

Independent Auditor's Report

Mr. Hiroyuki Kato, the president
Not-for-Profit Organization Médecins Sans Frontières Japon

We have audited the financial statements, comprising the balance sheet, the statement of financial activities, the statement of cash flows, the notes to financial statements and the summary of assets of Not-for-Profit Organization Médecins Sans Frontières Japon as of and for the year ended December 31, 2016.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with accounting principles of public interest corporation generally accepted in Japan; and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit as independent auditor. We conducted our audit in accordance with 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 are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is 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 presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above are prepared, in all material respects, in accordance with the accounting standards of public interest corporation generally accepted in Japan.

Other Matter

We have no interest in the Partnership which should be disclosed pursuant to the provisions of the Certified Public Accountants Law of Japan.

KPMG AZSA LLC

Mar 17, 2017
Tokyo, Japan

Not-for-Profit Organization
Médecins Sans Frontières Japan

Balance Sheet

As of December 31, 2016

(Unit : JPY)

	2016	2015	Changes	
			Amount	%
I Assets				
1. Current Assets				
Cash and deposit with banks	1,186,190,987	1,412,488,641	-226,297,654	-16.0%
Accounts receivable (※1)	247,010,812	99,349,257	147,661,555	148.6%
Prepaid expenses	10,615,582	7,746,553	2,869,029	37.0%
Advances (※2)	117,502,991	84,650,686	32,852,305	38.8%
Other current assets	13,875,593	13,609,449	266,144	2.0%
Total Current Assets	1,575,195,965	1,617,844,586	-42,648,621	-2.6%
2. Non Current Assets				
1) Specific purpose funds (※3)				
Reserve funds for development of donor data management system	-	61,560,000	-61,560,000	-100.0%
Total specific purpose funds	-	61,560,000	-61,560,000	-100.0%
2) Other non current assets				
Building structures	4,852,869	7,804,056	-2,951,187	-37.8%
Office equipment and fixtures	12,462,023	14,615,100	-2,153,077	-14.7%
Software	51,494,517	9,184,422	42,310,095	460.7%
Leased assets	-	891,064	-891,064	-100.0%
Long-term deposit	46,823,780	31,613,970	15,209,810	48.1%
Total Non Current Assets	115,633,189	125,668,612	-10,035,423	-8.0%
Total Assets	1,690,829,154	1,743,513,198	-52,684,044	-3.0%
II Liabilities				
1. Current Liabilities				
Accounts payable (※4)	625,910,585	454,456,036	171,454,549	37.7%
Deposits received	2,179,311	1,491,543	687,768	46.1%
Short-term lease obligation	-	930,201	-930,201	-100.0%
Total Current Liabilities	628,089,896	456,877,780	171,212,116	37.5%
2. Non Current Liabilities				
Provisions for retirement benefits	34,640,100	23,142,900	11,497,200	49.7%
Total Non Current Liabilities	34,640,100	23,142,900	11,497,200	49.7%
Total Liabilities	662,729,996	480,020,680	182,709,316	38.1%
III Net Assets				
Earmarked Net Assets	-	-	-	-
Non-earmarked Net Assets	1,028,099,158	1,263,492,518	-235,393,360	-18.6%
Net assets allocated to specific purpose funds	-	61,560,000	-61,560,000	-100.0%
Total Net Assets	1,028,099,158	1,263,492,518	-235,393,360	-18.6%
Total Liabilities and Net Assets	1,690,829,154	1,743,513,198	-52,684,044	-3.0%

Notes:

- (※1) Grants receivable from MSF Korea. And the balance of the outstanding donations as of Dec. 31, 2016, which were already debited from the donor's bank accounts, however not yet arrived at our accounts with banks due to procedures of funds transfer by the outsourced vendor.
- (※2) Advances temporarily paid for the expatriates on behalf of the operational centers such as MSF France and MSF Switzerland etc.
- (※3) The reserve funds carried forward from 2015, were reduced to allocate for a part of development costs of donor management system, which has started in 2016.
- (※4) Payable includes grants payable to MSF France JPY 200 Million and payable of financial support to MSF Korea JPY 98.5 Million.

