

**Okinawa Institute of Science and Technology School Corporation**

**Financial Statements**

**Year ended March 2012**

**From: November 1, 2011**

**To: March 31, 2012**

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

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Report of Independent Auditors

June 27, 2012

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 five-month period from November 1, 2011 through March 31, 2012 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, 2012, the results of its operations, cash flows, and its costs of conducting business for the five-month period 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. Voluntary use of national property

4. PFI

5-1. Allowance

5-1. Allowance-retirement benefits

6. Contribution and additional paid-in contribution

7. Changes in reserve fund

8. Research expenses and general and administrative expenses

9. Subsidy for operation

10. Subsidy for facility

11. Personnel costs for executives and employees

12. Segment information

13. Donation

14. Sponsored research

15. Joint research

16. Primary assets, liabilities, expenses, and revenues

## Balance Sheets

As of March 31, 2012

(Unit: Yen)

Assets			
I Noncurrent assets			
1 Property, plant, and equipment			
Land		1,659,667,000	
Building	20,657,979,590		
Accumulated depreciation	△ 415,018,003		
Accumulated impairment loss	△ 43,694,076	20,199,267,511	
Structure	5,297,202,548		
Accumulated depreciation	△ 83,180,469	5,214,022,079	
Machinery	197,674,901		
Accumulated depreciation	△ 15,116,274	182,558,627	
Equipment	4,175,522,775		
Accumulated depreciation	△ 549,786,384	3,625,736,391	
Vehicle and transportation equipment	13,425,861		
Accumulated depreciation	△ 1,286,524	12,139,337	
Construction in progress		5,179,227,865	
Total property, plant, and equipment		36,072,618,810	
2 Intangible assets net of amortization			
Patents		3,625,238	
Software		82,005,809	
Patent(in the process of filing)		5,508,029	
Others		49,542,126	
Total intangible assets, net		140,681,202	
3 Investment and other assets			
Security deposit		5,234,300	
Prepaid expense(long-term)		1,992,157	
Total investments and other assets		7,226,457	
Total noncurrent assets			36,220,526,469
II Current assets			
Cash and cash equivalent		2,245,431,570	
Accounts receivable		781,034,850	
Supplies		3,786,976	
Prepaid expense		7,856,623	
Prepaid expense (Out-of-pocket expenses)		51,149	
Total current assets			3,038,161,168
Total assets			<u>39,258,687,637</u>
Liabilities			
I Noncurrent liabilities			
Encumbrance for assets - subsidy for operation		5,288,127,454	
Encumbrance for assets - donation		49,712,356	
Encumbrance for assets - donated by Japan government		37,741,931	
Allowance-retirement benefits		66,614,100	
Total noncurrent liabilities			5,442,195,841
II Current liabilities			
Advance received		14,456,592	
Deposits received - subsidy for operation	660,684,161		
Deposits received - subsidy for facility	4,629,678,281	5,290,362,442	
Deposits received - donation		9,456,594	
Deposits received - Kakenhi		37,510,362	
Deposits received - others		32,320,353	
Accounts payable		2,699,375,015	
Accrued expense		40,178,524	
Liabilities-assets retirement		6,956,278	
Allowance-bonuses		14,650,597	
Total current liabilities			8,145,266,757
Total liabilities			<u>13,587,462,598</u>
Equity			
I Contribution			
Contribution from government		24,317,681,264	
Total contribution			24,317,681,264
II Additional paid-in contribution			
Additional paid-in contribution		1,724,808,162	
Accumulated depreciation - directly deducted from equity		△ 469,186,060	
Total additional paid-in contribution			1,255,622,102
III Retained earnings			
Voluntary reserve fund		80,532,854	
Special reserve fund		17,388,819	
Accumulated net income (Net income for FY2011)		( 97,921,673 )	
Total retained earnings			97,921,673
Total equity			<u>25,671,225,039</u>
Total liabilities and equity			<u>39,258,687,637</u>

**Profit and Loss Statements**  
From November 1, 2011 to March 31, 2012

(Unit: Yen)

