation devices	1,828,291,928			
Accumulated depreciation	(1,114,596,188)	713,695,740		
Tools, instruments, and fixtures	2,076,926,756			
Accumulated depreciation	(1,139,411,644)	937,515,112		
Land	16,989,831,071			
Accumulated impairment loss	(399,206,254)	16,590,624,817		
Construction in process		9,769,405		
Total fixed assets		46,296,688,996		
2 Intangible fixed assets				
Trademarks		1,202,488		
Telephone subscription rights		4,216,750		
Total intangible fixed assets		5,419,238		
3 Investment and other assets				
Long-term deposits		210,000,000		
Long-term loans of development investment and financing	1,433,330,984			
Allowance for possible loan losses	(131,358,008)	1,301,972,976		
Long-term loans of migration investment and financing	1,337,015,290			
Allowance for possible loan losses	(1,195,482,308)	141,532,982		
Long-term installment principal on sales of settlement	18,299,146			
Allowance for possible loan losses	(18,299,146)	0		
Long-term prepaid expenses		23,832,497		
Guarantee money paid		1,519,422,216		
Total investment and other assets		3,196,760,671		
Total fixed assets			49,498,868,905	
Total assets				193,829,511,694

(Unit: Yen)

Liabilities				
Ⅰ Current liabilities				
Management grant liabilities		22,623,699,291		
Funds for grant aid projects		95,992,777,911		
Donations received		449,306,776		
Accrued payments		14,275,075,659		
Accrued expenses		191,966,648		
Lease liabilities		87,223,316		
Deposit received		661,552,836		
Total current liabilities			134,281,602,437	
Ⅱ Fixed liabilities				
Property liabilities				
Property management grants	2,150,875,470			
Property grants, etc	99,478,003	2,250,353,473		
Long-term lease liabilities		194,457,106		
Long-term deposits received		105,747,228		
Asset retirement obligation		274,195,014		
Total fixed liabilities			2,824,752,821	
Total liabilities				137,106,355,258
Net assets				
Ⅰ Capital				
Governmental investment		67,278,799,069		
Total capital			67,278,799,069	
Ⅱ Capital surplus				
Capital surplus		(953,627,384)		
Accumulated depreciation not included in expenses		(15,081,432,243)		
Accumulated impairment loss not included in expenses		(646,588,292)		
Accumulated interest expense not included in expenses		(5,258,201)		
Total capital surplus			(16,686,906,120)	
Ⅲ Retained earnings				
Carryover reserve in the midterm period		6,392,436,090		
Unappropriated loss for the current year		(261,172,603)		
[Total loss for the current year]		(261,172,603)		
Total retained earnings			6,131,263,487	
Total net assets				56,723,156,436
Total of liabilities and net assets				193,829,511,694

Statement of Income (April 1, 2012–March 31, 2013)

(Unit: Yen)

Ordinary expenses			
Operating expenses			
Expenses for technical cooperation projects	72,016,686,607		
Expenses for grant aid projects	192,781,158		
Expenses for public participation based cooperation	14,738,249,572		
Expenses for emigration program	300,408,405		
Expenses for disaster relief activities	629,032,304		
Expenses for aid personnel recruitment and training	351,272,458		
Expenses for assistance promotion	13,333,004,917		
Expenses for operation support	5,932,006,038		
Expenses for accounting support	28,241,670,757		
Expenses for grant aid programs	96,618,445,787		
Contracted program expenses	664,828,540		
Expenses for donation projects	14,974,294		
Depreciation expenses	494,015,485	233,527,376,322	
General administrative expenses		8,450,744,531	
Provision of allowance for possible loan losses		225,697,564	
Financial expenses			
Foreign exchange loss	35,975,761	35,975,761	
Miscellaneous loss		7,053,945	
Total ordinary expenses			242,246,848,123
Ordinary revenues			
Revenues from management grants		126,464,937,648	
Revenues from grant aid programs		96,618,445,787	
Revenues from contracted programs			
Revenues from contracted programs from Japanese government and the local government agencies	614,166,334		
Revenues from contracted programs from the other parties	51,627,181	665,793,515	
Revenues from development investment and financing		44,432,307	
Revenues from settlement affairs		6,857,019	
Revenues from migration investment and financing		29,819,718	
Donation revenues		14,974,294	
Transfer from liabilities for property management grants		474,939,614	
Transfer from liabilities for property grants		32,388,946	
Financial revenues			
Interest income	16,489,792	16,489,792	
Miscellaneous profits		2,177,014,821	
Total ordinary revenues			226,546,093,461
Ordinary loss			15,700,754,662
Extraordinary losses			
Loss on retirement of fixed assets		15,650,126	
Loss on sales of fixed assets		4,517,356	
Payment to national treasury		1,999,414,239	
Impairment loss		2,548,365	2,022,130,086
Extraordinary profit			
Profit on sales of fixed assets		7,783,740	7,783,740
Net loss			17,715,101,008
Reversal of surplus deposits from the previous mid-term period			17,453,928,405
Total loss for the current year			261,172,603

Statement of Cash Flows (April 1, 2012–March 31, 2013)

(Unit: Yen)

Ⅰ Cash flow from operating activities	
Payment of operating expenses	(132,224,397,608)
Payments for grant aid projects	(98,052,206,642)
Payment of contracted program expenses	(765,380,601)
Payment of personnel costs	(14,662,176,076)
Other operation payments	(117,140,016)
Proceeds from management grants	149,663,241,000
Proceeds from grant aid programs	102,412,641,268
Proceeds from contracted programs	776,897,817
Loan interest income	79,903,646
Proceeds from settlement affairs	18,902,007
Interest revenues	6,857,019
Installment principal	12,044,988
Donation revenues	45,550,410
Other operation proceeds	2,522,255,922
Subtotal	9,698,091,127
Interest received	16,090,745
Payment to national treasury	(5,670,342,929)
Cash flow from operating activities	4,043,838,943
Ⅱ Cash flow from investing activities	
Payments for purchase of fixed assets	(755,610,398)
Proceeds from sales of fixed assets	426,550,735
Proceeds from loans receivable	700,909,170
Putting money for time deposits	(178,000,000,000)
Proceeds from time deposit refund	178,323,000,000
Putting money for long-term deposits	(210,000,000)
Payments for purchase of negotiable certificates of deposit	(562,000,000,000)
Proceeds from negotiable certificates of deposit refunds	558,000,000,000
Cash flow from investing activities	(3,515,150,493)
Ⅲ Cash flow from financing activities	
Repayment of lease liabilities	(138,085,557)
Payment to national treasury	(5,126,559,719)
Payment to national treasury of unnecessary property	(3,830,555,935)
Cash flow from financing activities	(9,095,201,211)
Ⅳ Effect of exchange rate fluctuation on funds	(99,941,100)
Ⅴ Net decrease in funds	(8,666,453,861)
Ⅵ Funds at the beginning of year	52,016,270,090
Ⅶ Funds at the end of year	43,349,816,229

