

Okinawa Institute of Science and Technology School Corporation

Financial Statements

Year ended March 2016

From: April 1, 2015

To: March 31, 2016

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

Report of Independent Auditors

June 21, 2016

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, 2016 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, 2016, 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.

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Balance Sheets

As of March 31, 2016

(Unit: Yen)

Assets		
I Noncurrent assets		
1 Properties, plants, and equipment		
Land		1,659,667,000
Buildings	37,865,142,244	
Accumulated depreciation	<u>-6,244,615,623</u>	31,620,526,621
Structures	6,242,015,225	
Accumulated depreciation	<u>-1,012,170,091</u>	5,229,845,134
Machineries	234,608,056	
Accumulated depreciation	<u>-129,845,767</u>	104,762,289
Equipment	15,505,467,319	
Accumulated depreciation	<u>-8,120,144,595</u>	7,385,322,724
Books		4,107,854
Ships and vessels	2,004,437	
Accumulated depreciation	<u>-478,609</u>	1,525,828
Vehicles and transportation equipment	24,952,408	
Accumulated depreciation	<u>-14,341,056</u>	10,611,352
Lease assets	1,794,703,628	
Accumulated depreciation	<u>-1,217,267,330</u>	577,436,298
Construction in progress		903,299,336
Total properties, plants, and equipment		<u>47,497,104,436</u>
2 Intangible assets net of amortization		
Patents		6,322,064
Trademark rights		746,367
Software		521,382,176
Patents (in the process of filing)		72,776,172
Others		<u>35,225,880</u>
Total intangible assets, net		636,452,659
3 Investments and other assets		
Investments in securities		5,000
Security deposits		3,665,500
Long-term prepaid expenses		742,931
Lease investment assets (Long-term)		<u>4,546,983,408</u>
Total investments and other assets		4,551,396,839
Total noncurrent assets		52,684,953,934
II Current assets		
Cash and cash equivalents		3,751,873,314
Accounts receivable		270,754,170
Supplies		82,157,760
Prepaid expenses		21,652,359
Prepaid expenses (Out-of-pocket expenses)		97,366
Lease investment assets (Short-term)		<u>111,292,113</u>
Total current assets		<u>4,237,827,082</u>
Total assets		<u>56,922,781,016</u>
Liabilities		
I Noncurrent liabilities		
Encumbrance for assets - subsidy for operation		13,140,173,057
Encumbrance for assets - donation		50,836,720
Encumbrance for assets - donated by Japan government		181,651
Allowance-retirement benefits		108,006,200
Long-term accrued amounts payable		4,556,513,711
Long-term lease obligations		<u>184,978,758</u>
Total noncurrent liabilities		18,040,690,097
II Current liabilities		
Advance received		17,820,126
Deposits received		
Deposits received - subsidy for operation	704,416,365	
Deposits received-subsidy for facility	<u>580,166,560</u>	1,284,582,925
Deposits received - donation		44,518,511
Deposits received - Kakenhi		64,277,217
Deposits received - others		69,978,908
Accounts payable		3,187,922,331
Short-term lease obligations		426,242,458
Accrued expenses		<u>63,111,495</u>
Total current liabilities		<u>5,158,453,971</u>
Total liabilities		<u>23,199,144,068</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		15,675,377,064
Accumulated depreciation - directly deducted from equity (-)		<u>-6,701,764,067</u>
Total additional paid-in contributions		8,973,612,997
III Retained earnings		
Voluntary reserve funds		
Special reserve funds		80,532,854
Accumulated net income		351,809,833
(Net income/(-loss) for FY2015)	(114,170,568)	
Total retained earnings		<u>432,342,687</u>
Total equities		<u>33,723,636,948</u>
Total liabilities and equities		<u>56,922,781,016</u>

Profit and Loss Statements

For the year ended March 31, 2016

(Unit: Yen)

