

Financial Statements

1 General Account

Balance Sheet (as of March 31, 2016)

Assets			
I. Current assets			
Cash and deposits		97,614,651,637	
Securities		84,000,000,000	
Inventories			
Stored goods	410,808,865	410,808,865	
Advance payments		23,361,624,246	
Prepaid expenses		346,172,680	
Accrued income		1,330,404	
Accounts receivable		1,935,080,436	
Short-term loans for development projects	219,758,484		
Allowance for loan losses	(3,938,947)	215,819,537	
Short-term loans for emigration projects	2,659,755		
Allowance for loan losses	(328,519)	2,331,236	
Short-term installments receivable on settlement projects		46,447	
Suspense payments		33,414,980	
Advances paid		4,038,439	
	Total current assets		207,925,318,907
II. Non-current assets			
1. Tangible assets			
Buildings	41,261,045,678		
Accumulated depreciation	(16,556,128,158)		
Accumulated impairment loss	(46,536,790)	24,658,380,730	
Structures	1,585,514,122		
Accumulated depreciation	(1,012,149,307)		
Accumulated impairment loss	(375,844)	572,988,971	
Machinery and equipment	180,347,701		
Accumulated depreciation	(121,808,514)	58,539,187	
Vehicles	1,785,071,900		
Accumulated depreciation	(1,229,268,986)	555,802,914	
Tools, furniture, and fixtures	2,297,937,445		
Accumulated depreciation	(1,443,885,342)	854,052,103	
Land	14,970,513,458		
Accumulated impairment loss	(234,596,912)	14,735,916,546	
Construction in progress		465,131,140	
	Total tangible assets	41,900,811,591	
2. Intangible assets			
Trademark right		2,124,369	
Telephone subscription right		4,216,750	
Software in progress		47,656,245	
	Total intangible assets	53,997,364	
3. Investments and other assets			
Long-term deposits		300,000,000	
Long-term loans for development projects	342,617,000		
Allowance for loan losses	(119,951,617)	222,665,383	
Long-term loans for emigration projects	39,386,633		
Allowance for loan losses	(33,039,414)	6,347,219	
Long-term installments receivable on settlement projects		46,447	
Claims probable in bankruptcy, claims probable in rehabilitation, and other pertaining to loans for emigration projects	619,331,369		
Allowance for loan losses	(619,331,369)	0	
Claims probable in bankruptcy, claims probable in rehabilitation, and other pertaining to installments receivable on settlement projects	1,368,212		
Allowance for loan losses	(1,368,212)	0	
Long-term prepaid expenses		70,680,161	
Long-term guarantee deposits		1,532,628,187	
	Total investments and other assets	2,132,367,397	
	Total non-current assets		44,087,176,352
	Total assets		252,012,495,259

(Unit: Yen)

Liabilities				
I. Current liabilities				
Operational grant liabilities		46,637,436,636		
Funds for grant aid		130,378,380,429		
Donations received		378,497,588		
Accounts payable		18,249,827,613		
Accrued expenses		239,334,136		
Lease obligations		137,849,701		
Advance payments received		3,056,164		
Deposits received		783,828,000		
	Total current liabilities		196,808,210,267	
II. Non-current liabilities				
Contra-accounts for assets				
Contra-accounts for assets funded by operational grants	2,531,247,026	2,531,247,026		
Long-term lease obligations		130,137,219		
Long-term deposits received		125,097,515		
Asset retirement obligations		276,125,850		
	Total non-current liabilities		3,062,607,610	
	Total liabilities			199,870,817,877
Net assets				
I. Capital				
Government investment		63,217,211,863		
	Total capital		63,217,211,863	
II. Capital surplus				
Capital surplus		155,419,614		
Accumulated depreciation not included in expenses		(17,725,966,082)		
Accumulated impairment loss not included in expenses		(289,381,446)		
Accumulated interest expenses not included in expenses		(7,189,037)		
	Total capital surplus		(17,867,116,951)	
III. Retained earnings				
Reserve fund carried over from the previous Mid-term Objective period		1,777,135,447		
Reserve fund		3,118,053,951		
Unappropriated income for the current business year		1,896,393,072		
[Total income for the current business year]		[1,896,393,072]		
	Total retained earnings		6,791,582,470	
	Total net assets			52,141,677,382
Total liabilities and net assets				252,012,495,259

Statement of Income (April 1, 2015–March 31, 2016)

(Unit: Yen)