Statement of Administrative Service Operation Cost (April 1, 2012–March 31, 2013)

(Unit: Yen)

Ⅰ Business expenses			
(1) Expenses on income statement			
Operating expenses	233,527,376,322		
General administrative expenses	8,450,744,531		
Provision of allowance for possible loan losses	225,697,564		
Financial expenses	35,975,761		
Miscellaneous loss	7,053,945		
Loss on retirement of fixed assets	15,650,126		
Loss on sales of fixed assets	4,517,356		
Payment to national treasury	1,999,414,239		
Impairment loss	2,548,365	244,268,978,209	
(2) (Deduction) Self revenues, etc.			
Revenues from contracted programs	(665,793,515)		
Revenues from development investment and financing	(44,432,307)		
Revenues from settlement affairs	(6,857,019)		
Revenues from migration investment and financing	(29,819,718)		
Donation revenues	(14,974,294)		
Financial revenues	(16,489,792)		
Miscellaneous profits	(2,177,014,821)		
Profit on sales of fixed assets	(7,783,740)	(2,963,165,206)	
Total business expenses			241,305,813,003
Ⅱ Accumulated depreciation not included in expenses			1,480,284,445
Ⅲ Accumulated impairment loss not included in expenses			638,716,392
Ⅳ Accumulated interest expense not included in expenses			1,442,859
Ⅴ Accumulated sale differential not included in expenses			(58,773,139)
Ⅵ Estimated bonus payment not included in allowance			(63,790,911)
Ⅶ Estimated increase in retirement benefit not included in allowance			1,413,039,797
Ⅷ Opportunity cost			
Governmental investments and other opportunity costs			298,372,523
Ⅸ (Deduction) Income taxes, payment to national treasury			(1,999,414,239)
Ⅹ Administrative service operation cost			243,015,690,730)

Significant Accounting Policies

1 Standards for reporting revenues from the management grants

The Revenue Recognition Standard based on Accrued Expense is applied. This is attributable to the difficulties associated with the application of achievement and time-period standards, specifically, the significant amount of time required to evaluate operating results as well as other complexities.

2 Depreciation methods

(1) Tangible fixed assets

Straight-line method.

The useful lives of major assets are as follows:

Buildings:	1–50 years
Structures:	1–42 years
Machines and equipment:	1–17 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 Incorporated Administrative Agency No. 87) and specific removal costs, etc. associated with asset retirement obligations (Accounting Standard for Incorporated Administrative Agency No. 91) 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

An allowance for bonus payments is not appropriated, since the financial source is secured by the management grants.

The estimated bonus payment not included in the allowance, as shown in the Administrative Service Operation Cost Statement, is reported as current fiscal year estimate of allowances in relation to bonus payments which has been calculated according to Accounting Standard No. 88.

4 Standard for appropriation of allowances and estimation in relation to retirement benefits

An allowance for retirement benefits is not appropriated since the financial source is secured by the management grants.

An 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 the management grants.

The estimated increase in retirement benefits not included in the allowance, as shown in the Administrative Service Operation Cost Statement, is reported as current fiscal 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 possible loan losses

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

6 Valuation standard and method for marketable securities

Securities held until maturity

Valued using the amortized cost method (straight-line method)

7 Standards and methods for the valuation of inventories

(1) Stored goods

Cost method as determined by the FIFO method

(2) Payments for uncompleted contracted programs

Payments are valued at the lower of cost or market using the specific project method.

8 Translation standard of foreign currency assets and liabilities into yen

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

9 Standards for computing opportunity costs in the Administrative Service Operation Cost Statement

The interest rate used to compute opportunity costs concerning governments' investments, etc.

0.560% taking into consideration the yield of 10-year fixed-rate JGBs as of March 31, 2013.

10 Accounting for lease transactions

The same accounting method applicable to ordinary transactions is applied to finance lease transactions with total lease fees of ¥3 million or more.

The same accounting method applicable to ordinary rental transactions is applied to finance lease transactions with total lease fees of less than ¥3 million.

11 Accounting for consumption taxes

Consumption taxes are included in financial statement amounts.

12 Change in significant accounting policies

In previous fiscal years, segments have been based on the "source of funding" method for two reasons. First, management expense grants for operations from the government of Japan accounts for most of the funds required for JICA's operations (general account). Second, operating expense items are divided according to the corresponding operations. However, starting with fiscal 2012, segments are based on "operations" for the following reason.

In association with the start of the third mid-term objective period, as stipulated in the mid-term objectives (third period) prescribed in Article 29 of the Act on General Rules for Incorporated Administrative Agencies, the supervising government minister is instructed to provide even greater transparency for financial information. Consequently, for the mid-term plan (third period) that was prepared in accordance with Article 30 of this act, approval of the supervising minister for the change in segments has been obtained for the purposes of providing more segment and other information and achieving greater transparency for financial information.

Based on this mid-term plan, segment information will be changed from the previous "funding" basis to an "operations" basis that uses the contents of this plan. Making this change establishes a relationship between the Ministerial Ordinance for the Operations and Finances and Accounting of the Japan International Cooperation Agency (Ministry of Foreign Affairs Ordinance No. 22 of September 30, 2003 (final amendment, November 26, 2010)). Furthermore, there is a revision to the "program type" basis that includes listing in footnotes the relationships between operating expenses that can be allocated to a segment and the operating expenses shown in the statement of income. This revision will allow disclosing monetary amounts for each program type for individual operations that are required as management information.

Notes

(Notes to the balance sheet)

1 Estimated retirement benefits to be provided from the management grants

¥32,417,412,473

(1) Breakdown of retirement benefit liabilities (Unit: Yen)

	FY2012
(1) Retirement benefit liabilities	(44,799,638,059)
(2) Plan assets	12,382,225,586
(3) Not-accumulated retirement benefit liabilities 1) + 2)	(32,417,412,473)
(4) Unrecognized actuarial differences	0
(5) Unrecognized past service liabilities (decrease in liabilities)	0
(6) Net reported amount on Balance Sheet 3) + 4) + 5)	(32,417,412,473)
(7) Prepaid pension expenses	0
(8) Allowance for retirement benefits 6)-7)	(32,417,412,473)

(2) Breakdown of pension expenses (Unit: Yen)

	FY2012
(1) Working cost	3,492,833,046
(2) Interest cost	674,458,295
(3) Expected return on investment	0
(4) Amortization of past working liabilities	0
(5) Amortization of actuarial differences	(656,257,258)
(6) Others (premiums collected for Employees' Pension Fund)	(351,394,109)

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

		FY2012
(1) Discount rate:	Employee's pension	2.0%
	Retirement benefit	0.735%
(2) Expected Rate of Return on Assets		0.0%
(3) Periodic allocation method for expected retirement benefits		Periodic fixed-amount benefits method
(4) Processing period for actuarial differences		1 year

2 Estimated bonus to be provided from the management grants

¥711,689,848

3 Impaired loss on fixed assets

(1) The fixed assets for which the impairment loss was recognized

[1] Outline of the usage, type, location, book value

Impairment losses were recognized in the following assets.

