

Okinawa Institute of Science and Technology School Corporation

Financial Statements

Year ended March 2013

From: April 1, 2012

To: March 31, 2013

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Balance Sheets

As of March 31, 2013

(Unit: Yen)

Assets			
I Noncurrent assets:			
1	Property, plant, and equipment		
	Land	1,659,667,000	
	Buildings	29,056,899,522	
	Accumulated depreciation	Δ 1,727,473,833	
	Accumulated impairment loss	Δ 7,022,936	27,322,402,753
	Structure	5,626,038,719	
	Accumulated depreciation	Δ 291,875,817	5,334,162,902
	Machinery	197,641,939	
	Accumulated depreciation	Δ 50,717,501	146,924,438
	Equipment	6,646,441,303	
	Accumulated depreciation	Δ 2,113,931,897	4,532,509,406
	Books		488,030
	Vehicle and transportation equipment	15,406,041	
	Accumulated depreciation	Δ 5,267,083	10,138,958
	Lease asset	459,691,344	
	Accumulated depreciation	Δ 31,148,187	428,543,157
	Construction in progress		524,230,525
	Total property, plant, and equipment		<u>39,959,067,169</u>
2	Intangible assets net of amortization		
	Patents		3,982,266
	Trademark right		1,082,232
	Software		69,017,816
	Patents in the process of filing		10,693,253
	Others		45,638,934
	Total intangible assets, net		<u>130,414,501</u>
3	Investment and other asset		
	Security deposits		5,100,300
	Long-term prepaid expenses		1,414,055
	Lease investment assets (Long-term)		1,919,026,802
	Total investments and other assets		<u>1,925,541,157</u>
	Total noncurrent assets		42,015,022,827
II Current assets:			
	Cash and cash equivalent	1,751,956,375	
	Accounts receivable	1,303,525,583	
	Supplies	4,901,937	
	Advance payments	59,765,600	
	Prepaid expenses	10,965,422	
	Prepaid expenses (out-of-pocket expense)	783,308	
	Suspense payments	3,225,000	
	Lease investment assets (Short-term)	40,700,223	
	Total current assets		<u>3,175,823,448</u>
	Total assets		<u><u>45,190,846,275</u></u>
Liabilities			
I Noncurrent liabilities			
	Encumbrance for assets - subsidy for operation	6,961,053,119	
	Encumbrance for assets - donation	62,426,550	
	Encumbrance for assets - donated by Japan government	6,575,186	
	Allowance-retirement benefits	66,638,600	
	Long-term accrued amount payable	1,921,179,980	
	Long-term lease obligations	325,978,275	
	Total noncurrent liabilities		<u>9,343,851,710</u>
II Current liabilities			
	Advance received	15,317,582	
	Deposits received - subsidy for operation		
	Deposits received - subsidy for operation	292,115,423	
	Deposits received - subsidy for facility	468,644,823	760,760,246
	Deposits received - donation		11,927,988
	Deposits received - Kakenhi		66,316,254
	Deposits received - others		42,301,265
	Accounts payable		2,517,356,986
	Short-term lease obligations		112,243,466
	Accrued expense		43,005,013
	Total current liabilities		<u>3,569,228,800</u>
	Total liabilities		<u><u>12,913,080,510</u></u>
Equity			
I Contribution			
	Contribution from government	24,317,681,264	
	Total contribution		24,317,681,264
II Additional paid-in contributor			
	Additional paid-in contribution	9,656,882,361	
	Accumulated depreciation - directly deducted from equity	Δ 1,957,161,552	
	Total additional paid-in contribution		7,699,720,809
III Retained earnings			
	Voluntary reserve fund		
	Special reserve fund	80,532,854	
	Accumulated net income	179,830,838	
	(Net income for FY2011)	(162,442,019)	
	Total retained earnings		260,363,692
	Total equity		<u>32,277,765,765</u>
	Total liabilities and equity		<u><u>45,190,846,275</u></u>

Profit and Loss Statements
From April 1, 2012 to March 31, 2013

(Unit: Yen)