Ordinary expenses			
Operating expenses			
Expenses for technical cooperation projects	73,432,971,993		
Expenses for grant aid (operation support)	191,609,857		
Expenses for public participation-based cooperation	16,512,543,070		
Expenses for emigration projects	359,652,926		
Expenses for disaster relief activities	784,796,431		
Expenses for training and securing the personnel	1,422,250,225		
Expenses for assistance promotion	16,372,806,036		
Expenses for related to operation	6,400,034,265		
Expenses for operation support	28,288,401,514		
Expenses for grant aid	91,151,663,724		
Expenses for facilities	15,541,406		
Expenses for contracted programs	1,231,475,994		
Expenses for donation projects	11,744,374		
Depreciation	454,820,354	236,630,312,169	
General administrative expenses		9,631,123,059	
Loan losses		32,185,656	
Financial expenses			
Foreign exchange losses	324,482,111	324,482,111	
Miscellaneous loss		556,813	
Total ordinary expenses			246,618,659,808
Ordinary revenues			
Revenues from operational grants		152,870,676,151	
Revenues from grant aid		91,151,663,724	
Revenues from contracted programs			
Revenues from contracted programs from Japanese government and local governments	1,231,475,994	1,231,475,994	
Revenues from interest on development projects		15,958,529	
Revenues from settlement projects		174,057	
Revenues from emigration projects		3,552,080	
Donations		11,744,374	
Revenues from subsidy for facilities		10,446,402	
Reversal of allowance for loan losses		61,604,856	
Reversal of contra-accounts for assets funded by operational grants		361,003,474	
Financial revenues			
Interest income	43,283,139	43,283,139	
Miscellaneous income		2,490,631,392	
Total ordinary revenues			248,252,214,172
Ordinary income			1,633,554,364
Extraordinary losses			
Loss on disposal of non-current assets		28,464,676	
Loss on sales of non-current assets		9,876,233	38,340,909
Extraordinary income			
Reversal of contra-accounts for assets funded by operational grants		39,200,325	
Gain on sales of non-current assets		9,256,353	48,456,678
Net income			1,643,670,133
Reversal of reserve fund carried over from the previous Mid-term Objective period			252,722,939
Total income for the current business year			1,896,393,072

Statement of Cash Flows (April 1, 2015–March 31, 2016)

(Unit: Yen)

I. Cash flows from operating activities	
Payments of operating expenses	(143,413,457,647)
Payments for grant aid	(91,901,750,433)
Payments for contracted programs	(891,146,998)
Payments of personnel expenses	(16,272,890,574)
Payments for other operations	(113,366,951)
Proceeds from operational grants	154,035,701,000
Proceeds from grant aid	105,423,654,766
Proceeds from contracted programs	579,056,427
Proceeds from interest on loans	21,771,406
Proceeds from settlement projects	1,743,197
Interest revenues	175,509
Installments receivable	1,567,688
Proceeds from donations	37,151,641
Proceeds from other operations	2,166,822,174
Subtotal	9,673,288,008
Interest income received	43,917,022
Payments to national treasury	(568,453,808)
Net cash provided by operating activities	9,148,751,222
II. Cash flows from investing activities	
Payments for purchase of non-current assets	(1,450,007,910)
Proceeds from sales of non-current assets	21,613,813
Proceeds from subsidy for facilities	250,074,000
Proceeds from collection of loans	462,844,855
Payments into time deposits	(508,000,000,000)
Proceeds from time deposit refund	507,000,000,000
Payments for purchase of negotiable deposits	(873,000,000,000)
Proceeds from refund of negotiable deposits	888,000,000,000
Net cash provided by investing activities	13,284,524,758
III. Cash flows from financing activities	
Repayments of lease obligations	(149,399,986)
Net cash used in financing activities	(149,399,986)
IV. Effect of exchange rate fluctuation on funds	(223,401,396)
V. Net increase in funds (decrease)	22,060,474,598
VI. Funds at the beginning of the business year	69,554,177,039
VII. Funds at the end of the business year	91,614,651,637

Statement of Administrative Service Operation Cost (April 1, 2015–March 31, 2016)

(Unit: Yen)

I. Operating expenses		
(1) Expenses on statement of income		
Operating expenses	236,630,312,169	
General administrative expenses	9,631,123,059	
Loan losses	32,185,656	
Financial expenses	324,482,111	
Miscellaneous loss	556,813	
Loss on disposal of non-current assets	28,464,676	
Loss on sales of non-current assets	9,876,233	246,657,000,717
(2) (Deduction) Self-revenues, etc.		
Revenues from contracted programs	(1,231,475,994)	
Revenues from interest on development projects	(15,958,529)	
Revenues from settlement projects	(174,057)	
Revenues from emigration projects	(3,552,080)	
Donations	(11,744,374)	
Reversal of allowance for loan losses	(61,604,856)	
Financial revenues	(43,283,139)	
Miscellaneous income	(2,490,631,392)	
Gain on sales of non-current assets	(9,256,353)	(3,867,680,774)
Total operating expenses		242,789,319,943
II. Depreciation not included in expenses		1,316,411,162
III. Disposal and sale differential not included in expenses		76,476,608
IV. Estimated bonus payments not included in provision		90,095,805
V. Estimated increase in retirement benefits not included in provision		(12,604,721,620)
VI. Opportunity cost		
Opportunity cost of government investment		(0)
VII. Administrative service operation cost		<u>231,667,581,898</u>

