

Financial Statements

1 General Account

Balance Sheet (as of March 31, 2014)

| Assets | | |
|--|------------------------------------|------------------------|
| I. Current assets | | |
| Cash and deposits | | 54,694,649,594 |
| Securities | | 100,000,000,000 |
| Inventories | | |
| Stored goods | 377,487,425 | |
| Payments for uncompleted contracted programs | <u>883,872,816</u> | 1,261,360,241 |
| Advance payments | | 13,970,459,132 |
| Prepaid expenses | | 211,539,738 |
| Accrued income | | 9,079,026 |
| Accounts receivable | | 3,281,023,115 |
| Short-term loans for development projects | 416,234,000 | |
| Allowance for loan losses | <u>(1,336,349)</u> | 414,897,651 |
| Short-term loans for emigration projects | 110,201,965 | |
| Allowance for loan losses | <u>(5,026,232)</u> | 105,175,733 |
| Suspense payments | | 15,841,422 |
| Advances paid | | <u>2,538,572</u> |
| | Total current assets | 173,966,564,224 |
| II. Non-current assets | | |
| 1. Tangible assets | | |
| Buildings | 42,555,790,694 | |
| Accumulated depreciation | (14,798,395,247) | |
| Accumulated impairment loss | <u>(261,214,009)</u> | 27,496,181,438 |
| Structures | 1,535,812,741 | |
| Accumulated depreciation | (917,150,930) | |
| Accumulated impairment loss | <u>(602,074)</u> | 618,059,737 |
| Machinery and equipment | 188,725,200 | |
| Accumulated depreciation | <u>(120,550,524)</u> | 68,174,676 |
| Vehicles | 1,842,007,448 | |
| Accumulated depreciation | <u>(1,188,299,132)</u> | 653,708,316 |
| Tools, furniture and fixtures | 2,164,694,017 | |
| Accumulated depreciation | <u>(1,194,122,402)</u> | 970,571,615 |
| Land | 16,754,683,536 | |
| Accumulated impairment loss | <u>(503,037,481)</u> | 16,251,646,055 |
| Construction in progress | | <u>18,900,000</u> |
| | Total tangible assets | 46,077,241,837 |
| 2. Intangible assets | | |
| Trademark right | | 564,721 |
| Telephone subscription right | | <u>4,216,750</u> |
| | Total intangible assets | 4,781,471 |
| 3. Investments and other assets | | |
| Long-term deposits | | 300,000,000 |
| Long-term loans for development projects | 1,012,881,560 | |
| Allowance for loan losses | <u>(131,200,588)</u> | 881,680,972 |
| Long-term loans for emigration projects | 1,036,277,271 | |
| Allowance for loan losses | <u>(918,544,352)</u> | 117,732,919 |
| Long-term installments receivable on settlement projects | 10,798,689 | |
| Allowance for loan losses | <u>(10,798,689)</u> | 0 |
| Long-term prepaid expenses | | 33,594,971 |
| Long-term guarantee deposits | | <u>1,543,409,157</u> |
| | Total investments and other assets | 2,876,418,019 |
| | Total non-current assets | 48,958,441,327 |
| | Total assets | <u>222,925,005,551</u> |

(Unit: Yen)

| Liabilities | | | |
|---|-------------------------------------|------------------|------------------|
| I. Current liabilities | | | |
| Operational grant liabilities | | 31,731,636,405 | |
| Funds for grant aid | | 115,082,215,984 | |
| Donations received | | 342,062,790 | |
| Accounts payable | | 16,763,551,852 | |
| Accrued expenses | | 209,602,514 | |
| Lease obligations | | 119,267,641 | |
| Advance payments received | | 1,000,000,000 | |
| Deposits received | | 558,834,764 | |
| | Total current liabilities | | 165,807,171,950 |
| II. Non-current liabilities | | | |
| Contra accounts for assets | | | |
| Contra accounts for assets funded by operational grants | 2,006,394,519 | | |
| Contra accounts for assets funded by subsidies, etc. | 73,464,328 | | |
| Contra accounts for construction in progress funded by subsidy for facilities | 18,900,000 | 2,098,758,847 | |
| Long-term lease obligations | | 248,717,089 | |
| Long-term deposits received | | 116,470,092 | |
| Asset retirement obligations | | 275,645,506 | |
| | Total non-current liabilities | | 2,739,591,534 |
| | Total liabilities | | 168,546,763,484 |
| Net assets | | | |
| I. Capital | | | |
| Government investment | | 66,700,645,691 | |
| | Total capital | | 66,700,645,691 |
| II. Capital surplus | | | |
| Capital surplus | | 324,898,814 | |
| Accumulated depreciation not included in expenses | | (16,055,133,336) | |
| Accumulated impairment loss not included in expenses | | (770,453,826) | |
| Accumulated interest expenses not included in expenses | | (6,708,693) | |
| | Total capital surplus | | (16,507,397,041) |
| III. Retained earnings | | | |
| Reserve fund carried over from the previous Mid-term Objective period | | 2,503,237,214 | |
| Unappropriated income for the current business year | | 1,681,756,203 | |
| [Total income for the current business year] | | [1,942,928,806] | |
| | Total retained earnings | | 4,184,993,417 |
| | Total net assets | | 54,378,242,067 |
| | Total of liabilities and net assets | | 222,925,005,551 |

Statement of Income (April 1, 2013–March 31, 2014)