Ordinary revenue			
Tuition fees		10,485,000	
Subsidy for operation		7,178,902,278	
Subsidy for facility		19,338,198	
Sponsored research from national and local governments		75,636,696	
Sponsored research from nongovernment		53,669,555	
Joint research		29,461,290	
Donation		15,327,914	
Subsidy for others		18,885,912	
Property rent revenue		4,958,222	
Land rent revenue		1,372,812	
Reversal of encumbrance for assets - subsidy for operation		1,681,309,786	
Reversal of encumbrance for assets - donation		18,552,466	
Reversal of encumbrance for assets - donated by Japan government		17,312,897	
Financial revenue			
Interest	25,472,061		
Foreign currency transaction gain	<u>1,882,544</u>	27,354,605	
Miscellaneous revenue		<u>181,273,273</u>	
Ordinary revenue total			9,333,840,904
Operating expenses			
Research expenses			
Personnel costs	2,523,113,825		
Other expenses			
Research supplies	647,804,736		
Supplies & Consumables	590,958,484		
Utilities	306,589,996		
Travel and transportation	280,609,989		
Communication and transportation expenses	46,968,000		
Rent	67,621,255		
Outsource	544,570,483		
Repair costs	131,409,918		
Maintenance fees	508,635,096		
Library expenses	150,832,819		
Depreciation	1,736,313,986		
Others	<u>59,234,268</u>	<u>5,071,549,030</u>	7,594,662,855
General and administrative expenses			
Personnel costs	801,087,662		
Other expenses			
Office supplies	76,639,956		
Travel and transportation	184,566,129		
Communication and transportation expenses	64,330,333		
Rent	43,988,560		
Outsource	113,372,240		
Service and advisory fee	43,388,344		
Advertising expenses	42,213,504		
Depreciation	12,189,552		
Others	<u>167,388,937</u>	<u>748,077,555</u>	<u>1,549,165,217</u>
Financial expenses			
interest expenses	<u>27,570,813</u>	<u>27,570,813</u>	
Operating expenses total			<u>9,171,398,885</u>
Net ordinary income/(loss)			<u>162,442,019</u>
Net income			
			<u>162,442,019</u>
Gross profit/(loss)			
			<u><u>162,442,019</u></u>

Statements of Cash Flows

From April 1, 2012 to March 31, 2013

(Unit: Yen)

I Cash flows from operating activities	
Tuition fees	10,485,000
Funds received from government - subsidy for operation	9,480,777,108
Funds received from outside parties - sponsored research	142,738,863
Funds received from government - subsidy for others	20,378,000
Funds received from outside parties - donations	14,743,755
Funds received from employees - property rent - dormitory	4,958,222
Funds received from others	54,340,385
Net cash increase in advanced-received (Kakenhi:Grant-in-aid for scientific resear	28,475,573
Payments to employees	△ 3,319,227,074
Purchase of inventories	△ 18,974,366
Payments of other than payments to employees	△ 4,054,124,743
Returns to national government - subsidy for operation	△ 240,995,003
Net cash provided by operating activities	2,123,575,720
II Cash flows from investing activities	
Purchase of property, plant, and equipment	△ 6,867,695,182
Purchase of intangible assets	△ 9,683,374
Funds received from government - subsidy for facility	4,280,128,267
Payments for other investing activities	134,000
Subtotal	△ 2,597,116,289
Received interest and dividends	967
Net cash used in investing activities	△ 2,597,115,322
III Cash flows from financial activities	
Payments for finance lease liabilities	△ 21,469,603
Net cash used in financial activities	△ 21,469,603
IV Foreign exchange gain	1,534,010
V Net cash increase/(decrease) in cash and cash equivalents	△ 493,475,195
VI Cash and cash equivalents at beginning of year	2,245,431,570
VII Cash and cash equivalents at end of year	1,751,956,375

Profit Appropriation Statements
As of March 31, 2013

(Unit: Yen)

I Unappropriated retained earnings	
Gross profit	162,442,019
Retained earnings at the beginning of a period	17,388,819
II Retained earnings	<u><u>179,830,838</u></u>

Statements of Administrative Service Costs
From April 1, 2012 to March 31, 2013

(Unit: Yen)

