

Japan Overseas Infrastructure Investment Corporation
for Transport & Urban Development

Financial Statements

For the 1st fiscal year
From October 20, 2014 to March 31, 2015

Independent Auditors' Report
(Translation)

May 26, 2015

To the Board of Directors of
Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development

BDO Toyo & Co.
Shinichi Nakashio
Designated Partner
Engagement Partner
Certified Public Accountant

Akihisa Asakawa
Designated Partner
Engagement Partner
Certified Public Accountant

We have audited the accompanying financial statements of Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development (the "Company") for the 1st fiscal year from October 20, 2014 to March 31, 2015, which comprise the balance sheet, the statement of operations and changes in equity, the notes to financial statements and the supporting schedules, in accordance with item 1, paragraph 2 of Article 436 of the Companies Act.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements and the related supporting schedules in accordance with accounting principles generally accepted in Japan. The responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements and the related supporting schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements and the related supporting schedules based on our audit. We conducted our audit in accordance with the auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the related supporting schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the related supporting schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and the related supporting schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements and the related supporting schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the related supporting schedules. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit opinion

In our opinion, the financial statements and the related supporting schedules referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2015, and the results of its operations for the year then ended in accordance with accounting principles generally accepted in Japan.

Conflict of Interest

Our firm or the engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

Balance Sheet

(As of March 31, 2015)

(Thousands of yen)

Assets		Liabilities and net assets	
(Assets)		(Liabilities)	
Current assets:	10,297,213	Current liabilities:	41,956
Cash and deposits	10,285,940	Accounts payable-Other	20,102
Prepaid expenses	10,493	Income taxes payable	9,951
Other	778	Lease obligations	4,741
Non-current assets:	237,438	Other	7,160
Property and equipment:	141,214	Non-current liabilities:	16,941
Buildings	71,600	Lease obligations	16,941
Tools, furniture and fixtures	49,942	Total liabilities	58,897
Leased assets	36,261	(Net assets)	
Accumulated depreciation	△ 16,590	Shareholders' equity:	10,511,017
Intangible assets:	1,490	Capital stock	5,398,750
Software	1,490	Capital surplus:	5,398,750
Investments and other assets:	94,733	Legal capital surplus	5,398,750
Lease deposits	82,433	Retained earnings:	△ 286,482
Other	12,299	Other retained earnings:	△ 286,482
Deferred assets:	35,262	Retained earnings brought forward	△ 286,482
Deferred organization expenses	35,262	Total net assets	10,511,017
Total assets	10,569,914	Total liabilities and net assets	10,569,914

Amounts of less than 1 thousand yen are rounded off.

Statement of Operations

(From October 20, 2014 to March 31, 2015)

(Thousands of yen)

Operating expenses		282,749
Operating loss		282,749
Non-operating income		
Interest income	688	688
Non-operating expenses		
Amortization of deferred organization expenses	3,918	3,918
Ordinary loss		285,978
Loss before income taxes		285,978
Income taxes		504
Net loss		286,482

Amounts of less than 1 thousand yen are rounded off.

Statement of Changes in Equity

(From October 20, 2014 to March 31, 2015)

(Thousands of yen)

	Shareholders' equity				Total net assets
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity	
		Legal capital surplus	Other retained earnings		
			Retained earnings brought forward		
Balance at October 20, 2014	-	-	-	-	-
Changes of items during period					
Issuance of common stock at incorporation	5,398,750	5,398,750	-	10,797,500	10,797,500
Net loss	-	-	Δ 286,482	Δ 286,482	Δ 286,482
Total changes of items during period	5,398,750	5,398,750	Δ 286,482	10,511,017	10,511,017
Balance at March 31, 2015	5,398,750	5,398,750	Δ 286,482	10,511,017	10,511,017

Amounts of less than 1 thousand yen are rounded off.

Notes to Financial Statements

Amounts of less than 1 thousand yen are rounded off.

1. Significant Accounting Policies

(1) Depreciation method of non-current assets

① Property and equipment (excluding leased assets)

Depreciation is provided by the declining-balance method, except for the buildings (excluding building facilities), which are depreciated using the straight-line method.

The useful lives adopted for major assets are as follows:

Buildings: 10 -15 years

Tools, furniture and fixtures: 3-10 years

② Leased assets

Leased assets under finance lease arrangements which do not transfer the ownership of the leased property to the lessee are depreciated to a residual value of zero by the straight-line method using lease period as the useful life.

③ Intangible assets

Intangible assets are amortized using the straight-line method. Computer software for internal use is amortized by the straight-line method over the estimated useful lives (5 years).

(2) Amortization method of deferred assets

① Deferred organization expenses

Deferred organization expenses are amortized by the straight-line method over 5 years.

(3) Accounting for provisions

Provision for bonuses

For payment of employees' bonuses, provision is provided for the portion of the total anticipated bonuses that is attributable to the fiscal year.

(4) Other significant matters which constitute the basis for preparation of the financial statements

Accounting for consumption taxes

Consumption taxes are excluded in transaction amounts.

2. Notes to balance sheet

There are no items to be disclosed.

3. Notes to statement of income

There are no items to be disclosed.

4. Notes to statement of changes in equity

Class and number of shares at the end of the year:

Common stock 215,950 shares

5. Notes to taxes effect accounting

Main sources of deferred tax assets:

Deferred tax assets:

Accrued enterprise taxes	3,123 thousand yen
Other	<u>2,331 thousand yen</u>
Subtotal	5,454 thousand yen
Valuation Allowance	<u>△ 5,454 thousand yen</u>
Total	<u>— thousand yen</u>

6. Notes to financial instruments

(1) States of financial instruments

① Management policy on financial instruments

The Company conducts investment activities based on the standards stipulated in the Act on Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development. To conduct investment activities, the Company raises the necessary funds by equity capital and issuance of Government-Guaranteed Bonds.

Regarding fund management, the Company invests only in short-term deposits and investment securities (certificates of deposit) to secure liquidity and safety of funds.

② Features and risks of financial instruments

Financial instruments held by the Company are short-term deposits. There is no risk of fluctuations in market prices.

③ Risk management of financial instruments

Liquidity risk management for financing

The Company controls liquidity risks by monitoring deposits and payments and preparing the statement of cash positions regularly.

(2) Fair value of financial instruments

Book value, fair value and the difference between them as of March 31, 2015 are as follows:

(Thousand of yen)

	Book value	Fair value	Difference
Cash and deposits	10,285,940	10,285,940	—

① Fair value measurement of financial instruments

Cash and deposits:

The book value approximates fair value due to the short term settlements.

② Future redemption of financial assets with maturities are as follows:

(Thousand of yen)

	Within one year
Cash and deposits	10,285,940

7. Notes to related party transactions

(1) The Company directors and principal shareholders, etc.

(Thousands of yen)

Attribution	Name	Percentage of voting rights ,etc.	Relationship	Nature of transactions	Transaction amounts	Accounting classification	Year-end balance
Principal shareholder	Minister of Finance	Owned directly 50.01%	Investments in capital at incorporation	Investments in capital at incorporation	5,400,000	—	—

Business conditions and policy for determining the business conditions:

Minister of Finance acquired shares issued by the Company at incorporation in the amount of ¥50 thousand per share.

8. Notes to per share information

Net assets per share	¥48,673.38
Net loss per share	¥1,326.61

9. Notes to significant subsequent events

There are no items to be disclosed.