Summary of Assets

As of December 31, 2016

(Unit: JPY)

	2016	2015	Changes
I. Assets			
1. Current Assets			
Cash and cash equivalents	1,186,190,987	1,412,488,641	-226,297,654
Petty cash	1,582,934	2,009,825	-426,891
Ordinary accounts with Banks (MUFG)	519,191,707	623,591,522	-104,399,815
(SMBC etc.)	72,027,109	151,189,897	-79,162,788
Saving accounts with JP Bank	493,389,237	535,697,397	-42,308,160
Fixed deposit	100,000,000	100,000,000	-
Accounts receivable (※1)	247,010,812	99,349,257	147,661,555
Receivable from MSFK	145,726,560	-	145,726,560
Donation receivable from outsourced vendor	98,623,658	96,769,011	1,854,647
Others	2,660,594	2,580,246	80,348
Prepaid expenses	10,615,582	7,746,553	2,869,029
Advances	117,502,991	84,650,686	32,852,305
MSF France (for Tokyo Cell expenses)	18,899,752	25,799,984	-6,900,232
MSF Switzerland	1,487,357	451,017	1,036,340
Other MSF offices (Expatriates related expenses)	97,115,882	58,399,685	38,716,197
Other current assets	13,875,593	13,609,449	266,144
Gold ingot	13,718,208	13,306,782	411,426
Supplies	29,120	73,267	-44,147
Suspense payment	128,265	229,400	-101,135
Total Current Assets	1,575,195,965	1,617,844,586	-42,648,621
2. Non Current Assets			
1) Specific purpose funds (※2)	-	61,560,000	-61,560,000
Reserves for donor data management system development	-	61,560,000	-61,560,000
2) Other non current assets			
Building structures	4,852,869	7,804,056	-2,951,187
Interior finishing (Air condition, Electricity and LAN)	4,852,869	7,804,056	-2,951,187
Office equipment and fixtures	12,462,023	14,615,100	-2,153,077
Furniture	3,714,911	4,977,708	-1,262,797
Equipment and fixtures	4,447,502	8,303,645	-3,856,143
Video equipment	4,299,610	1,333,747	2,965,863
Software	51,494,517	9,184,422	42,310,095
Leased assets	-	891,064	-891,064
Long-term deposit	46,823,780	31,613,970	15,209,810
For office rent etc.	46,823,780	31,613,970	15,209,810
Total Non Current Assets	115,633,189	125,668,612	-10,035,423
Total Assets	1,690,829,154	1,743,513,198	-52,684,044
II. Liabilities			
1. Current Liabilities			
Accounts payable (Grants etc.)	298,597,677	237,269,230	61,328,447
Grants for MSF France	200,000,000	37,269,230	162,730,770
Grants for MSF Korea (Financial support)	98,597,677	-	98,597,677
Grants for MSF Spain	-	200,000,000	-200,000,000
Accounts payable (Other national expenses)	327,312,908	217,186,806	110,126,102
DM campaign related expenses	181,746,927	106,508,686	75,238,241
Other expenses	145,565,981	110,678,120	34,887,861
Deposits received	2,179,311	1,491,543	687,768
Short-term lease obligation	-	930,201	-930,201
Total Current Liabilities	628,089,896	456,877,780	171,212,116
2. Non Current Liabilities			
Provisions for retirement benefits	34,640,100	23,142,900	11,497,200
Total Non Current Liabilities	34,640,100	23,142,900	11,497,200
Total Liabilities	662,729,996	480,020,680	182,709,316
III. Net Assets			
Earmarked Net Assets	-	-	-
Non-Earmarked Net Assets	1,028,099,158	1,263,492,518	-235,393,360
Net assets allocated to specific purpose funds	-	61,560,000	-61,560,000
Total Net Assets	1,028,099,158	1,263,492,518	-235,393,360
Total Liabilities and Net Assets	1,690,829,154	1,743,513,198	-52,684,044

Notes

(※1) Grants receivable from MSF Korea. And the balance of outstanding donations as of Dec. 31, 2016, which were already debited from the donor's bank accounts, however not yet arrived at our accounts with banks due to procedures of funds transfer by the outsourced vendor.

(※2) The reserve funds carried forward from 2015 were reduced to allocate for a part of development costs of donor management system, which has started in 2016.