(Unit: Yen)

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
Hiroo Center	Program facility	Shibuya-ku, Tokyo	Building	1,069,640,524	170,506,595	170,506,595
			Structures	1,419,215	226,230	226,230
			Land	1,652,251,000	263,377,914	263,377,914
Tokorozawa Employee housing	Employee housing	Tokorozawa City, Saitama Prefecture	Building	35,060,661	21,432,385	21,432,385
			Land	163,079,000	99,689,276	99,689,276
Komagane Employee housing	Employee housing	Komagane City, Nagano Prefecture	Building	11,216,555	9,518,307	9,518,307
			Land	14,410,000	12,228,248	12,228,248
Lifeplaza Koodaimae Ichibankan 906 and 31units	Employee housing	Kitakyushu City, Fukuoka Prefecture, etc.	Building	187,858,583	40,374,986	40,374,986
			Land	180,433,251	23,910,816	23,910,816

[2] Background relating to the recognition of impairment losses

Payment to the national treasury for the Hiroo Center was planned for FY2013 in accordance with the Third Mid-term Objectives that started in FY2012. JICA ceased use of the center in October 2012 and it was not in use at fiscal year end. As a result, the book value of this center has been reduced in the current fiscal year to the value of the services that can be recovered. For assets that are classified as specified assets, this reduction is treated as an accumulated impairment loss not included in expenses, which is deducted from the capital surplus. For assets that are not classified as specified assets, the reduction is treated as an impairment loss (extraordinary loss) and posted in the statement of income.

JICA decided to dispose of the Tokorozawa employee housing in June 2012, and the previous occupants have all vacated the unit. As a result, the book value of the unit was reduced to the value of the services that can be recovered in the current fiscal year. This reduction was treated as an accumulated impairment loss not included in expenses, which is deducted from the capital surplus.

Use of the Komagane employee housing ceased at the end of the current fiscal year. In addition to making the decision to dispose of the unit in June 2012, the market value of the property declined with no prospects of recovering in value. Therefore, the book value of the unit was reduced to the value of the services that can be recovered in the current fiscal year. This reduction was treated as an accumulated impairment loss not included in expenses, which is deducted from the capital surplus.

Among the other employee housing units, the Third Mid-term Objectives include a plan to dispose of 66 employee housing units during FY2014. Asset impairment was recognized for 31 of these units, which excludes Shuwa Koenji Residence Room 117 and 34 other units that were still used for employee housing at the end of FY2012. For 14 of the 31 units, which excludes 17 units where the value of the services that can be recovered exceeded book value at the end of FY2012, book value was reduced in the current fiscal year to the value of the services that can be recovered. This reduction was treated as an accumulated impairment loss not included in expenses, which is deducted from the capital surplus.

C. Breakdown of each principal fixed asset not appearing on the income statement but which is included in impairment loss and the overview of the calculation method for recoverable service amount

(Unit: Yen)

Name of Asset	Type	Impairment Loss (Non-operating profit and loss)	Impairment Loss (Operating profit and loss)	Calculation Method for Recoverable Service Amount
Hiroo Center	Building	168,091,377	2,415,218	The value of services that can be recovered is measured by using the net sales price, which is a third-party valuation less the estimated expenses for disposal.
	Structures	93,083	133,147	
	Land	263,377,914	—	
Tokorozawa Employee housing	Building	21,432,385	—	
	Land	99,689,276	—	
Komagane Employee housing	Building	9,518,307	—	
	Land	12,228,248	—	
Lifeplaza Koodaimae Ichibankan 906 and 30 units	Building	40,374,986	—	
	Land	23,910,816	—	

(2) Fixed assets indicating impairment losses

[1] Outline of the usage, type, and location of fixed assets that indicate an impairment loss

The following assets have an indication of impairment losses.

(Unit: Yen)

Name of Asset	Usage	Location	Type	Book Value
Tsukuba Employee housing	Employee housing	Tsukuba City, Ibaraki Prefecture	Building	54,213,084
			Structures	1,407,000
			Land	341,039,000
Shuwa Koenji Residence 117 and 34 units	Employee housing	Suginami-ku, Tokyo, etc.	Building	229,400,448
			Land	241,277,892

[2] Background relating the determination of an indication of impairment loss

The decision to dispose of the Tsukuba housing was made in June 2012. Although an impairment loss will probably be recorded, no impairment loss has been recognized as of the end of FY2012 because the timing of the disposal of this unit has not been determined and it is still used as employee housing.

The Shuwa Koenji Residence 117 and 34 other units are to be disposed of in accordance with the Mid-term Objectives. Although an impairment loss will probably be recorded, no impairment loss has been recognized as of the end of FY2012 because the timing of the disposal of these units has not been determined and the units are still used as employee housing.

4 Donated funds for grant aid

Grant aid is received in the form of funds from the Japanese government. JICA administers this grant aid based on a presentation contract with the recipient country's government. At the end of FY2012, the outstanding balance of unexecuted donation presentation contracts stood at ¥187,087,773,516.

(Notes to Cash Flow Statement)

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

(1) Breakdown of balance sheet items and ending balance of funds (as of March 31, 2013)

Cash and deposit	¥48,349,816,229
Time deposit	¥(5,000,000,000)
Ending balance of funds	¥43,349,816,229

(2) Description of significant non-financial transactions

[1] Matters concerning payments to the national treasury for unnecessary property in kind

Building	¥476,733,010
Structures	¥2,678,288
Tools, instruments, and fixtures	¥4,024,597
Land	¥260,930,000

[2] Assets under the finance lease

Motor vehicles and transport equipment	¥16,984,800
Tools, instruments, and fixtures	¥271,123,519

[3] Details of amount of payment to the national treasury

(i) Payment to the treasury allocated from cash flow from operating activities

Based on Article 31, Paragraph 3 of the Act of the Incorporated Administrative Agency— Japan International Cooperation Agency, the reserves resulting from the Second Mid-term Objectives have been paid to the national treasury.