I Ordinary expenses		
(1) Ordinary expenses stated on Profit and Loss Statements		
Research expenses	7,594,662,855	
General and administrative expenses	1,549,165,217	
Financial expenses	27,570,813	9,171,398,885
(2) (Less) Revenue from outside parties		
Tuition fees	△ 10,485,000	
Sponsored research	△ 129,306,251	
Joint research	△ 29,461,290	
Donations	△ 15,327,914	
Property rent revenue	△ 4,958,222	
Land rent revenue	△ 1,372,812	
Reversal of encumbrance for assets-donation	△ 18,552,466	
Financial revenue	△ 27,354,605	
Miscellaneous	△ 142,369,854	△ 379,188,414
Total ordinary expenses		8,792,210,471
II Depreciation-directly deducted from equity		1,487,975,492
III Impairment loss-directly deducted from equity		95,489,977
IV Opportunity costs		
Opportunity costs of free rental fee or reduction rental fee from national/local government	132,507,828	
Opportunity costs of national/local government	175,529,279	308,037,107
V Administrative service costs		10,683,713,047

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 retirement benefits

(1) Allowance-retirement benefits

Allowance for retirement benefits for employees is recognized on liability for FY2012 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 0.560% which refers to the interest rate for 10-year government bonds at the end of March 2013.

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.

In addition, future lease payments for operating leases where the contract cannot be terminated during the lease term are as follow

(1) Future lease payments relating to a lease period of not more than one year after the balance sheet date	32,177,244 yen
(2) Future lease payments relating to a lease period of more than one year after the balance sheet date	2,681,445 yen

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 and the first phase was completed in fiscal year 2012. 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

Advance payment for research equipment delivered in FY 2013	59,765,600 yen
Returns to National government	166,642,863 yen
Closing balance of encumbrance for construction in progress - subsidy for operation in SC	13,196,826 yen
Closing balance of encumbrance for patent - subsidy for operation in SC	7,120,351 yen
Closing balance of encumbrance for construction in progress - subsidy for operation in PC	42,388,876 yen
Closing balance of encumbrance for patent-subsidy for operation in PC	3,000,907 yen
Total of closing balance	292,115,423 yen

(2) Deposits received - subsidy for facility

Closing balance of encumbrance for construction in progress - subsidy for facility in SC	231,565,901 yen
Closing balance of encumbrance for construction in progress - subsidy for facility in PC	237,078,922 yen
Total of closing balance	468,644,823 yen

III. Statement of Cash Flows

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

Cash and cash equivalent	1,751,956,375 yen
<u>Balance of funds at end of year</u>	<u>1,751,956,375 yen</u>

(2) Important non-financial transactions

Amount of assets and liabilities related to finance leases (lessee) newly recognized in the term	459,691,344 yen
Amount of investments related to finance leases (lessor) newly recognized in the term	1,981,392,000 yen
Amount of long-term accounts payable related to acquisition of tangible fixed assets newly recognized in the term	1,981,392,000 yen

IV. Notes to impairment

(1) Fixed assets for which an impairment is recognized

Use	Ancillary facility in laboratories			
Type	Buildings	Structures	Machinery and equipment	Tools, furniture and fixtures
Book value	27,624,991 yen	15,107,268 yen	549,636 yen	3,119,672 yen
Location	Uruma City, Okinawa Prefecture (Research • Exchange Center)			
Background to recognition of impairment	The lease agreement pertaining to the Research • Exchange Center came to an end on September 30, 2012 and there is no prospect of sale or future use of the building that is attached to the corresponding facility. Therefore, the University recorded the full residual value as an impairment loss.			
Amount of impairment	Buildings 27,624,991 yen	Structures 15,107,268 yen	Machinery and equipment 549,636 yen	Tools, furniture and fixtures 3,119,672 yen
	All of the impairment loss has not been recognized in the income statement.			
Recoverable service amount	The recoverable service amount is the same amount as the net selling price and the value in use, and so the University has adopted an amount equivalent to the value in use. In addition, because all parts of the asset can be assumed not to be used, the amount equivalent to use value is estimated to be zero. The above-mentioned buildings have finished being disposed of in this fiscal year.			