Ordinary revenues			
Tuition fees		48,240,000	
Subsidy for operation		11,482,426,228	
Subsidy for facility		42,138,473	
Sponsored research from national and local governments		96,123,426	
Sponsored research from nongovernments		50,096,183	
Joint research		55,545,349	
Donations		3,146,802	
Subsidy for other		26,021,400	
Property rent revenue		7,222,834	
Land rent revenue		10,184,607	
Reversal of encumbrance for assets - subsidy for operation		2,794,054,939	
Reversal of encumbrance for assets - donations		29,070,849	
Reversal of encumbrance for assets - donated by Japan government		51,620	
Financial revenues			
Interest	91,814,621	91,814,621	
Miscellaneous revenues		112,387,048	
Ordinary revenues total		<u>14,848,524,379</u>	
Operating expenses			
Research and education expenses			
Personnel costs	4,075,601,475		
Other expenses			
Research supplies	1,159,933,738		
Supplies & Consumables	520,977,417		
Utilities	490,180,552		
Travel and transportation	516,853,501		
Communication and transportation expenses	78,048,260		
Rent	195,621,025		
Outsource	578,095,877		
Repair costs	205,285,898		
Maintenance fees	1,001,170,413		
Library expenses	206,238,630		
Depreciation	3,248,958,809		
Others	122,070,111	8,323,434,231	12,399,035,706
General and administrative expenses			
Personnel costs	1,340,895,737		
Other expenses			
Office supplies	41,596,107		
Travel and transportation	285,434,993		
Communication and transportation expenses	56,341,496		
Rent	26,045,451		
Outsource	182,666,249		
Service and advisory fees	73,847,098		
Advertising expenses	46,425,402		
Depreciation	10,109,015		
Others	232,195,763	954,661,574	2,295,557,311
Financial expense			
interest expenses	98,426,831		
Foreign currency transaction loss	2,198,026	100,624,857	
Miscellaneous loss		3,037,176	
Operating expenses total		<u>14,798,255,050</u>	
Net ordinary income/(-loss)			50,269,329
Extraordinary income			
Reversal of encumbrance for assets - subsidy for operation		3,379,921	
Reversal of encumbrance for assets - donation		2,864,416	
Reversal of encumbrance for assets - donated by Japan government		1	
Prior period adjustment gain		64,369,386	
Total extraordinary income		<u>70,613,724</u>	
Extraordinary loss			
Loss on retirement of noncurrent assets		6,712,485	
Total extraordinary loss		<u>6,712,485</u>	
Net income/(-loss)			<u>114,170,568</u>
Gross income/(-loss)			<u>114,170,568</u>

Statements of Cash Flows

From April 1, 2015 to March 31, 2016

(Unit: Yen)

I	Cash flows from operating activities	
	Tuition fees	48,240,000
	Funds received from government - subsidy for operation	16,360,707,808
	Funds received from outside parties - sponsored research	159,213,384
	Funds received from outside parties - donations	30,554,288
	Funds received from government - subsidy for others	26,021,400
	Funds received from employees - property rent - dormitory	7,222,834
	Funds received from others	175,817,357
	Net cash increase in advanced-received (Kakenhi:Grant-in-aid for scientific research)	△ 24,921,056
	Payments to employees	△ 5,384,864,680
	Purchase of inventories	△ 57,255,760
	Payments of other than payments to employees	△ 5,768,975,341
	Returns to national government - subsidy for operation	△ 126,601,555
	Net cash provided by operating activities	5,445,158,679
II	Cash flows from investing activities	
	Purchase of property, plant, and equipment	△ 9,712,284,163
	Purchase of intangible assets	△ 533,993,681
	Funds received from government - subsidy for facility	2,900,777,294
	Payments for other investing activities	218,052
	Subtotal	△ 7,345,282,498
	Received interest and dividends	2,075
	Net cash used in investing activities	△ 7,345,280,423
III	Cash flows from financial activities	
	Payments for finance lease liabilities	△ 445,967,472
	Net cash used in financial activities	△ 445,967,472
IV	Foreign exchange gain	△ 2,198,026
V	Net cash increase/(decrease) in cash and cash equivalents	△ 2,348,287,242
VI	Cash and cash equivalents at beginning of year	6,100,160,556
VII	Cash and cash equivalents at end of year	3,751,873,314

