

## Financial Statements

◆ Budgets and Results April 1, 2005 to March 31, 2006

(In millions of yen)

		Budget	Result
Revenues	Government subsidies	13,729	13,729
	Investment revenue	1,886	1,792
	Donation revenue	655	1,016
	Other revenue	129	203
	Revenue from disposition of inheritance reserve	396	371
<b>Total</b>		<b>16,797</b>	<b>17,113</b>

Expenditures	<b>Operating expenses</b>	<b>12,680</b>	<b>12,991</b>
	Arts and cultural programs	3,542	3,385
	Japanese-language programs	3,602	3,562
	Japanese studies and intellectual exchange programs	2,479	2,472
	Survey, research, and information-service programs	440	531
	Other programs	2,615	3,039
	<b>General and administrative expenses</b>	<b>4,438</b>	<b>4,480</b>
	Salaries and wages	2,629	2,660
Supplies	1,809	1,819	
<b>Total</b>		<b>17,119</b>	<b>17,471</b>

- Notes: 1. Expenditures include 341 million yen brought forward from the previous year.  
 2. The increase in revenues mainly consists of increases in specified donation revenues and revenues earned from offering the Japanese-Language Proficiency Test.  
 3. Totals may not correspond due to rounding of fractional amounts of less than 1 million yen.

## ◆ Balance Sheet As of March 31, 2006

Assets		(In yen)	
Current assets	Cash and deposits		9,233,125,948
	Marketable securities		7,151,123,473
	Prepaid expenses		33,059,556
	Accrued income		285,997,846
	Other current assets		32,289,067
<b>Total current assets</b>			<b>16,735,595,890</b>
Fixed assets	Tangible fixed assets		
	Buildings	12,494,062,452	
	Accumulated depreciation	(1,379,509,103)	11,114,553,349
	Structures	309,667,593	
	Accumulated depreciation	(67,420,872)	242,246,721
	Machinery and equipment	9,134,105	
	Accumulated depreciation	(4,272,745)	4,861,360
	Vehicles and transport equipment	89,004,727	
	Accumulated depreciation	(47,451,655)	41,553,072
	Tools, equipment, and fixtures	945,659,053	
	Accumulated depreciation	(530,536,609)	415,122,444
	Art objects		432,165,349
	Land		216,327,000
	Construction in progress		50,555,960
<b>Total tangible fixed assets</b>			<b>12,517,385,255</b>
Intangible fixed assets	Land lease rights		10,598,000
	Software		64,915,032
	Telephone subscription rights		567,000
	<b>Total intangible fixed assets</b>		
Investments and other assets	Investment securities		84,578,257,001
	Deposits and bonds		1,740,489,907
	<b>Total investments and other assets</b>		
<b>Total fixed assets</b>			<b>98,912,212,195</b>
<b>Total assets</b>			<b>115,647,808,085</b>

## Liabilities

Current liabilities	Government operational expense subsidies		344,959,492	
	Donations entrusted		15,000,000	
	Amount in arrears		747,862,369	
	Accrued expenses		4,607,358	
	Consumption tax payable		228,300	
	Advance receipt		302,400	
	Deposits payable		38,108,027	
	Lease liabilities		13,128,881	
	Allowances			
	Allowances for bonuses	16,647,247	16,647,247	
	<b>Total current liabilities</b>			<b>1,180,844,074</b>
Fixed liabilities	Asset counterpart liabilities		556,085,383	
	Government operational expense subsidies related to asset counterpart	505,529,423		
	Government operational expense subsidies related to construction in progress counterpart	50,555,960		
	Long-term lease liabilities		2,499,550	
<b>Total fixed liabilities</b>			<b>558,584,933</b>	
<b>Total liabilities</b>			<b>1,739,429,007</b>	

## Shareholders' equity

Capital stock	Government investment	112,970,859,465	
	<b>Total capital stock</b>		<b>112,970,859,465</b>
Capital surplus	Capital stock	(8,437,489)	
	Accumulated depreciation outside profit and loss	(2,005,259,928)	
	Endowments from private sector	899,251,787	
	<b>Total capital surplus</b>		<b>(1,114,445,630)</b>
Retained earnings	Inheritance reserve	1,463,118,046	
	Reserve	381,898,735	
	Unappropriated profit for the term (Of which: Gross profit for the term)	206,948,462	
	<b>Total retained earnings</b>		<b>2,051,965,243</b>
<b>Total shareholders' equity</b>			<b>113,908,379,078</b>
<b>Total liabilities and shareholders' equity</b>			<b>115,647,808,085</b>

