

Okinawa Institute of Science and Technology School Corporation

Financial Statements

Year ended March 2015

From: April 1, 2014

To: March 31, 2015

*Translation of the original audit report in Japanese.
For discussion purposes only.*

Report of Independent Auditors

June 23, 2015

The Board of Governors
Okinawa Institute of Science and Technology Graduate University School Corporation

Ernst & Young ShinNihon LLC

Takashi Tanemura
Certified Public Accountant
Designated and Engagement Partner

Kazutaka Okubo
Certified Public Accountant
Designated and Engagement Partner

Kenji Izawa
Certified Public Accountant
Designated and Engagement Partner

Pursuant to Article 12, Section 2 of the Okinawa Institute of Science and Technology Graduate University Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statements of income, cash flows, appropriation of retained earnings, costs of conducting business, and notes on significant accounting policies, other explanatory notes to the financial statements, and the related supplementary schedules of Okinawa Institute of Science and Technology Graduate University School Corporation applicable to the year ended March 31, 2015 based on Cabinet Office Notification No. 525 of November 1, 2011.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles of Okinawa Institute of Science and Technology Graduate University (Article 6 of Cabinet Office Ordinance No. 59, 2011), and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. 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 the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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.

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 present fairly, in all material respects, the financial position of the Okinawa Institute of Science and Technology Graduate University School Corporation at March 31, 2015, the results of its operations, cash flows, and its costs of conducting business for the year then ended in conformity with accounting principles of Okinawa Institute of Science and Technology Graduate University (Article 6 of Cabinet Office Ordinance No. 59, 2011).

Conflicts of Interest

We have no interest in the Okinawa Institute of Science and Technology Graduate University School Corporation which should be disclosed in compliance with the Certified Public Accountants Act.

Contents

	<u>Page</u>
Balance Sheets	1
Profit and Loss Statements	2
Statements of Cash Flows	3
Profit Appropriation Statements	4
Statements of Administrative Service Costs	5
Notes to Financial Statements	6
Annexed Detailed Statements	8
1. Acquisition, disposal and depreciation of fixed asset, and accumulated impairment loss (Includes depreciation, which is excluded from ordinary expenses, specified in the OIST Accounting standards, Article 40, Accounting treatment for depreciation of specific asset.)	
2. Supplies	
3. Securities	
4. Voluntary use of national property	
5. PFI	
6. Allowance-retirement benefits	
7. Contribution and additional paid-in contribution	
8. Changes in reserve fund	
9. Research expenses and general and administrative expenses	
10. Subsidy for operation	
11-1. Subsidy for facility	
11-2. Other subsidies	
12. Personnel costs for executives and employees	
13. Segment information	
14. Donation	
15. Sponsored research	
16. Joint research	
17. Primary assets, liabilities, expenses, and revenues	

Okinawa Institute of Science and Technology School Corporation

Financial Statements

Year ended March 2015

From: April 1, 2014

To: March 31, 2015

Contents

	<u>Page</u>
Balance Sheets	1
Profit and Loss Statements	2
Statements of Cash Flows	3
Profit Appropriation Statements	4
Statements of Administrative Service Costs	5
Notes to Financial Statements	6
Annexed Detailed Statements	8
1. Acquisition, disposal and depreciation of fixed asset, and accumulated impairment loss (Includes depreciation, which is excluded from ordinary expenses, specified in the OIST Accounting standards, Article 40, Accounting treatment for depreciation of specific asset.)	
2. Supplies	
3. Securities	
4. Voluntary use of national property	
5. PFI	
6. Allowance-retirement benefits	
7. Contribution and additional paid-in contribution	
8. Changes in reserve fund	
9. Research expenses and general and administrative expenses	
10. Subsidy for operation	
11-1. Subsidy for facility	
11-2. Other subsidies	
12. Personnel costs for executives and employees	
13. Segment information	
14. Donation	
15. Sponsored research	
16. Joint research	
17. Primary assets, liabilities, expenses, and revenues	

Balance Sheets

As of March 31, 2015

(Unit: Yen)