Profit Appropriation Statements
As of March 31, 2016

(Unit: Yen)

I Unappropriated retained earnings	
Gross profit	114,170,568
Retained earnings at the beginning of a period	237,639,265
II Retained earnings	<u><u>351,809,833</u></u>

Statements of Administrative Service Costs

From April 1, 2015 to March 31, 2016

(Unit: Yen)

I Ordinary expenses		
(1) Ordinary expenses stated on Profit and Loss Statements		
Research expenses	12,399,035,706	
General and administrative expenses	2,295,557,311	
Financial expenses	100,624,857	
Miscellaneous loss	3,037,176	
Extraordinary loss	6,712,485	14,804,967,535
(2) (Less) Revenue from outside parties		
Tuition fees	△ 48,240,000	
Sponsored research	△ 146,219,609	
Joint research	△ 55,545,349	
Donations	△ 3,146,802	
Property rent revenue	△ 7,222,834	
Land and Buildings rent revenue	△ 10,184,607	
Reversal of encumbrance for assets-donation	△ 29,070,849	
Financial revenue	△ 91,814,621	
Miscellaneous	△ 75,889,773	
Extraordinary income	△ 2,864,416	△ 470,198,860
Total ordinary expenses		14,334,768,675
II Depreciation-directly deducted from equity		1,711,348,047
III Estimated allowance for retirement benefits		1,631,200
IV Opportunity costs		
Opportunity costs of free rental fee or reduction rental fee from national/local government	150,639,869	
Opportunity costs of national/local government	0	150,639,869
V Administrative service costs		16,198,387,791

Notes to Financial Statements

I. Important accounting policy

1. Supplies

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 three 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

Although the interest rate for 10-year government bonds as at the closing date at the end of March 2016 was -0.050%, opportunity costs of the national/local government are calculated at the percentage of 0% in conformity with Interest Rate related to Calculation of Opportunity Costs on Incorporated National University, etc. the Statements of Administrative Service Costs (Notification).

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, the third-(1) phase and the third-(2) phase were completed at each fiscal year 2012, 2013, 2014 and 2015. The housings were then delivered to the University. Upon completion of the 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	312,168,401 yen
Closing balance of encumbrance for construction in progress - subsidy for operation in SC	319,471,792 yen
Closing balance of encumbrance for patent - subsidy for operation in SC	71,274,208 yen
Closing balance of encumbrance for patent-subsidy for operation in PC	1,501,964 yen
Total of closing balance	704,416,365 yen
(2) Deposits received - subsidy for facility	
Closing balance of encumbrance for construction in progress - subsidy for facility in SC	580,166,560 yen
Total of closing balance	580,166,560 yen

IV. Statement of Cash Flows

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

Cash and cash equivalent	3,751,873,314 yen
<u>Balance of funds at end of year</u>	<u>3,751,873,314 yen</u>

(2) Important non-financial transactions

Amount of investments related to finance leases (lessor) newly recognized in the term	1,621,954,800 yen
Amount of long-term accounts payable related to acquisition of tangible fixed assets newly recognized in the term	1,621,954,800 yen

V. Statements of administrative service costs

Estimated allowance for retirement benefits includes 1,631,200 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	6,267,594,997yen
Amount equivalent to interest income	△1,720,611,589yen
Lease investment assets	4,546,983,408yen

(ii) Current assets

Portion of lease receivables	220,788,464yen
Amount equivalent to interest income	△109,496,351yen
Lease investment assets	111,292,113yen

(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
Portion of lease receivables	-	220,954,759	221,125,211	221,299,927	221,479,009	5,382,736,091

(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
Portion of lease receivables	220,788,464	-	-	-	-	-

VII. Important subsequent events

Not applicable.