| | | | |
|--|-------------------------|-----------------|-----------------|
| Ordinary expenses | | | |
| Operating expenses | | | |
| Expenses for technical cooperation projects | 75,659,268,499 | | |
| Expenses for grant aid (operation support) | 145,758,849 | | |
| Expenses for public participation-based cooperation | 14,683,176,766 | | |
| Expenses for emigration projects | 303,054,763 | | |
| Expenses for disaster relief activities | 799,821,427 | | |
| Expenses for training and securing the personnel | 175,916,631 | | |
| Expenses for assistance promotion | 13,803,667,114 | | |
| Expenses related to operation | 5,809,785,518 | | |
| Expenses for operation support | 27,743,286,066 | | |
| Expenses for grant aid | 85,423,013,645 | | |
| Expenses for facilities | 125,549,477 | | |
| Expenses for contracted programs | 396,179,523 | | |
| Expenses for donation projects | 121,458,580 | | |
| Depreciation | 433,554,077 | 225,623,490,935 | |
| General administrative expenses | | 8,675,567,930 | |
| Financial expenses | | | |
| Foreign exchange losses | 26,765,941 | 26,765,941 | |
| Miscellaneous loss | | 10,965,514 | |
| | Total ordinary expenses | | 234,336,790,320 |
| Ordinary revenues | | | |
| Revenues from operational grants | | 143,522,553,099 | |
| Revenues from grant aid | | 85,423,013,645 | |
| Revenues from contracted programs | | | |
| Revenues from contracted programs from Japanese government and local governments | 311,114,379 | | |
| Revenues from contracted programs from other parties | 91,585,363 | 402,699,742 | |
| Revenues from interest on development projects | | 33,491,841 | |
| Revenues from settlement projects | | 12,244,824 | |
| Revenues from emigration projects | | 57,160,208 | |
| Donation revenues | | 121,458,580 | |
| Revenues from subsidy for facilities | | 108,619,524 | |
| Reversal of allowance for loan losses | | 283,529,050 | |
| Reversal of contra accounts for assets funded by operational grants | | 459,261,545 | |
| Reversal of contra accounts for assets funded by subsidies, etc. | | 33,770,221 | |
| Financial revenues | | | |
| Interest income | 24,927,195 | 24,927,195 | |
| Miscellaneous income | | 1,928,548,946 | |
| | Total ordinary revenues | | 232,411,278,420 |
| | Ordinary loss | | 1,925,511,900 |
| Extraordinary losses | | | |
| Loss on disposal of non-current assets | | 29,177,546 | |
| Loss on sales of non-current assets | | 2,564,078 | 31,741,624 |
| Extraordinary income | | | |
| Gain on sales of non-current assets | | 6,674,049 | 6,674,049 |
| Net loss | | | 1,950,579,475 |
| Reversal of reserve fund carried over from the previous Mid-term Objective period | | | 3,893,508,281 |
| Total income for the current business year | | | 1,942,928,806 |

Statement of Cash Flows (April 1, 2013–March 31, 2014)

(Unit: Yen)

| | |
|---|-------------------|
| I. Cash flows from operating activities | |
| Payments of operating expenses | (132,534,160,201) |
| Payments for grant aid | (85,366,166,534) |
| Payments for contracted programs | (1,020,089,873) |
| Payments of personnel expenses | (14,873,767,734) |
| Payments for other operations | (718,080,732) |
| Proceeds from operational grants | 152,973,442,000 |
| Proceeds from grant aid | 104,512,300,177 |
| Proceeds from contracted programs | 1,279,342,082 |
| Proceeds from interest on loans | 93,557,777 |
| Proceeds from settlement projects | 21,659,261 |
| Interest revenues | 12,244,824 |
| Installments receivable | 9,414,437 |
| Donation revenues | 14,051,330 |
| Proceeds from other operations | 2,282,868,902 |
| Subtotal | 26,664,956,455 |
| Interest income received | 24,716,467 |
| Net cash provided by operating activities | 26,689,672,922 |
| II. Cash flows from investing activities | |
| Payments for purchase of non-current assets | (1,064,577,195) |
| Proceeds from sales of non-current assets | 453,480,007 |
| Proceeds from collection of loans | 882,598,999 |
| Payments into time deposits | (346,000,000,000) |
| Proceeds from time deposit refund | 331,000,000,000 |
| Payments into long-term deposits | (90,000,000) |
| Payments for purchase of negotiable deposits | (786,000,000,000) |
| Proceeds from refund of negotiable deposits | 766,000,000,000 |
| Net cash used in investing activities | (34,818,498,189) |
| III. Cash flows from financing activities | |
| Repayments of lease obligations | (92,355,167) |
| Payments to national treasury for unnecessary property | (424,733,602) |
| Net cash used in financing activities | (517,088,769) |
| IV. Effect of exchange rate fluctuation on funds | (9,252,599) |
| V. Net decrease in funds | (8,655,166,635) |
| VI. Funds at the beginning of the business year | 43,349,816,229 |
| VII. Funds at the end of the business year | 34,694,649,594 |

Statement of Administrative Service Operation Cost (April 1, 2013–March 31, 2014)

(Unit: Yen)

| | | |
|---|-----------------|------------------------|
| I. Operating expenses | | |
| (1) Expenses on statement of income | | |
| Operating expenses | 225,623,490,935 | |
| General administrative expenses | 8,675,567,930 | |
| Financial expenses | 26,765,941 | |
| Miscellaneous loss | 10,965,514 | |
| Loss on disposal of non-current assets | 29,177,546 | |
| Loss on sales of non-current assets | 2,564,078 | 234,368,531,944 |
| (2) (Deduction) Self-revenues, etc. | | |
| Revenues from contracted programs | (402,699,742) | |
| Revenues from interest on development projects | (33,491,841) | |
| Revenues from settlement projects | (12,244,824) | |
| Revenues from emigration projects | (57,160,208) | |
| Donation revenues | (121,458,580) | |
| Reversal of allowance for loan losses | (283,529,050) | |
| Financial revenues | (24,927,195) | |
| Miscellaneous income | (1,928,548,946) | |
| Gain on sales of non-current assets | (6,674,049) | (2,870,734,435) |
| Total operating expenses | | 231,497,797,509 |
| II. Depreciation not included in expenses | | 1,401,213,879 |
| III. Impairment loss not included in expenses | | 188,151,336 |
| IV. Interest expenses not included in expenses | | 1,450,492 |
| V. Disposal and sale differential not included in expenses | | 94,925,225 |
| VI. Estimated bonus payments not included in provision | | 81,328,704 |
| VII. Estimated increase in retirement benefits not included in provision | | (691,434,554) |
| VIII. Opportunity cost | | |
| Opportunity cost of government investment | | 307,848,663 |
| IX. Administrative service operation cost | | <u>232,881,281,254</u> |

Significant Accounting Policies

1 Revenue recognition method of operational grants

Revenue from operational grants is recognized as the related expenses are incurred. This is attributable to the difficulties associated with the application of a revenue recognition method based on operation achievement and a revenue recognition method based on term, specifically, the significant amount of time required to evaluate operating results objectively, as well as other complexities.

2 Depreciation method

(1) Tangible assets

Straight-line method

The useful lives of major assets are as follows:

| | |
|--------------------------------|------------|
| Buildings: | 1–50 years |
| Structures: | 1–42 years |
| Machinery and equipment: | 1–17 years |
| Vehicles: | 1–6 years |
| Tools, furniture 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 indirectly deducted from the capital surplus and reported as accumulated depreciation not included in expenses.

(2) Intangible assets

Straight-line method

3 Standard for appropriation of provision and estimation for bonuses

A provision for bonuses is not appropriated since the financial source is secured by the operational grants.

The estimated bonus payments not included in provision in the statement of administrative service operation cost is reported as a current business year estimate of the provision for bonuses, calculated according to the Accounting Standard for Incorporated Administrative Agency No. 88.

4 Standard for appropriation of provision and estimation for retirement benefits

A provision for retirement benefits is not appropriated since the financial source is secured by the operational grants.