Significant Accounting Policies

Effective for the year ended March 31, 2016, JICA adopted the "Accounting Standards for Incorporated Administrative Agencies" and "Notes to Accounting Standards for Incorporated Administrative Agencies" (February 16, 2000 (Revised January 27, 2015), and the "Q&A on Accounting Standards for Incorporated Administrative Agencies and Notes to Accounting Standards for Incorporated Administrative Agencies" (August 2000 (Finally revised February 2016)).

However, the provisions prior to the revisions are applied regarding the disclosures of segment information and the accounting for operational grants in accordance with the transitional measures of Accounting Standards for Incorporated Administrative Agencies.

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 (except for lease 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:	1–15 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 (except for lease assets)

Straight-line method

(3) Lease assets

Lease assets are depreciated by the straight-line method over the lease term. Depreciation for lease assets is calculated with zero residual value being assigned to the asset.

3 Standard for appropriation of provision and estimation for bonuses

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

The estimated bonus payments not included in the 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 for retirement benefits since the financial source is secured by operational grants.

A provision for retirement benefits is not provided for pension benefits from the defined benefit corporate pension plan since the financial source for defined benefit corporate pension plan insurance fees and reserve shortfall is secured by 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 regarding retirement benefits and employees' pension fund, calculated according to

the Accounting Standard for Incorporated Administrative Agency No. 38.

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 collectibility 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

Stored goods

Stored goods valuation is based on the lower of cost or market using the first-in, first-out (FIFO) 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

Interest rate used to compute opportunity cost of government investment: 0.000% with reference to the yield of 10-year fixed-rate Japanese government bonds at the end of March 2016.

10 Accounting treatment for consumption taxes

Consumption taxes and local consumption taxes are included in transaction amounts.

Notes to the financial statements

(Balance Sheet)

1 Estimated retirement benefits to be provided from the operational grants

¥15,652,321,311

2 Estimated bonus to be provided from the operational grants

¥1,025,095,320

3 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 2015, the outstanding balance of unexecuted Grant Agreements stood at ¥233,127,929,955.

(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, 2016)

Cash and deposits	¥97,614,651,637
Time deposits	¥(6,000,000,000)
Ending balance of funds	¥91,614,651,637

2 Description of significant non-cash transactions**Assets granted under finance lease**

Tools, furniture, and fixtures	¥45,581,226
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(Statement of Administrative Service Operation Cost)

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

Of the estimated increase in retirement benefits not included in the provision, ¥16,200,758 was recognized as the current-business-year increase in provision for retirement benefits for 29 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:

	Balance sheet amount	Fair value	Difference
(1) Cash and deposits	97,614,651,637	97,614,651,637	0
(2) Securities	84,000,000,000	84,000,000,000	0
(3) Accounts payable	(18,249,827,613)	(18,249,827,613)	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 valued at book value because fair value approximates book value due to the short-term nature of these instruments.

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

(Retirement benefits)

1 Overview of retirement benefit plans

To provide retirement benefits for employees, JICA has a defined benefit pension plan comprised of a defined benefit corporate pension plan and a lump-sum severance indemnity plan, and a defined contribution plan comprised of a defined contribution pension plan.

Effective March 1, 2014, JICA has been authorized by the Minister of Health, Labour and Welfare to be exempt from the obligations to pay future amounts in respect of the part of the welfare pension fund it manages for the government. Subsequently on April 1, 2015, JICA has been authorized to transfer to the government the past substitutional portion.

2 Defined benefit pension plan**(1) The changes in the retirement benefit obligation are as follows:**

	(Unit: Yen)
Retirement benefit obligation at the beginning of the fiscal year	42,711,782,584
Current service cost	1,114,615,374
Interest cost	345,323,951
Actuarial difference	(642,482,207)
Retirement benefit paid	(1,328,733,003)
Past service cost	0
Contribution by the employee	0
Decrease associated with the return of a substitutional portion of the Employees' Pension Fund	(11,680,985,464)
Retirement benefit obligation at the end of the fiscal year	30,519,521,235

(2) The changes in the plan assets are as follows:

	(Unit: Yen)
Plan assets at the beginning of the fiscal year	14,438,538,895
Expected return on plan assets	0
Actuarial difference	355,413,455
Contribution by the company	488,695,547
Retirement benefit paid	(488,416,607)
Contribution by the employee	72,968,634
Plan assets at the end of the fiscal year	14,867,199,924

(Note) Plan assets include ¥ 6,257,599,190 paid in advance to the National Treasury in relation to the return of the substitutional portion of the Employees' Pension Funds.