(ii) Payment to the treasury allocated from cash flow from financing activities

Based on Article 4, Paragraph 1 of the Act of the Incorporated Administrative Agency— Japan International Cooperation Agency, assets acquired by collecting debts or assets under the Second Mid-term Objectives have been paid to the national treasury.

(Notes to Administrative Service Operation Cost Statement)

Number of the loan employees from governments who are counted as opportunity costs

Of the estimated increase in retirement bonus not included in the allowance, ¥24,109,110 was recognized as the current fiscal year increase of allowance for retirement and severance for 33 loan employees according to JICA's internal regulations.

(Matters concerning the state of financial instruments)

The General Account's fund management is limited to short-term deposits and public and corporate bonds while fund raising consists mainly of management grants approved by the state ministers in charge. The General Account does not borrow from the government fund for Fiscal Investment and Loan Program, borrow funds from financial institutions or issue FILP agency bonds.

(Matters concerning the fair value of financial instruments)

Balance sheet amounts, fair value and differentials at the end of the operating year are as follows.

(Unit: Yen)

	Balance sheet amount	Fair value	Differential
1) Cash and bank deposits	48,349,816,229	48,349,816,229	0
2) Marketable securities	80,000,000,000	80,000,000,000	0
3) Accrued payments	(14,275,075,659)	(14,275,075,659)	0

Note 1: Calculation method for fair value of financial instruments and matters concerning marketable securities

(1) Cash and bank deposits

Cash and bank deposits are short term and fair value approximates book value. Thus fair value for cash and bank deposits is calculated at book value.

(2) Marketable securities (negotiable certificates of deposit)

Negotiable certificates of deposit are valued at book value because fair values are almost the same as book values due to the short-term nature of these instruments.

(3) Accrued payments

Accrued payments are short term and fair value approximates book value. Thus fair value for accrued payments is calculated at book value.

(Finance lease transactions)

The amount of the finance lease transactions which influences the current year's profits and losses was ¥1,487,671. The current year's net profit after the deduction of this amount was ¥259,684,932.

(Matters concerning asset retirement obligation)

JICA has a building lease agreement for its head office building, and has an obligation to restore the building to its original state at the termination of the lease. Therefore, this asset retirement obligation has been recorded. The estimate for the asset retirement obligation has used the five-year lease period for the projected period of use and a discount rate of 0.529%.

At the end of the previous operating year, in line with the application of accounting standards, the amount recorded for asset retirement obligations was ¥272,752,155. The asset retirement obligation balance at the end of the operating year was ¥272,752,155–the sum of the above ¥1,442,859 and the ¥274,195,014 adjustment amount of the asset retirement obligations due to passage of time.

(Matters concerning payments to the national treasury, etc. for unnecessary property)

A summary of payments to the national treasury for unnecessary property in the current fiscal year are as follows.

Regarding the transfer of the 34 employee housing units in Note 3 below, the transfer balance of the transactions which were designated as "transfer transactions whose transfer balance shall not be recorded in the profit and loss for calculating profits and losses" of Article 13-2 of the Ministerial Ordinance for the Operations and Finances and Accounting of the Japan International Cooperation Agency (Ministry of Foreign Affairs Ordinance No. 22 of September 30, 2003 [Final Amendment, November 26, 2010]) and the costs required for the transfer were not recorded in the profit and loss for calculating profits and losses and were deducted from the capital surplus by applying ASBJ Statement No. 99.

1. Maintenance Facility Fund

[1] Outline of the type, book value, etc. of assets which were transferred, etc. as unnecessary property

Type	Book Value at Time of Transfer
Cash and bank deposits	¥1,464,841,899

[2] Reason for unnecessary property

In the Basic Policy of the Review of the Clerical Work and the Operations of Incorporated Administrative Agencies (Cabinet Decision on December 7, 2010), it was decided that, once the FY2011 business results were finalized, payment to the national treasury would be made promptly after determining an appropriate payment amount based on detailed examination of the Basic Policy of the Review of the Clerical Work and the Operations of Incorporated Administrative Agencies.

[3] Method of payment to national treasury

According to transfer cash pursuant to paragraph 2, Article 46-1 of the Act on General Rules for Independent Administrative Agency.

(iv)Amount and date of payment to national treasury: ¥1,464,841,899 August 30, 2012

[4] Capital reduction: ¥1,464,841,899

2. Cash and Bank Deposits Held in Reserve by JICA

(1) Outline of the type, book value, etc. of assets which were transferred, etc. as unnecessary property

Type	Book Value at Time of Transfer
Cash and bank deposits	¥1,994,305,660

(2) Reason for unnecessary property

In accordance with the Second Mid-term Objectives, having examined the amount of payment to the national treasury based on Article 31 of the Act of the Incorporated Administrative Agency— Japan International Cooperation Agency (Act No. 136 of June 2002 [Final Amendment, June 24, 2012]), it was determined that expenses not related to cash flow had been offset against a portion of reserves and the cash and bank deposits held in reserve within JICA. Therefore, the equivalent amount was paid to the national treasury as unnecessary assets.

(3) Method of payment to national treasury

According to transfer cash pursuant to paragraph 1, Article 46-2 of the Act on General Rules for Independent Administrative Agency.

(4) Amount and date of payment to national treasury: ¥1,994,305,660 August 30, 2012

(5) Capital reduction: NA

3. Employee housing (34 units)
(1) Outline of the type, book value, etc. of assets which were transferred, etc. as unnecessary property

(Unit: Yen)

Name of Asset	Usage	Location	Type	Book Value at Time of Transfer
Heights Sunrise 607 and 33 units	Employee housing	Naka-ku, Nagoya City, etc.	Building	126,520,385
			Land	174,131,370

(2) Reason for unnecessary property
Based on the Mid-Term Plan, etc., it was decided that unnecessary property will be disposed by payment to the national treasury, in accordance with the enactment of the Act for Partial Amendments to the Act on General Rules for Incorporated Administrative Agencies Prescribing the Return of Unnecessary Assets to the Japanese Government by Incorporated Administrative Agencies (Act No. 37 of 2010).

(3) According to transfer income pursuant to paragraph 2, Article 46-2 of the Act on General Rules for Independent Administrative Agency.