A provision for retirement benefits is not provided for pension benefits from Employees' Pension Funds since the financial source for Employees' Pension Funds' insurance fees and reserve shortfall is secured by the operational grants.

The estimated increase in retirement benefits not included in the provision in the statement of administrative service operation cost is reported as the current business year increase of provision for retirement benefits, calculated according to the Accounting Standard for Incorporated Administrative Agency No. 38.

(Additional information)

On March 1, 2014, Japan International Cooperation Agency (JICA) obtained approval from the Minister of Health, Labour and Welfare for exemption from the obligations of future payments related to return of a substitutional part of Employees' Pension Fund.

The amount corresponding to the refund (minimum actuarial liability) measured at the end of the current business year was ¥7,782,865,334. Assuming the said amount had been transferred at the end of the current business year, the estimated deduction amount in the statement of administrative service operation cost would be ¥12,433,914,110, in accordance with Paragraph 44-2 of the "Practical Guidelines concerning Accounting Standard for Retirement Benefits (Interim Report)" (Japan Institute of Certified Public Accountants, Accounting System Committee Report No. 13 issued on September 14, 1999). However, this had no effect

on JICA's financial statements since, as mentioned above, no provision for retirement benefits were recorded.

5 Basis and standard for appropriation of allowances, etc.

Allowance for loan losses

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

6 Standard and method for the valuation of securities

Held-to-maturity securities

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

7 Standard and method for the valuation of inventories

(1) Stored goods

Stored goods valuation is based on the lower of cost or market using the FIFO (First-In, First-Out) method.

(2) Payments for uncompleted contracted programs

Payments for uncompleted contracted programs valuation is based on the lower of cost or market using the specific identification method.

8 Translation standard for foreign currency-denominated assets and liabilities into yen

Foreign currency money claims and liabilities are translated into Japanese yen at the spot exchange rate at the balance sheet date. Exchange differences are recognized as profit or loss.

9 Method for computing opportunity cost in the Statement of Administrative Service Operation Cost

The interest rate used to compute opportunity cost of government investment, etc.:

0.640% with reference to the yield of 10-year fixed-rate Japanese government bonds at the end of March 2014

10 Accounting treatment for lease transactions

The finance lease transactions with total lease fees of ¥3 million or more are accounted for in a similar manner as ordinary sale and purchase transactions.

The finance lease transactions with total lease fees of less than ¥3 million are accounted for in a similar manner as ordinary rental transactions.

11 Accounting treatment for consumption taxes

Consumption taxes are included in transaction amounts.

Notes to financial statements

(Balance Sheet)

1 Estimated retirement benefits to be provided from the operational grants

¥31,707,577,610

(1) Breakdown of projected benefit obligations

(Unit: Yen)

| | End of business year 2013 |
|---|---------------------------|
| (1) Projected benefit obligations | (45,712,538,943) |
| (2) Fair value of plan assets | 14,004,961,333 |
| (3) Non-accumulated projected benefit obligations (1) + (2) | (31,707,577,610) |
| (4) Unrecognized actuarial differences | 0 |
| (5) Unrecognized past service liabilities (decrease in liabilities) | 0 |
| (6) Net reported amount on balance sheet (3) + (4) + (5) | (31,707,577,610) |
| (7) Prepaid pension expenses | 0 |
| (8) Provision for retirement benefits (6) - (7) | (31,707,577,610) |

(Note) On March 1, 2014, JICA obtained approval from the Minister of Health, Labour and Welfare for exemption from the obligations of future payments related to return of a substitutional part of Employees' Pension Fund.

The amount corresponding to the refund (minimum actuarial liability) measured at the end of the current business year was ¥7,782,865,334. Assuming the said amount had been transferred at the end of the current business year, the estimated deduction amount in the statement of administrative service operation cost would be ¥12,433,914,110, in accordance with Paragraph 44-2 of the "Practical Guidelines concerning Accounting Standard for Retirement Benefits (Interim Report)" (Japan Institute of Certified Public Accountants, Accounting System Committee Report No. 13 issued on September 14, 1999).

(2) Breakdown of retirement benefit expenses

(Unit: Yen)

| | Business year 2013 |
|---|--------------------|
| (1) Service cost | 1,809,862,605 |
| (2) Interest cost | 693,870,223 |
| (3) Expected return on plan assets | 0 |
| (4) Amortization of past service liabilities | (3,352,056,372) |
| (5) Amortization of actuarial differences | 2,060,223,272 |
| (6) Others (premiums collected for Employees' Pension Fund) | (348,620,852) |

(3) Assumptions for retirement benefit obligations, etc.

| | Business year 2013 |
|---|---------------------|
| (1) Discount rate: | |
| Employees' Pension Fund | 1.40% |
| Retirement benefits | 0.74% |
| (2) Expected rate of return on plan assets | 0.0% |
| (3) Method of attributing expected benefit to periods | Straight-line basis |
| (4) Recognition period of actuarial differences | 1 year |
| (5) Amortization period of past service liabilities | 1 year |

2 Estimated bonus to be provided from the operational grants

¥793,018,552

3 Impairment loss on non-current assets**(1) The non-current assets for which the impairment loss was recognized****[1] Outline of the usage, type, location, book value, etc.**

Impairment loss was recognized in the following assets:

(Unit: Yen)

| Name of asset | Usage | Location | Type | Book value before impairment loss | Impairment loss during the period | Accumulated impairment loss at the end of the period |
|---|------------------|----------------------------------|------------|-----------------------------------|-----------------------------------|--|
| Tsukuba employee housing | Employee housing | Tsukuba City, Ibaraki Prefecture | Buildings | 50,397,451 | 15,551,360 | 15,551,360 |
| | | | Structures | 1,218,000 | 375,844 | 375,844 |
| | | | Land | 341,039,000 | 105,235,887 | 105,235,887 |
| Shuwa Koenji Residence 117, etc. Total 25 units | Employee housing | Suginami-ku, Tokyo, etc. | Buildings | 164,182,149 | 44,482,089 | 44,482,089 |
| | | | Land | 166,318,508 | 22,506,156 | 22,506,156 |

[2] Background relating to the recognition of impairment loss

JICA decided to dispose of the Tsukuba employee housing in June 2012, and the previous occupants have all vacated the employee housing units. As a result, the book value of the employee housing units was reduced to the recoverable service value in the current business 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 Mid-term Plan includes a plan to dispose of 27 employee housing units during business year 2014.