Ordinary revenue			
Subsidy for operation		2,777,490,693	
Subsidy for facility		6,885,000	
Sponsored research from national and local governments		31,025,020	
Sponsored research from nongovernment		53,219,663	
Joint research		17,812,750	
Donation		1,924,135	
Subsidy for others		580,000	
Property rent revenue		2,170,000	
Reversal of encumbrance for assets - subsidy for operation		582,307,809	
Reversal of encumbrance for assets - donation		5,349,417	
Reversal of encumbrance for assets - donated by Japan government		10,323,764	
Financial revenue			
Interest	201		
Foreign currency transaction gain	<u>1,182,343</u>	1,182,544	
Miscellaneous revenue		<u>33,961,350</u>	
Ordinary revenue total			3,524,232,145
Operating expenses			
Research expenses			
Personnel costs		832,693,430	
Other expenses			
Research supplies	310,309,959		
Supplies & Consumables	362,525,611		
Utilities	108,834,796		
Travel and transportation	99,968,528		
Communication and transportation expenses	6,416,764		
Rent	33,257,225		
Outsource	168,255,245		
Repair costs	28,942,648		
Maintenance fees	161,125,019		
Library expenses	59,798,959		
Depreciation	553,489,890		
Others	<u>18,345,163</u>	<u>1,911,269,807</u>	2,743,963,237
General and administrative expenses			
Personnel costs		303,879,674	
Other expenses			
Office supplies	45,184,481		
Travel and transportation	69,281,184		
Communication and transportation expenses	35,657,779		
Rent	19,523,751		
Outsource	70,242,145		
Service and advisory fee	22,898,644		
Advertising expenses	12,790,926		
Depreciation	46,150,226		
Others	<u>50,925,237</u>	<u>372,654,373</u>	<u>676,534,047</u>
Operating expenses total			<u>3,420,497,284</u>
Net ordinary income/(loss)			103,734,861
Extraordinary loss			
Interests-Liabilities-Assets retirement		<u>5,813,188</u>	
Total extraordinary loss			<u>5,813,188</u>
Net income			
			<u>97,921,673</u>
Gross profit/(loss)			
			<u><u>97,921,673</u></u>

**Statements of Cash Flows**  
From November 1, 2011 to March 31, 2012

(Unit: Yen)

I Cash flows from operating activities	
Funds received from government - subsidy for operation	4,059,139,200
Funds received from outside parties - sponsored research	36,843,049
Funds received from government - subsidy for others	580,000
Funds received from outside parties - donations	11,122,000
Funds received from employees - property rent - dormitory	2,170,000
Funds received from others	775,475,313
Net cash increase in advanced-received (Kakenhi:Grant-in-aid for scientific research)	△ 45,780,052
Payments to employees	△ 1,100,572,189
Purchase of inventories	△ 1,804,351
Payments of other than payments to employees	△ 1,574,663,871
Returns to national government - subsidy for operation	△ 2,735,089,851
Payments of other operating activities	△ 840,484
Net cash provided by operating activities	<u>△ 573,421,236</u>
II Cash flows from investing activities	
Purchase of property, plant, and equipment	△ 4,091,900,992
Purchase of intangible assets	△ 93,163,395
Funds received from government - subsidy for facility	1,762,439,460
Payments for other investing activities	420,846
Subtotal	<u>△ 2,422,204,081</u>
Received interest and dividends	201
Net cash used in investing activities	<u>△ 2,422,203,880</u>
III Net cash increase/(decrease) in cash and cash equivalents	△ 2,995,625,116
IV Cash and cash equivalents at beginning of year	<u>5,241,056,686</u>
V Cash and cash equivalents at end of year	<u><u>2,245,431,570</u></u>

**Profit Appropriation Statements**  
**As of March 31, 2012**

(Unit: Yen)

I Unappropriated retained earnings

Gross profit	97,921,673
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II Profit appropriation

Voluntary reserve fund	
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Special reserve fund	<u>Δ 80,532,854</u>
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III Retained earnings

	<u><u>17,388,819</u></u>
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## Statements of Administrative Service Costs

### From November 1, 2011 to March 31, 2012

(Unit: Yen)