(3) Reconciliation of the projected benefit obligations and plan assets and provision for retirement benefits and prepaid pension expenses in the balance sheets

	(Unit: Yen)
Funded retirement benefit obligation	16,934,552,849
Plan assets	(14,867,199,924)
Unfunded benefit obligations of funded pension plan	2,067,352,925
Unfunded benefit obligations of unfunded pension plan	13,584,968,386
Subtotal	15,652,321,311
Unrecognized actuarial differences	0
Unrecognized past service cost	0
Net amount of assets and liabilities in the balance sheets	0
Provision for retirement benefits	0
Prepaid pension expenses	0
Net amount of assets and liabilities in the balance sheets	0

(Note) A provision for retirement benefits is not appropriated for the difference between retirement benefit obligations and plan assets and net amount of assets and liabilities in the balance sheet, ¥ 15,652,321,311, since the financial source is secured by operational grants.

(4) Profit or loss regarding retirement benefits

	(Unit: Yen)
Current service cost	1,114,615,374
Interest cost	345,323,951
Expected return on plans assets	0
Realized actuarial differences	(997,895,662)
Amortization of past service cost	0
Extraordinary additional retirement payments	0
Total	462,043,663
Profit or loss associated with the return of a substitutional portion of the Employees' Pension Fund (Note)	(11,680,985,464)

(Note) Profit or loss regarding retirement benefits is calculated as deduction amount on the Statement of Administrative Service Operation Cost.

(5) Major components of plan assets

Percentages of components to the total (excluding plan assets paid in advance) are as follows;

Bonds	38%
Stocks	31%
General account of life insurance company	21%
Others	10%
Total	100%

(6) Method of determining the long-term expected rate of return on plan assets

The long-term expected rate of return on plan assets is determined based on components of plan assets, its performance and market condition, etc.

(7) Assumptions used

Principal assumptions used in actuarial calculations at the end of the fiscal year

Discount rate	Defined benefit corporate pension plan	0.23%
	Retirement benefits	0.74%
Long-term expected rate of return on plan assets		0.00%

3 Defined contribution plan

The amount of contribution required to be made to the defined contribution plan is ¥52,224,609.

(Lease transactions)**1. Future minimum lease payments related to operating lease transactions are as follows:**

Future minimum lease payments due within one year of the balance sheet date	¥8,180,471
Future minimum lease payments corresponding to periods more than one year from the balance sheet date	¥14,589,963

2. The amount of the finance lease transactions that influenced the current business year's profits and losses was ¥1,066,542. Total income for the current business year after the deduction of this amount was ¥1,897,459,614.**(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%.

The balance of the asset retirement obligations at the end of the current business year was ¥276,125,850.

(Significant Contractual Liabilities)

Contractual liabilities JICA is obligated to pay from during the next business year and thereafter are ¥5,364,156,052

(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, 2016)

Assets			
I. Current assets			
Cash and deposits		87,531,224,966	
Loans	11,502,090,784,898		
Allowance for loan losses	(153,208,197,398)	11,348,882,587,500	
Advance payments		9,753,544,819	
Prepaid expenses		108,726,069	
Accrued income			
Accrued interest on loans	34,642,109,569		
Accrued commitment charges	887,201,055		
Accrued interest	88,076	35,529,398,700	
Accounts receivable		1,045,341,298	
Suspense payments		4,463,250	
Advances paid		614,633	
Short-term guarantee deposits		43,182,000,000	
Total current assets			11,526,037,901,235
II. Non-current assets			
1. Tangible assets			
Buildings	3,244,509,548		
Accumulated depreciation	(899,795,733)		
Accumulated impairment loss	(675,214,797)	1,669,499,018	
Structures	50,459,764		
Accumulated depreciation	(20,856,209)		
Accumulated impairment loss	(11,670,468)	17,933,087	
Machinery and equipment	193,923,940		
Accumulated depreciation	(62,111,035)		
Accumulated impairment loss	(102,287,680)	29,525,225	
Vehicles	341,704,167		
Accumulated depreciation	(217,899,918)	123,804,249	
Tools, furniture and fixtures	352,585,435		
Accumulated depreciation	(208,164,963)	144,420,472	
Land	12,703,270,000		
Accumulated impairment loss	(6,091,196,973)	6,612,073,027	
Construction in progress		13,031,172	
Total tangible assets		8,610,286,250	
2. Intangible assets			
Trademark right		529,269	
Software		42,658,030	
Software in progress		192,453,675	
Total intangible assets		235,640,974	
3. Investments and other assets			
Investment securities		923,593,356	
Shares of affiliated companies		41,753,390,955	
Claims probable in bankruptcy, claims probable in rehabilitation, and other	63,845,414,239		
Allowance for loan losses	(63,845,414,239)	0	
Long-term prepaid expenses		18,333,132	
Long-term guarantee deposits		726,528,994	
Total investments and other assets		43,421,846,437	
Total non-current assets			52,267,773,661
Total assets			11,578,305,674,896