Impairment loss was recognized for 25 of these 27 units, which excludes High Mart 3 Seiseki Sakuragaoka Room 304 and other units that were still used for employee housing at the end of the current business year. For 10 of the 25 units, which excludes 15 units whose recoverable service value exceeded book value at the end of the current business year, book value was reduced in the current business year to the recoverable service value. This decreased amount was recorded as an accumulated impairment loss not included in expenses, to be reduced from the capital surplus.

[3] Breakdown of impairment loss which is not recognized in the statement of income and impairment loss which is recognized in the statement of income for each major non-current asset, and an overview of the calculation method for the recoverable service value:

(Unit: Yen)

| Name of asset | Type | Impairment loss (Not recognized in the statement of income) | Impairment loss (Recognized in the statement of income) | Calculation method for recoverable service value |
|---|------------|---|---|--|
| Tsukuba employee housing | Buildings | 15,551,360 | — | Recoverable service value is measured by using the net realizable value, which is a valuation by a third party less the estimated expenses for disposal. |
| | Structures | 375,844 | — | |
| | Land | 105,235,887 | — | |
| Shuwa Koenji Residence 117, etc. Total 25 units | Buildings | 44,482,089 | — | |
| | Land | 22,506,156 | — | |

(2) Non-current assets indicating impairment loss**[1] Outline of the usage, type, and location of non-current assets that indicate an impairment loss**

The following assets have an indication of impairment loss:

(Unit: Yen)

| Name of asset | Usage | Location | Type | Book value |
|---|------------------|----------------------------------|-----------|------------|
| Tsukuba employee housing | Employee housing | Tsukuba City, Ibaraki Prefecture | Buildings | 14,069,255 |
| Shinoharamachi employee housing | Employee housing | Yokohama City, Kanagawa | Buildings | 214,600 |
| | | | Land | 53,949,000 |
| High Mart 3 Seiseki Sakuragaoka 304, etc. Total 2 units | Employee housing | Tama City, Tokyo, etc. | Buildings | 3,869,979 |
| | | | Land | 20,245,100 |

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

JICA planned to change the usage of the Tsukuba employee housing. Although an indicator of impairment was identified, no impairment loss has been recognized at the end of the current business year because detailed information and the timing of the change have not been determined.

The decision to dispose of the Shinoharamachi employee housing was made in September 2013. Although an indicator of impairment was identified, no impairment loss has been recognized at the end of the current business year because the timing of the disposal of this unit has not been determined and it is still used as employee housing.

The High Mart 3 Seiseki Sakuragaoka Room 304 and other unit are to be disposed of in accordance with the Mid-term Plan. Although an indicator of impairment was identified, no impairment loss has been recognized at the end of the current business year because the units are still used as employee housing.

4 Donated funds for grant aid

Grant aid is received in the form of donated funds from the government of Japan. JICA administers this grant aid based on Grant Agreements with the government of the recipient country. At the end of business year 2013, the outstanding balance of unexecuted Grant Agreements stood at ¥211,921,748,518.

(Statement of Cash Flows)

The funds shown in the statement of cash flows are cash, deposit accounts and checking accounts.

1 Breakdown of balance sheet items and ending balance of funds

(as of March 31, 2014)

| | |
|-------------------------|-------------------|
| Cash and deposits | ¥54,694,649,594 |
| Time deposits | ¥(20,000,000,000) |
| Ending balance of funds | ¥34,694,649,594 |

2 Description of significant non-cash transactions

| | |
|------------------------------------|--------------|
| Assets granted under finance lease | |
| Vehicles | ¥9,124,830 |
| Tools, furniture and fixtures | ¥174,768,265 |

(Statement of Administrative Service Operation Cost)

Number of public officers temporarily transferred to JICA who are accounted for as opportunity cost

Of the estimated increase in retirement benefits not included in the provision, ¥18,400,309 was recognized as the current business year increase of provision for retirement benefits for 30 public officers temporarily transferred to JICA according to JICA's internal rules.

(Status 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 operational grants approved by the competent minister. The General Account does not borrow from the government fund for Fiscal Investment and Loan Program (FILP), nor does it borrow funds from financial institutions or issue FILP Agency Bonds.

(Fair value of financial instruments)

Balance sheet amounts, fair value and difference at the balance sheet date are as follows:

(Unit: Yen)

| | Balance sheet amount | Fair value | Difference |
|-----------------------|----------------------|------------------|------------|
| (1) Cash and deposits | 54,694,649,594 | 54,694,649,594 | 0 |
| (2) Securities | 100,000,000,000 | 100,000,000,000 | 0 |
| (3) Accounts payable | (16,763,551,852) | (16,763,551,852) | 0 |

(Note) Liabilities are shown in parentheses.

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

[1] Cash and deposits

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

[2] Securities (negotiable deposits)

Negotiable deposits are valued at book value because fair value approximates book value due to the short-term nature of these instruments.

[3] Accounts payable

Accounts payable are short term and fair value approximates book value. Thus, fair value for accounts payable is calculated at book value.

(Finance lease transactions)

The amount of the finance lease transactions which influenced the current business year's profits and losses was ¥7,303,465. Total income for the current business year after the deduction of this amount was ¥1,950,232,271.

(Asset retirement obligations)

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

At the end of the previous business year, the amount recorded for asset

retirement obligations was ¥274,195,014. The balance of asset retirement obligations at the end of the current business year was ¥275,645,506 - the sum of the above ¥274,195,014 and a ¥1,450,492 adjustment amount of the asset retirement obligations due to passage of time.

(Payments to the national treasury, etc., for unnecessary property)

A summary of payments to the national treasury for unnecessary property in the current business year is as follows:

Regarding the transfer of 39 employee housing units, 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" as per Article 13-2 of the Ordinance of the Ministry for the Operations, Finances and Accounting of the Japan International Cooperation Agency (Ordinance of Ministry of Foreign Affairs 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 Accounting Standard for Incorporated Administrative Agency No. 99.

(1) Outline of the type and book value, etc., of assets which were paid to the national treasury as unnecessary property

(Unit: Yen)

| Name of asset | Usage | Location | Type | Book value at time of transfer |
|---|------------------|--------------------------|-----------|--------------------------------|
| Shuwa Koenji Residence 225 and 38 units | Employee housing | Suginami-ku, Tokyo, etc. | Buildings | 194,800,063 |
| | | | Land | 211,236,719 |

(2) Reason for unnecessary property

Based on the Mid-term Plan, etc., it was decided that unnecessary property would be disposed by payments to the national treasury, in accordance with the enactment of the Act for partial revision to the Act on General Rules for Incorporated Administrative Agency (Act No. 37 of 2010) which prescribed returns of unnecessary property to the national treasury by Incorporated Administrative Agencies.

(3) Method of payment to the national treasury: Transfer by payment of sales revenue pursuant to Paragraph 2, Article 46-2 of the Act on General Rules for Incorporated Administrative Agency.