Use	Ancillary facility in laboratories
Type	Buildings
Book value	1,807,886 yen
Location	Uruma City, Okinawa Prefecture (Bio-center)
Background to recognition of impairment	The lease agreement pertaining to the Bio-center came to an end on September 30, 2012 and there is no prospect of sale or future use of the building that is attached to the corresponding facility. Therefore, the University recorded the full residual value as an impairment loss.
Amount of impairment	Buildings 1,807,886 yen All of the impairment loss has not been recognized in the income statement.
Recoverable service amount	The recoverable service amount is the same amount as the net selling price and the value in use, and so the University has adopted an amount equivalent to the value in use. In addition, because all parts of the asset can be assumed not to be used, the amount equivalent to use value is estimated to be zero. The above-mentioned structures have finished being disposed of in this fiscal year.

Use	Research equipment
Type	Tools, furniture and fixtures
Book value	47,280,524 yen
Location	Onna Village, Okinawa Prefecture (Main Campus), other
Background to recognition of impairment	The corresponding research equipment has undergone functional and physical depreciation and so there is no prospect of its future use or sale. Hence, the University recorded the full residual value as an impairment loss.
Amount of impairment	Tools, furniture and fixtures 38,692,042 yen All of the impairment loss has not been recognized in the income statement.
Recoverable service amount	The recoverable service amount is the same amount as the net selling price and the value in use, and so the University has adopted an amount equivalent to the value in use. In addition, because all parts of the asset can be assumed not to be used, the amount equivalent to use value is estimated to be zero. The above-mentioned tools, furniture and fixtures have finished being disposed of in this fiscal year.

V. Matters related to asset retirement obligations

(1) Overview of asset retirement obligations

These are obligations to restore an asset based on the terms of Article 20 (Confirmation of Restoration) of the Ordinance on Construction regarding Installation and Management, which is associated with the contract for leasing the Bio-center.

(2) Method of calculating the amount of asset retirement obligations

The estimated period of expected use for the Bio-center is 5 months and 5 years and the discount rate used in the asset retirement obligation estimate is 1.265%.

(3) Increase or decrease in the total amount of the asset retirement obligations during this fiscal year

Balance at beginning of term	6,956,278 yen
<u>Decrease due to the implementation of asset retirement obligation</u>	<u>6,956,278 yen</u>
Balance at end of the term	— yen

VI. Notes to finance leases

1. Lessee

(1) Details of lease assets

Service vehicles (OIST bus) and research equipment (low-energy electron microscope set)

(2) Details 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	2,739,473,033 yen
<u>Amount equivalent to interest income</u>	<u>820,446,231 yen</u>
Lease investment assets	1,919,026,802 yen

(ii) Current assets

Portion of lease receivables	87,360,390 yen
<u>Amount equivalent to interest income</u>	<u>46,660,167 yen</u>
Lease investment assets	40,700,223 yen

(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	—	41,717,729	42,760,671	43,829,688	44,925,430	1,745,793,284