Assets				
I	Noncurrent assets			
1	Properties, plants, and equipment			
	Land		1,659,667,000	
	Buildings	36,916,117,239		
	Accumulated depreciation	<u>-4,523,467,446</u>	32,392,649,793	
	Structures	6,033,756,180		
	Accumulated depreciation	<u>-759,328,812</u>	5,274,427,368	
	Machineries	198,577,405		
	Accumulated depreciation	<u>-105,285,671</u>	93,291,734	
	Equipment	12,363,917,758		
	Accumulated depreciation	<u>-5,776,303,081</u>	6,587,614,677	
	Books		3,082,553	
	Ships and vessels	1,734,437		
	Accumulated depreciation	<u>-86,722</u>	1,647,715	
	Vehicles and transportation equipment	18,357,098		
	Accumulated depreciation	<u>-11,051,083</u>	7,306,015	
	Lease assets	1,794,703,628		
	Accumulated depreciation	<u>-767,920,826</u>	1,026,782,802	
	Construction in progress		<u>360,260,715</u>	
	Total properties, plants, and equipment		47,406,730,372	
2	Intangible assets net of amortization			
	Patents		3,837,259	
	Trademark rights		858,322	
	Softwares		108,492,308	
	Patents (in the process of filing)		42,385,481	
	Others		<u>39,222,741</u>	
	Total intangible assets, net		194,796,111	
3	Investments and other assets			
	Investments in securities		5,000	
	Security deposits		4,266,500	
	Long-term prepaid expenses		674,540	
	Lease investment assets (Long-term)		<u>3,054,236,444</u>	
	Total investments and other assets		3,059,182,484	
	Total noncurrent assets			50,660,708,967
II	Current assets			
	Cash and cash equivalents		6,100,160,556	
	Accounts receivable		2,232,848,770	
	Supplies		9,242,127	
	Advance payments		442,910	
	Prepaid expenses		16,664,117	
	Lease investment assets (Short-term)		<u>71,189,836</u>	
	Total current assets		8,430,548,316	
	Total assets			<u>59,091,257,283</u>
Liabilities				
I	Noncurrent liabilities			
	Encumbrance for assets - subsidy for operation		11,486,733,405	
	Encumbrance for assets - donation		59,145,359	
	Encumbrance for assets - donated by Japan government		132,745	
	Allowance-retirement benefits		89,699,000	
	Long-term accrued amounts payable		3,060,766,681	
	Long-term lease obligations		<u>611,221,216</u>	
	Total noncurrent liabilities			15,307,698,406
II	Current liabilities			
	Advance received		25,186,063	
	Deposits received - subsidy for operation			
	Deposits received - subsidy for operation	400,230,951		
	Deposits received-subsidy for facility	<u>129,016,800</u>	529,247,751	
	Deposits received - donation		10,588,227	
	Deposits received - Kakenhi		89,198,273	
	Deposits received - others		62,831,856	
	Accounts payable		7,698,187,177	
	Short-term lease obligations		445,967,472	
	Accrued expenses		<u>55,329,459</u>	
	Total current liabilities		8,916,536,278	
	Total liabilities			<u>24,224,234,684</u>
Equities				
I	Contributions			
	Contributions from government		<u>24,317,681,264</u>	
	Total contributions			24,317,681,264
II	Additional paid-in contributions			
	Additional paid-in contributions		15,221,585,236	
	Accumulated depreciation - directly deducted from equity (-)		<u>-4,990,416,020</u>	
	Total additional paid-in contributions			10,231,169,216
III	Retained earnings			
	Voluntary reserve funds			
	Special reserve funds		80,532,854	
	Accumulated net income		237,639,265	
	(Net income/(-loss) for FY2014)		<u>(67,573,969)</u>	
	Total retained earnings			318,172,119
	Total equities			<u>34,867,022,599</u>
	Total liabilities and equities			<u>59,091,257,283</u>

Profit and Loss Statements

For the year ended March 31, 2015

(Unit: Yen)

Ordinary revenues			
Tuition fees		36,045,000	
Subsidy for operation		10,587,157,972	
Subsidy for facility		4,196,534	
Sponsored research from national and local governments		90,745,188	
Sponsored research from nongovernments		32,903,724	
Joint research		37,012,965	
Donations		5,410,733	
Subsidy for other		7,368,000	
Property rent revenue		7,671,537	
Land rent revenue		7,496,831	
Reversal of encumbrance for assets - subsidy for operation		2,028,144,725	
Reversal of encumbrance for assets - donations		29,048,799	
Reversal of encumbrance for assets - donated by Japan government		51,620	
Financial revenues			
Interest	69,147,976		
Foreign currency transaction gain	2,134,114	71,282,090	
Miscellaneous revenues		167,791,565	
Ordinary revenues total		<u>167,791,565</u>	13,112,327,283
Operating expenses			
Research and education expenses			
Personnel costs		3,754,408,590	
Other expenses			
Research supplies	1,038,544,840		
Supplies & Consumables	605,086,953		
Utilities	487,904,298		
Travel and transportation	497,276,386		
Communication and transportation expenses	76,558,767		
Rent	170,722,649		
Outsource	636,746,575		
Repair costs	117,995,417		
Maintenance fees	825,201,215		
Library expenses	335,118,607		
Depreciation	2,475,215,214		
Others	120,186,095	7,386,557,016	11,140,965,606
General and administrative expenses			
Personnel costs		1,013,621,465	
Other expenses			
Office supplies	35,031,599		
Travel and transportation	261,210,157		
Communication and transportation expenses	52,601,531		
Rent	33,866,000		
Outsource	147,195,082		
Service and advisory fees	53,191,259		
Advertising expenses	51,904,247		
Depreciation	8,068,209		
Others	173,870,582	816,938,666	1,830,560,131
Financial expense			
interest expenses		74,627,577	74,627,577
Operating expenses total		<u>74,627,577</u>	<u>13,046,153,314</u>
Net ordinary income/(-loss)			66,173,969
Extraordinary income			
Reversal of encumbrance for assets - subsidy for operation		3,664,515	
Reversal of encumbrance for assets - donation		227,924	
Reversal of encumbrance for assets - donated by Japan government		1	
Gain on sales of fixed assets		1,400,000	
Total extraordinary income		<u>5,292,440</u>	5,292,440
Extraordinary loss			
Loss on retirement of noncurrent assets		3,892,439	
Loss on sales of fixes assets		1	
Total extraordinary loss		<u>3,892,440</u>	<u>3,892,440</u>
Net income/(-loss)			<u>67,573,969</u>
Gross income/(-loss)			<u>67,573,969</u>

Statements of Cash Flows

From April 1, 2014 to March 31, 2015

(Unit: Yen)

I Cash flows from operating activities		
Tuition fees		36,045,000
Funds received from government - subsidy for operation		17,698,083,842
Funds received from outside parties - sponsored research		183,182,506
Funds received from outside parties - donations		838,036
Funds received from government - subsidy for others		7,368,000
Funds received from employees - property rent - dormitory		7,671,537
Funds received from others		124,035,706
Net cash increase in advanced-received (Kakenhi:Grant-in-aid for scientific research)		23,654,045
Payments to employees		△ 4,784,470,389
Purchase of inventories		△ 4,034,349
Payments of other than payments to employees		△ 5,409,356,226
Returns to national government - subsidy for operation		△ 36,854,522
Net cash provided by operating activities		7,846,163,186
II Cash flows from investing activities		
Purchase of property, plant, and equipment		△ 4,057,041,258
Purchase of intangible assets		△ 55,864,523
Funds received from government - subsidy for facility		1,089,733,508
Payments for other investing activities		132,043
Subtotal		△ 3,023,040,230
Received interest and dividends		1,467
Net cash used in investing activities		△ 3,023,038,763
III Cash flows from financial activities		
Payments for finance lease liabilities		△ 431,360,446
Net cash used in financial activities		△ 431,360,446
IV Foreign exchange gain		1,725,354
V Net cash increase/(decrease) in cash and cash equivalents		4,393,489,331
VI Cash and cash equivalents at beginning of year		1,706,671,225
VII Cash and cash equivalents at end of year		6,100,160,556