I Ordinary expenses		
(1) Ordinary expenses stated on Profit and Loss Statements		
Research expenses	2,743,963,237	
General and administrative expenses	676,534,047	
Extraordinary loss	5,813,188	3,426,310,472
(2) (Less) Revenue from outside parties		
Sponsored research	△ 84,244,683	
Joint research	△ 17,812,750	
Donations	△ 1,924,135	
Property rent revenue	△ 2,170,000	
Reversal of encumbrance for assets-donation	△ 5,349,417	
Financial revenue	△ 1,182,544	
Miscellaneous	△ 3,559,654	△ 116,243,183
Total ordinary expenses		3,310,067,289
II Depreciation-directly deducted from equity		469,186,060
III Opportunity costs		
Opportunity costs of free rental fee or reduction rental fee from national/local government	131,725,325	
Opportunity costs of national/local government	119,843,809	251,569,134
IV Administrative service costs		4,030,822,483

# Notes to Financial Statements

## I. Important accounting policy

### 1. Supplies

#### (1) Research supplies

Supplies are reported at lower of cost or market value under moving average 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 bonuses and retirement benefits

#### (1) Allowance-bonuses

Allowance for bonuses for employees is recognized on liability for FY2011 within estimated payment amount in the future.

#### (2) Allowance-retirement benefits

Allowance for retirement benefits for employees is recognized on liability for FY2011 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 0.985% which refers to the interest rate for 10-year government bonds at the end of March 2012.

### 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. Consumption tax

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

## II. Balance sheet

### 1. Subsidy for operation and facility

#### (1) Deposits received - subsidy for operation

Difference of budget and accounting	418,740 yen
Returns to National government	105,779,803 yen
Closing balance of encumbrance for construction in progress - subsidy for operation in SC	68,418,210 yen
Closing balance of encumbrance for patent - subsidy for operation in SC	1,221,607 yen
Closing balance of encumbrance for construction in progress - subsidy for operation in PC	481,131,374 yen
Closing balance of encumbrance for patent-subsidy for operation in PC	3,714,427 yen
<u>Total of closing balance</u>	<u>660,684,161 yen</u>

#### (2) Deposits received - subsidy for facility

Closing balance of encumbrance for construction in progress - subsidy for facility in SC	1,494,564,330 yen
Closing balance of encumbrance for construction in progress - subsidy for facility in PC	3,135,113,951 yen
<u>Total of closing balance</u>	<u>4,629,678,281 yen</u>

### III. Statements of cash flows

Closing balance of cash and cash equivalents

Cash and cash equivalents	2,245,431,570 yen
<u>Closing balance</u>	<u>2,245,431,570 yen</u>

### IV. Accumulated impairment loss

#### (1) Fixed asset of accumulated impairment loss

Use	Building for Research Unit
Kind	Building
Location	Uruma city, Okinawa
Book value	36,671,140 yen
Events that led to impairment recognition	The lease contract for the Industrial Technology Center will terminate on March 31, 2012, and since there is no prospect for the future use or sale of the buildings attached to the site, the full amount of the residual value is calculated as an impairment loss.
Accumulated impairment loss amount	Building 36,671,140 yen No impairment losses are recorded in the profit-and-loss statement.
Recoverable amount	With regards to the recoverable amount for services, the net selling price is the same as the equivalent value in use and hence we have adopted the equivalent value in use. In addition, since we do not expect to make any use of all parts of the asset, the equivalent value in use is estimated to have been zero.

Use	Air conditioning equipment
Kind	Building
Location	Uruma city, Okinawa
Book value	7,022,936 yen
Events that led to impairment recognition	Since there is no prospect for the future use or sale of the air conditioning that was transferred from the former Tropical Technology Center, the full amount of its residual value is calculated as an impairment loss.
Accumulated impairment loss amount	Building 7,022,936 yen No impairment losses are recorded in the profit-and-loss statement.
Recoverable amount	With regards to the recoverable amount for services, the net selling price is the same as the equivalent value in use and hence we have adopted the equivalent value in use. In addition, since we do not expect to make any use of all parts of the asset, the equivalent value in use is estimated to have been zero.

### V. Asset retirement obligation

#### (1) Description of asset retirement obligation

Asset retirement obligation is restoration to an original condition in accordance with "Article 20 (Confirmation of restoring to an original condition) of an enforcement rule of the regulation on installation and management".