(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	40,700,223	—	—	—	—	—

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 2012		Included in ordinary expenses FY2012	Excluded in ordinary expenses FY2012			
Property, plant, and equipment (Depreciation - Included in ordinary expenses)	Buildings	1,383,023	906,388	87,656	2,201,755	113,084	93,159	7,022	-	7,022	2,081,647
	Structures	284,632	3,464	26,515	261,581	24,777	26,393	-	-	-	236,803
	Machinery	154,594	981	1,014	154,561	46,628	33,179	-	-	-	107,932
	Equipment	4,043,486	2,543,898	72,980	6,514,404	2,042,424	1,536,249	-	-	-	4,471,980
	Books	-	488	-	488	-	-	-	-	-	488
	Vehicle and transportation equipment	13,425	1,980	-	15,406	5,267	3,980	-	-	-	10,138
	Lease assets	-	459,691	-	459,691	31,148	31,148	-	-	-	428,543
	Total	5,879,161	3,916,893	188,166	9,607,888	2,263,330	1,724,110	7,022	-	7,022	7,337,535
Property, plant, and equipment (Depreciation - Excluded from ordinary expenses)	Buildings	19,274,956	7,580,187	-	26,855,143	1,614,388	1,240,848	-	-	-	25,240,754
	Structures	5,012,570	351,886	-	5,364,457	267,098	193,709	-	-	-	5,097,359
	Machinery	43,080	-	-	43,080	4,089	2,886	-	-	-	38,991
	Equipment	132,036	-	-	132,036	71,507	50,476	-	-	-	60,528
	Total	24,462,644	7,932,074	-	32,394,718	1,957,083	1,487,920	-	-	-	30,437,634
Non-depreciable assets	Land	1,659,667	-	-	1,659,667	-	-	-	-	-	1,659,667
	Construction in progress	5,179,227	4,126,158	8,781,155	524,230	-	-	-	-	-	524,230
	Total	6,838,894	4,126,158	8,781,155	2,183,897	-	-	-	-	-	2,183,897
Total property, plant, and equipment	Land	1,659,667	-	-	1,659,667	-	-	-	-	-	1,659,667
	Buildings	20,657,979	8,486,575	87,656	29,056,899	1,727,473	1,334,007	7,022	-	7,022	27,322,402
	Structures	5,297,202	355,351	26,515	5,626,038	291,875	220,103	-	-	-	5,334,162
	Machinery	197,674	981	1,014	197,641	50,717	36,066	-	-	-	146,924
	Equipment	4,175,522	2,543,898	72,980	6,646,441	2,113,931	1,586,725	-	-	-	4,532,509
	Books	-	488	-	488	-	-	-	-	-	488
	Vehicle and transportation equipment	13,425	1,980	-	15,406	5,267	3,980	-	-	-	10,138
	Lease assets	-	459,691	-	459,691	31,148	31,148	-	-	-	428,543
	Construction in progress	5,179,227	4,126,158	8,781,155	524,230	-	-	-	-	-	524,230
Total	37,180,700	15,975,125	8,969,321	44,186,504	4,220,414	3,212,031	7,022	-	7,022	39,959,067	
Intangible assets (Depreciation - Included in ordinary expenses)	Patents	3,860	962	-	4,822	840	605	-	-	-	3,982
	Trademark right	-	1,119	-	1,119	37	37	-	-	-	1,082
	Software	90,085	6,913	-	96,998	27,980	19,901	-	-	-	69,017
	Other intangible assets	50,387	-	-	50,387	5,381	3,848	-	-	-	45,005
	Total	144,333	8,995	-	153,328	34,240	24,392	-	-	-	119,087
Intangible assets/Depreciation - Excluded from ordinary expenses	Other intangible assets	711	-	-	711	77	54	-	-	-	633
Non-depreciable assets	Patent in the process of filing	5,508	5,898	713	10,693	-	-	-	-	-	10,693
Total intangible assets	Patents	3,860	962	-	4,822	840	605	-	-	-	3,982
	Trademark right	-	1,119	-	1,119	37	37	-	-	-	1,082
	Software	90,085	6,913	-	96,998	27,980	19,901	-	-	-	69,017
	Patent in the process of filing	5,508	5,898	713	10,693	-	-	-	-	-	10,693
	Other intangible assets	51,098	-	-	51,098	5,459	3,903	-	-	-	45,638
	Total	150,552	14,894	713	164,732	34,318	24,447	-	-	-	130,414
Investments and other assets	Security deposit	5,234	1,701	1,835	5,100	-	-	-	-	-	5,100
	Prepaid expense (long-term)	1,992	1,414	1,992	1,414	-	-	-	-	-	1,414
	lease investment assets	-	1,981,392	62,365	1,919,026	-	-	-	-	-	1,919,026
	Total	7,226	1,984,507	66,192	1,925,541	-	-	-	-	-	1,925,541

Notes:

1. Increased buildings : Lab 2 7,296,195,160 yen, Collaboration center 452,571,000 yen
2. Increased structures : Village zone axis building infrastructure construction 110,287,590 yen
3. Increased equipment : Environmental transmission electron microscope 640,846,500 yen, High-resolution scanning electron microscope 93,975,000 yen
4. Increased lease investment assets : Village zone housings 1,981,392,000 yen
5. Increased lease assets : Low-energy electron microscope 116,071,200 yen, Electron beam graphics system 84,737,520 yen

2. Supplies

(Unit: Thousand Yen)

Item	Beginning balance	Increase		Decrease		Closing balance	Memo
		Purchase and Transfer	Others	Consumption and Transfer	Others		
Research supplies	3,786	13,803	-	12,650	38	4,901	
Total	3,786	13,803	-	12,650	38	4,901	