Profit Appropriation Statements
As of March 31, 2015

(Unit: Yen)

I Unappropriated retained earnings	
Gross profit	67,573,969
Retained earnings at the beginning of a period	170,065,296
II Retained earnings	<u><u>237,639,265</u></u>

Statements of Administrative Service Costs

From April 1, 2014 to March 31, 2015

(Unit: Yen)

I Ordinary expenses		
(1) Ordinary expenses stated on Profit and Loss Statements		
Research expenses	11,140,965,606	
General and administrative expenses	1,830,560,131	
Financial expenses	74,627,577	
Extraordinary loss	3,892,440	13,050,045,754
(2) (Less) Revenue from outside parties		
Tuition fees	△ 36,045,000	
Sponsored research	△ 123,648,912	
Joint research	△ 37,012,965	
Donations	△ 5,410,733	
Property rent revenue	△ 7,671,537	
Land rent revenue	△ 7,496,831	
Reversal of encumbrance for assets-donation	△ 29,048,799	
Financial revenue	△ 71,282,090	
Miscellaneous	△ 123,089,430	
Extraordinary Income	△ 1,627,924	△ 442,334,221
Total ordinary expenses		12,607,711,533
II Depreciation-directly deducted from equity		1,509,601,546
III Estimated allowance for retirement benefits		1,649,000
IV Opportunity costs		
Opportunity costs of free rental fee or reduction rental fee from national/local government	149,375,812	
Opportunity costs of national/local government	135,278,289	284,654,101
V Administrative service costs		14,403,616,180

Notes to Financial Statements

I. Important accounting policy

1. Supplies

(1) Research supplies

Research supplies are reported at lower of cost or market value under moving average method.

(2) Others

Others are reported at lower of cost or progressive average inventory method.

2. Depreciation

(1) Property, plant, and equipment

Depreciation is recognized on the straight-line method under The Corporation Tax Law.

In accordance with OIST Accounting standards, Article 40 depreciation on specified assets is directly deducted from equity stated as "Accumulated depreciation-directly deducted from equity."

(2) Intangible Assets

Depreciation is calculated on the straight-line method.

Useful life of software for in-house use is amortized over two to five years.

3. Allowance for retirement benefits

(1) Allowance-retirement benefits

Allowance for retirement benefits for employees is recognized on liability for FY2014 within estimated payment amount in the future.

4. Opportunity costs on the statements of administrative service costs

(1) Calculation of opportunity costs of lending by means of free rental fee or reduction rental fee of the property of the national/local governments has been calculated based on the JASDF Onna Sub Base and agricultural land unit price.

(2) Interest rate used to calculate the opportunity cost pertaining to government contributions

Opportunity costs of the national/local government are calculated at the percentage of 0.400% which refers to the interest rate for 10-year government bonds at the end of March 2015.

5. Foreign currency transactions

Foreign currency transactions are converted to yen at the spot exchange rate as of the closing date, and the translation difference is recorded in profit and loss.

6. Leases

Lease transactions in excess of 3 million yen are recorded as finance leases.

Lease transactions less than 3 million yen are calculated as operating leases.

7. Accounting standards for income and expenses

(1) Accounting standards related to income from finance leases (lessor)

Accounted for based on the method of allocating an amount equivalent to the interest to each period without posting sales.

8. Consumption tax

The tax-included method is adopted for consumption tax accounting.

II. Additional information

1. Summary of transactions and accounting treatment regarding the village zone housings

The University entered into a contract with OKINAWA SCIENTISTS VILLAGE Co., Ltd. (hereafter the "Business Operator") on September 30, 2011, regarding the housings maintenance business. The Business Operator, based on the corresponding contract, was to construct housings located on premises owned by the University that would be for use by students and faculty staff members and transfer the housings to the University after its completion. Construction of the housings was to consist of three phases. The first phase, the second phase and the third-(1) were completed at each fiscal year 2012, 2013 and 2014. The housings were then delivered to the University. Upon completion of the housings, the University received them from the Business Operator under a long-term installment purchase and at the same time entered into a building loan agreement by way of a periodic lease with the Business Operator, and is leasing the housings. The long-term installment purchase amount in accordance with the acquisition of the housings is the same amount as the lease payments relating to the housings. Further, the payment schedule and the amount to pay each year including interest are also set at the same amount. Hence, the payment amounts for each year are canceled out and no payments are made to each other. The building loan agreement by way of a periodic lease stipulates that the Business Operator cannot in principle cancel the lease contract during the term and that the housings will be returned to the University after the end of the lease term. Lease transactions between the University and the Business Operator are accounted for by treating them as a finance lease where ownership is not transferred (to the lessor). Furthermore, when accounting for such transactions they are treated as a finance lease where ownership is not transferred (to the lessor), and an amount equivalent to the interest is allocated to each period without posting sales and the housings that were handed over is stated as a lease investment asset.