Annexed Detailed Statements

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 2015		Included in ordinary expenses FY2015	Excluded in ordinary expenses FY2015			
Property, plant, and equipment (Depreciation - Included in ordinary expenses)	Buildings	4,824,154	736,739	25,182	5,535,711	605,563	248,478	-	-	-	4,930,148	
	Structures	341,414	2,289	10,354	333,349	93,023	25,221	-	-	-	240,326	
	Machinery	155,496	37,988	1,957	191,527	117,097	23,631	-	-	-	74,429	
	Equipment	12,231,881	3,274,365	132,815	15,373,430	7,989,569	2,457,308	-	-	-	7,383,861	
	Books	3,082	1,025	-	4,107	-	-	-	-	-	4,107	
	Ship	1,734	270	-	2,004	478	391	-	-	-	1,525	
	Vehicle and transportation equipment	18,357	6,595	-	24,952	14,341	3,289	-	-	-	10,611	
	Lease assets	1,794,703	-	-	1,794,703	1,217,267	449,346	-	-	-	577,436	
	Total	19,370,825	4,059,273	170,310	23,259,788	10,037,340	3,207,667	-	-	-	13,222,447	
Property, plant, and equipment (Depreciation - Excluded from ordinary expenses)	Buildings	32,091,962	237,467	-	32,329,430	5,639,052	1,474,761	-	-	-	26,690,378	
	Structures	5,692,341	216,324	-	5,908,665	919,146	228,091	-	-	-	4,989,518	
	Machinery	43,080	-	-	43,080	12,748	2,886	-	-	-	30,332	
	Equipment	132,036	-	-	132,036	130,575	5,554	-	-	-	1,461	
	Total	37,959,421	453,791	-	38,413,213	6,701,522	1,711,293	-	-	-	31,711,690	
Non-depreciable assets	Land	1,659,667	-	-	1,659,667	-	-	-	-	-	1,659,667	
	Construction in progress	360,260	762,649	219,611	903,299	-	-	-	-	-	903,299	
	Total	2,019,927	762,649	219,611	2,562,966	-	-	-	-	-	2,562,966	
Total property, plant, and equipment	Land	1,659,667	-	-	1,659,667	-	-	-	-	-	1,659,667	
	Buildings	36,916,117	974,207	25,182	37,865,142	6,244,615	1,723,239	-	-	-	31,620,526	
	Structures	6,033,756	218,613	10,354	6,242,015	1,012,170	253,312	-	-	-	5,229,845	
	Machinery	198,577	37,988	1,957	234,608	129,845	26,517	-	-	-	104,762	
	Equipment	12,363,917	3,274,365	132,815	15,505,467	8,120,144	2,462,862	-	-	-	7,385,322	
	Books	3,082	1,025	-	4,107	-	-	-	-	-	4,107	
	Ship	1,734	270	-	2,004	478	391	-	-	-	1,525	
	Vehicle and transportation equipment	18,357	6,595	-	24,952	14,341	3,289	-	-	-	10,611	
	Lease assets	1,794,703	-	-	1,794,703	1,217,267	449,346	-	-	-	577,436	
	Construction in progress	360,260	762,649	219,611	903,299	-	-	-	-	-	903,299	
	Total	59,350,174	5,275,714	389,921	64,235,967	16,738,863	4,918,960	-	-	-	47,497,104	
	Intangible assets (Depreciation - Included in ordinary expenses)	Patents	6,351	3,483	-	9,834	3,512	998	-	-	-	6,322
Trademark right		1,119	-	-	1,119	373	111	-	-	-	746	
Software		194,422	459,237	-	653,660	132,278	46,348	-	-	-	521,382	
Other intangible assets		51,785	-	-	51,785	17,028	3,942	-	-	-	34,756	
Total		253,678	462,721	-	716,399	153,192	51,400	-	-	-	563,207	
Intangible assets (Depreciation - Excluded from ordinary expenses)	Other intangible assets	711	-	-	711	241	54	-	-	-	469	
Non-depreciable assets	Patent in the process of filing	42,385	35,842	5,452	72,776	-	-	-	-	-	72,776	
	Patents	6,351	3,483	-	9,834	3,512	998	-	-	-	6,322	
	Trademark right	1,119	-	-	1,119	373	111	-	-	-	746	
	Software	194,422	459,237	-	653,660	132,278	46,348	-	-	-	521,382	
	Patent in the process of filing	42,385	35,842	5,452	72,776	-	-	-	-	-	72,776	
	Other intangible assets	52,496	-	-	52,496	17,270	3,996	-	-	-	35,225	
	Total	296,775	498,563	5,452	789,886	153,434	51,455	-	-	-	636,452	
	Investments and other assets	Investments in securities	5	-	-	5	-	-	-	-	-	5
Security deposit		4,266	-	601	3,665	-	-	-	-	-	3,665	
Prepaid expense (long-term)		674	585	516	742	-	-	-	-	-	742	
lease investment assets		3,054,236	1,565,716	72,969	4,546,983	-	-	-	-	-	4,546,983	
Total		3,059,182	1,566,301	74,087	4,551,396	-	-	-	-	-	4,551,396	