(4) Amount of sales revenue of unnecessary property: ¥424,361,860 (excluding tax)

(5) Costs deducted from sales revenue: ¥7,434,867 (excluding tax)

(6) Amount and date of payment to the national treasury: ¥416,926,993, March 14, 2014

(7) Capital reduction: ¥578,153,378

(Significant act to assume debts)

Not applicable

(Significant subsequent events)

Not applicable

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, 2014)

| Assets | | | |
|--|------------------------------------|-----------------------|---------------------------|
| I. Current assets | | | |
| Cash and deposits | | 66,376,117,712 | |
| Loans | 11,068,668,714,779 | | |
| Allowance for loan losses | <u>(142,613,264,051)</u> | 10,926,055,450,728 | |
| Advance payments | | 4,088,245,181 | |
| Prepaid expenses | | 81,395,166 | |
| Accrued income | | | |
| Accrued interest on loans | 39,185,063,746 | | |
| Accrued commitment charges | 1,272,334,045 | | |
| Accrued interest | <u>2,136,940</u> | 40,459,534,731 | |
| Accounts receivable | | 448,770,390 | |
| Suspense payments | | 1,642,374 | |
| Advances paid | | 114,686 | |
| Short-term guarantee deposits | | <u>17,289,000,000</u> | |
| | Total current assets | | 11,054,800,270,968 |
| II. Non-current assets | | | |
| 1. Tangible assets | | | |
| Buildings | 3,192,515,710 | | |
| Accumulated depreciation | (711,431,953) | | |
| Accumulated impairment loss | <u>(675,214,797)</u> | 1,805,868,960 | |
| Structures | 50,459,764 | | |
| Accumulated depreciation | (16,510,009) | | |
| Accumulated impairment loss | <u>(11,670,468)</u> | 22,279,287 | |
| Machinery and equipment | 195,283,381 | | |
| Accumulated depreciation | (55,297,442) | | |
| Accumulated impairment loss | <u>(102,287,680)</u> | 37,698,259 | |
| Vehicles | 341,829,503 | | |
| Accumulated depreciation | <u>(205,012,121)</u> | 136,817,382 | |
| Tools, furniture and fixtures | 593,643,692 | | |
| Accumulated depreciation | <u>(306,531,437)</u> | 287,112,255 | |
| Land | 12,703,270,000 | | |
| Accumulated impairment loss | <u>(6,091,196,973)</u> | 6,612,073,027 | |
| | Total tangible assets | | 8,901,849,170 |
| 2. Intangible assets | | | |
| Trademark right | | <u>100,072</u> | |
| | Total intangible assets | | 100,072 |
| 3. Investments and other assets | | | |
| Investment securities | | 1 | |
| Shares of affiliated companies | | 67,298,469,988 | |
| Claims probable in bankruptcy, claims probable in rehabilitation and other | 68,575,237,686 | | |
| Allowance for loan losses | <u>(46,566,256,747)</u> | 22,008,980,939 | |
| Long-term prepaid expenses | | 7,960,548 | |
| Long-term guarantee deposits | | <u>830,689,963</u> | |
| | Total investments and other assets | | 90,146,101,439 |
| | Total non-current assets | | <u>99,048,050,681</u> |
| | Total assets | | <u>11,153,848,321,649</u> |

(Unit: Yen)

| Liabilities | | | |
|---|---|-------------------|--------------------|
| I. Current liabilities | | | |
| Current portion of borrowings from government fund for Fiscal Investment and Loan Program | | 275,875,802,000 | |
| Accounts payable | | 6,662,253,238 | |
| Accrued expenses | | 8,460,630,797 | |
| Derivatives | | 21,510,517,415 | |
| Lease obligations | | 86,702,984 | |
| Deposits received | | 20,812,443 | |
| Unearned revenue | | 174,042,844 | |
| Provision | | | |
| Provision for bonuses | 208,862,215 | | |
| Provision for contingent losses | 9,220,214,271 | 9,429,076,486 | |
| Suspense receipt | | 1,429,750 | |
| | Total current liabilities | | 322,221,267,957 |
| II. Non-current liabilities | | | |
| Bonds | | 320,000,000,000 | |
| Borrowings from government fund for Fiscal Investment and Loan Program | | 1,506,085,530,000 | |
| Long-term lease obligations | | 117,202,249 | |
| Long-term deposits received | | 9,480,000 | |
| Provision for retirement benefits | | 7,892,244,558 | |
| Asset retirement obligations | | 70,251,729 | |
| | Total non-current liabilities | | 1,834,174,708,536 |
| | Total liabilities | | 2,156,395,976,493 |
| Net assets | | | |
| I. Capital | | | |
| Government investment | | 7,765,397,840,510 | |
| | Total capital | | 7,765,397,840,510 |
| II. Retained earnings | | | |
| Reserve fund | | 1,129,788,882,032 | |
| Unappropriated income for the current business year | | 125,568,625,801 | |
| [Total income for the current business year] | | [125,568,625,801] | |
| | Total retained earnings | | 1,255,357,507,833 |
| III. Valuation and translation adjustments | | | |
| Deferred gains or losses on hedges | | (23,303,003,187) | |
| | Total valuation and translation adjustments | | (23,303,003,187) |
| | Total net assets | | 8,997,452,345,156 |
| | Total of liabilities and net assets | | 11,153,848,321,649 |

Statement of Income (April 1, 2013–March 31, 2014)

| Ordinary expenses | | | |
|--|-------------------------|-----------------|-----------------|
| Expenses related to operations of cooperation through finance and investment | | | |
| Interest on bonds and notes | 4,950,129,723 | | |
| Interest on borrowings | 27,387,902,604 | | |
| Interest on interest rate swaps | 10,147,289,438 | | |
| Operations consignment expenses | 21,278,223,783 | | |
| Bond issuance cost | 307,115,187 | | |
| Foreign exchange losses | 17,006,361 | | |
| Personnel expenses | 3,056,792,687 | | |
| Provision for bonuses | 208,862,215 | | |
| Retirement benefit expenses | 250,938,209 | | |
| Operating and administrative expenses | 12,669,103,116 | | |
| Depreciation | 257,270,655 | | |
| Taxes | 83,781,678 | | |
| Loss on valuation of investment securities | 1,895,513 | | |
| Loss on valuation of shares of affiliated companies | 3,905,950,150 | | |
| Interest expenses | 369,676 | | |
| Provision of allowance for loan losses | 7,755,175,059 | | |
| Other ordinary expenses | 54,341 | 92,277,860,395 | |
| | Total ordinary expenses | | 92,277,860,395 |
| Ordinary revenues | | | |
| Revenues from operations of cooperation through finance and investment | | | |
| Interest on loans | 178,962,059,862 | | |
| Interest on bonds | 11,071,478 | | |
| Dividends on investments | 24,429,882,520 | | |
| Commissions | 3,125,974,621 | | |
| Gain on valuation of investment securities | 8,412,579 | | |
| Reversal of provision for contingent losses | 10,877,336,620 | | |
| Other operating revenues | 4,717,259 | 217,419,454,939 | |
| Financial revenues | | | |
| Interest income | 23,119,508 | 23,119,508 | |
| Miscellaneous income | | 385,558,848 | |
| Recoveries of written-off claims | | 19,333,510 | |
| | Total ordinary revenues | | 217,847,466,805 |
| | Ordinary income | | 125,569,606,410 |
| Extraordinary losses | | | |
| Loss on disposal of non-current assets | | 883,992 | |
| Loss on sales of non-current assets | | 143,949 | 1,027,941 |
| Extraordinary income | | | |
| Gain on sales of non-current assets | | 47,332 | 47,332 |
| Net income | | | 125,568,625,801 |
| Total income for the current business year | | | 125,568,625,801 |