III. Balance sheet

1. Subsidy for operation and facility

(1) Deposits received - subsidy for operation	
Returns to National government	126,601,555 yen
Closing balance of encumbrance for construction in progress - subsidy for operation in SC	231,243,915 yen
Closing balance of encumbrance for patent - subsidy for operation in SC	40,883,517 yen
Closing balance of encumbrance for patent-subsidy for operation in PC	1,501,964 yen
Total of closing balance	400,230,951 yen
(2) Deposits received - subsidy for facility	
Closing balance of encumbrance for construction in progress - subsidy for facility in SC	129,016,800 yen
Total of closing balance	129,016,800 yen

IV. Statement of Cash Flows

(1) Breakdown of the balance sheet by year-end balance of funds

Cash and cash equivalent	6,100,160,556 yen
<u>Balance of funds at end of year</u>	<u>6,100,160,556 yen</u>

(2) Important non-financial transactions

Amount of assets and liabilities related to finance leases (lessee) newly recognized in the term	206,654,976 yen
Amount of investments related to finance leases (lessor) newly recognized in the term	554,040,000 yen
Amount of long-term accounts payable related to acquisition of tangible fixed assets newly recognized in the term	554,040,000 yen

V. Statements of administrative service costs

Estimated allowance for retirement benefits includes 1,649,000 yen concerning loaned employees from the government and other organizations.

VI. Notes to finance leases

1. Lessee

(1) Details of lease assets

Service vehicles (OIST bus) and research equipment (Regenerative Amplifier Laser System with Pump Lasers set)

(2) Depreciation method of lease assets

Depreciated using the straight-line method over the useful life of the lease term, with no residual value.

2. Lessor

(1) Breakdown of investments in leases

(i) Investments and other assets

Portion of lease receivables	4,328,919,942yen
Amount equivalent to interest income	1,274,683,498yen
Lease investment assets	3,054,236,444yen

(ii) Current assets

Portion of lease receivables	149,232,469yen
Amount equivalent to interest income	78,042,633yen
Lease investment assets	71,189,836yen

(2) Scheduled recoverable amount of the lease receivables part pertaining to lease investment assets after the closing date

(i) Investments and other assets

	Within 1 year	More than 1 year but not more than 2 years	More than 2 year but not more than 3 years	More than 3 year but not more than 4 years	More than 4 year but not more than 5 years	More than 5 years
Lease investment assets	-	72,969,584	74,793,823	76,663,667	78,580,260	2,751,229,110

(ii) Current assets

	Within 1 year	More than 1 year but not more than 2 years	More than 2 year but not more than 3 years	More than 3 year but not more than 4 years	More than 4 year but not more than 5 years	More than 5 years
Lease investment assets	71,189,836	-	-	-	-	-

VII. Important subsequent events

Not applicable.

1. Acquisition, disposal and depreciation of fixed asset, and accumulated impairment loss

(Includes depreciation, which is excluded from ordinary expenses, specified in the OIST Accounting standards, Article 40, Accounting treatment for depreciation of specific asset).

(Unit: Thousand Yen)

Asset	Beginning balance	Increase	Decrease	Closing balance	Accumulated depreciation		Accumulated impairment loss		Closing net book value	Memo	
					Depreciation for FY 2014		Included in ordinary expenses FY2014	Excluded in ordinary expenses FY2014			
Property, plant, and equipment (Depreciation - Included in ordinary expenses)	Buildings	2,486,185	2,337,968	-	4,824,154	359,177	132,138	-	-	4,464,977	
	Structures	282,885	60,100	1,570	341,414	68,273	22,340	-	-	273,141	
	Machinery	157,422	990	-	158,412	76,605	22,989	-	-	81,807	
	Equipment	7,758,503	4,569,325	95,947	12,231,881	5,694,952	1,836,470	-	-	6,536,928	
	Books	1,394	1,688	-	3,082	-	-	-	-	3,082	
	Ship	-	1,734	-	1,734	86	86	-	-	1,647	
	Vehicle and transportation equipment	15,406	4,866	1,915	18,357	11,051	3,581	-	-	7,306	
	Lease assets	1,581,008	213,694	-	1,794,703	767,920	426,898	-	-	1,026,782	
	Total	12,282,806	7,190,368	99,434	19,373,740	6,978,066	2,444,505	-	-	12,395,674	
Property, plant, and equipment (Depreciation - Excluded from ordinary expenses)	Buildings	26,829,529	5,262,432	-	32,091,962	4,164,290	1,277,885	-	-	27,927,672	
	Structures	5,514,986	177,355	-	5,692,341	691,055	213,175	-	-	5,001,285	
	Machinery	43,080	-	2,915	40,165	28,680	2,886	-	-	11,484	
	Equipment	132,036	-	-	132,036	81,350	15,598	-	-	50,686	
	Total	32,519,633	5,439,788	2,915	37,956,505	4,965,377	1,509,546	-	-	32,991,128	
Non-depreciable assets	Land	1,659,667	-	-	1,659,667	-	-	-	-	1,659,667	
	Construction in progress	2,611,390	5,674,845	7,925,975	360,260	-	-	-	-	360,260	
	Total	4,271,057	5,674,845	7,925,975	2,019,927	-	-	-	-	2,019,927	
Total property, plant, and equipment	Land	1,659,667	-	-	1,659,667	-	-	-	-	1,659,667	
	Buildings	29,315,715	7,600,401	-	36,916,117	4,523,467	1,410,024	-	-	32,392,649	
	Structures	5,797,871	237,455	1,570	6,033,756	759,328	235,516	-	-	5,274,427	
	Machinery	200,503	990	2,915	198,577	105,285	25,875	-	-	93,291	
	Equipment	7,890,539	4,569,325	95,947	12,363,917	5,776,303	1,852,069	-	-	6,587,614	
	Books	1,394	1,688	-	3,082	-	-	-	-	3,082	
	Ship	-	1,734	-	1,734	86	86	-	-	1,647	
	Vehicle and transportation equipment	15,406	4,866	1,915	18,357	11,051	3,581	-	-	7,306	
	Lease assets	1,581,008	213,694	-	1,794,703	767,920	426,898	-	-	1,026,782	
	Construction in progress	2,611,390	5,674,845	7,925,975	360,260	-	-	-	-	360,260	
	Total	49,073,496	18,305,002	8,028,325	59,350,174	11,943,443	3,954,052	-	-	47,406,730	
Intangible assets (Depreciation - Included in ordinary expenses)	Patents	6,107	243	-	6,351	2,514	861	-	-	3,837	
	Trademark right	1,119	-	-	1,119	261	111	-	-	858	
	Software	156,813	37,608	-	194,422	85,929	33,948	-	-	108,492	
	Other intangible assets	50,387	1,398	-	51,785	13,086	3,856	-	-	38,698	
	Total	214,427	39,250	-	253,678	101,792	38,778	-	-	151,886	
Intangible assets (Depreciation - Excluded from ordinary expenses)	Other intangible assets	711	-	-	711	187	54	-	-	524	
Non-depreciable assets	Patent in the process of filing	15,458	27,170	125	42,504	-	-	-	-	42,504	
	Patents	6,107	243	-	6,351	2,514	861	-	-	3,837	
Total intangible assets	Trademark right	1,119	-	-	1,119	261	111	-	-	858	
	Software	156,813	37,608	-	194,422	85,929	33,948	-	-	108,492	
	Patent in the process of filing	15,458	27,170	125	42,504	-	-	-	-	42,504	
	Other intangible assets	51,098	1,398	-	52,496	13,273	3,911	-	-	39,222	
	Total	230,597	66,421	125	296,893	101,979	38,832	-	-	194,914	
	Investments and other assets	Investments in securities	-	5	-	5	-	-	-	-	5
Security deposit		3,839	805	377	4,266	-	-	-	-	4,266	
Prepaid expense (long-term)		1,599	-	925	674	-	-	-	-	674	
Lease investment assets		2,577,549	535,397	58,710	3,054,236	-	-	-	-	3,054,236	
Total		2,582,988	536,207	60,013	3,059,182	-	-	-	-	3,059,182	