Notes:

1. Increased buildings : R&D Cluster Hall 364,121 thousand yen, Lab3 Development 248,309 thousand yen
2. Increased structures : Lab3 106,081 thousand yen, Village Zone Housing East Court 91,596 thousand yen
3. Increased equipment : Lab3 LAN Network Equipment 146,740thousand yen, Ultra-high speed nucleic sequencing system 118,260 thousand yen, 600 MHz NMR spectrometer 95,364 thousand yen
4. Increased lease investment assets : Village zone housings (Phase 3-2) East coat 1,621,954 thousand yen (including long and short)
5. Increased software : New ERP system 429,292thousand yen

2. Supplies

(Unit: Thousand Yen)

Item	Beginning balance	Increase		Decrease		Closing balance	Memo
		Purchase and Transfer	Others	Consumption and Transfer	Others		
Research supplies	336	104,697	-	34,223	-	70,809	
Other	8,905	12,391	-	9,949	-	11,348	
Total	9,242	117,088	-	44,173	-	82,157	

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	-	-	Gratis allotment of stock acquisition rights 5,000
Total		-	-	-	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	-	148,987	
Land	Seragaki Marine Station	989 Seragaki, Onna-son Okinawa	7,002.14	-	1,652	
Total			638,412.74	-	150,639	

5.PFI

(Unit: Thousand yen)

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: Deliverd in August & 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	89,699	21,720	3,412	108,006	
Obligation of retirement lump-sum grants	89,699	21,720	3,412	108,006	
Unrecognized prior service cost	-	-	-	-	
Unrecognized net actual loss on assets	-	-	-	-	
Pension asset	-	-	-	-	
Allowance-retirement benefits	89,699	21,720	3,412	108,006	

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	15,221,585	453,791	-	15,675,377	Note (1)
	Total	15,221,585	453,791	-	15,675,377	
	Accumulated depreciation directly deducted from equity	4,990,416	1,711,348	-	6,701,764	
	Balance	10,231,169	Δ 1,257,557	-	8,973,612	