Statement of Financial Activities

For the year ended December 31, 2016

(Unit : JPY)

	2016		2015		Changes	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
I. Non-earmarked Net Assets Changes						
1. Changes in Operating Item						
(1) Operating Revenues						
① Donations	7,722,444,018	100.0%	8,042,596,698	100.0%	-320,152,680	-4.0%
Donations from private individuals (※1)	6,952,407,243	90.0%	6,573,986,693	81.7%	378,420,550	5.8%
Donations from private companies (※1)	690,057,434	9.0%	1,372,728,647	17.1%	-682,671,213	-49.7%
Donations from other organizations (※1)	79,979,341	1.0%	95,881,358	1.2%	-15,902,017	-16.6%
② Public institutional funds etc.	259,036,560		245,575,499		13,461,061	5.5%
Contributions to multilateral institutions (※2)	113,310,000		241,500,000		-128,190,000	-53.1%
Grants etc. from other MSF sections (※3)	145,726,560		4,075,499		141,651,061	3475.7%
③ Other Revenues	1,648,448		7,167,671		-5,519,223	-77.0%
Lecture fee	1,012,745		4,156,165		-3,143,420	-75.6%
Association membership fee	480,000		465,000		15,000	3.2%
Interest income etc.	155,703		2,546,506		-2,390,803	-93.9%
Total Operating Revenues	7,983,129,026		8,295,339,868		-312,210,842	-3.8%
(2) Operating Expenditures						
Social Mission Expenditures (①+②+③+④)	6,438,193,167	78.3%	6,035,736,874	78.0%	402,456,293	6.7%
① Program & Program Support	5,847,113,250	71.1%	5,623,947,743	72.7%	223,165,507	4.0%
Financial contribution to operational centers (Grants) (※4)	5,827,760,578		4,927,034,477		900,726,101	18.3%
In-kind contribution to other MSF entity	-		672,033,600		-672,033,600	-100.0%
Contribution to DNDi etc.	19,352,672		24,879,666		-5,526,994	-22.2%
② R&D (Personnel etc.)	52,732,312	0.6%	26,421,375		26,310,937	99.6%
③ Field HR management	76,137,973	0.9%	75,840,017	1.0%	297,956	0.4%
Personnel expenses	50,093,738		42,509,604		7,584,134	17.8%
Others (Office rent, travel & depreciation etc.)	26,044,235		33,330,413		-7,286,178	-21.9%
④ Advocacy activity	68,946,068	0.8%	68,485,660	0.9%	460,408	0.7%
Personnel expenses etc.	44,474,128		40,888,348		3,585,780	8.8%
Contribution to Campaign for Access to Essential Medicines	24,471,940		27,597,312		-3,125,372	-11.3%
⑤ Awareness-raising	393,263,564	4.8%	241,042,079	3.1%	152,221,485	63.2%
Personnel expenses	81,393,919		66,926,683		14,467,236	21.6%
Newsletters and event (※5)	252,837,818		58,514,577		194,323,241	332.1%
Website related expenses	29,622,107		9,671,509		19,950,598	206.3%
Agent service fee	10,507,677		28,904,501		-18,396,824	-63.6%
Printing fee	101,400		44,299,241		-44,197,841	-99.8%
Others (Office rent, travel & depreciation etc.)	18,800,643		32,725,568		-13,924,925	-42.6%
Fundraising	1,448,060,591	17.6%	1,301,362,564	16.8%	146,698,027	11.3%
Personnel expenses	142,030,328		114,105,689		27,924,639	24.5%
Fundraising campaign expenses	902,390,972		867,540,065		34,850,907	4.0%
Agency service fees and system-related costs (※6)	265,174,929		185,824,932		79,349,997	42.7%
Communications and postage	52,896,184		51,645,625		1,250,559	2.4%
Printing fee	19,932,533		20,583,807		-651,274	-3.2%
Others (Office rent, travel & depreciation etc.)	65,635,645		61,662,446		3,973,199	6.4%
Management & General Administration	332,268,628	4.0%	399,411,416	5.2%	-67,142,788	-16.8%
Personnel expenses	114,826,946		109,273,012		5,553,934	5.1%
Contributions to MSF International Office	70,655,602		71,649,775		-994,173	-1.4%
Association related expenses (except personnel)	12,894,869		11,557,011		1,337,858	11.6%
Financial support to MSF Korea	98,597,677		159,653,013		-61,055,336	-38.2%
Others (Office rent, travel & depreciation etc.)	35,293,534		47,278,605		-11,985,071	-25.3%
Total Operating Expenditures	8,218,522,386	100.0%	7,736,510,854	100.0%	482,011,532	6.2%
Increase in Non-earmarked Net Assets	-235,393,360		558,829,014		-794,222,374	-142.1%
Non-earmarked Net Assets at Beginning of Year	1,263,492,518		704,663,504		558,829,014	79.3%
Non-earmarked Net Assets at End of Year	1,028,099,158		1,263,492,518		-235,393,360	-18.6%
II. Earmarked Net Assets Changes						
1. Revenues: Earmarked Donations (※7)	606,485,538		623,936,432		-17,450,894	-2.8%
2. Transfer to Non-earmarked Net Assets Changes	606,485,538		828,102,745		-221,617,207	-26.8%
Changes in Earmarked Net Assets	-		-204,166,313		204,166,313	-100.0%
Earmarked Net Assets at Beginning of Year	-		204,166,313		-204,166,313	-100.0%
Earmarked Net Assets at End of Year	-		-		-	-
III. Net Assets at End of Year to be carried forward	1,028,099,158		1,263,492,518		-235,393,360	-18.6%