#### (2) Calculation method for asset retirement obligation

Beginning balance	6,919,805 yen
Coordination as lag	36,473 yen
<u>Closing balance</u>	<u>6,956,278 yen</u>

### VI. Significant events after the closing date

N/A

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 (Excluded from ordinary expenses FY2011)	Accumulated impairment loss (Excluded from ordinary expenses FY2011)	Closing net book value	Memo
					Depreciation for FY 2011	Depreciation for FY 2011				
Buildings	1,001,866	381,156	-	1,383,023	41,477	36,045	-	43,694	1,297,851	
Structures	130,653	93,978	-	224,632	9,792	9,792	-	-	214,839	
Machinery	154,594	-	-	154,594	13,913	13,913	-	-	140,680	
Equipment	3,205,614	837,871	-	4,043,486	528,754	528,754	-	-	3,514,731	
Vehicle and transportation equipment	8,720	4,705	-	13,425	1,286	1,286	-	-	12,139	
Total	4,561,449	1,317,712	-	5,879,161	595,224	595,224	-	43,694	5,240,243	
Buildings	17,861,859	1,413,096	-	19,274,956	373,540	373,540	-	-	18,901,415	
Structures	4,700,858	311,711	-	5,012,570	73,388	73,388	-	-	4,939,182	
Machinery	43,050	-	-	43,050	1,202	1,202	-	-	41,848	
Equipment	132,036	-	-	132,036	21,031	21,031	-	-	111,004	
Total	22,737,803	1,724,808	-	24,462,611	469,153	469,153	-	-	23,993,458	
Land	1,659,667	-	-	1,659,667	-	-	-	-	1,659,667	
Construction in progress	4,678,796	2,707,587	2,207,155	5,179,227	-	-	-	-	5,179,227	
Total	6,338,463	2,707,587	2,207,155	6,838,894	-	-	-	-	6,838,894	
Land	1,659,667	-	-	1,659,667	-	-	-	-	1,659,667	
Buildings	18,863,726	1,794,353	-	20,657,979	415,018	409,585	-	43,694	20,199,267	
Structures	4,891,512	405,690	-	5,297,202	83,180	83,180	-	-	5,214,022	
Machinery	197,674	-	-	197,674	15,116	15,116	-	-	182,558	
Equipment	3,337,651	837,871	-	4,175,522	549,786	549,786	-	-	3,625,736	
Vehicle and transportation equipment	8,720	4,705	-	13,425	1,286	1,286	-	-	12,139	
Construction in progress	4,678,796	2,707,587	2,207,155	5,179,227	-	-	-	-	5,179,227	
Total	33,637,748	5,750,107	2,207,155	37,180,700	1,064,387	1,058,955	-	43,694	36,072,618	
Patents	3,860	-	-	3,860	235	235	-	-	3,625	
Software	88,655	1,429	-	90,085	8,079	8,079	-	-	82,005	
Other intangible assets	47,249	3,138	-	50,387	1,533	1,533	-	-	48,853	
Total	139,765	4,567	-	144,333	9,848	9,848	-	-	134,484	
Intangible asset (Depreciation - Excluded from ordinary expenses)	711	-	-	711	22	22	-	-	688	
Patent in the process of filing	5,510	1,221	1,224	5,508	-	-	-	-	5,508	
Patents	3,860	-	-	3,860	235	235	-	-	3,625	
Software	88,655	1,429	-	90,085	8,079	8,079	-	-	82,005	
Patent in the process of filing	5,510	1,221	1,224	5,508	-	-	-	-	5,508	
Other intangible assets	47,960	3,138	-	51,099	1,556	1,556	-	-	49,542	
Total	145,987	5,789	1,224	150,552	9,871	9,871	-	-	140,680	
Security deposit	5,650	652	1,068	5,234	-	-	-	-	5,234	
Prepaid expense (Non-term)	-	1,992	-	1,992	-	-	-	-	1,992	
Total	5,650	2,644	1,068	7,226	-	-	-	-	7,226	

Notes:

- Increased assets for FY 2011  
 1. Buildings: Auditorium 1,182,593,988 yen Parking structure 343,997,700 yen  
 2. Structures: Hillside infrastructure construction (plumbing) 179,529,000 yen  
 3. Equipment: Nano particle deposition system 70,350,000 yen Physical property measurement system 66,895,500 yen  
 4. Construction in progress: Laboratory #2 1,400,800,590 yen, Auditorium #17 201,046 yen