(4) Transfer income from unnecessary property: ¥372,712,922 (excluding tax)

(5) Costs deducted from transfer income: ¥7,215,126 (excluding tax)

(6) National treasury payment amount and payment date: ¥365,497,796 March 1, 2013

(7) Capital reduction: ¥431,743,673

4. Osaka International Center
(1) Outline of the type, book value, etc. of assets which were transferred, etc. as unnecessary property

(Unit: Yen)

Name of Asset	Usage	Location	Type	Book Value at Time of Transfer
Osaka International Center	Accommodation facilities for training	Ibaraki City, Osaka Prefecture	Building	476,733,010
			Structures	2,678,288
			Tools, instruments, and fixtures	4,024,597
			Land	260,930,000

(2) Reason for unnecessary property
Based on the Mid-Term Plan, etc., it was decided that unnecessary property will be disposed by payment to the national treasury, in accordance with the enactment of the Act for Partial Amendments to the Act on General Rules for Incorporated Administrative Agencies Prescribing the Return of Unnecessary Assets to the Japanese Government by Incorporated Administrative Agencies (Act No. 37 of 2010).

(3) According to transfer in kind pursuant to paragraph 1, Article 46-2 of the Act on General Rules for Independent Administrative Agency.

(4) National treasury payment amount and payment date: Transferred in kind, March 25, 2013

(5) Capital reduction: ¥5,684,172,062

Significant debt burden
N/A

Significant subsequent events
N/A

The financial statements have been audited by an accounting auditor as prescribed in Article 39 of the Act on General Rules for Incorporated Administrative Agencies.

2 Finance and Investment Account

Balance Sheet (as of March 31, 2013)

Assets				
Ⅰ Current assets				
Cash and bank deposits		58,820,155,867		
Loans	11,020,269,177,932			
Allowance for possible loan losses	(140,846,941,199)	10,879,422,236,733		
Advance payments		3,703,546,147		
Prepaid expenses		76,889,069		
Accrued income				
Accrued interest on loans receivable	41,539,404,863			
Accrued commitment charges	1,306,630,001			
Accrued interest receivable	2,344,265	42,848,379,129		
Accrued revenues		357,999,172		
Consignment goods		9,014,074		
Suspense payments		1,658,882		
Advances paid		98,407		
Guarantee money paid		25,833,000,000		
Total current assets			11,011,072,977,480	
Ⅱ Fixed assets				
1 Tangible fixed assets				
Buildings	3,159,364,210			
Accumulated depreciation	(614,210,224)			
Accumulated impairment loss	(675,214,797)	1,869,939,189		
Structures	50,328,065			
Accumulated depreciation	(14,065,990)			
Accumulated impairment loss	(11,670,468)	24,591,607		
Machines and equipment	194,808,488			
Accumulated depreciation	(51,745,397)			
Accumulated impairment loss	(102,287,680)	40,775,411		
Vehicles and other transportation devices	312,700,757			
Accumulated depreciation	(168,807,132)	143,893,625		
Tools, instruments, and fixtures	555,488,447			
Accumulated depreciation	(214,053,544)	341,434,903		
Land	12,703,270,000			
Accumulated impairment loss	(6,091,196,973)	6,612,073,027		
Construction in process		2,089,594		
Total fixed assets		9,034,797,356		
2 Intangible fixed assets				
Trademarks		116,750		
Total intangible fixed assets		116,750		
3 Investment and other assets				
Investment securities		46,456,953		
Affiliated companies stock		76,473,170,138		
Claims in bankruptcy, rehabilitation, reorganization or other equivalent claims	72,616,700,808			
Allowance for possible loan losses	(40,577,404,540)	32,039,296,268		
Long-term prepaid expenses		5,543,598		
Guarantee money paid		826,582,808		
Total investment and other assets		109,391,049,765		
Total fixed assets			118,425,963,871	
Total assets				11,129,498,941,351

(Unit: Yen)

Liabilities				
Ⅰ Current liabilities				
Borrowings from government fund for Fiscal Investment and Loan Program due within one year		317,109,192,000		
Accrued payments		5,556,696,951		
Accrued expenses		9,445,746,617		
Derivatives		33,989,153,965		
Lease liabilities		79,395,761		
Deposit received		29,200,826		
Allowance				
Allowance for bonuses	188,012,747			
Allowance for contingent losses	20,195,955,494	20,383,968,241		
Suspense receipt		213,404,008		
Total current liabilities			386,806,758,369	
Ⅱ Fixed liabilities				
Bonds		260,000,000,000		
Borrowings from government fund for Fiscal Investment and Loan Program		1,662,561,332,000		
Long-term lease liabilities		163,528,897		
Allowance for retirement benefits		8,018,426,960		
Asset retirement obligation		69,882,053		
Total fixed liabilities			1,930,813,169,910	
Total liabilities				2,317,619,928,279
Net assets				
Ⅰ Capital				
Governmental investment		7,714,797,840,510		
Total capital			7,714,797,840,510	
Ⅱ Retained earnings				
Reserve		1,036,291,463,849		
Unappropriated income for the current year		93,497,418,183		
[Total income for the current year]		[93,497,418,183]		
Total retained earnings			1,129,788,882,032	
Ⅲ Valuation and translation adjustments				
Net unrealized gains on other securities		(1,378,369)		
Deferred gains or losses on hedges		(32,706,331,101)		
Total valuation and translation adjustments			(32,707,709,470)	
Total net assets				8,811,879,013,072
Total of liabilities and net assets				11,129,498,941,351

Statement of Income (April 1, 2012–March 31, 2013)

(Unit: Yen)

Ordinary expenses			
Expenses related to operations of cooperation through finance and investment			
Interest on bonds and notes	4,334,384,789		
Interest on borrowings	31,348,467,335		
Interest on interest swaps	8,296,948,873		
Outsourcing expenses	21,030,656,973		
Bond issuance expenses	353,756,036		
Foreign exchange loss	4,532,639		
Personnel expenses	2,993,049,131		
Provision for allowance for bonuses	188,012,747		
Retirement benefit expenses	664,905,978		
Property expenses	12,794,538,010		
Depreciation expenses	281,056,776		
Taxes	89,933,188		
Loss on valuation of investment securities	42,649,847		
Loss on valuation of affiliated companies stock	195,927,443		
Interest expenses	367,731		
Provision of allowance for possible loan losses	25,277,787,173		
Provision of allowance for contingent losses	20,195,955,494		
Other operating expenses	124,320,726		
Other ordinary expenses	485,843,239	128,703,094,128	
Total ordinary expenses			128,703,094,128
Ordinary revenues			
Revenues from operations of cooperation through finance and investment			
Interest on loans	184,957,965,546		
Interest on government bonds, etc.	12,727,086		
Dividends on investments	27,519,966,360		
Commissions	2,775,312,641		
Profit on valuation of investment securities	5,777,588,266		
Profit on valuation of affiliated companies stock	505,199,153	221,548,759,052	
Financial revenues			
Interest income	26,370,645	26,370,645	
Miscellaneous profits		476,965,988	
Recoveries of written-off claims		149,896,764	
Total ordinary revenues			222,201,992,449
Ordinary profits			93,498,898,321
Extraordinary losses			
Loss on retirement of fixed assets		1,232,169	
Loss on sales of fixed assets		560,886	1,793,055
Extraordinary profit			
Profit on sales of fixed assets		312,917	312,917
Net income			93,497,418,183
Total income for the current year			93,497,418,183