Note(1): Increase in the subsidy for facility was mainly due to the completion of R&D Cluster Hall 236,495 thousand yen and Implementation of Lab3 107,053 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		
Salaries - Base	3,315,714	
Salaries - Allowance	223,305	
Salaries - Commutation	41,707	
Salaries - Over time	87,028	
Salaries - Others	50,726	
Periodic retirement benefits	6,468	
Legal welfare	350,651	
Research supplies	1,159,933	
Supplies	309,834	
Consumables	211,142	
Utilities	490,180	
Travel and transportation - Domestic	130,378	
Travel and transportation - International	216,574	
Travel and transportation - Invite	164,880	
Travel and transportation - Others	5,020	
Communication expenses	58,774	
Transportation expenses	19,273	
Lease fees	18,337	
Rent fee - Land and buildings	166,232	
Rent fee - Others	11,050	
Welfare expenses	520	
Payment commissions	613	
Membership fees	30,665	
Meeting expenses	7,269	
Training fees	14,286	
Professional fees	1,853	
Honorariums	12,820	
Outsource	578,095	
Repair costs	205,285	
Maintenance fees	1,001,170	
Insurance - Property	10,286	
Advertising expenses	11,065	
Depreciation - Buildings	248,478	
Depreciation - Structures	25,221	
Depreciation - Machinery	23,631	
Depreciation - Equipment	2,453,206	
Depreciation - Vehicle and transportation equipment	3,289	
Depreciation - Ships and vessels	391	
Depreciation - Intangible assets	45,393	
Depreciation - Lease assets	449,346	
Library expenses	206,238	
Taxes and dues	8,370	
Import consumption tax	4,762	
Other expenses	19,554	
Total:	12,399,035	
General and administrative expenses		
Executive salaries	106,103	
Salaries - Exe commutation	382	
Salaries - Base	929,492	
Salaries - Allowance	49,429	
Salaries - Commutation	17,772	
Salaries - Over time	50,543	
Salaries - Others	22,315	
Periodic retirement benefits	15,451	
Legal welfare	149,405	
Research supplies	8,770	
Supplies	6,104	
Consumables	35,491	
Utilities	28,448	
Travel and transportation - Domestic	51,498	
Travel and transportation - International	25,034	
Travel and transportation - Invite	162,959	
Travel and transportation - Others	45,941	
Communication expenses	3,840	
Transportation expenses	52,501	
Lease fees	528	
Rent fee - Land and buildings	20,849	
Rent fee - Others	4,667	
Welfare expenses	11,771	
Event expenses	41	
Payment commissions	171	
Membership fees	3,795	
Meeting expenses	6,165	
Training fees	5,597	
Professional fees	29,878	
Honorariums	43,968	
Outsource	182,666	
Repair costs	44	
Maintenance fees	5,488	
Insurance - Property	32,773	
Advertising expenses	46,425	
Patent expenses	3,537	
Depreciation - Equipment	4,101	
Depreciation - Intangible assets	6,007	
Library expenses	3,592	
Taxes and dues	91,014	
Other expenses	30,983	
Total:	2,295,557	

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	16,079,904	216,276	35,810	4,357,649	11,470,167	
Total	16,079,904	216,276	35,810	4,357,649	11,470,167	

Notes: Revenue of Subsidy for operation on the P/L includes 12,258 thousand yen produced by transferring from Patents and construction (in the process of filing) acquired in the past fiscal year to patent other 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 April 1, 2014 R&D Cluster Hall	147,071	-	147,071	-	-	
OIST Subsidy for Facility as of April 1, 2014 Seragaki Marine Station	123,355	123,355	-	-	-	
OIST Subsidy for Facility as of April 1, 2014 Infra·environmental improvement	73,101	6,501	33,211	-	33,388	
OIST Subsidy for Facility as of April 9, 2015 Infra·environmental improvement	18,194	18,194	-	-	-	
OIST Subsidy for Facility as of April 9, 2015 Infra·environmental improvement	154,900	154,900	-	-	-	
OIST Subsidy for Facility as of April 9, 2015 Lab4	47,520	47,520	-	-	-	
OIST Subsidy for Facility as of April 9, 2015 Infra·environmental improvement	190,696	-	181,955	-	8,741	
OIST Subsidy for Facility as of March 3, 2015 Engineering Support Building	192,240	192,240	-	-	-	
Total	947,080	542,712	362,238	-	42,129	

11-2 Other subsidies

(Unit: Thousand yen)

Category	Received amount	Transactions				Memo
		Encumbrance for assets	Deposits received - subsidy (long-term)	Revenue from Subsidy	Others	
OPG Grant: Project for Enhancement of Competitiveness of Medical Industry in Okinawa	28,984	4,989	-	23,994	-	
Subsidy for promotion of university reform	2,027	-	-	2,027	-	
Total	31,011	-	-	26,021	-	