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	630,410.60	-	132,507	
Total					132,507	

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 January 2013 Second phase: Scheduled to deliver in April 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	14,650	-	14,650	-	-	
Total	14,650	-	14,650	-	-	

5-2.Allowance-retirement benefits

(Unit: Thousand yen)

Category	Beginning Balance	Increase	Decrease	Closing Balance	Description
Total of accumulated benefits obligation	66,614	22,979	22,954	66,638	
Obligation of retirement lump-sum grants	66,614	22,979	22,954	66,638	
Unrecognized prior service cost	-	-	-	-	
Unrecognized net actual loss on assets	-	-	-	-	
Pension asset	-	-	-	-	
Allowance-retirement benefits	66,614	22,979	22,954	66,638	

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	1,724,808	7,932,074	0	9,656,882	Note (1)
	Total	1,724,808	7,932,074	0	9,656,882	
	Accumulated depreciation directly deducted from equity	469,186	1,487,975	0	1,957,161	
	Balance	1,255,622	6,444,098	0	7,699,720	

Note(1): Increase in the subsidy for facility was mainly due to the completion of Lab2 7,105,570 thousand yen, Phase 1 village zone housings 741,996 thousand yen, other infrastructural environmental development 82,438 thousand yen

7. 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	

8. Research expenses and general and administrative expenses

(Unit: Thousand Yen)

Account item	Amount	Description
Research expenses		
Executive salaries	21,399	
Salaries - Exe allowance	1,339	
Salaries - Base	2,023,703	
Salaries - Allowance	152,703	
Salaries - Commutation	27,596	
Salaries - Over time	61,101	
Salaries - Others	26,615	
Bonus	197	
Periodic retirement benefits	7,704	
Legal welfare	200,753	
Research supplies	647,804	
Supplies	255,310	
Consumables	335,647	
Utilities	306,589	
Travel and transportation - Domestic	79,418	
Travel and transportation - International	128,530	
Travel and transportation - Invite	65,940	
Travel and transportation - Others	6,721	
Communication expenses	29,499	
Transportation expenses	17,468	
Lease fees	6,604	
Rent fee - Land and buildings	53,040	
Rent fee - Others	7,975	
Welfare expenses	326	
Event expenses	36	
Payment commissions	1,898	
Membership fees	9,476	
Meeting expenses	2,589	
Training fees	5,133	
Professional fees	4,529	
Honorariums	4,630	
Outsource	544,570	
Repair costs	131,409	
Maintenance fees	508,635	
Insurance - Property	1,602	
Advertising expenses	14,782	
Bad debts loss	272	
Depreciation - Buildings	93,159	
Depreciation - Structures	26,393	
Depreciation - Machinery	33,179	
Depreciation - Equipment	1,533,448	
Depreciation - Vehicle and transportation equipment	1,439	
Depreciation - Intangible assets	17,544	
Depreciation - Lease assets	31,148	
Library expenses	150,832	
Taxes and dues	5,077	
Other expenses	8,878	
Total:	7,594,662	
General and administrative expenses		
Executive salaries	67,727	
Salaries - Exe commutation	106	
Salaries - Base	532,844	
Salaries - Allowance	26,328	
Salaries - Commutation	9,620	
Salaries - Over time	50,205	
Salaries - Others	13,931	
Bonus	732	
Periodic retirement benefits	15,418	
Legal welfare	84,171	
Research supplies	4,051	
Supplies	11,267	
Consumables	65,372	
Utilities	56,535	
Travel and transportation - Domestic	26,809	
Travel and transportation - International	6,870	
Travel and transportation - Invite	100,240	
Travel and transportation - Others	50,645	
Communication expenses	19,154	
Transportation expenses	45,175	
Lease fees	3,099	
Rent fee - Land and buildings	38,850	
Rent fee - Others	2,038	
Welfare expenses	8,723	
Event expenses	102	
Payment commissions	10,097	
Membership fees	771	
Meeting expenses	4,048	
Training fees	2,332	
Professional fees	21,561	
Honorariums	21,826	
Outsource	113,372	
Repair costs	467	
Maintenance fees	25,615	
Insurance - Property	23,421	
Advertising expenses	42,213	
Patent expenses	255	
Depreciation - Equipment	2,800	
Depreciation - Vehicle and transportation equipment	2,541	
Depreciation - Intangible assets	6,848	
Library expenses	1,719	
Taxes and dues	2,578	
Other expenses	26,667	
Total:	1,549,165	