Statement of Cash Flows (April 1, 2012–March 31, 2013)

(Unit: Yen)

Ⅰ Cash flow from operating activities	
Payments for loans	(665,480,928,854)
Repayment of borrowings from the private sector	(66,800,000,000)
Repayment of borrowings from government fund for Fiscal Investment and Loan Program	(323,204,130,000)
Interest paid	(44,754,095,874)
Payment of personnel costs	(3,627,554,146)
Other operation payments	(92,758,144,473)
Proceeds from collection of loans receivable	629,556,587,764
Proceeds from borrowings from the private sector	66,800,000,000
Proceeds from borrowings from government fund for Fiscal Investment and Loan Program	82,900,000,000
Proceeds from issuance of bonds	59,646,243,964
Loan interest income	189,588,273,467
Loan commission income	2,284,867,938
Other operation proceeds	39,841,767,345
Subtotal	(126,007,112,869)
Interest and dividend income	27,554,721,750
Cash flow from operating activities	(98,452,391,119)
Ⅱ Cash flow from investing activities	
Payments for purchase of fixed assets	(45,334,438)
Proceeds from sales of fixed assets	1,904,694
Payments for purchase of investment securities	(46,454,104)
Proceeds from the sales and collection of investment securities	11,095,710,293
Payments for purchase of affiliated companies stock	(228,000,000)
Proceeds from the sales and collection of affiliated companies stock	21,366,528,000
Payments for purchase of negotiable certificates of deposit	(292,900,000,000)
Proceeds from negotiable certificates of deposit refunds	292,900,000,000
Cash flow from investing activities	32,144,354,445
Ⅲ Cash flow from financing activities	
Repayment of lease liabilities	(94,026,939)
Proceeds from government investment	50,342,055,000
Cash flow from financing activities	50,248,028,061
Ⅳ Net decrease in funds	(16,060,008,613)
Ⅴ Funds at the beginning of year	74,880,164,480
Ⅵ Funds at the end of year	58,820,155,867

Statement of Administrative Service Operation Cost (April 1, 2012–March 31, 2013)

(Unit: Yen)

Ⅰ Business expenses			
(1) Expenses on income statement			
Operating expenses	128,703,094,128		
Loss on retirement of fixed assets	1,232,169		
Loss on sales of fixed assets	560,886	128,704,887,183	
(2) (Deduction) Self revenues, etc.			
Revenues from operations of cooperation through finance and investment	(221,548,759,052)		
Financial revenues	(26,370,645)		
Miscellaneous profits	(476,965,988)		
Recoveries of written-off claims	(149,896,764)		
Profit on sales of fixed assets	(312,917)	(222,202,305,366)	
Total business expenses			(93,497,418,183)
Ⅱ Estimated increase in retirement benefit not included in allowance			5,963,370
Ⅲ Opportunity cost			
Governmental investments and other opportunity costs			(43,061,910,153)
Ⅳ Administrative service operation cost			(50,429,544,660)

Significant Accounting Policies

1 Depreciation methods

(1) Tangible fixed assets

Straight-line method is adopted.

The useful lives of major assets are as follows:

Buildings:	2–50 years
Structures:	2–46 years
Machines and equipment:	2–17 years
Vehicles and other transportation devices:	2–6 years
Tools, instruments and fixtures:	2–15 years

(2) Intangible fixed assets

Straight-line method is adopted.

2 Standard for appropriation of allowances and estimation in relation to bonus payments

The allowance for bonus payments is calculated and provided for based on estimated amounts of future payments attributable to the services that have been rendered by executive directors and employees applicable to the fiscal year under review.

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

The allowance for retirement benefits is calculated and provided for based on estimated amounts of future payments attributable to the retirement of employees, and is accrued in line with the projected benefit obligations and estimated pension plan assets applicable to the fiscal year under review. The profit and loss appropriation method for actuarial differences is presented as follows.

Actuarial differences are recognized as a lump-sum gain or loss in the fiscal year in which they occur.

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.

4 Basis and standard for appropriation of allowances, etc.

(1) Allowance for possible loan losses

The allowance for claims on debtors who are legally bankrupt ("Bankrupt borrowers") or substantially bankrupt ("Substantially bankrupt borrowers") is provided based on the outstanding balance and the deductions of the amount expected to be collected through the disposal of collateral and execution of guarantees. The allowance for claims on debtors who are not legally bankrupt but are likely to become bankrupt ("Potentially bankrupt borrowers") is provided based on an assessment of the overall solvency or the debtors after deducting the amount expected to be collected through the disposal of collateral and the execution of guarantees or making a direct deduction. The allowance for claims on debtors other than Bankrupt borrowers, Substantially bankrupt borrowers and Potentially bankrupt borrowers is provided primarily based on the default rate, which is calculated based on the actual defaults during a certain period in the past.

All claims are assessed initially by the operational departments and secondly by risk evaluation departments based on internal rules for self-assessment of asset quality. The internal audit department, which is independent from the operational departments, reviews these self-assessments, and the allowance is provided based on the results of the assessments.

(2) Allowance for contingent losses

Allowance for contingent losses is maintained to be prepared for the occurrence of contingent losses with regard to the portion of loans where JICA is absolutely obligated to extend these loans among outstanding balance of undisbursed loans. The amount of the allowance is the estimated amount of possible losses in the future.

(Supplementary information)

The amount of outstanding balance of undisbursed loans has been increasing in recent years at JICA. With consideration of the growth in amount of credit risk associated with these undisbursed loans, JICA examined the portion for which a reasonable estimate of possible future losses can be determined. The resulting estimate was used as the allowance for contingent losses which caused ordinary profits, net income and total income to decrease by ¥19,967,890,968 each.

5 Standards and methods for the evaluation of securities

(1) Affiliated companies

Cost method as determined by the moving average method.

However, when the equity equivalent has fallen below the cost at acquisition, the equity equivalent price is used.

(2) Other investment securities (non-marketable)

Cost method as determined by the moving average method.

6 Standards and methods for the valuation of derivative transactions

Market value method.

7 Translation standard of foreign currency assets and liabilities into yen

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

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

The interest rate used to compute opportunity costs concerning central and local governments' investments, etc.:

0.560% with reference to yields applicable to 10-year fixed-rate JGBs as of March 31, 2013.

