

Balance Sheet (March 31, 2002)

Assets		Liabilities																																											
<p>Assets listed in corporate accounts consist of three types: current assets, fixed assets and deferred assets. Deferred assets, however, are not recognized under independent administrative institution accounting standards, and so assets in these statements are comprised of only current and fixed assets. Taking into consideration that the necessary financial resource measures are undertaken for the independent administrative institution each fiscal year, it is not appropriate for independent administrative institutions to record deferred assets. These will be handled as expenses incurred during the appropriate fiscal year.</p>		<p>The liabilities section includes two items that represent distinct features of the independent administrative institution standards. The first of these is reserved grants for operating expenditure. This item consists of the amount equivalent to the grants for operating expenditure total at the time it was received, less the amount recognized as income in that it reflects the current state of operations.</p> <p>Liabilities invested in capital assets are posted in the long-term liabilities section. This entry represents, in line with the assumptions contained in the medium-term business plan, depreciable assets purchased by grant for operating expenditure or money donated in accordance with the intentions of donors, or for pre-defined applications.</p>																																											
<p>Assets</p> <p>I Current Assets</p> <table border="1"> <tr><td>Cash and Bank Deposits</td><td>1,263,894,505</td></tr> <tr><td>Unrealized Income from Research Activities</td><td>118,016,010</td></tr> <tr><td>Inventories</td><td>109,032</td></tr> <tr><td>Prepayments</td><td>7,776,780</td></tr> <tr><td>Others</td><td>73,438</td></tr> <tr><td>Current Assets Total</td><td>1,389,869,765</td></tr> </table> <p>II Fixed Assets</p> <p>1. Tangible Fixed Assets</p> <table border="1"> <tr><td>Equipment</td><td>9,204,900</td></tr> <tr><td>Accumulated Allowance for Depreciation</td><td>1,321,351</td></tr> <tr><td>Tangible Fixed Assets Total</td><td>7,883,549</td></tr> <tr><td>Fixed Assets Total</td><td>7,883,549</td></tr> <tr><td>Total Assets</td><td>1,397,753,314</td></tr> </table>		Cash and Bank Deposits	1,263,894,505	Unrealized Income from Research Activities	118,016,010	Inventories	109,032	Prepayments	7,776,780	Others	73,438	Current Assets Total	1,389,869,765	Equipment	9,204,900	Accumulated Allowance for Depreciation	1,321,351	Tangible Fixed Assets Total	7,883,549	Fixed Assets Total	7,883,549	Total Assets	1,397,753,314	<p>I Current Liabilities</p> <table border="1"> <tr><td>Reserved Grants for Operating Expenditure</td><td>716,724,669</td></tr> <tr><td>Deposits Received</td><td>5,792,255</td></tr> <tr><td>Accounts Payable</td><td>655,143,716</td></tr> <tr><td>Accrued Expenses Payable</td><td>11,649,470</td></tr> <tr><td>Current Liabilities Total</td><td>1,389,310,110</td></tr> </table> <p>II Long Term Liabilities</p> <table border="1"> <tr><td>Liabilities Invested in Capital Assets</td><td></td></tr> <tr><td>Reserved Grants</td><td>538,853</td></tr> <tr><td>Value of Donated Goods Put in Reserve</td><td>7,344,696</td></tr> <tr><td>Long Term Liabilities Total</td><td>7,883,549</td></tr> <tr><td>Total Liabilities</td><td>1,397,193,659</td></tr> </table>		Reserved Grants for Operating Expenditure	716,724,669	Deposits Received	5,792,255	Accounts Payable	655,143,716	Accrued Expenses Payable	11,649,470	Current Liabilities Total	1,389,310,110	Liabilities Invested in Capital Assets		Reserved Grants	538,853	Value of Donated Goods Put in Reserve	7,344,696	Long Term Liabilities Total	7,883,549	Total Liabilities	1,397,193,659
Cash and Bank Deposits	1,263,894,505																																												
Unrealized Income from Research Activities	118,016,010																																												
Inventories	109,032																																												
Prepayments	7,776,780																																												
Others	73,438																																												
Current Assets Total	1,389,869,765																																												
Equipment	9,204,900																																												
Accumulated Allowance for Depreciation	1,321,351																																												
Tangible Fixed Assets Total	7,883,549																																												
Fixed Assets Total	7,883,549																																												
Total Assets	1,397,753,314																																												
Reserved Grants for Operating Expenditure	716,724,669																																												
Deposits Received	5,792,255																																												
Accounts Payable	655,143,716																																												
Accrued Expenses Payable	11,649,470																																												
Current Liabilities Total	1,389,310,110																																												
Liabilities Invested in Capital Assets																																													
Reserved Grants	538,853																																												
Value of Donated Goods Put in Reserve	7,344,696																																												
Long Term Liabilities Total	7,883,549																																												
Total Liabilities	1,397,193,659																																												
<p>Equity</p> <p>I Unappropriated Retained Earnings (Of which, total current-term earnings 559,655)</p> <table border="1"> <tr><td>Total Equity</td><td>559,655</td></tr> <tr><td>Total Liabilities/Equity</td><td>1,397,753,314</td></tr> </table>		Total Equity	559,655	Total Liabilities/Equity	1,397,753,314	<p>III Net Ordinary Income 559,655</p> <p>IV Net Income 559,655</p> <p>V Total Earnings 559,655</p>																																							
Total Equity	559,655																																												
Total Liabilities/Equity	1,397,753,314																																												