2. Supplies

(Unit: Thousand Yen)

Item	Beginning balance	Increase		Decrease		Closing balance	Memo
		Purchase and Transfer	Others	Consumption and Transfer	Others		
Research supplies	5,124	2,198	-	3,500	35	3,786	
Total	5,124	2,198	-	3,500	35	3,786	

Notes:

Reason of decrease of Others: Difference in number between ledger and actual number

3. Voluntary use of national property

Category	Item	Address	Space (㎡)	Structure	Opportunity costs (Thousand yen)	Description
Land	Campus	1919-1 Tancha, Onna-son Okinawa	628,910.60	-	131,725	
Total					131,725	

## 4.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: Sequential delivery scheduled for between August and December 2012 Second phase: Scheduled to deliver in March 2013 Third phase: Scheduled to deliver in April 2015

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

## 5-1.Allowance

(Unit: Thousand yen)

Category	Beginning Balance	Increase	Decrease		Closing Balance	Description
			Specific	Others		
Allowance -bonuses	21,665	14,650	21,665	-	14,650	
Total	21,665	14,650	21,665	-	14,650	



## 5-2.Allowance-retirement benefits

(Unit: Thousand yen)

Category	Beginning Balance	Increase	Decrease	Closing Balance	Description
Total of accumulated benefits obligation	58,867	7,746	-	66,614	
Obligation of retirement lump-sum grants	58,867	7,746	-	66,614	
Unrecognized prior service cost	-	-	-	-	
Unrecognized net actual loss on assets	-	-	-	-	
Pension asset	-	-	-	-	
Allowance-retirement benefits	58,867	7,746	-	66,614	

6. 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	0	0	24,317,681	
	Total	24,317,681	0	0	24,317,681	
Additional paid-in contribution	Additional paid-in contribution					
	Subsidy for Facility	0	1,724,808	0	1,724,808	*Note
	Total	0	1,724,808	0	1,724,808	
	Accumulated depreciation directly deducted from equity	0	469,186	0	469,186	
	Balance	24,234,920	1,255,622	0	1,255,622	

Note: Increase in the subsidy for facility was mainly due to the completion of Auditorium 883,203 thousand yen, Multistory parking lot 379,200 thousand yen, Plumbing for Hillside infrastructure 179,529 thousand yen, emergency equipments in energy-center building 195,378 thousand yen, and Utility trench 87,496 thousand yen.

## 7. Changes in reserve fund

(Unit: Thousand yen)

Category	Beginning balance	Increase	Decrease	Closing balance	Memo
Special reserve fund	0	58,867	0	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 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	0	21,665	0	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 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	0	80,532	0	80,532	

## 8. Research expenses and general and administrative expenses

(Unit: Thousand Yen)