(Unit: Yen)

Liabilities			
I. Current liabilities			
Current portion of borrowings from government fund for Fiscal Investment and Loan Program	219,211,646,000		
Accounts payable	6,024,351,871		
Accrued expenses	6,793,821,158		
Derivatives	43,259,483,859		
Lease obligations	32,079,914		
Deposits received	24,363,335		
Unearned revenue	21,923,427		
Provision			
Provision for bonuses	259,858,791		
Provision for contingent losses	15,766,237,754	16,026,096,545	
Suspense receipt		37,780,241	
Total current liabilities			291,431,546,350
II. Non-current liabilities			
Bonds	477,305,000,000		
Discounts on bonds payable	(169,202,563)		
Borrowings from government fund for Fiscal Investment and Loan Program	1,537,318,931,000		
Long-term lease obligations	32,998,367		
Long-term deposits received	1,161,485,000		
Provision for retirement benefits	4,063,412,799		
Asset retirement obligations	70,374,150		
Total non-current liabilities			2,019,782,998,753
Total liabilities			2,311,214,545,103
Net assets			
I. Capital			
Government investment	7,862,157,840,510		
Total capital			7,862,157,840,510
II. Retained earnings			
Reserve fund	1,369,795,600,709		
Unappropriated income for the current business year	102,762,464,386		
[Total income for the current business year]	[102,762,464,386]		
Total retained earnings			1,472,558,065,095
III. Valuation and translation adjustments			
Valuation difference on available-for-sale securities	(51,810,024)		
Deferred gains or losses on hedges	(67,572,965,788)		
Total valuation and translation adjustments			(67,624,775,812)
Total net assets			9,267,091,129,793
Total liabilities and net assets			11,578,305,674,896

Statement of Income (April 1, 2015–March 31, 2016)

(Unit: Yen)

Ordinary expenses

Expenses related to operations of cooperation through finance and investment

Interest on bonds and notes	5,750,649,584	
Interest on borrowings	21,180,259,848	
Interest on interest rate swaps	8,227,523,160	
Operations consignment expenses	22,204,483,756	
Bond issuance cost	329,293,249	
Personnel expenses	3,624,946,268	
Provision for bonuses	259,858,791	
Retirement benefit expenses	133,207,468	
Operating and administrative expenses	12,541,993,818	
Depreciation	245,756,869	
Taxes	81,334,300	
Loss on valuation of investment securities	77,949,645	
Loss on valuation of shares of affiliated companies	844,526,577	
Provision for allowance for loan losses	10,797,999,542	
Provision for allowance for contingent losses	4,089,303,465	
Other operating expenses	13,141,443	90,402,227,783

Total ordinary expenses		90,402,227,783
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Ordinary revenues

Revenues from operations of cooperation through finance and investment

Interest on loans	161,474,437,954	
Interest on bonds	9,099,453	
Dividends on investments	24,369,414,558	
Commissions	3,390,551,363	
Foreign exchange gains	10,705,094	
Gain on valuation of shares of affiliated companies	12,263,018	189,266,471,440

Financial revenues

Interest income	33,539,547	33,539,547
Miscellaneous income		810,179,009
Recoveries of written-off claims		19,878,116

Total ordinary revenues		190,130,068,112
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Ordinary income		99,727,840,329
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Extraordinary losses

Loss on disposal of non-current assets	3,368,052	
Loss on sales of non-current assets	2,872,463	6,240,515

Extraordinary income

Gain on sales of non-current assets	8,428,366	
Gain on transfer of benefit obligation relating to employees' pension fund	3,032,436,206	3,040,864,572

Net income

102,762,464,386

Total income for the current business year

102,762,464,386

Statement of Cash Flows (April 1, 2015–March 31, 2016)

(Unit: Yen)