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 Method of hedge accounting

Deferral hedge accounting is used for the method of hedge accounting. Hedge effectiveness is assessed first by identifying hedged loans and hedging instruments which offset market fluctuations. Then it is examined to see if there are any discrepancies of maturity and notional principal and others between the two.

11 Accounting for consumption taxes

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

Notes

(Notes to the balance sheet)

1 Joint obligations

JICA is a joint debtor in connection with existing bonds issued by Japan Bank for International Cooperation which were succeeded by Japan Bank for International Cooperation.

FILP (Fiscal Investment and Loan Program) Agency Bonds		
	¥590,000,000,000	
Government Guaranteed Foreign Debt	2,650,000,000	USD
	1,250,000,000	Euro

2 Outstanding balance of undisbursed loans

A large portion of JICA loans cover a long term. Ordinarily, when receiving a request of disbursement of loan from a customer, which corresponds to the intended use of funds as stipulated by the loan agreement, upon confirming the fulfillment of conditions prescribed under the loan contract, JICA promises to loan a certain amount of funds within a certain range of the amount required by the customers, with the outstanding balance up to the limit of the agreed amount. The outstanding balance of undisbursed loans related to these contracts was ¥4,406,888,330,760.

(Notes to the statement of income)

1 Profit (loss) on valuation of investment securities and profit (loss) on valuation of affiliated companies stock

Profit (loss) on valuation of investment securities and profit (loss) on valuation of affiliated companies stock include profit and loss resulting from valuations, sales and collections.

2 Recoveries of written-off claims

Recoveries of written-off claims include the amount recovered in excess of book value for loans transferred to JICA on October 1, 2008 that are associated with the Overseas Economic Cooperation Account of Japan Bank for International Cooperation.

(Notes to the cash flow statement)

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

(1) Breakdown of balance sheet items and ending balance of funds (as of March 31, 2013)

Cash and deposits	¥58,820,155,867
Ending balance of funds	¥58,820,155,867

(2) Description of significant non-financial transactions

A. Assets granted under finance lease

Tools, instruments and fixtures	¥57,602,442

(Notes to the 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, ¥5,963,370 was recognized as the current-year increase of allowance for retirement and severance for 33 loan employees according to JICA's internal regulations.

(Notes to financial instruments)

1 Matters concerning the state of financial instruments

(1) Policy regarding financial instruments

The Finance and Investment Account undertakes financial cooperation operations by providing debt and equity financing. To undertake these operations, it raises funds by borrowing from the Japanese government under the Fiscal Investment and Loan Program, borrowing from financial institutions, issuing FILP agency bonds, and receiving capital investment from the Japanese government. From the perspective of asset liability management (ALM), derivative transactions are conducted for the purpose of mitigating adverse impact caused by interest rate fluctuations.

(2) Details of financial instruments and related risks

The financial assets held in the Finance and Investment Account are loans mainly to developing regions, and are exposed to credit risk attributed to defaults by its borrowers and interest rate risk. Marketable securities, investment securities and affiliated companies' stocks are held for policy-oriented purposes, and are exposed to credit risk of issuers, interest rate risk and market price volatility risk.

Borrowings and FILP agency bonds are exposed to liquidity risk in the way that their payments/repayments cannot be duly serviced in such a situation where the Account is unable to have access to markets for certain reasons.

(3) Risk management system for financial instruments

[1] Credit risk management

The Finance and Investment Account has established and operates a system for credit management. This system encompasses credit appraisal, credit limit setting, credit information monitoring, internal rating, and guarantee and collateral setting, problem loan management, etc., in accordance with integrated risk management regulations and various credit-risk monitoring regulations. This credit management is carried out by the respective department responsible for each region in addition to the Credit Risk Analysis and Environmental Review Department and General Affairs Department. Additionally, the Risk Management Committee and Board of Directors are convened on a regular basis for the purpose of deliberating or reporting. Moreover, the Office of Audit checks on the state of credit management.

Credit risk of issuers of investment securities and affiliated companies' stocks are monitored by the Office for Private Sector Partnership which regularly confirms their credit information etc.

Counterparty risk in derivative transactions is monitored by regularly confirming the exposure and credit standing of counterparties and by securing collateral as necessary.

[2] Market risk management

(i) Interest rate risk management

Interest rates are determined in accordance with those methods prescribed by laws or business and service documents. Interest swap transactions are conducted to hedge against the risk of interest rate fluctuations in light of their possible adverse impact.

(ii) Price volatility risk management

Stocks are held for policy-oriented purposes and changes in the values of these stocks associated with the market environment or financial condition of portfolio companies, exchange rate movements and other factors are monitored. This information is reported on a regular basis to the Risk Management Committee and the Board of Directors.

[3] Liquidity risk management related to fundraising

The Finance and Investment Account prepares a funding plan and executes fundraising based on the government-affiliated agencies' budgets as resolved by the National Diet.

[4] Derivative transactions management

Pursuant to regulations concerning swaps, interest swap transactions are implemented and managed by separating the sections related to transactions enforcement, assessment of hedge effectiveness, and logistics management, respectively, based on a mechanism with an established internal check-and-balance system.

2 Matters concerning fair value of financial instruments

The following table summarizes the amount stated in the balance sheet and the fair value of financial instruments as of March 31, 2013 together with their differences.

(Unit: Yen)

	Balance sheet amount	Fair value	Differential
(1) Loans	11,020,269,177,932		
Allowance for possible loan losses	-140,846,941,199		
	10,879,422,236,733	11,067,353,302,325	187,931,065,592
(2) Claims in bankruptcy, rehabilitation, reorganization or other equivalent claims	72,616,700,808		
Allowance for possible loan losses	-40,577,404,540		
	32,039,296,268	32,039,296,268	0
(3) Borrowings from government fund for Fiscal Investment and Loan Program (including borrowings due within one year)	(1,979,670,524,000)	(2,079,533,125,601)	(99,862,601,601)
(4) Derivative transactions	(33,989,153,965)	(33,989,153,965)	0

* Those recorded under liabilities are shown in parentheses.

Note 1: Method for calculating fair values of financial instruments

1) Loans

Fair values of loans with floating interest rates are calculated at their book values, as policy interest rates (bank rates) are immediately reflected in their floating interest rates and therefore fair value approximates book value. On the other hand, fair values of loans with fixed interest rates are calculated by discounting the total amount of the principal and interest using a rate that combines a risk-free rate with respective borrowers' credit risk.