Account item	Amount	Description
<b>Research expenses</b>		
Executive salaries	8,281	
Salaries - Exe allowance	498	
Salaries - Base	668,228	
Salaries - Allowance	44,673	
Salaries - Commutation	9,878	
Salaries - Over time	18,587	
Salaries - Others	9,365	
Bonus	1,354	
Provision-Allowance for bonus	4,899	
Periodic retirement benefits	3,093	
Legal welfare	63,831	
Research supplies	310,309	
Supplies	164,351	
Consumables	198,174	
Utilities	108,834	
Travel and transportation - Domestic	29,789	
Travel and transportation - International	47,886	
Travel and transportation - Invite	22,147	
Travel and transportation - Others	144	
Communication expenses	3,570	
Transportation expenses	2,846	
Lease fees	869	
Rent fee - Land and buildings	28,896	
Rent fee - Others	3,490	
Payment commissions	3,210	
Membership fees	2,701	
Meeting expenses	651	
Training fees	204	
Professional fees	484	
Honorariums	4,357	
Outsource	168,255	
Repair costs	28,942	
Maintenance fees	161,125	
Insurance - Property	185	
Advertising expenses	1,684	
Depreciation - Buildings	35,397	
Depreciation - Structures	9,792	
Depreciation - Machinery	13,913	
Depreciation - Equipment	492,318	
Depreciation - Vehicle and transportation equipment	227	
Depreciation - Intangible assets	1,840	
Library expenses	59,798	
Taxes and dues	1,892	
Interests - Liabilities - Assets retirement	36	
Other expenses	2,936	
<b>Total:</b>	<b>2,743,939</b>	
<b>General and administrative expenses</b>		
Executive salaries	28,401	
Salaries - Exe commutation	44	
Salaries - Base	163,807	
Salaries - Allowance	11,692	
Salaries - Commutation	3,207	
Salaries - Over time	28,358	
Salaries - Others	5,969	
Bonus	2,668	
Provision - Allowance for bonus	9,750	
Periodic retirement benefits	4,653	
Legal welfare	45,326	
Research supplies	5,277	
Supplies	11,440	
Consumables	33,744	
Utilities	861	
Travel and transportation - Domestic	11,471	
Travel and transportation - International	5,786	
Travel and transportation - Invite	35,964	
Travel and transportation - Others	16,059	
Communication expenses	20,788	
Transportation expenses	14,869	
Lease fees	1,151	
Rent fee - Land and buildings	15,728	
Rent fee - Others	2,643	
Welfare expenses	4,075	
Event expenses	7,654	
Payment commissions	3,240	
Membership fees	160	
Meeting expenses	696	
Training fees	420	
Professional fees	11,997	
Honorariums	10,901	
Outsource	70,242	
Repair costs	365	
Maintenance fees	16,696	
Insurance - Property	4,557	
Advertising expenses	12,790	
Patent expenses	1,282	
Depreciation - Buildings	647	
Depreciation - Equipment	36,435	
Depreciation - Vehicle and transportation equipment	1,058	
Depreciation - Intangible assets	8,007	
Library expenses	187	
Taxes and dues	296	
Other expenses	5,152	
<b>Total:</b>	<b>676,513</b>	

9.Subsidy for operation

(Unit: Thousand yen)

Category	Received amount	Transactions					Memo
		Encumbrance for construction in progress	Encumbrance for patents	Encumbrance for assets	Deposits received - subsidy for operation	Revenue from Subsidy for operation	
The Granting of Subsidies to the Okinawa Institute of Science and Technology	3,818,144	68,418	1,221	971,767	418	2,776,318	
Total	3,818,144	68,418	1,221	971,767	418	2,776,318	

10.Subsidy for the 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 Lab2	1,075,790	1,075,790	-	-	-	
OIST Subsidy for Facility Auditorium	423,553	-	423,553	-	-	
OIST Subsidy for Facility Lab2	273,894	273,894	-	-	-	
OIST Subsidy for Facility Infrastructure, Envireomental Improvement, Land Purchase	591,632	40,929	547,493	-	3,210	
OIST Subsidy for Facility Collaboration Center	103,950	103,950	-	-	-	
Total	2,468,821	1,494,564	971,046	-	3,210	

11. Personnel costs for executives and employees

(Unit: Thousand yen)

Category	Compensation/Salaries		Retirement benefits	
	Amount	Number of people	Amount	Number of people
Executives	( 710 )	( 1 )	( 0 )	( 0 )
	34,089	3	0	0
Employees	( 14,999 )	( 21 )	( 0 )	( 0 )
	955,218	334	0	0
Total	( 15,709 )	( 22 )	( 0 )	( 0 )
	989,307	337	0	0

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 (109,158 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.

12. Segment information

(Unit: Thousand Yen)

Category	Research Unit	Research Service	Subtotal	Administration	Total
Ordinary revenue					
Subsidy for operation	1,204,503	932,017	2,136,520	640,969	2,777,490
Subsidy for facility	0	6,885	6,885	0	6,885
Sponsored research	102,057	0	102,057	0	102,057
Donation	333	0	333	1,590	1,924
Subsidy for others	0	0	0	580	580
Reversal of encumbrance for assets - subsidy for operation	147,825	387,263	535,088	47,218	582,307
Reversal of encumbrance for assets - donation	5,349	0	5,349	0	5,349
Reversal of encumbrance for assets - donated by Japan government	1,146	9,177	10,323	0	10,323
Miscellaneous revenue	31,949	3,648	35,598	532	36,131
Financial revenue	0	0	0	1,182	1,182
Total	1,493,165	1,338,992	2,832,157	692,074	3,524,232
Operating expenses	1,447,213	1,296,749	2,743,963	676,534	3,420,497
Net ordinary income	45,951	42,242	88,194	15,540	103,734
Total assets	1,076,422	34,821,869	35,898,292	3,360,395	39,258,687

(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.