Statement of Cash Flows (April 1, 2013–March 31, 2014)

(Unit: Yen)

| | |
|--|-------------------|
| I. Cash flows from operating activities | |
| Payments for loans | (742,634,720,683) |
| Repayments of borrowings from the private sector | (91,700,000,000) |
| Repayments of borrowings from government fund for Fiscal Investment and Loan Program | (317,109,192,000) |
| Interest expenses paid | (46,550,791,687) |
| Payments of personnel expenses | (3,621,193,420) |
| Payments for other operations | (100,049,169,100) |
| Proceeds from collection of loans | 705,353,479,771 |
| Proceeds from borrowings from the private sector | 91,700,000,000 |
| Proceeds from borrowings from government fund for Fiscal Investment and Loan Program | 119,400,000,000 |
| Proceeds from issuance of bonds | 59,692,884,813 |
| Proceeds from interest on loans | 174,239,568,166 |
| Proceeds from commissions | 3,193,319,421 |
| Proceeds from other operations | 75,523,109,418 |
| Subtotal | (72,562,705,301) |
| Interest and dividend income received | 24,464,280,831 |
| Net cash used in operating activities | (48,098,424,470) |
| II. Cash flows from investing activities | |
| Payments for purchase of non-current assets | (80,603,341) |
| Proceeds from sales of non-current assets | 1,109,847 |
| Payments for purchase of investment securities | (101,097,667) |
| Proceeds from sales and collection of investment securities | 45,939,808 |
| Proceeds from sales and collection of shares of affiliated companies | 5,268,750,000 |
| Payments for purchase of negotiable deposits | (317,300,000,000) |
| Proceeds from refund of negotiable deposits | 317,300,000,000 |
| Net cash provided by investing activities | 5,134,098,647 |
| III. Cash flows from financing activities | |
| Repayments of lease obligations | (79,712,332) |
| Receipt of government investment | 50,600,000,000 |
| Net cash provided by financing activities | 50,520,287,668 |
| IV. Net increase in funds | 7,555,961,845 |
| V. Funds at the beginning of the business year | 58,820,155,867 |
| VI. Funds at the end of the business year | 66,376,117,712 |

Statement of Administrative Service Operation Cost (April 1, 2013–March 31, 2014)

(Unit: Yen)

| | |
|--|-------------------|
| I. Operating expenses | |
| (1) Expenses on statement of income | |
| Expenses related to operations of cooperation through finance and investment | 92,277,860,395 |
| Loss on disposal of non-current assets | 883,992 |
| Loss on sales of non-current assets | 143,949 |
| | 92,278,888,336 |
| (2) (Deduction) Self-revenues, etc. | |
| Revenues from operations of cooperation through finance and investment | (217,419,454,939) |
| Financial revenues | (23,119,508) |
| Miscellaneous income | (385,558,848) |
| Recoveries of written-off claims | (19,333,510) |
| Gain on sales of non-current assets | (47,332) |
| Total operating expenses | (217,847,514,137) |
| | (125,568,625,801) |
| II. Estimated increase in retirement benefits not included in provision | 4,579,968 |
| III. Opportunity cost | |
| Opportunity cost of government investment | 49,536,626,179 |
| IV. Administrative service operation cost | (76,027,419,654) |

Significant Accounting Policies

1 Depreciation method

(1) Tangible assets

Straight-line method

The useful lives of major assets are as follows:

| | |
|--------------------------------|------------|
| Buildings: | 2–50 years |
| Structures: | 2–46 years |
| Machinery and equipment: | 2–17 years |
| Vehicles: | 2–6 years |
| Tools, furniture and fixtures: | 2–15 years |

(2) Intangible assets

Straight-line method

2 Standard for appropriation of provision and estimation for bonuses

The provision for bonuses is calculated and provided for based on estimated amounts of future payments attributable to the services that have been rendered by officers and employees applicable to the current business year.

3 Standard for appropriation of provision and estimation for retirement benefits

The provision 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 plan assets applicable to the business year ended March 31, 2014. The profit and loss appropriation method for actuarial differences and past service liabilities are presented as follows:

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

Past service liabilities are recognized as a lump-sum gain or loss in the business year in which they occur.

The estimated increase in retirement benefits not included in provision in the statement of administrative service operation cost is reported as the current-year increase of provision for retirement benefits, calculated according to the Accounting Standard for Incorporated Administrative Agency No. 38.

(Additional information)

On March 1, 2014, Japan International Cooperation Agency (JICA) obtained approval from the Minister of Health, Labour and Welfare for exemption from the obligation of future payments related to return of a substitutional portion of Employees' Pension Fund.

The amount corresponding to the refund (minimum actuarial liability) measured at the end of the current business year was ¥1,937,211,266. Assuming the said amount had been transferred at the end of the current business year, an estimated gain and an estimated deduction amount in the statement of administrative service operation cost would be ¥3,094,890,823, in accordance with Paragraph 44-2 of the "Practical Guidelines concerning Accounting Standard for Retirement Benefits (Interim Report)" (Japan Institute of Certified Public Accountants, Accounting System Committee Report No. 13 issued on September 14, 1999).

4 Basis and standard for appropriation of allowance, etc.

(1) Allowance for 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 of loan claims after the deductions of the amount expected to be collected through the disposal of collateral and execution of guarantees, or the same amount is written off directly. 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 overall assessment of the solvency of the debtors after the deductions of the amount expected to be collected through the disposal of collateral and the execution of guarantees, or the same amount is written off directly. There were no write-offs from the above-mentioned outstanding balance

of loan claims.