Notes :

(※1) Transfer from "Earmarked Net Assets Changes" and in-kind donations of JPY 157,367,395 are included.

(※2) Institutional funds of US\$ 1.0 Million from Ministry of Foreign Affairs to be allocated to the program in Central African Republic.

(※3) Grants allocated from MSF Korea in 2016. Please see Notes to Financial Statements No.14.

(※4) The funds were allocated to the humanitarian aid programs (for 29 countries including, Yemen, Syria, Central African Republic, South Sudan and DRC etc.) which were operated respectively by MSF France, MSF Spain, MSF Switzerland, MSF Belgium and MSF Holland in 2016.

(※5) Include public event costs for awareness raising. Also includes expenses reclassified from Fundraising, such as expenses for reporting current humanitarian activities in the field to the existing donors etc, which were used for fundraising campaign.

(※6) Include a part of costs for the development of donor data management system which has started this year to replace with the old system.

(※7) Earmarked donations were allocated to the programs through MSF France, MSF Spain, MSF Switzerland, MSF Belgium and MSF Holland.

Statement of Cash Flows

For the year ended December 31, 2016

(Unit : JPY)

	2016	2015	Changes
I. Cash flows from humanitarian aid activities			
1. Revenues from private donors etc.			
(1) Cash flows from private donors Sub Total	7,649,896,623	7,351,862,174	298,034,449
① Donation from private individual donors	6,952,407,243	6,605,470,454	346,936,789
② Donation from private companies	617,510,039	650,510,362	-33,000,323
③ Donation from other organizations	79,979,341	95,881,358	-15,902,017
(2) Cash flow from public institutional funds etc.	111,375,005	245,575,499	-134,200,494
Contributions to multilateral institutions	113,310,000	241,500,000	-128,190,000
Funds received from other MSF entities	-1,934,995	4,075,499	-6,010,494
(3) Cash flow from other revenues	1,648,448	7,167,671	-5,519,223
Net cash provided by private donations etc. ①	7,762,920,076	7,604,605,344	158,314,732
2. Expenditures for humanitarian aid activities			
(1) Social Mission Expenditures			
(1)-a. Programs and Program Support expenditures	-6,073,833,080	-6,024,282,150	-49,550,930
① Financial contribution to operational centers etc. (grants)	-5,884,571,420	-5,857,124,574	-27,446,846
② Research & Development	-48,008,306	-26,332,775	-21,675,531
③ Field HR management	-72,491,846	-73,954,934	1,463,088
④ Advocacy activity	-68,761,508	-66,869,867	-1,891,641
(1)-b. Awareness-raising / Temoignage expenditures	-405,668,965	-198,679,447	-206,989,518
Net cash used in social mission: ②	-6,479,502,045	-6,222,961,597	-256,540,448
(2) Fundraising expenditures ③	-1,328,641,481	-1,207,381,454	-121,260,027
(3) Management & General administrative expenditures ④	-220,668,459	-382,577,624	161,909,165
(4) Adjustment to derive net cash for the humanitarian aid activities ⑤	11,344,926	327,995,303	-316,650,377
Adjustment due to changes in the other assets and liabilities	11,344,926	327,995,303	-316,650,377
Total net cash used in humanitarian activities ⑥ = (②+③+④+⑤)	-8,017,467,059	-7,484,925,372	-532,541,687
Net cash provided by humanitarian activities ⑦ = (①+⑥)	-254,546,983	119,679,972	-374,226,955
II. Cash flows from Investing Activities			
(1) Refund of long-term deposit	-	894,000	-894,000
(2) Payment of long-term deposit	-15,209,810	-1,930,000	-13,279,810
(3) Payment for purchase of fixed assets	-17,061,346	-13,094,903	-3,966,443
(4) Appropriation to specific purpose funds	61,560,000	-61,560,000	123,120,000
(5) Collection of other investment	-	1,867,664	-1,867,664
Net cash used in investing activities: ⑧	29,288,844	-73,823,239	103,112,083
III. Cash flows from Financing Activities			
Repayment of lease obligation	-930,201	-1,352,672	422,471
Net cash used in financing activities: ⑨	-930,201	-1,352,672	422,471
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents ⑩	-109,314	-26,699	-82,615
V. Net Increase (Decrease) in Cash & Cash Equivalents ⑪ = (⑦+⑧+⑨+⑩)	-226,297,654	44,477,362	-270,775,016
VI. Cash and Cash Equivalents at Beginning of Year ⑫	1,412,488,641	1,368,011,279	44,477,362
VII. Cash and Cash Equivalents at End of Year ⑬ = (⑪+⑫)	1,186,190,987	1,412,488,641	-226,297,654