Notes:

1. Increased buildings : Lab3 6,356,674 thousand yen, Child development center 330,109 thousand yen, Skywalk 2 276,997 thousand yen, Skywalk 3 254,998 thousand yen
2. Increased structures : Lab3 Planting and other construction 88,503 thousand yen, South hill Planting and other construction 67,868 thousand yen, Child development center Planting and other construction 59,783 thousand yen
3. Increased equipment : High performance computing cluster 552,665 thousand yen, Atomic resolution analytical TEM 418,500 thousand yen, 200 kV cryo TEM system 394,200 thousand yen, FIB-SEM Dual Beam System 194,400 thousand yen
4. Increased lease assets : Regenerative Amplifier Laser System with Pump Lasers 100,984 thousand yen
5. Increased lease investment assets : Village zone housings (Phase 3-1) South hill 554,040 thousand yen (including long and short)

2. Supplies

(Unit: Thousand Yen)

Item	Beginning balance	Increase		Decrease		Closing balance	Memo
		Purchase and Transfer	Others	Consumption and Transfer	Others		
Research supplies	1,423	-	-	1,087	-	336	
Other	10,031	10,242	-	11,368	-	8,905	
Total	11,455	10,242	-	12,456	-	9,242	

3. Securities

Investments in securities

(Unit: Thousand Yen)

	Description	Acquisition cost	Amount of denomination	market value	Balance sheet	Profit and loss statement	Valuation difference of securities	Memo
Securities-other	Fair value	-	-	-	-	-	-	
	Non-fair value				5	5	-	Gratis allotment of stock acquisition rights 5,000
Total		-	-	-	5	5	-	

4. Voluntary use of national property

Category	Item	Address	Space (㎡)	Structure	Opportunity costs (Thousand yen)	Memo
Land	Campus	1919-1 Tancha, Onna-son Okinawa	631,410.60	-	147,737	
Land	Marine Science Lab	989 Seragaki, Onna-son Okinawa	7,002.14	-	1,638	
Total			638,412.74	-	149,375	

Project	Outline	Type	Contractor	Contract term	Description
Okinawa Institute of Science and Technology Housing Development Project	Housing development(building) and maintenance, administration, management	BTO	OKINAWA SCIENTISTS VILLAGE INC.	From September 30, 2011 to March 31, 2045	First phase:Deliverd between August 2012 and January 2013 Second phase: Deliverd in June 2013 Third-1 phase: Deliverd in August 2014 Third-2 phase: Scheduled to deliver in October 2015

Notes: The above delivery schedules are stated based on the most recent memorandum of understanding regarding change to the business contract.

6.Allowance-retirement benefits

(Unit: Thousand yen)

Category	Beginning Balance	Increase	Decrease	Closing Balance	Memo
Total of accumulated benefits obligation	82,534	18,012	10,847	89,699	
Obligation of retirement lump-sum grants	82,534	18,012	10,847	89,699	
Unrecognized prior service cost	-	-	-	-	
Unrecognized net actual loss on assets	-	-	-	-	
Pension asset	-	-	-	-	
Allowance-retirement benefits	82,534	18,012	10,847	89,699	

7. Contribution and additional paid-in contribution

(Unit: Thousand Yen)

Category		Beginning Balance	Increase	Decrease	Closing balance	Memo
Contribution	Contribution from national government	24,317,681	-	-	24,317,681	
	Total	24,317,681	-	-	24,317,681	
Additional paid-in contribution	Additional paid-in contribution					
	Subsidy for Facility	9,781,797	5,439,788	-	15,221,585	Note (1)
	Total	9,781,797	5,439,788	-	15,221,585	
	Accumulated depreciation directly deducted from equity	3,480,814	1,509,601	-	4,990,416	
	Balance	6,300,982	3,930,186	-	10,231,169	

Note(1): Increase in the subsidy for facility was mainly due to the completion of Lab3 4,540,825 thousand yen and Child Development Center 287,205 thousand yen.