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### ◆ Profit and Loss Statement April 1, 2005 to March 31, 2006

Ordinary expenses	Arts and cultural programs		3,752,016,138
	Japanese-language programs		3,895,315,131
	Japanese studies and intellectual exchange programs		2,723,681,257
	Survey, research, and information-service programs		650,233,213
	Other programs		
	Overseas programs	2,743,195,320	
	Cooperating in cultural exchange facilities program	973,034,814	3,716,230,134
	General and administrative expenses		2,373,158,691
	Financial expenses		519,248
<b>Total ordinary expenses</b>		<b>17,111,153,812</b>	

Ordinary income	Income from government operational expense subsidies		13,667,937,794
	Income from investments		1,817,148,205
	Income from donations		
	Income from donations	47,415,249	
	Income from specified donations	964,936,216	1,012,351,465
	Refund of asset counterpart		
	Refund of government operational expense subsidies related to asset counterpart	59,599,534	59,599,534
	Financial income		
	Interest received	340,764	340,764
	Sundry income		389,319,135
<b>Total ordinary income</b>		<b>16,946,696,897</b>	
<b>Ordinary loss</b>		<b>164,456,915</b>	

<b>Net loss for the term</b>		<b>164,456,915</b>
<b>Income from disposition of inheritance reserve</b>		<b>371,405,377</b>
<b>Net income for the term</b>		<b>206,948,462</b>

### ◆ Statement of Profit Distribution

<b>Unappropriated retained earnings at the end of the term</b>		<b>206,948,462</b>
Gross profit	206,948,462	
<b>Appropriation of retained earnings</b>		<b>206,948,462</b>
Reserve	206,948,462	

◆ **Cash Flow Statement** April 1, 2005 to March 31, 2006

		(In yen)
Cash flow from operating activities	Program expenses	(12,692,907,172)
	Salaries and wages	(2,662,386,004)
	Other operating expenses	(1,844,324,299)
	Revenue from government operational expense subsidies	13,729,529,000
	Investment revenue	1,792,477,503
	Revenue from donations	1,016,556,047
	Other miscellaneous revenue	279,717,683
	<b>Subtotal</b>	<b>(381,337,242)</b>
	Interest received	340,744
	Interest paid	(519,248)
	<b>Cash flow from operating activities</b>	<b>(381,515,746)</b>
Cash flow from investment activities	Expenses for acquisition of investment securities	(9,130,131,288)
	Revenue from redemption of investment securities	9,920,216,011
	Expenses for acquisition of tangible fixed assets	(233,451,095)
	Revenue from selling of tangible fixed assets	8,885,063
	Expenses for acquisition of deposits and bonds	(70,197,153)
	<b>Cash flow from investment activities</b>	<b>495,321,538</b>
Cash flow from financial activities	Expenses for repayment of lease liabilities	(28,288,792)
	Revenue from government investment	2,000,000,000
	Revenue from endowments from private sector	3,000,000
	<b>Cash flow from financial activities</b>	<b>1,974,711,208</b>
Difference in conversion related to funds		2,016,541
Increase in funds		2,090,533,541
Balance at the beginning of the term		7,142,592,407
<b>Balance at the end of the term</b>		<b>9,233,125,948</b>

◆ **Statement of Administrative Service Execution Costs** April 1, 2005 to March 31, 2006

		(In yen)	
Operating expenses	Expenses in the profit and loss statement		
	Program expenses	14,737,475,873	
	General and administrative expenses	2,373,158,691	
	Financial expenses	519,248	
	Miscellaneous loss	0	17,111,153,812
	(Deducted) Revenue, on hand etc.		
	Income from investments	(1,817,148,205)	
	Income from donations	(1,012,351,465)	
	Financial income	(340,764)	
	Miscellaneous profits	(389,319,135)	(3,219,159,569)
	<b>Total operating expenses</b>		<b>13,891,994,243</b>
Amount equivalent to depreciation, etc. outside profit and loss	Amount equivalent to depreciation outside profit and loss	771,354,507	
	Amount equivalent to the value of retired fixed assets outside profit and loss	2,299,162	773,653,669
Estimated increase in retirement allowances not provided for			(256,066,747)
Opportunity cost	Opportunity cost of margin transactions which are gratis or at a reduced fee for assets from national or local public bodies	403,935,055	
	Opportunity cost of investments by the government or local public organizations	1,952,464,943	2,356,399,998
<b>Total administrative service execution costs</b>			<b>16,765,981,163</b>