Equity

Under the independent administrative institution standards, when earnings are received they must be used to cover deficits held over from the previous year, while any leftover funds must be allotted to an appropriated reserve, or as a reserve to cover future deficit. As a result, RIETI does not pay dividends as does an ordinary company.

Statement of Income (April 1, 2001 to March 31, 2002)

Ordinary Expenses Ordinary Income		I Ordinary Expenses																															
<p>In the independent administrative institution standard organization of earnings statements, expenses are listed at the top, followed by income.</p> <p>Ordinary expenses include operating expenses, general administrative expenses, financial expenses and miscellaneous losses. Ordinary income includes, in addition to grant for operating expenditure, money donated, commissions, financial revenues, and miscellaneous income.</p>		<p>1. Research Expenses</p> <table border="1"> <tr><td>(1) Operational Expenses</td><td>675,922,570</td></tr> <tr><td>(2) Personnel Expenses</td><td>434,356,952</td></tr> <tr><td>(3) Others</td><td>406,619,632</td></tr> <tr><td>Total</td><td>1,516,899,154</td></tr> </table> <p>2. General Administrative Expenses</p> <table border="1"> <tr><td>(1) Personnel Expenses</td><td>123,092,110</td></tr> <tr><td>(2) Depreciation Allowance</td><td>1,321,351</td></tr> <tr><td>(3) Others</td><td>200,891,522</td></tr> <tr><td>Total</td><td>325,304,983</td></tr> </table> <p>Ordinary Expenses Total 1,842,204,137</p>		(1) Operational Expenses	675,922,570	(2) Personnel Expenses	434,356,952	(3) Others	406,619,632	Total	1,516,899,154	(1) Personnel Expenses	123,092,110	(2) Depreciation Allowance	1,321,351	(3) Others	200,891,522	Total	325,304,983														
(1) Operational Expenses	675,922,570																																
(2) Personnel Expenses	434,356,952																																
(3) Others	406,619,632																																
Total	1,516,899,154																																
(1) Personnel Expenses	123,092,110																																
(2) Depreciation Allowance	1,321,351																																
(3) Others	200,891,522																																
Total	325,304,983																																
		<p>II Ordinary Income</p> <table border="1"> <tr><td>1. Grant for Operating Expenditure</td><td>1,331,645,181</td></tr> <tr><td>2. Income from Dissemination of Material</td><td></td></tr> <tr><td>(1) Editing Fees</td><td>292,950</td></tr> <tr><td>(2) Document Sales</td><td>121,000</td></tr> <tr><td>Total</td><td>413,950</td></tr> <tr><td>3. Commissioned Research</td><td></td></tr> <tr><td>(1) Government Commissions</td><td>118,016,010</td></tr> <tr><td>(2) Other Commissions</td><td>297,240,000</td></tr> <tr><td>Total</td><td>415,256,010</td></tr> <tr><td>4. Donated Goods</td><td>93,931,968</td></tr> <tr><td>5. Offsetting Revenues from Reserved Grants</td><td>10,297</td></tr> <tr><td>6. Offsetting Amount Corresponding to Depreciation of Donated Goods</td><td>1,311,054</td></tr> <tr><td>7. Financial Activity Interest Received</td><td>181,416</td></tr> <tr><td>8. Miscellaneous Income</td><td>13,916</td></tr> <tr><td>Ordinary Income Total</td><td>1,842,763,792</td></tr> </table>		1. Grant for Operating Expenditure	1,331,645,181	2. Income from Dissemination of Material		(1) Editing Fees	292,950	(2) Document Sales	121,000	Total	413,950	3. Commissioned Research		(1) Government Commissions	118,016,010	(2) Other Commissions	297,240,000	Total	415,256,010	4. Donated Goods	93,931,968	5. Offsetting Revenues from Reserved Grants	10,297	6. Offsetting Amount Corresponding to Depreciation of Donated Goods	1,311,054	7. Financial Activity Interest Received	181,416	8. Miscellaneous Income	13,916	Ordinary Income Total	1,842,763,792
1. Grant for Operating Expenditure	1,331,645,181																																
2. Income from Dissemination of Material																																	
(1) Editing Fees	292,950																																
(2) Document Sales	121,000																																
Total	413,950																																
3. Commissioned Research																																	
(1) Government Commissions	118,016,010																																
(2) Other Commissions	297,240,000																																
Total	415,256,010																																
4. Donated Goods	93,931,968																																
5. Offsetting Revenues from Reserved Grants	10,297																																
6. Offsetting Amount Corresponding to Depreciation of Donated Goods	1,311,054																																
7. Financial Activity Interest Received	181,416																																
8. Miscellaneous Income	13,916																																
Ordinary Income Total	1,842,763,792																																
		<p>III Net Ordinary Income 559,655</p> <p>IV Net Income 559,655</p> <p>V Total Earnings 559,655</p>																															