8. Changes in reserve fund

(Unit: Thousand yen)

Category	Beginning balance	Increase	Decrease	Closing balance	Memo
Special reserve fund	58,867	-	-	58,867	With regards to allowance-retirement benefits for employees in the previous corporation that were not posted in the balance sheet in accordance with accounting standards for an independent administrative institution, at the beginning of the first fiscal year, we posted the required amount for the reserve as a liability and handled the corresponding reserve amount as a school subsidy in the same fiscal year. In this way, we monetized the required amount for the reserve.
Special reserve fund	21,665	-	-	21,665	With regards to allowance-bonuses in the previous corporation that were not posted in the balance sheet in accordance with accounting standards for an independent administrative institution, at the beginning of the first fiscal year, we posted the required amount for the reserve as a liability and handled the corresponding reserve amount as a school subsidy in the same fiscal year. In this way, we monetized the required amount for the reserve.
Total	80,532	-	-	80,532	

9. Research expenses and general and administrative expenses

(Unit: Thousand Yen)

Account item	Amount	Memo
Research expenses		
Executive salaries	31,120	
Salaries - Exe allowance	18	
Salaries - Exe other	490	
Salaries - Base	3,042,745	
Salaries - Allowance	200,033	
Salaries - Commutation	36,392	
Salaries - Over time	69,747	
Salaries - Others	46,695	
Periodic retirement benefits	10,636	
Legal welfare	316,528	
Research supplies	1,038,544	
Supplies	302,674	
Consumables	302,412	
Utilities	487,904	
Travel and transportation - Domestic	122,433	
Travel and transportation - International	226,800	
Travel and transportation - Invite	142,731	
Travel and transportation - Others	5,310	
Communication expenses	55,148	
Transportation expenses	21,410	
Lease fees	9,558	
Rent fee - Land and buildings	128,136	
Rent fee - Others	33,028	
Welfare expenses	818	
Payment commissions	567	
Membership fees	26,361	
Meeting expenses	6,709	
Training fees	8,420	
Professional fees	2,613	
Honorariums	13,936	
Outsource	636,746	
Repair costs	117,995	
Maintenance fees	825,201	
Insurance - Property	4,366	
Advertising expenses	16,427	
Patent expenses	299	
Depreciation - Buildings	132,138	
Depreciation - Structures	22,340	
Depreciation - Machinery	22,989	
Depreciation - Equipment	1,834,816	
Depreciation - Vehicle and transportation equipment	3,581	
Depreciation - Ships and vessels	86	
Depreciation - Intangible assets	32,364	
Depreciation - Lease assets	426,898	
Library expenses	335,118	
Taxes and dues	6,435	
Import consumption tax	4,634	
Other expenses	28,595	
Total:	11,140,965	
General and administrative expenses		
Executive salaries	77,496	
Salaries - Exe commutation	287	
Salaries - Base	684,627	
Salaries - Allowance	38,271	
Salaries - Commutation	12,448	
Salaries - Over time	48,331	
Salaries - Others	28,014	
Periodic retirement benefits	7,376	
Legal welfare	116,768	
Research supplies	2,757	
Supplies	5,659	
Consumables	29,372	
Utilities	23,993	
Travel and transportation - Domestic	43,845	
Travel and transportation - International	26,658	
Travel and transportation - Invite	142,620	
Travel and transportation - Others	48,085	
Communication expenses	3,612	
Transportation expenses	48,989	
Lease fees	150	
Rent fee - Land and buildings	28,609	
Rent fee - Others	5,106	
Welfare expenses	10,757	
Event expenses	65	
Payment commissions	1,446	
Membership fees	2,499	
Meeting expenses	5,788	
Training fees	4,401	
Professional fees	26,639	
Honorariums	26,551	
Outsource	147,195	
Repair costs	55	
Maintenance fees	1,968	
Insurance - Property	29,590	
Advertising expenses	51,904	
Patent expenses	188	
Depreciation - Equipment	1,654	
Depreciation - Intangible assets	6,413	
Library expenses	3,010	
Taxes and dues	52,220	
Import consumption tax	69	
Other expenses	35,056	
Total:	1,830,560	

10.Subsidy for operation

(Unit: Thousand yen)

Category	Received amount	Transactions				Memo
		Encumbrance for construction in progress	Encumbrance for patents	Encumbrance for assets	Revenue from Subsidy for operation	
The Granting of Subsidies to the Okinawa Institute of Science and Technology	17,575,146	154,386	27,051	6,807,432	10,586,275	
Total	17,575,146	154,386	27,051	6,807,432	10,586,275	

Notes: Revenue of Subsidy for operation on the P/L includes 882 thousand yen produced by transferring from Patents(in the process of filing) in the past fiscal year to patent expenses.

11-1.Subsidy for facility

(Unit: Thousand yen)

Category	Received amount	Transactions				Memo
		Encumbrance for construction in progress	Additional paid-in contribution	Deposits received-subsidy for facility	Others	
OIST Subsidy for Facility as of March 19, 2013 Lab 3	2,539,580	-	2,539,580	-	-	
OIST Subsidy for Facility as of April 1, 2014 Infra·enviromental improvement	89,424	89,424	-	-	-	
OIST Subsidy for Facility as of April 1, 2014 R&D cluster building	37,454	37,454	-	-	-	
OIST Subsidy for Facility as of April 1, 2014 Skywalk 3	254,998	-	254,998	-	-	
OIST Subsidy for Facility as of April 1, 2014 Infra·enviromental improvement	138,748	2,138	134,626	-	1,982	
OIST Subsidy for Facility as of May 29, 2013 CDC	156,753	-	156,753	-	-	
OIST Subsidy for Facility as of May 29, 2013 Infra·enviromental improvement	13,428	-	13,031	-	397	
Total	3,230,387	129,016	3,098,991	-	2,380	

11-2. Other subsidies

(Unit: Thousand yen)