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	10,183,325	13,196	5,898	2,930,916	59,346	7,173,967	
Total	10,183,325	13,196	5,898	2,930,916	59,346	7,173,967	

10-1.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 as of March 31, 2009 Lab 2	896,033	-	896,033	-	-	
OIST Subsidy for Facility as of February 10, 2011 Lab 2	1,951,830	-	1,944,666	-	7,164	
OIST Subsidy for Facility as of April 1, 2011 Collaboration center	345,975	-	345,975	-	-	
OIST Subsidy for Facility as of April 5, 2011 Lab 3	209,794	208,887	-	-	907	
OIST Subsidy for Facility as of April 1, 2011 Infra•enviromental improvement and land acquisition	257,687	8,368	240,751	-	8,568	
OIST Subsidy for Facility as of April 1, 2011 Infra•enviromental improvement	141,227	14,310	124,218	-	2,698	
Total	3,802,548	231,565	3,551,644	-	19,338	

10-2 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	15,120	1,492	-	13,627	-	
Subsify for promotion of university reform	4,000	-	-	4,000	-	
Okinawa prefecture subsidy for promotion of employment of job seekers	340	-	-	340	-	
Subsidy for promotion of employment of handicapped	918	-	-	918	-	
Total	20,378	1,492	-	18,885	-	

11. Personnel costs for executives and employees

(Unit: Thousand yen)

Category	Compensation/Salaries		Retirement benefits	
	Amount	Number of people	Amount	Number of people
Executives	(1,846)	(1)	(-)	(-)
	88,727	3	20,871	3
Employees	(48,422)	(25)	(-)	(-)
	2,877,157	434	2,226	1
Total	(50,268)	(26)	(-)	(-)
	2,965,884	437	23,098	4

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 (284,925 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	Education	Subtotal	Administration	Total
Ordinary revenue						
Tuition fees	—	—	10,485	10,485	—	10,485
Subsidy for operation	3,031,694	2,402,361	282,229	5,716,284	1,462,617	7,178,902
Subsidy for facility	—	19,338	—	19,338	—	19,338
Sponsored research	158,767	—	—	158,767	—	158,767
Donation	1,454	—	—	1,454	13,873	15,327
Subsidy for others	17,627	—	—	17,627	1,258	18,885
Reversal of encumbrance for assets - subsidy for operation	498,296	1,151,783	18,520	1,668,600	12,709	1,681,309
Reversal of encumbrance for assets - donation	18,534	17	—	18,552	—	18,552
Reversal of encumbrance for assets - donated by Japan government	2,750	14,510	—	17,261	51	17,312
Miscellaneous revenue	1,030	19,675	—	20,705	166,899	187,604
Financial revenue	—	25,471	—	25,471	1,883	27,354
Total	3,730,157	3,633,156	311,234	7,674,548	1,659,292	9,333,840
Operating expenses	3,700,453	3,621,031	300,749	7,622,233	1,549,165	9,171,398
Net ordinary income	29,703	12,125	10,485	52,314	110,127	162,442
Total assets	1,663,691	39,631,798	47,695	41,343,184	3,847,661	45,190,846

(Notes to segment information)

(1) Definition of segments and detailed activities

New segment of Education is added which is associated with the first enrollment of graduate student in September 2012.

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	801,087 thousand yen
Depreciation	12,189 thousand yen
Others	735,888 thousand yen

(3) Total assets categorized as Administration mainly include:

Cash and cash equivalents	1,751,956 thousand yen
Accounts receivable	1,303,525 thousand yen

(4) Depreciation (directly deducted from equity) and impairment loss (directly deducted from equity) are indicated below.