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)	(1)	(-)	(-)
	104,781	3	1,812	1
Employees	(85,238)	(41)	(-)	(-)
	4,702,796	642	1,799	1
Total	(86,942)	(42)	(-)	(-)
	4,807,578	645	3,612	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 (500,056 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	-	-	48,240	48,240	-	48,240
Subsidy for operation	4,336,066	4,396,494	608,896	9,341,457	2,140,969	11,482,426
Subsidy for facility	-	42,138	-	42,138	-	42,138
Sponsored research	154,505	90	-	154,595	47,169	201,764
Donation	1,094	437	-	1,532	1,614	3,146
Subsidy for others	23,994	2,027	-	26,021	-	26,021
Reversal of encumbrance for assets - subsidy for operation	713,613	2,052,757	18,036	2,784,406	9,648	2,794,054
Reversal of encumbrance for assets - donation	25,970	3,100	-	29,070	-	29,070
Reversal of encumbrance for assets - donated by Japan government	-	-	-	-	51	51
Miscellaneous revenue	13,297	41,288	264	54,850	74,943	129,794
Financial revenue	-	91,812	-	91,812	2	91,814
Total	5,268,541	6,630,146	675,437	12,574,125	2,274,398	14,848,524
Operating expenses	5,235,155	6,595,503	664,767	12,495,426	2,302,828	14,798,255
Net ordinary income	33,386	34,643	10,669	78,699	△ 28,430	50,269
Total assets	2,465,067	50,525,248	40,723	53,031,039	3,891,741	56,922,781

(Notes to segment information)

(1) Definition of segments and detailed activities

Contents of 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	1,234,409 thousand yen
Depreciation	10,066 thousand yen
Others	30,983 thousand yen

(3) Total assets categorized as Administration mainly include:

Cash and cash equivalents	3,751,873 thousand yen
Patents (in the process of filing)	72,776 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)	-	1,711,110	-	1,711,110	-	1,711,110
Estimated allowance for retirement benefits	-	-	-	-	1,631	1,631

14. Donation

Category	Received amount (Thousand yen)	Case	Memo
Research Unit	1,129	5	Donation of goods 2 cases: 679 Thousands yen
Research Service	200	1	
Education	-	-	
Administration	35,747	11	Donation of goods 1 case: 20 Thousands yen
Total	37,077	17	

15. Sponsored research

(Unit: Thousand yen)

Category	Beginning Balance	Received Amount	Sponsored Research Revenue	Closing Balance
Research Unit	23,665	121,131	130,067	14,729
Research Service	-	100	100	-
Administration	-	16,052	16,052	-
Total	23,665	137,283	146,219	14,729

16. Joint research

(Unit: Thousand yen)

Category	Beginning Balance	Received Amount	Joint Research Revenue	Closing Balance
Research Unit	1,382	57,115	55,545	2,952
Total	1,382	57,115	55,545	2,952

17. Primary assets, liabilities, expenses, and revenues

(1) Cash and bank deposits

(Unit: Thousand Yen)

Category	Amount
Cash	229
Bank deposits	3,751,644
Total	3,751,873

(2) Grant-in-aid for scientific research

(Unit: Thousand Yen)

Category	Received Amount	Number	Memo
Scientific research (S)	(4,300)	(1)	
	1,290	1	
Scientific research (A)	(700)	(1)	
	210	1	
Scientific research (B)	(10,715)	(7)	
	3,214	7	
Scientific research (C)	(18,300)	(20)	
	5,490	20	
Challenging Exploratory research	(2,000)	(3)	
	600	3	
Young scientists (A)	(7,626)	(2)	
	2,118	2	
Young scientists (B)	(19,000)	(16)	
	5,700	16	
Research Activity Start-up	(1,320)	(1)	
	300	1	
JSPS Fellows	(2,000)	(2)	
	330	2	
Scientific Research on Innovative Areas (Research area proposed type)	(55,355)	(11)	
	15,330	11	
HFSP Grants	(12,684)	(1)	
	1,268	1	
Research Support Allowance	(972)	(1)	
	-	-	
Research Project for Disabled People	(385)	(1)	
	115	1	
Travel Award	(245)	(1)	
	-	-	
Total	(135,604)	(68)	
	35,966	66	