Category	Received amount	Transactions				Memo
		Encumbrance for assets	Deposits received - subsidy (long-term)	Revenue from Subsidy	Others	
Subsidy of reginal cooperation among government, industry and academia for science and technology development	4,200	-	-	4,200	-	
Subsidy for promotion of university reform	3,168	-	-	3,168	-	
Total	7,368	-	-	7,368	-	

12. Personnel costs for executives and employees

(Unit: Thousand yen)

Category	Compensation/Salaries		Retirement benefits	
	Amount	Number of people	Amount	Number of people
Executives	(1,704) 107,708	(1) 3	(-) 6,133	(-) 1
Employees	(66,372) 4,140,935	(39) 570	(-) 4,714	(-) 1
Total	(68,076) 4,248,644	(40) 573	(-) 10,847	(-) 2

Notes: 1. Payments of compensation/salaries and retirement benefits for executives (including part-time executives)

are made in conformity with the regulations as follows:

Policy Library chapter 34

2. Payments of compensation/salaries and retirement benefits for employees are made in conformity with the regulations as follows:

Policy Library chapter 34

3. Number of people is stated on a yearly average basis.

4. Personnel costs on the P/L includes legal welfare costs (433,297 thousand yen) other than the figures in the above table.

5. Figures for part-time executives and employees are put in parentheses, which is not included in each total amount.

6. Total amounts doesn't include allowance-retirement benefits and allowance-bonuses.

13. Segment information

(Unit: Thousand Yen)

Category	Research Unit	Research Service	Education	Subtotal	Administration	Total
Ordinary revenue						
Tuition fees	-	-	36,045	36,045	-	36,045
Subsidy for operation	4,643,281	3,759,406	527,169	8,929,857	1,657,300	10,587,157
Subsidy for facility	-	4,196	-	4,196	-	4,196
Sponsored research	123,927	1,391	-	125,318	35,343	160,661
Donation	1,030	-	917	1,948	3,462	5,410
Subsidy for others	4,200	3,168	-	7,368	-	7,368
Reversal of encumbrance for assets - subsidy for operation	772,048	1,226,098	21,709	2,019,856	8,288	2,028,144
Reversal of encumbrance for assets - donation	27,008	2,040	-	29,048	-	29,048
Reversal of encumbrance for assets - donated by Japan government	-	51	-	51	-	51
Miscellaneous revenue	1,468	51,083	309	52,861	130,098	182,959
Financial revenue	-	69,146	-	69,146	2,135	71,282
Total	5,572,964	5,116,583	586,150	11,275,699	1,836,628	13,112,327
Operating expenses	5,572,103	5,074,989	567,950	11,215,043	1,831,110	13,046,153
Net ordinary income	861	41,594	18,200	60,655	5,518	66,173
Total assets	1,555,208	49,121,612	39,233	50,716,053	8,375,203	59,091,257

(Notes to segment information)

(1) Definition of segments and detailed activities

Research unit: Molecular science, neuroscience, promotion of research and development for mathematics and computer science, the training of researchers, etc.

Research service: Support for research units, dissemination of research results, etc.

Education: Matters related to graduate student enrollment and education

(2) Amounts that are not allocatable and categorized as "Administration" are mainly related to administrative divisions as following.

Personnel costs	1,013,621 thousand yen
Depreciation	8,068 thousand yen
Others	35,056 thousand yen

(3) Total assets categorized as Administration mainly include:

Cash and cash equivalents	6,100,160 thousand yen
Accounts receivable	55,606 thousand yen

(4) Depreciation (directly deducted from equity) and estimated allowance for retirement benefits by segment are indicated below.

(Unit: Thousand Yen)

	Research Unit	Research Service	Education	Subtotal	Administration	Total
Depreciation (directly deducted from equity)	-	1,509,482	-	1,509,482	-	1,509,482
Estimated allowance for retirement benefits	-	-	-	-	1,649	1,649

14. Donation

Category	Received amount (Thousand yen)	Case	Memo
Research Unit	151	2	
Research Service	-	-	
Education	-	-	
Administration	3,514	7	Donation of goods 3 cases: 2,600 Thousands yen
Total	3,665	9	

15. Sponsored research

(Unit: Thousand yen)

Category	Beginning Balance	Received Amount	Sponsored Research Revenue	Closing Balance
Research Unit	3,791	134,692	114,819	23,665
Research Service	-	8,829	8,829	-
Total	3,791	143,522	123,648	23,665

16. Joint research

(Unit: Thousand yen)

Category	Beginning Balance	Received Amount	Joint Research Revenue	Closing Balance
Research Unit	-	38,395	37,012	1,382
Total	-	38,395	37,012	1,382

17. Primary assets, liabilities, expenses, and revenues

(1) Cash and bank deposits

(Unit: Thousand Yen)

Category	Amount
Cash	388
Bank deposits	6,099,771
Total	6,100,160

(2) Grant-in-aid for scientific research

(Unit: Thousand Yen)

Category	Received Amount	Number	Memo
Scientific research (S)	(6,500)	(1)	
	1,950	1	
Scientific research (A)	(5,700)	(2)	
	1,710	2	
Scientific research (B)	(2,000)	(3)	
	600	3	
Scientific research (C)	(20,642)	(18)	
	6,192	18	
Challenging Exploratory	(4,000)	(3)	
	1,200	3	
Young scientists (B)	(24,100)	(18)	
	7,230	18	
Research Activity Start-up	(1,100)	(1)	
	330	1	
Grant-in-aid for JSPS fellows	(2,500)	(3)	
	720	2	
Scientific Research on Innovative Areas	(1,300)	(2)	
	390	2	
Scientific Research on Innovative Areas (Research area proposed type)	(79,681)	(13)	
	22,605	12	
HFSP Grants	(21,423)	(2)	
	2,142	2	
	-	-	
Research Support Allowance	(1,616)	(3)	
	-	-	
Research Project for Disabled People	(500)	(1)	
	-	-	
Nansei Islands Special Grant	(1,531)	(1)	
	-	-	
Fujifilm Green Fund	(2,000)	(1)	
	-	-	
Sasakawa Scientific Research Grant	(650)	(1)	
	-	-	
Total	(175,244)	(73)	
	45,070	64	

Notes:1. Received amount indicates the amount for administrative activities, and the amount for research activities are put in parenthesis, which is not included in each amount.