(Unit: Thousand Yen)

	Research Unit	Research Service	Education	Subtotal	Administration	Total
Depreciation (directly deducted from equity)	-	1,487,975	-	1,487,975	-	1,487,975
Impairment loss (directly deducted from equity)	1,190	91,179	-	92,370	3,119	95,489

13. Donation

Category	Received amount (Thousand yen)	Case	Memo
Research Unit	13,934	9	Donation of goods 4 cases: 10,764 Thousands yen
Administration	11,573	5	
Total	25,507	14	

14. Sponsored research

(Unit: Thousand yen)

Category	Beginning Balance	Received Amount	Sponsored Research Revenue	Closing Balance
Research Unit	14,456	130,167	129,306	15,317
Total	14,456	130,167	129,306	15,317

15. Joint research

(Unit: Thousand yen)

Category	Beginning Balance	Received Amount	Joint Research Revenue	Closing Balance
Research Unit	-	29,461	29,461	-
Total	-	29,461	29,461	-

16. Primary assets, liabilities, expenses, and revenues

(1) Cash and bank deposits

(Unit: Thousand Yen)

Category	Amount
Cash	187
Bank deposits	1,751,768
Total	1,751,956

(2) Grant-in-aid for scientific research

(Unit: Thousand Yen)

Category	Received Amount	Number	Memo
Scientific research (S)	(33,500)	(1)	
	9,420	1	
Scientific research (A)	(13,200)	(1)	
	3,960	1	
Scientific research (B)	(300)	(1)	
	90	1	
Scientific research (C)	(11,700)	(8)	
	3,510	8	
Challenging Exploratory	(1,300)	(1)	
	390	1	
Young scientists (B)	(11,700)	(8)	
	3,510	8	
Research Activity Start-up	(1,200)	(1)	
	360	1	
Grant-in-aid for JSPS fellows	(3,700)	(4)	
	-	-	
Scientific Research on Innovative Areas	(60,200)	(9)	
	18,060	9	
Grant-in-aid for HFSP research	(7,927)	(1)	※International human frontier science program grant-in-aid for individual researcher
	792	1	
Total	(144,727)	(35)	
	40,092	31	

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) - Dissection of mRNA degradation pathways and anomalies associated with targeted disruption of CCR4-NOT deadenylase complex
- Scientific research (A) - Genome scientific analyses of coral-symbiont biosymbiosis
- 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
 - Phenotypic analysis of the Rap2-knockout mice toward an understanding
 - Development of the selection method of the sperm in the Assisted reproductive technology
 - Information theoretic optimization of internal rewards for reinforcement learning
 - Analysis of Neuronal Mechanism for the critical period in speech development
 - Quantification of spatio-temporal variability in recruitment at hydrothermal vents
 - Molecular mechanisms of Slit-Robo signaling in neural development
- Challenging Exploratory - Mechanism underlying photoreceptor degeneration in response to vesicular transport defects
- Young scientists (B) - Elucidation of molecular basis for development of the topographic
 - Analysis on the molecular mechanism of mitochondrial maintenance by the cooperation of proteolytic machineries
 - Molecular mechanisms of crystal polymorphisms of cellulose of appendicularians
 - Investigation of novel genes responsible for larval shell formation in the pearl oyster *Pinctada fucata*
 - Research on the mechanisms of PKG-dependent synaptic vesicle endocytosis and its developmental change
 - The role of serotonin for behavior control under the prediction of reward and punishment: Verification by the optogenetics approach
 - Novel sex-determination system in the little fire ant
 - Taxonomy and life history of sicydiine goby in northwestern Pacific
- Research Activity Start-up - Functional analysis of CCR4-NOT complex in cancer progression
- Grant-in-aid for JSPS fellows - Evolution of clonality and extra ordinal reproduction system in *Vollenhovia emeryi*
 - Development of the comprehensive action-selection model for understanding the brain mechanism of decision making
 - Thermal adaptation of mitochondria
 - CHIP-seq approaches for the evolutionary process of notochord from blastopore
- 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
 - Continued development of a comprehensive computational platform for systems biology
 - 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
 - Tob protein-regulated formation and function of the CCR4-NOT deadenylase complex
 - Comparative genomics of dinoflagellates in corals
 - Enamine-based organocatalytic molecular transformations: Development of highly efficient catalysts
 - Integration of reinforcement learning with model based predictive feedback control
- Grant-in-aid for HFSP research - The striatal cholinergic system and attention for learning: from neurotransmission to personality