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) - Extraction of Agricultural 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
 - Elucidation of coral larva disperse distance by different field cooperation for coral preservation
 - Epigenetic control of intragenic heterochromatin in higher plants
 - Artificially-structured coral multilateral analysis of mutualism biological event using zooxanthella symbiosis
 - Modeling of coral recruitment in view of mass synchronous spawning and fertilization efficiency
- Scientific research (C) - Lattice and charge engineering spin ice
 - Studies on high resolution MR micro imaging by QSI and DTI
 - Interactions between Hydra, Chlorella and bacteria and genome evolution in the symbiotic system of green hydra
 - Comparative analyses of organelle genomes of endosymbiotic dinoflagellates in corals
 - Three-dimensional structural analysis of oxalate transporter
 - Mechanisms that form cone mosaic pattern in zebrafish retina
 - The role of the ion channel distribution in dendritic computation of the cerebellar Purkinje cell
 - Duality and application of random matrix theory
 - Research on non-adiabatic quantum control using Lie algebra
 - Neuronal Mechanism of Critical Period for vocal learning in zebra finches
 - Functional analysis of BNip1, a protein that transforms vesicular fusion defects into photoreceptor apoptosis
 - Evolutionary study of vertebrate genome based on the phylogenetic analysis and chromosome comparison
 - Testing a hypothesis of hierarchical decision making in the striatum
 - Multidirectional analysis of non-clustered protocadherins in topographic basal ganglia circuits
 - Function analyses of Ras-related protein Rap2 on Skin wound healing
 - Quantification of spatio-temporal variability in recruitment at hydrothermal vents
 - Spin superfluidity and magnonics in solid antiferromagnets
 - Neural mechanisms of sensorimotor learning in songbird
- Challenging Exploratory research - 3 dimensional conformal field theory and its application to statistical physics
 - Establishment of the functional analysis method of cis-regulatory modules using CRISPR-Cas9 system
 - Structure of Membrane protein expression by modified E. coli
- Young scientists (A) - Establishment and deployment of 3D visualization techniques for RI by Compton camera
- Young scientists (B) - Development of an intelligent dynamic docking pipeline for improving molecular docking simulations
 - High stability perovskite solar cells
 - Phenotypic analysis of the Rap2-knockout mice toward an understanding
 - Solid solvents for organic solar cells
 - Study on the connectome and functions of neural circuits using genetically encoded tags
 - Analysis of a transcription control system deciding the pathogenicity of the Th17 cell
 - CNOT3 is required for the maintenance of immune homeostasis
 - Xenophyophores as bio indicators for pollutant concentrations and species diversity assessment
 - Biological elucidation of neural plasticity using advance MRI imaging
 - Modeling and experimental investigation of Bayesian-based computational in cortex
 - Research toward the identification of the roles of cytoskeleton on synaptic transmission in central nervous system
 - Theoretical study on topological defects in quantum magnets
 - Reproductive specific network model for lincRNAs in rice
 - Visualization of single synaptic vesicle recycling process in cultured calyx on Held
 - Elucidation of dynamics and connectivity in marine species at multiple scales for coastal ecological conservation in the Nansei Islands
 - The role of 5-HT receptor during the self control behavior for the future reward
- Research Activity Start-up - Structural analysis of filovirus ribonucleoprotein complex
- JSPS Fellows - Analysis of cerebral plasticity and development of cerebral plasticity promotion by longitudinal brain imaging
 - Genome decoding of brachiopod Lingula Anatina
- Scientific Research on Innovative Areas (Research area proposed type) - A new method of rice fertilization by lincRNA and miR2118
 - Investigation of the mechanism of cortical network shift depending on behavioral strategies
 - Development of efficient amine-based catalyst systems
 - Non-invasive imaging technique for measuring neural circuit activity
 - Decoding of cortical column algorithm from a thousand neurons recorded with two-photon microscopy
 - Behavioral state control of auditory memory formation in zebra finch song learning
 - Research and development of a software platform for integrative multi-level systems biology
 - Neuronal representation of state prediction for upcoming decision making
 - 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
 - Elucidation of the neural network dynamics for prediction and decision making
 - Promotion of the research on the neural computation mechanisms for prediction and decision making
- HFSP Grants - Foot in motion: materials, mechanics and control
- Research Support Allowance - Ligant-Enabled Polymetallic Catalysis for Aerobic or Electrochemical C-H Bond Oxidation
- Research Project for Disabled People - Establishment of acoustic system extraction method using DTI and its clinical application research
- Travel Award - Travel fee for International Fellows Orientation Session and International Fellows Poster Session