Net Income and Total Earnings

Net income is calculated by adjusting net ordinary income for extraordinary expenses or extraordinary gains, such as losses or income on sales of fixed assets.

Total earnings are calculated by adding the total liquidated amount of reserves for specific purposes to net income.

Statement of Cash Flow (April 1, 2001 to March 31, 2002)

		(¥)
I	Cash Flows from Operational Activities	
	Expenditures for Purchases of Products and Services	(125,958,274)
	Personnel Expenses	(583,191,765)
	Other Operational Expenses	(373,165,919)
	Grant for Operating Expenditure	2,048,919,000
	Income from Dissemination of Material	413,950
	Income from Commissioned Research	297,240,000
	Miscellaneous Income	13,916
	Subtotal	1,264,270,908
	Interest Received	172,747
	Net Cash Provided by Operational Activities	1,264,443,655
II	Cash Flows from Investing Activities	
	Expenditures for Acquisition of Tangible Fixed Assets	(549,150)
	Net Cash Used in Investing Activities	(549,150)
III	Cash Flows from Financial Activities	0
IV	Increases in Cash and Cash Equivalents	1,263,894,505
V	Cash and Cash Equivalents at the Beginning of the Year	0
VI	Cash and Cash Equivalents at the End of the Year	1,263,894,505

Cash Flows

Financial statements showing increases and decreases in the assets and liabilities of special public corporations must be made open to public inspection under the laws of incorporation, and under Article 28 of the Public Finance Code a statement of income and expenditures must also be submitted to the Japanese Diet.

Cash flow statements for independent administrative institutions must be included as one part of the financial statements, and similarly to those of private-sector companies, these statements are divided into the three areas of cash flows from operational activities (for private-sector companies, operating activities for the purpose of commercial gain), investing activities and financial activities.

Statement of Appropriation of Retained Earnings

(March 31, 2002)

		(¥)
I	Unappropriated Retained Earnings	559,655
	Total Earnings	559,655
II	Total Appropriations	
	Reserve	559,655

Statement of Costs of Providing Administrative Services

(April 1, 2001 to March 31, 2002)

		(¥)
I	Operational Expenses	1,426,338,845
	Expenses Listed on Income Statement	
	Research Expenses	1,516,899,154
	General Administrative Expenses	325,304,983
	Total	1,842,204,137
	(Deductions)	
	Income from Dissemination Activities	(413,950)
	Income from Commissioned Research	(415,256,010)
	Income from Financial Activities	(181,416)
	Miscellaneous Income	(13,916)
	Total	(415,865,292)
II	Expected Retirement Bonus Increases Not Covered by Reserves	20,254,911
III	Opportunity Costs	
	Opportunity Costs for Gratuitous Use of Government Assets	154,233,800
IV	Total Cost of Providing Administrative Services	1,600,827,556

Costs of Providing Administrative Services

The Statement of Costs of Providing Administrative Services is a financial statement required under independent administrative institution accounting standards. Its purpose is to combine in one statement the costs (grant for operating expenditure, etc.) borne by taxpayers for the operation of an independent administrative institution, and by means of thorough information disclosure contribute to the evaluation and decision making processes regarding the service provided for the taxpayers. The specific contents of this statement are as follows:

- (1) Expenses listed on the independent administrative institution's income statement, less income other than that based on grant for operating expenditure
- (2) Depreciation amount of depreciable assets that has been calculated in accordance with Section 77 - Depreciation Accounting Procedures for Specific Depreciable Assets
- (3) Estimated increases in retirement bonuses when reserves are not recorded, in accordance with Section 78 - Accounting Procedures for Retirement Benefits
- (4) Opportunity costs arising from use of government assets