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. The allowance for possible losses on specific overseas loans is provided based on the expected loss amount taking into consideration the political and economic situation of these countries.

All claims are assessed initially by the operational 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 an allowance is provided based on the results of the assessments.

(2) Provision for contingent losses

Provision for contingent losses is provided to prepare for the occurrence of contingent losses for a portion of undisbursed balance of loan commitments which JICA is absolutely obligated to extend. The amount of the provision is estimated based on possible losses in the future.

5 Standard and method for the valuation of securities

(1) Shares of affiliated companies

Shares of affiliated companies are stated at cost 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 (whose fair value is extremely difficult to be determined)

Other investment securities are stated at cost determined by the moving-average method.

6 Standard and method for the valuation of derivative transactions

All derivative financial instruments are carried at fair value.

7 Translation standard for foreign currency-denominated assets and liabilities into yen

Foreign currency money claims and liabilities are translated into Japanese yen at the spot exchange rate at the balance sheet date. Exchange differences are recognized as profit or loss.

8 Method for computing opportunity cost in the Statement of Administrative Service Operation Cost

The interest rate used to compute opportunity cost concerning government investment:

0.640% with reference to the yield of 10-year fixed-rate Japanese government bonds at the end of March 2014

9 Accounting treatment for lease transactions

The finance lease transactions with total lease fees of ¥3 million or more are accounted for in a similar manner as ordinary sales and purchase transactions.

The finance lease transactions with total lease fees of less than ¥3 million are accounted for in a similar manner as ordinary rental transactions.

10 Method of hedge accounting

The deferred hedge accounting method is applied. Hedge effectiveness is assessed first by identifying hedged loans and hedging instruments (interest rate swaps) which offset market fluctuations. Then it is examined to determine if there are any discrepancies with regard to maturity and notional principal and others between hedged loans and hedging instruments.

11 Accounting treatment for consumption taxes

Consumption taxes are included in transaction amounts.

Notes to financial statements

(Balance Sheet)

1 Joint obligations

JICA is jointly liable for obligations arising from the following bonds issued by the former Japan Bank for International Cooperation which were succeeded by Japan Bank for International Cooperation.

| | |
|--|--|
| Fiscal Investment and Loan Program (FILP) Agency Bonds | 450,000,000,000 Yen |
| Government Guaranteed Foreign Bonds | 1,150,000,000 U.S. Dollars 750,000,000 Euro |

2 Undisbursed balance of loan commitments

Most of JICA's loans are long term. Ordinarily, when receiving a request for disbursement for a loan from a borrower, which corresponds to the intended use of funds as stipulated by the loan agreement, upon confirming the fulfillment of conditions prescribed under the loan agreement, JICA promises to loan a certain amount of funds within a certain range of the amount required by the borrower, with the outstanding balance up to the limit of loan commitments. The undisbursed balance of loan commitments was ¥4,550,806,629,224.

(Statement of Income)

1 Gain (loss) on valuation of investment securities and gain (loss) on valuation of shares of affiliated companies

Gain (loss) on valuation of investment securities and gain (loss) on valuation of shares of affiliated companies include gain and loss resulting from valuations, sales and collections of these securities.

2 Recoveries of written-off claims

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

(Statement of Cash Flows)

The funds shown in the statement of cash flows are deposit accounts and checking accounts.

1 Breakdown of balance sheet items and ending balance of funds

| | |
|-------------------------|-----------------|
| (as of March 31, 2014) | |
| Cash and deposits | ¥66,376,117,712 |
| Ending balance of funds | ¥66,376,117,712 |

2 Description of significant non-cash transactions

| | |
|------------------------------------|-------------|
| Assets granted under finance lease | |
| Tools, furniture and fixtures | ¥40,692,907 |

(Statement of Administrative Service Operation Cost)

Number of public officers temporarily transferred to JICA who are accounted for as opportunity cost

Of the estimated increase in retirement benefits not included in the provision, ¥4,579,968 was recognized as the current business year increase of provision for retirement benefits for 30 public officers temporarily transferred to JICA according to JICA's internal rules.

(Financial instruments)

1 Status 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 FILP, 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 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. Securities, investment securities and shares of affiliated companies 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 as their payments or 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, guarantee and collateral setting, problem loan management, etc., in accordance with integrated risk management rules and various credit risk monitoring rules. 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 convene 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 shares of affiliated companies are monitored by the Private Sector Partnership and Finance Department 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 statements of operational procedures. Interest rate 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 which are held for policy-oriented purposes are monitored for changes in values affected by the market environment or financial condition of the companies, exchange rates and other factors.

This information is reported on a regular basis to the Risk Management Committee and the Board of Directors.

[3] Liquidity risk management related to fund raising

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

[4] Derivative transaction management

Pursuant to rules concerning swaps, interest rate swap transactions are implemented and managed by separating the sections related to execution of transactions, assessment of hedge effectiveness and logistics management based on a mechanism with an established internal system of checks and balances.

2 Fair value of financial instruments

Balance sheet amount, fair value and difference at the balance sheet date are as follows:

(Unit: Yen)

| | Balance sheet amount | Fair value | Difference |
|--|----------------------|---------------------|------------------|
| (1) Loans | 11,068,668,714,779 | | |
| Allowance for loan losses | (142,613,264,051) | | |
| | 10,926,055,450,728 | 10,918,223,752,475 | (7,831,698,253) |
| (2) Claims probable in bankruptcy, claims probable in rehabilitation and other | 68,575,237,686 | | |
| Allowance for loan losses | (46,566,256,747) | | |
| | 22,008,980,939 | 22,008,980,939 | 0 |
| (3) Borrowings from government funds for FILP (including borrowings due within one year) | [1,781,961,332,000] | [1,858,648,275,604] | [76,686,943,604] |
| (4) Derivative transactions | [21,510,517,415] | [21,510,517,415] | 0 |

* Those recorded under liabilities are shown in brackets [].

(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 the respective borrowers' credit risk.

[2] Claims probable in bankruptcy, claims probable in rehabilitation and other

Regarding claims probable in bankruptcy, claims probable in rehabilitation and other, the estimated uncollectible amount is calculated based on the expected recoverable amount through collateral and guarantees. Therefore, fair value approximates the balance sheet amount, less the current estimated uncollectible amount and hence is calculated accordingly.

[3] Borrowings from the government under the FILP (including borrowings due within one year)

Fair value of borrowings from the government under the FILP (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 borrowings for the same total amount.

[4] Derivative transactions

Derivative transactions are interest rate-related transactions (interest rate swaps), and fair values are based on discounted present values.

(Note 2) The following are financial instruments whose fair values are deemed extremely difficult to be determined. They are not included in the fair value information of financial instruments.