I. Cash flows from operating activities	
Payments for loans	(964,720,165,305)
Repayments of borrowings from the private sector	(166,300,000,000)
Repayments of borrowings from government fund for Fiscal Investment and Loan Program	(244,354,953,000)
Redemption of bonds	(10,000,000,00)
Interest expenses paid	(47,717,619,104)
Payments for personnel expenses	(4,224,090,139)
Payments for other operations	(94,449,546,892)
Proceeds from collection of loans	696,468,637,693
Proceeds from borrowings from the private sector	166,300,000,000
Proceeds from borrowings from government fund for Fiscal Investment and Loan Program	297,300,000,000
Proceeds from issuance of bonds	59,670,706,751
Proceeds from interest on loans	157,425,496,231
Proceeds from commissions	3,154,307,597
Proceeds from other operations	40,112,146,712
Subtotal	(111,335,079,456)
Interest and dividend income received	24,413,920,122
Net cash used in operating activities	(86,921,159,334)
II. Cash flows from investing activities	
Payments for purchase of non-current assets	(339,762,722)
Proceeds from sales of non-current assets	22,413,012
Payments for purchase of investment securities	(921,510,610)
Proceeds from sales and collection of investment securities	15,693,685
Proceeds from sales and collection of shares of affiliated companies	460,612,268
Payments for purchase of negotiable deposits	(279,900,000,000)
Proceeds from refund of negotiable deposits	279,900,000,000
Net cash used in investing activities	(762,554,367)
III. Cash flows from financing activities	
Repayments of lease obligations	(94,755,152)
Receipt of government investment	48,260,000,000
Net cash provided by financing activities	48,165,244,848
IV. Net increase in funds (decrease)	(39,518,468,853)
V. Funds at the beginning of the business year	127,049,693,819
VI. Funds at the end of the business year	87,531,224,966

Statement of Administrative Service Operation Cost (April 1, 2015–March 31, 2016)

(Unit: Yen)

I. Operating expenses		
(1) Expenses in the statement of income		
Expenses related to operations of cooperation through finance and investment	90,402,227,783	
Loss on disposal of non-current assets	3,368,052	
Loss on sales of non-current assets	2,872,463	90,408,468,298
(2) (Deduction) Self-revenues, etc.		
Revenues from operations of cooperation through finance and investment	(189,266,471,440)	
Financial revenues	(33,539,547)	
Miscellaneous income	(810,179,009)	
Recoveries of written-off claims	(19,878,116)	
Gain on sales of non-current assets	(8,428,366)	
Gain on transfer of benefit obligation relating to employees' pension fund	(3,032,436,206)	(193,170,932,684)
Total operating expenses		(102,762,464,386)
II. Estimated increase in retirement benefits not included in provision		4,205,789
III. Opportunity cost		
Opportunity cost of government investment		0
IV. Administrative service operation cost		(102,758,258,597)

Significant Accounting Policies

Effective for the year ended March 31, 2016, JICA adopted the "Accounting Standards for Incorporated Administrative Agencies" and "Notes to Accounting Standards for Incorporated Administrative Agencies" (February 16, 2000 (Revised January 27, 2015), and the "Q&A on Accounting Standards for Incorporated Administrative Agencies and Notes to Accounting Standards for Incorporated Administrative Agencies" (August 2000 (Finally revised February 2016)).

1 Depreciation method

(1) Tangible assets (except for lease 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 (except for lease assets)

Straight-line method

Software used by JICA is depreciated over its useful life (5 years), which has been determined by JICA.

(3) Lease assets

Lease assets are depreciated by the straight-line method over the lease term. Depreciation for lease assets is calculated with zero residual value being assigned to the asset.

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 retirement benefit obligations and estimated plan assets applicable to the business year ended March 31, 2016. In calculating the retirement benefit obligations, the estimated amount of retirement benefit payments is attributed to the period based on the straight-line basis. The profit and loss appropriation method for actuarial differences and past service costs 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 costs 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.

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 for the business year 2015.

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 (including regional departments) based on internal rules for self-assessment of asset quality. 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 the undisbursed balance of loan commitments, which JICA is absolutely obligated to extend. The amount of the provision is estimated based on the possibility of 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 using the moving-average method.

However, when the amount corresponding to the equity holding has fallen below the cost at acquisition, the amount corresponding to the equity holding is used.

(2) Other investment securities (whose fair value is extremely difficult to determine)

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

Investments in limited partnerships and other similar partnerships, which are regarded as securities under Article 2, Clause 2 of the Japanese Financial Instruments and Exchange Law, are recognized at an amount equivalent to JICA's percentage share of the net assets of such partnerships, based upon the most recent financial statements available depending on the report date stipulated in the partnership agreement.

6 Standard and method for the valuation of derivative transactions

All derivative financial instruments are carried at fair value.

7 Method for amortization of discount on bonds payable

Discount on bonds payable is amortized over the duration of the bonds.

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

Foreign currency money claims and liabilities are translated into Japanese yen mainly 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

Interest rate used to compute opportunity cost concerning government investment:

0.000% with reference to the yield of 10-year fixed-rate Japanese government bonds at the end of March 2016.