2. Subsidized research subjects

- Scientific research (S) - Royal Epigenetics: Molecular basis of the extended longevity of reproductives in social insects
- Scientific research (A) - Genome scientific analyses of coral-symbiont bio symbiosis
 - Extraction of Agricultura tacit knowing by multistage mining combined swarm intelligence type method with mathematical modeling method
- Scientific research (B) - Coral population genomics analysis across south-west Pacific ocean
 - Artificially-structured coral multilateral analysis of mutualism biological event using zooxanthella symbiosis
- Scientific research (C) - Duality and application of random matrix theory
 - Testing a hypothesis of hierarchical decision making in the striatum
 - Comparative analyses of organelle genomes of endosymbiotic dinoflagellates in corals
 - Information theoretic optimization of internal rewards reinforcement learning
 - Analysis of Neuronal Mechanism for the critical period in speech development
 - Quantification of spatio-temporal variability in recruitment at hydrothermal vents
 - Regulation of the synchronized chromosome separation mediated by auto-cleavage of separase
 - System design preliminary essay of teaching facilities outside the school on the basis of the latest trend of Korea and the US
 - Many-body quantum walks to study the dynamics of particles in magnetic systems and photonic Mott insulators (Theoretical Physics)
 - Spin superfluidity and magnonics in solid antiferromagnets
 - Functional analysis of BNip1, a protein that transforms vesicular fusion defects into photoreceptor apoptosis
 - Lattice and charge engineering spin ice
 - Three-dimensional structural analysis of oxalate transporter
 - Multidirectional analysis of non-clustered protocadherins in topographic basal ganglia circuits
 - Neural mechanisms of sensorimotor learning in songbird
 - Development of neural function circuit imaging
- Challenging Exploratory - Randomized Control Trial of Parenting Training Program
 - Exploring stress responsible genes in corals
 - Establishment of the functional analysis method of cis-regulatory modules using CRISPR-Cas9 system
- Young scientists (B) - Development of network infrastructure for large scale modeling in neuroscience
 - Role of condensin on mitotic gene regulation and chromosome segregation
 - Analysis of molecular and genomic interaction in the symbiotic system between green hydra and chlorella.
 - The regulation of the CCR4-NOT deadenylase complex in obesity through mRNA degradation
 - Regulation of Histone H3K9 demethylase in higher plant
 - Research on the mechanisms of PKG-dependent synaptic vesicle endocytosis and its developmental change
 - Taxonomy and life history of sicydiine goby in northwestern Pacific
 - Development of orthology identification pipeline for the actinopterygian phylogenetics using genome data
 - Elucidation of dynamics and connectivity in marine species at multiple scales for coastal ecological conservation in the Nansei Islands
 - Reproductive specific network model for lincRNAs in rice
 - Modeling and experimental investigation of Bayesian-based computational in cortex
 - The role of 5-HT receptor during the self control behavior for the future reward
 - Analysis of a transcription control system deciding the pathogenicity of the Th17 cell
 - Development of an intelligent dynamic docking pipeline for improving molecular docking simulations
 - Solid solvents for organic solar cells
 - Theoretical study on topological defects in quantum magnets
 - Visualization of single synaptic vesicle recycling process in cultured calyx of Held
 - Study on the connectome and functions of neural circuits using genetically encoded tags
- Research Activity Start-up - Structural analysis of filovirus ribonucleoprotein complex
- Grant-in-aid for JSPS fellows - CHIP-seq approaches for the evolutionary process of notochord from blastopore
 - Thermal adaptation of mitochondria
 - Analysis of cerebral plasticity and development of cerebral plasticity promotion by longitudinal brain imaging
- Scientific Research on Innovative Areas - Research and development of a software platform for integrative multi-level systems biology
 - Development of the next-generation simulation platform for multilevel physiological functions
- Scientific Research on Innovative Areas (Research area proposed type) - Promotion of the research on the neural computation mechanisms for prediction and decision making
 - Elucidation of the neural network dynamics for prediction and decision making
 - Enamine-based organocatalytic molecular transformations: Development of highly efficient catalysts
 - Structural analysis of the mRNA decay machinery
 - Comparative genomics of endosymbiotic and photosynthetic apicomplexans in corals
 - Decoding of cortical column algorithm from a thousand neurons recorded with two-photon microscopy
 - Unified framework of linearly solvable control in partially observable environments
 - Effect of reward magnitude and uncertainty on the role of serotonin in the regulation of patience
 - Neuronal representation of state prediction for upcoming decision making
 - Development of efficient amine-based catalyst systems
 - Behavioral state control of auditory memory formation in zebra finch song learning.
 - Non-invasive imaging technique for measuring neural circuit activity
- HFSP Grants - The striatal cholinergic system and attention for learning: from neurotransmission to personality
 - Foot in motion: materials, mechanics and control
- Research Support Allowance - EAPSI:NSF East Asia and Pacific Summer Institutes (EAPSI) for FY2014
 - Network multiplexing : unpicking the neural code
 - Nanoparticle synthesis for sensing application
- Research Project for Disabled People - Establishment of acoustic system extraction method using DTI and its clinical application research
- Nansei Islands Special Grant - Conservation genetic study in multiple scales for reef-building corals inhabit the Nansei Islands
- Fujifilm Green Fund - Research on new larva of hermatype and biodiversity and genetical group structure at the middle of the Ryukyu Chain
- Sasakawa Scientific Research Grant - Elucidation of behavioral flexibility related neural basis