Notes:

1. Scope of cash: Cash and cash equivalents are included but the funds for specific purpose funds is excluded
2. Significant non-cash transaction: In-kind donations amounting to JPY 157,367,395 are adjusted.

Notes to Financial Statements

1. Basis for presenting Financial Statements

The financial statements of Médecins Sans Frontières Japon (hereinafter "MSFJ") have been prepared in accordance with the Accounting Standards of Public Interest Corporation generally accepted in Japan (revised in October 14, 2004), which are different in certain respects from the requirements for applications and disclosures required under International Financial Reporting Standards (IFRS).

2. Significant Accounting Policies

(1) Method of depreciation of Fixed Assets

Depreciation is calculated on a straight-line basis over the expected useful lives of the assets.

Category of Fixed Assets	Period	Category of Fixed Assets	Period
Building structures	3 - 5 years	Equipment and fixtures	3 years
Furniture	3 - 5 years	Software	3 years

(2) Basis for recording provisions

Retirement benefits

In compliance with the internal "End of Service Payment Plan", MSFJ records required amount of payment as retirement benefits to staff at year-end.

(3) Revenue recognition

Donations are basically recognized on a cash basis. Certain donations are recognized as revenues when amount and timing of collection are fixed and receipt for the donations are issued to donors.

In-kind donations:

In addition to cash donations, MSFJ receives medicine, office equipment, software, mileage, stamps and complimentary coupon for a shareholder as well as the services on pro-bono basis, as in-kind donations. The in-kind donations are recognized as revenues based upon their available market prices when they are actually received and recorded as expenses when they are used for its activities.

(4) Operating Expenditures

The expenditures are allocated by major activities as shown in the Statement of Financial Activities. The overhead expenses are allocated to the following activities based on the total actual working hours employed in one full year.

(4)-1) Social mission

① Financial contribution to the operational centers (Grants)

This expense is related to grants allocated to each operational program handled by operational centers including MSF France, MSF Spain, MSF Switzerland, MSF Belgium and MSF Holland per finance agreements signed under the international "Resource Sharing Agreement 3".

② Research and Development (R&D)

In order to contribute to humanitarian aid activities in Asia and globally, MSFJ initiated work on innovative research and development and improvement on medical and logistics areas, and to examine the possibility of supplying products to the fields directly from Japan.

③ Field HR management

This is related to cost of activities for recruiting field staff for the program operations, and arranging required training sessions for the program operations as well as preparing for departures to the fields.

④ Advocacy activity

④-a) MSFJ appeals to various national governments, international organizations and pharmaceutical companies in cooperation with other MSF offices.

④-b) Financial support to the Campaign for Access to Essential Medicines.

The Campaign has been implemented by MSF since 1999 worldwide. Its mission is to address governments, international organizations and pharmaceutical companies, in order to provide people suffering from infectious diseases with affordable and effective medicine. MSFJ provides funds along with other MSF offices under the coordination of the MSF International Office.

⑤ Awareness-raising activities

MSFJ informs the general public including donors about our current activities at each program via publications, MSF Japan website, exhibitions and other media.

(4) - 2) Fundraising activities

MSFJ implements fundraising activities to ensure sufficient funding for our operations. For this purpose, MSFJ launches several campaigns such as direct mailings and newsletter mailings.

(4) - 3) Management and administrative expenses

This includes the overhead expenses related to MSFJ's executive management and administration departments (human resources, finance, & accounting, general affairs and IT). Financial contribution shared by all MSF offices for the operating expenses of MSF International Office is also included. MSF International Office provides all MSF offices with coordination services.