10 Method of hedge accounting

(1) Method of hedge accounting

Interest rate swaps are accounted for using the deferral hedge accounting method. As for interest rate and currency swaps, the interest rate part is accounted for using the accrual method and the currency part is accounted for by the assignment method.

(2) Hedging instruments and hedged items

[1] Hedging instruments...Interest rate swaps

Hedged items...Loans and bonds

- [2] Hedging instruments...Interest rate and currency swaps
Hedged items...Foreign currency bonds

(3) Hedging policy

JICA engages in interest rate swaps or interest rate and currency swaps for the purpose of hedging interest rate or currency fluctuation risks.

(4) Method of evaluation of hedge effectiveness

Hedges that offset market fluctuations of loans are assessed based on discrepancies with regard to maturity and notional principal and others between hedged loans and hedging instruments.

Hedges that offset market fluctuations of bonds are assessed by measuring

and comparing the change in fair value of both hedging instruments and corresponding hedged items from the date of inception of the hedges to the assessment date. As for interest rate and currency swaps that satisfy the requirements of the accrual method and the assignment method, JICA is not required to periodically evaluate hedge effectiveness.

11 Accounting treatment for consumption taxes

Consumption taxes and local consumption taxes are included in transaction amounts.

Notes to the 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 was succeeded by the Japan Bank for International Cooperation:

Fiscal Investment and Loan Program (FILP) Agency Bonds
250,000,000,000 Yen

2 Undisbursed balance of loan commitments

Most of JICA's loans are long term. Ordinarily, when receiving a request for disbursement of a loan from a borrower, corresponding to the intended use of funds as stipulated by the loan agreement, and 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 an outstanding balance within the limit of loan commitments. The undisbursed balance of loan commitments as of March 31, 2016 was ¥5,707,740,258,384.

(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 the former 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, 2016)

Cash and deposits	¥87,531,224,966
Ending balance of funds	¥87,531,224,966

2 Description of significant non-cash transactions

Assets granted under finance lease	
Tools, furniture and fixtures	¥11,830,346

(Statement of Administrative Service Operation Cost)

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

Of the estimated increase in retirement benefits not included in the provision, ¥4,205,789 was recognized as the current-business-year increase of provision for retirement benefits for 29 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. In undertaking these operations, it raises funds by borrowing from the Japanese Government under the FILP, borrowing from financial institutions, issuing bonds, and receiving capital investment from the Japanese Government. From the perspective of asset-liability management (ALM), derivative transactions are conducted for mitigating the adverse impact caused by interest rate and foreign exchange 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 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. In addition to the above, foreign currency bonds are exposed to foreign exchange fluctuation risk.

(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 departments responsible for each region in addition to the Credit Risk Analysis and Environmental Review Department and General Affairs Department. Additionally, the Risk Management Committee of the Finance and Investment Account and Board Meeting convene on a regular basis for the purpose of deliberating or reporting. Moreover, the Office of Audit monitors the status of credit management.

The credit risks 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 the 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) Foreign exchange risk management

Foreign currency bonds are exposed to foreign exchange fluctuation risk; as such, interest rate and currency swaps are employed to avert or reduce foreign exchange risk.

(iii) Price volatility risk management

Stocks that are held for policy-oriented purposes are monitored for changes in value 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 of the Finance and Investment Account and Board Meeting.

[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, derivative 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	11,502,090,784,898		
Allowance for loan losses	(153,208,197,398)		
	11,348,882,587,500	12,058,875,759,222	709,993,171,722
(2) Claims probable in bankruptcy, claims probable in rehabilitation, and other	63,845,414,239		
Allowance for loan losses	(63,845,414,239)		
	0	0	0
(3) Borrowings from government funds for FILP (including borrowings due within one year)	[1,756,530,577,000]	[1,866,440,558,883]	[109,909,981,883]
(4) Derivative transactions	[43,259,483,859]	[43,259,483,859]	0

* 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 government fund for FILP (including borrowings due within one year)

Fair value of borrowings from government fund for 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 to be extremely difficult to determine. They are not included in the fair value information of financial instruments.

(Unit: Yen)

	Balance sheet amount
Investment securities *1	923,593,356
Shares of affiliated companies *1	41,753,390,955
Undisbursed balance of loan commitments *2	0

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

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

(Retirement benefits)**1 Overview of retirement benefit plans**

To provide retirement benefits for employees, JICA has a defined benefit pension plan comprised of a defined benefit corporate pension plan and a lump-sum severance indemnity plan, and a defined contribution pension plan comprised of a defined contribution pension plan.

Effective March 1, 2014, JICA has been authorized by the Minister of Health, Labour and Welfare to be exempt from the obligations to pay future amounts in respect of the part of the welfare pension fund it manages for the government. Subsequently on April 1, 2015, JICA has been authorized to transfer to the government the past substitutional portion.