(Unit: Yen)

| | Balance sheet amount |
|--|----------------------|
| Investment securities *1 | 1 |
| Shares of affiliated companies *1 | 67,298,469,988 |
| Undisbursed balance of loan commitments *2 | 0 |

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

*2 The fair values of undisbursed balance of loan commitments are deemed extremely difficult to be determined. The main reason is the difficulty of reasonable estimate for future extensions of loans, because of the extremely diverse range of implementation formats for projects in the developing countries where these loans are to be provided.

(Retirement benefits)**1 Breakdown of projected benefit obligations**

(Unit: Yen)

| | End of business year 2013 |
|---|---------------------------|
| (1) Projected benefit obligations | (11,378,180,356) |
| (2) Fair value of plan assets | 3,485,935,798 |
| (3) Non-accumulated projected benefit obligations (1) + (2) | (7,892,244,558) |
| (4) Unrecognized actuarial differences | 0 |
| (5) Unrecognized past service liabilities (decrease in liabilities) | 0 |
| (6) Net reported amount on balance sheet (3) + (4) + (5) | (7,892,244,558) |
| (7) Prepaid pension expenses | 0 |
| (8) Provision for retirement benefits (6) - (7) | (7,892,244,558) |

(Note) On March 1, 2014, JICA obtained approval from the Minister of Health, Labour and Welfare for exemption from the obligations of future payments related to return of a substitutional portion of Employees' Pension Fund.

The amount corresponding to the refund (minimum actuarial liability) measured at the end of the current business year was ¥1,937,211,266. Assuming the said amount had been transferred at the end of the current business year, an estimated gain and an estimated deduction amount in the statement of administrative service operation cost would be ¥3,094,890,823, in accordance with Paragraph 44-2 of the "Practical Guidelines concerning Accounting Standard for Retirement Benefits (Interim Report)" (Japan Institute of Certified Public Accountants, Accounting System Committee Report No. 13 issued on September 14, 1999).

2 Breakdown of retirement benefit expenses

(Unit: Yen)

| | Business year 2013 |
|--|--------------------|
| (1) Service cost | 450,487,845 |
| (2) Interest cost | 172,709,298 |
| (3) Expected return on plan assets | 0 |
| (4) Amortization of past service liabilities | (831,379,180) |
| (5) Amortization of actuarial differences | 540,083,281 |
| (6) Other (premiums collected for Employees' Pension Fund) | (80,963,035) |

3 Assumptions for retirement benefit obligations, etc.

| | Business year 2013 |
|---|---------------------|
| (1) Discount rate: | |
| Employees' Pension Fund | 1.40% |
| Retirement benefits | 0.74% |
| (2) Expected rate of return on plan assets | 0.0% |
| (3) Method of attributing expected benefit to periods | Straight-line basis |
| (4) Recognition period of actuarial differences | 1 year |
| (5) Amortization period of past service liabilities | 1 year |

(Asset retirement obligations)

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 period. Therefore, the asset retirement obligations have been recorded. The estimate for the asset retirement obligations assumes a five-year lease period for the projected period of use and a discount rate of 0.529%.

At the end of the previous business year, the amount recorded for asset retirement obligations was ¥69,882,053. The balance of the asset retirement obligations at the end of the current business year was ¥70,251,729 — the sum of the above ¥69,882,053 and a ¥369,676 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 as such does not prepare consolidated financial statements. However, profit and loss under the equity method related to affiliated companies is as follows:

| | |
|--|-----------------|
| Investment amount in affiliated companies | ¥67,298,469,988 |
| Investment amount when applying the equity method | ¥81,758,479,421 |
| Capital gain amount from investments when applying the equity method | ¥27,835,927,113 |

(Additional information)

Debt cancellation for Official Development Assistance (ODA) Loans in the current business year were as follows: Myanmar: ¥188,648,719,523 (¥12,502,687,123 in principal); Cote d'Ivoire: ¥20,540,736,240 (¥20,237,833,453 in principal); and Guinea: ¥5,529,767,526 (¥5,084,123,000 in principal).

These debt cancellations have no impact on JICA's statement of income, as these debts were succeeded without value at the time of succession of rights and obligations on October 1, 2008 from the former Japan Bank for International Cooperation or had been written off from JICA's balance sheet

after October 1, 2008, considering that the public debt relief measure had been taken or deemed to be taken for them in accordance with the "Changes in the Debt Relief Method" (announced by the Government of Japan on December 10, 2002) (¥21,729,149,489 and ¥16,095,494,087 each).

JICA has decided to report information of the debt cancellation of ODA Loans on its financial statements reflecting the intention of the competent Ministry, the Ministry of Foreign Affairs, to encourage disclosure of information regarding the debt cancellation of ODA Loans, and in consideration of the execution of debt relief (¥188,648,719,523) to Myanmar in the business year ended March 31, 2014.

(Significant act to assume debts)

Not applicable

(Significant subsequent events)

Not applicable

| Details of loans | | | | | | | (Unit: Millions of Yen) |
|--|--|----------------------------|----------------------------|-----------|----------------------------------|---------|-------------------------|
| Classification | Balance at the beginning of the period | Increase during the period | Decrease during the period | | Balance at the end of the period | Remarks | |
| | | | Collection, etc. | Write-off | | | |
| Loans | 11,020,269 | 749,712 | 701,312 | — | 11,068,669 | | |
| Claims probable in bankruptcy, claims probable in rehabilitation and other | 72,617 | — | 4,041 | — | 68,575 | | |
| Total | 11,092,886 | 749,712 | 705,353 | — | 11,137,244 | | |

| Details of borrowings | | | | | | | | (Unit: Millions of Yen) |
|--|--|----------------------------|----------------------------|----------------------------------|---------------------------|-----------------------------|---------|-------------------------|
| Classification | Balance at the beginning of the period | Increase during the period | Decrease during the period | Balance at the end of the period | Average interest rate (%) | Maturity date | Remarks | |
| Borrowings from government fund for FILP | 1,979,671 | 119,400 | 317,109 | 1,781,961 (275,876) | 1.456 | July 2014– February 2039 | | |

* Figures in parentheses indicate the amount of borrowings repayable within one year.

| Details of bonds | | | | | | | | (Unit: Millions of Yen) |
|-------------------|--|----------------------------|----------------------------|----------------------------------|-----------------|----------------------------------|---------|-------------------------|
| Security name | Balance at the beginning of the period | Increase during the period | Decrease during the period | Balance at the end of the period | Coupon (%) | Maturity date | Remarks | |
| FILP Agency Bonds | 260,000 | 60,000 | — | 320,000 (—) | 0.260– 2.470 | December 2015– September 2041 | | |

* Figures in parentheses indicate 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.