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

Personnel costs	303,879 thousand yen
Depreciation	46,150 thousand yen
Others	326,504 thousand yen

(3) Total assets categorized as Administration mainly include:

Cash and cash equivalents	2,245,431 thousand yen
Accounts receivable	782,900 thousand yen
Equipment of information service section	202,913 thousand yen

(4) Depreciation (directly deducted from equity) is indicated below.

(Unit: Thousand Yen)

	Research Unit	Research Service	Subtotal	Administration	Total
Depreciation (directly deducted from equity)	-	464,523	464,523	4,662	469,186



## 13. Donation

Category	Received amount (Thousand yen)	Case	Memo
Research Unit	9,790	2	
Administration	1,590	6	Donation of goods 2 cases: 558 Thousands yen
Total	11,380	8	

## 14.Sponsored research

(Unit: Thousand yen)

Category	Beginning Balance	Received Amount	Sponsored Research Revenue	Closing Balance
Research Unit	39,298	59,403	84,244	14,456
Total	39,298	59,403	84,244	14,456

## 15. Joint research

(Unit: Thousand yen)

Category	Beginning Balance	Received Amount	Joint Research Revenue	Closing Balance
Research Unit	10,812	7,000	17,812	0
total.	10,812	7,000	17,812	0

16. Primary assets, liabilities, expenses, and revenues

(1) Cash and bank deposits

(Unit: Thousand Yen)

Category	Amount
Cash	187
Bank deposits	2,245,243
Total	2,245,431

(2) Grant-in-aid for scientific research

(Unit: Thousand Yen)

Category	Received Amount	Number	Memo
Young scientists (B)	( 7,095 )	( 7 )	
	2,776	7	
Scientific research (B)	( 252 )	( 1 )	
	89	1	
Scientific research (C)	( 4,173 )	( 6 )	
	1,729	6	
Encouragement of Scientists	( 152 )	( 1 )	
	-	-	
Grant-in-aid for JSPS fellows	( 614 )	( 1 )	
	-	-	
Challenging Exploratory	( 1,018 )	( 1 )	
	447	1	
Scientific Research on Innovative Areas	( 64,640 )	( 6 )	
	30,471	6	
Total	( 77,948 )	( 23 )	
	35,512	21	

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

- Young scientists (B) - Understanding the molecular mechanisms of coral-zooxanthellasymbiosis, for understanding coral bleaching
- Mechanism of centromeric chromatin formation through the regulation of histone acetylation
- Elucidation of molecular basis for development of the topographic basal ganglia circuit
- Analysis on the molecular mechanism of mitochondrial maintenance by the cooperation of proteolytic machineries
- Molecular mechanisms of crystal polymorphisms of cellulose of appendicularians
- Analysis of the mechanisms for critical period formation controlled by inhibitory circuits - comparative studies between mice and birds
- Investigation of novel genes responsible for larval shell formation in the pearl oyster *Pinctada fucata*
- Scientific research (B) - Revealing regulatory logic of tissue-specific expressions based on nuclear dynamics between transcription factors and cis-regulatory DNA
- Scientific research (C) - Transcriptome analysis for tunic cells of the ascidian, *Ciona intestinalis*
- The mechanism of Hedgehog inhibition of Ci processing
- Comprehensive studies of Hox and ParaHox genes in basic deuterostomes
- Development of the selection method of the sperm in the Assisted reproductive technology
- Phenotypic analysis of the Rap2-knockout mice toward an understanding of molecular mechanisms underlying the pathology
- Encouragement of Scientists - Characterization of Ventilatory in the Low Ventilation Competence Space by the Analysis of Radon Concentration Changes
- Grant-in-aid for JSPS fellows - Development of the comprehensive action-selection model for understanding the brain mechanism of decision making
- Challenging Exploratory - Mechanism underlying photoreceptor degeneration in response to vesicular transport defects
- Scientific Research on Innovative Areas - Continued development of a comprehensive computational platform for systems biology
- HD-Physiology Project
- Development of the next-generation simulation platform for multilevel physiological functions and its application.
- Comparative genomics of dinoflagellates in corals
- 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