2 Defined benefit pension plan**(1) The changes in the retirement benefit obligation are as follows:**

(Unit: Yen)

Retirement benefit obligation at the beginning of the fiscal year	11,074,620,367
Current service cost	289,359,149
Interest cost	89,647,646
Actuarial difference	(153,241,344)
Retirement benefit paid	(344,945,045)
Past service cost	0
Contribution by the employee	0
Decrease associated with the return of a substitutional portion of the Employees' Pension Fund	(3,032,436,206)
Retirement benefit obligation at the end of the fiscal year	7,923,004,567

(2) The changes in the plan assets are as follows:

(Unit: Yen)

Plan assets at the beginning of the fiscal year	3,743,728,949
Expected return on plan assets	0
Actuarial difference	105,602,904
Contribution by the company	119,127,422
Retirement benefit paid	(126,795,141)
Contribution by the employee	17,927,634
Plan assets at the end of the fiscal year	3,859,591,768

(Note) Plan assets include ¥1,624,500,810 paid in advance to the National Treasury in relation to the return of the substitutional portion of the Employees' Pension Funds.

(3) Reconciliation of the retirement benefit obligations and plan assets and provision for retirement benefits and prepaid pension expenses in the balance sheets

(Unit: Yen)

Funded retirement benefit obligation	4,396,285,857
Plan assets	(3,859,591,768)
Unfunded benefit obligations of funded pension plan	536,694,089
Unfunded benefit obligations of unfunded pension plan	3,526,718,710
Subtotal	4,063,412,799
Unrecognized actuarial differences	0
Unrecognized past service cost	0
Net amount of assets and liabilities in the balance sheets	4,063,412,799
Provision for retirement benefits	4,063,412,799
Prepaid pension expenses	0
Net amount of assets and liabilities in the balance sheets	4,063,412,799

(4) Profit or loss regarding retirement benefits

	(Unit: Yen)
Current service cost	289,359,149
Interest cost	89,647,646
Expected return on plans assets	0
Realized actuarial differences	(258,844,248)
Amortization of past service cost	0
Extraordinary additional retirement payments	0
Total	120,162,547
Profit or loss associated with the return of a substitutional portion of the Employees' Pension Fund (Note)	(3,032,436,206)

(Note) Recorded as a component of extraordinary income.

(5) Major components of plan assets

Percentages of components to the total (excluding plan assets paid in advance) are as follows;

Bonds	38%
Stocks	31%
General account of life insurance company	21%
Others	10%
Total	100%

(6) Method of determining the long-term expected rate of return on plan assets

The long-term expected rate of return on plan assets is determined based on components of plan assets, its performance and market condition, etc.

(7) Assumptions used

Principal assumptions used in actuarial calculations at the end of the fiscal year

Discount rate	Defined benefit corporate pension plan	0.23%
	Retirement benefits	0.74%
Long-term expected rate of return on plan assets		0.00%

3 Defined contribution plan

The amount of contribution required to be made to the defined contribution

plan is ¥13,044,921.

(Lease transactions)

Future minimum lease payments related to operating lease transactions are as follows:

Future minimum lease payments due within one year of the balance sheet date	¥186,974
Future minimum lease payments corresponding to periods more than one year from the balance sheet date	¥744,377

(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%.

The balance of the asset retirement obligations at the end of the current business year was ¥70,374,150.

(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 are as follows:

Investment amount in affiliated companies	¥41,753,390,955
Investment amount when applying the equity method	¥50,160,905,916
Capital gain amount from investments when applying the equity method	¥18,016,408,651

(Significant Contractual Liabilities)

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	11,223,481	973,734	695,124	—	11,502,091	
Claims probable in bankruptcy, claims probable in rehabilitation, and other	68,325	—	4,479	—	63,845	
Total	11,291,805	973,734	699,604	—	11,565,936	

* Increase during the period and decrease during the period by collection in the current business year include reclassifications between "Loans" and "Claims probable in bankruptcy, claims probable in rehabilitation and other".

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 Fiscal Investment and Loan Program	1,703,586	297,300	244,355	1,756,531 (219,212)	1.157	June 2016–November 2040	

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

Details of bonds

(Unit: Millions of Yen, Thousands of US\$)

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	370,000	60,000	10,000	420,000 (—)	0.150–2.470	December 2018–September 2041	
Japan International Cooperation Agency Government-guaranteed Bonds	57,305	—	—	57,305 [\$500,000] (—)	1.875	November 2019	

* Figures in parentheses indicate the amount of bonds redeemable within one year. The amount in [] is denominated in a foreign currency.

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.