(5) Accounting for consumption tax

All amounts stated are inclusive of national consumption and local consumption taxes.

3. Hedging foreign currency exposure

MSFJ utilizes foreign currency forward contracts to mitigate foreign currency risk from remitting funds for humanitarian aid. MSFJ does not utilize the instruments for speculation purpose.

4. Changes of presentation (in Statement of Financial Activities)

"Newsletter, etc." "Commissions etc." classified under ⑤Awareness Raising/Temoignage as a part of Social Mission Expenditures, and "Direct mail and newsletter-related costs", "Commissions etc.", "Mailing, delivery and telecommunication" classified under Fundraising, which were classified under (2)Operating Expenditures in previous year, are presented from this year, as "Newsletters and events", "Agent service fee", and as "Fundraising campaign Expenses", "Agent service fees and system-related costs" and "Communication and postage" respectively, in order for the nature of the expenditures to be indicated with more clarity.

5. Changes, balances and breakdown of the endowment and the special funds

MSFJ has no such assets as being classified in the endowment and/or specific purpose funds as being invested, among the funds accepted in this year as earmarked funds and non-earmarked funds. "Specific Purpose Funds" for development of donor data management system which were classified in non-current assets in 2015 were used in this year accordingly as funds for the system development.

6. Assets pledged as collateral

Not applicable

7. Acquisition costs, accumulated depreciations and the carrying amounts of fixed assets at the end of current year (Unit: JPY)

	Acquisition Costs	Accumulated depreciation	Carrying amounts at the end of current year
Building structures	7,865,391	3,012,522	4,852,869
Office equipment and fixtures	52,895,838	40,433,815	12,462,023
Furniture	10,795,077	7,080,166	3,714,911
Equipment and fixtures	35,761,432	31,313,930	4,447,502
Video equipment	6,339,329	2,039,719	4,299,610
Software	107,870,791	56,376,274	51,494,517
Fixed assets except finance lease	168,632,020	99,822,611	68,809,409
Leased assets (Donor management system)	63,392,091	63,392,091	-
Grand total	232,024,111	163,214,702	68,809,409

8. Retirement benefits

(1) The outline of the retirement benefit plan: MSFJ has lump sum retirement benefit under the internal provision.

(2) Obligation for retirement benefits Defined benefits obligation: JPY 34,640,100

Provision for retirement benefits: JPY 34,640,100

(3) Retirement benefits related expenses JPY 11,497,200

9. Contingent liabilities

Not applicable

10. Details, name of provider and the current year changes in terms of subvention etc.

Not applicable

11. Description of the transactions with the related parties

Not applicable

12. Significant subsequent events

Not applicable

13. Financial contribution to MSF operational centers in 2016

(Unit: JPY)

Operational Centers	Donation from individuals (Remark 1)	Donation from Companies etc (Remark 1)	Institutional grants	Grants from MSF Korea (Remark 2)	Total
MSF France	3,564,794,112	396,088,235	111,151,671	145,726,560	4,217,760,578
MSF Spain	972,000,000	108,000,000	-	-	1,080,000,000
MSF Switzerland	468,000,000	52,000,000	-	-	520,000,000
MSF Belgium	5,000,000	0	-	-	5,000,000
MSF Holland	5,000,000	-	-	-	5,000,000
Total	5,014,794,112	556,088,235	111,151,671	145,726,560	5,827,760,578

Remark 1. The classification of "individuals" and "companies etc." is on a pro rata basis.

2. Regarding transaction with MSF Korea, please refer to below 14.

14. Transaction related to MSF Korea

In 2016, MSFJ provided MSF Korea (MSFK) with financial support amounting to JPY 98,597,677. MSFK allocated the funds equivalent to JPY 145,726,560 as grants to MSFJ, out of the total revenues raised in South Korea in 2016. MSFJ recognized the above grants from MSFK as "Operating Revenues" in this year, in accordance with the revised MOU signed between MSF Japan and MSF Switzerland.

15. Reserve policy

In accordance with the MSFJ Reserve Policy, MSFJ holds reserves equivalent to 5 months of averaged domestic expenditures except grants etc., in order to mitigate the negative impacts on cash flow due to emergency operations for natural disasters, or unexpected income shortfall caused by economic downturn etc. Reserves carried forward from 2015 were allocated to OCs as grants. The reserve balance at end of 2016 stays at 5.4 months level.