2) Claims in bankruptcy, rehabilitation, reorganization or other equivalent claims

Regarding claims in bankruptcy, rehabilitation, reorganization or other equivalent claims, the estimated uncollectible amount is calculated based on the expected recoverable amount through collateral and guarantees. Therefore, fair value approximates an amount listed on the balance sheet at the settlement date, less the current estimated uncollectible amount and hence is calculated accordingly.

3) Borrowings from the government under the Fiscal Investment and Loan Program (including borrowings due within one year)

Fair value of borrowings from the government under the Fiscal Investment and Loan Program (including borrowings due within one year) is calculated by discounting the total amount of principal and interest using interest rates expected to be applied to new borrowing for the same total amount.

4) Derivative transactions

Derivative transactions are interest-related transactions (interest swaps), and fair value approximates the present discounted value.

Note 2: The following are financial instruments for which the calculation of fair values is deemed extremely difficult. They are not included in the financial instruments' fair value information.

(Unit: Yen)

	Balance sheet amount
Investment securities*1	46,456,953
Affiliated companies stock*1	76,473,170,138
Outstanding balance of undisbursed loans*2	0

*1 These financial instruments have no market prices, and the calculation of their fair values is deemed extremely difficult.

*2 Calculation of the fair values of outstanding balance of undisbursed loans is deemed virtually impossible. The main reason is the difficulty of reasonable estimate for future extensions of loans, because of the extremely diverse range of implementation formats for development and other projects in the developing countries where these loans are to be provided.

(Notes to retirement benefits)

1 Breakdown of retirement benefit liabilities

(Unit: Yen)

	FY2012
1) Retirement benefit liabilities	(11,081,162,813)
2) Plan assets	3,062,735,853
3) Non-accumulated retirement benefit costs 1) + 2)	(8,018,426,960)
4) Unrecognized actuarial differences	0
5) Unrecognized past service liabilities (decrease in liabilities)	0
6) Net reported amount on balance sheet 3) + 4) + 5)	(8,018,426,960)
7) Prepaid pension expenses	0
8) Allowance for retirement benefits 6) - 7)	(8,018,426,960)

2 Breakdown of retirement benefit expenses

(Unit: Yen)

	FY2012
1) Working cost	821,257,689
2) Interest cost	166,826,843
3) Expected return on investments	0
4) Amortization of past working liabilities	0
5) Amortization of actuarial differences	(242,407,040)
6) Others (premiums collected for employees' pension fund)	(80,771,514)

3 Computation basis for retirement benefit obligation, etc.

		FY2012
1) Discount rate	Employee's pension	2.0%
	Retirement benefit	0.735%
2)Expected Rate of Return on Assets		0.0%
3) Periodic allocation method for expected retirement benefits		Periodic fixed-amount benefits method
4) Processing period for actuarial differences		One year

(Matters concerning asset retirement obligation)

JICA has a building lease agreement for its head office building, and has an obligation to restore the building to its original state at the termination of the lease. Therefore, this asset retirement obligation has been recorded. The estimate for the asset retirement obligation has used the five-year lease period for the projected period of use and a discount rate of 0.529%.

At the end of the previous operating year, in line with the application of accounting standards, the amount recorded for asset retirement obligations was ¥69,514,322. The asset retirement obligation balance at the end of the current operating year was ¥69,882,053 – the sum of the above ¥69,514,322 and the ¥367,731 adjustment amount of the asset retirement obligations due to passage of time.

(Profit and loss under the equity method)

JICA does not maintain any specific affiliated companies, and so does not prepare consolidated financial statements. However, profit and loss under the equity method as it relates to affiliated companies is as follows:

(1) Investment amount in affiliated companies ¥76,473,170,138

(2) Investment amount when applying the equity method ¥83,420,105,688

(3) Capital gains amount from investments when applying the equity method ¥23,702,842,153

(Other information)

Accounting treatment of resolution of overdue Myanmar debt

As stated in the Japanese government press release titled "Resolution of overdue Myanmar debt" on January 30, 2013, Myanmar made repayment to JICA amounting ¥198,881,173,331 (principal of ¥159,766,480,694, interest of ¥39,114,692,637), using short-term commercial loan (bridge loan). In association with the clearance of this debt, JICA has extended to Myanmar an ODA Loan of the same amount as a Social and Economic Development Support Loan (program loan). This program loan will be used to support a variety of reforms enacted by the government of Myanmar in the fields of macroeconomic management, development policies, the social sector (education, health care), governance and others. These activities will provide support for building a stronger foundation for reforms and comprehensive economic growth in Myanmar. The above Myanmar debt has already been directly deducted on JICA's financial statements according to the "Changes of Debt Relief Method" announced by the Japanese government on December 10, 2012. However, as was explained in the previous paragraph, this repayment of debt and provision of an ODA Loan were measures for resolution of overdue debt and considering the integrated nature of these two transactions, repayment of debt is not recorded as earnings and program loans is not booked on loan assets for accounting purposes. Earnings will be recorded when the program loan is recovered. Consequently, neither earnings nor program loan assets have been recognized in this fiscal year.

(Significant debt burden)

N/A

(Significant subsequent events)

N/A

Details of Loans

(Unit: Millions of yen)

Classification	Balance as of the Beginning of the Period	Current Term Increase	Current Term Decrease		Balance as of the End of the Period	Remarks
			Collection	Write-off		
Loans	11,032,404	665,481	677,616	0	11,020,269	
Claims in bankruptcy, rehabilitation, reorganization or other equivalent claims	24,557	48,059	0	0	72,617	
Total	11,056,962	713,540	677,616	0	11,092,886	

* Current term increase and collection in current term decrease in FY2012 includes reclassifications between "Loans" and "Claims in bankruptcy, rehabilitation, reorganization or other equivalent claims."

Details of Borrowings

(Unit: Millions of yen)

Classification	Balance as of the Beginning of the Period	Current Term Increase	Current Term Decrease	Balance as of the End of the Period	Average Rate (%)	Repayment	Remarks
Borrowings from government fund for Fiscal Investment and Loan Program	2,219,975	82,900	323,204	1,979,671 (317,109)	1.506	Aug.2013–Jan.2038	

* Figure in parenthesis indicates the amount of borrowings repayable within one year.

Details of Bonds

(Unit: Millions of yen)

Name of Bonds	Balance as of the Beginning of the Period	Current Term Increase	Current Term Decrease	Balance as of the End of the Period	Rate (%)	Redemption	Remarks
JICA Bonds	200,000	60,000	0	260,000 (0)	0.380-2.470	Dec.2015–Sep.2041	

* Figure in parenthesis indicates the amount of bonds redeemable within one year.

The financial statements have been audited by an accounting auditor as prescribed in Article 39 of the Act on General Rules for Incorporated Administrative Agencies.