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***International Science &  
Technology Center***

*Financial Statements for the  
Years Ended December 31, 2000 and 1999,  
and Independent Auditors' Report*

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Governors of  
International Science & Technology Center:

We have audited the accompanying balance sheets of International Science & Technology Center as of December 31, 2000 and 1999, and the related statements of revenues and expenditures and cash flows for the years then ended. These financial statements are the responsibility of the management of International Science & Technology Center. Our responsibility is to express an opinion on these financial statements based on our audits.

Except as discussed in the following two paragraphs, we conducted our audits in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

International Science & Technology Center requires all funded institutions to provide written representation that they do not receive funding from multiple sources. Funding received from multiple sources may result in certain misclassifications of project costs. We were, however, unable to confirm that the funded institutions do not receive funding from multiple sources due to restricted access to institute records. There were no alternative audit procedures that we could adopt to confirm the above.

Fixed assets acquired for projects which have useful lives extending beyond the current year were expensed during the current and prior years as project costs. International Accounting Standards require fixed assets to be capitalized and depreciated over their expected useful lives. Capitalization of fixed assets used for projects and the related depreciation would have a significant effect on the accompanying financial statements if applied.

In our opinion, except for adjustments that might be necessary as a result of the matters noted in the preceding paragraphs, the financial statements give a true and fair view of the financial position of International Science & Technology Center as of December 31, 2000 and 1999, and of the results of its operations and its cash flows for the years then ended in accordance with International Accounting Standards.

*Deloitte Touche Tohatsu*

April 16, 2001

# International Science & Technology Center

## Balance Sheets

December 31, 2000 and 1999

	Thousands of U.S. Dollars	
	<u>2000</u>	<u>1999</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents (Note 3)	\$ 137,784	\$ 88,931
Receivables:		
Amounts due from funding parties (Note 4)	10,328	19,037
Unliquidated project advances	410	522
Other receivables (Note 5)	110	53
Accrued income receivable	713	337
Projects equipment pool (Note 6)	<u>86</u>	<u>128</u>
Total current assets	149,431	109,008
NON-CURRENT RECEIVABLES FROM FUNDING PARTIES (Note 4)	<u>7,617</u>	<u>4,220</u>
TOTAL	<u>\$157,048</u>	<u>\$113,228</u>
<u>LIABILITIES AND CAPITAL CONTRIBUTIONS</u>		
CURRENT LIABILITIES:		
Accounts payable:		
Projects	\$ 1,951	\$ 1,450
Administration and project vendors	411	817
Grants payable	5,417	4,840
Other payable	<u>45</u>	<u>27</u>
Total current liabilities	<u>7,824</u>	<u>7,134</u>
CAPITAL CONTRIBUTIONS (Note 7):		
Designated capital contributions—projects	64,569	48,270
Designated capital contributions—administration:		
Operating budget	3,187	2,807
Supplemental budget	10,142	4,992
Undesignated capital contributions	<u>71,326</u>	<u>50,025</u>
Total capital contributions	<u>149,224</u>	<u>106,094</u>
TOTAL	<u>\$157,048</u>	<u>\$113,228</u>

See notes to financial statements.

# International Science & Technology Center

## Statements of Revenues and Expenditures Years Ended December 31, 2000 and 1999

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	Thousands of U.S. Dollars	
	<u>2000</u>	<u>1999</u>
REVENUES:		
Project revenues	\$43,923	\$36,039
Administrative revenues:		
Operating budget	2,808	2,313
Supplemental budget	4,482	4,203
Investment income	<u>5,840</u>	<u>2,773</u>
Total revenues	<u>57,053</u>	<u>45,328</u>
EXPENDITURES:		
Project expenditures (Note 8):		
On-going projects	43,007	35,091
Completed projects	916	948
Administrative expenditures (Note 9):		
Operating budget	2,783	2,289
Supplemental budget	4,482	4,203
Other expenditures (Note 10)	<u>5,585</u>	<u>263</u>
Total expenditures	<u>56,773</u>	<u>42,794</u>
NET SURPLUS (Note 11)	<u>\$ 280</u>	<u>\$ 2,534</u>

See notes to financial statements.

## International Science & Technology Center

### Statements of Cash Flows

Years Ended December 31, 2000 and 1999

	Thousands of U.S. Dollars	
	<u>2000</u>	<u>1999</u>
CASH FLOWS FROM OPERATIONS:		
Cash inflows:		
Cash received from funding parties (Note 12)	\$ 95,201	\$79,144
Investment income	5,462	2,440
Other	<u>23</u>	<u>49</u>
Total cash inflows	<u>100,686</u>	<u>81,633</u>
Cash outflows:		
Project expenditure and projects equipment pool	(42,839)	(34,940)
Transfer of funds	(535)	(2,891)
Administrative expenditures (including taxation)	(7,607)	(6,412)
Net foreign exchange loss	<u>(852)</u>	<u>(230)</u>
Total cash outflows	<u>(51,833)</u>	<u>(44,473)</u>
NET CASH INFLOWS FROM OPERATIONS	48,853	37,160
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR (Note 3)	<u>88,931</u>	<u>51,771</u>
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 3)	<u>\$137,784</u>	<u>\$88,931</u>

See notes to financial statements.

# International Science & Technology Center

## Notes to Financial Statements

Years Ended December 31, 2000 and 1999

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### 1. ORGANIZATION AND BUSINESS

International Science & Technology Center ("ISTC" hereinafter) was established in 1992 pursuant to an agreement signed in Moscow within the Russian Federation.

The objectives of ISTC are set forth in Article II of the agreement. ISTC develops, approves, finances and monitors science and technology projects for peaceful purposes, which are to be carried out primarily at institutions and facilities located in the Russian Federation and other states of the Commonwealth of Independent States ("CIS") and Georgia.

Based on Article IX of the agreement, the Government of the Russian Federation provides ISTC with free office space and other facilities, along with maintenance, utilities and security for the facility. The value of such items provided is not recorded in the accompanying financial statements.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Preparation

The financial statements are prepared in accordance with International Accounting Standards ("IAS") except as described below.

In view of the international nature of ISTC's operations, the amounts shown in these financial statements are presented in U.S. dollars.

IAS 16 requires fixed assets with useful lives beyond the current accounting period to be capitalized based on the original acquisition cost, and depreciated over their useful lives. The management of ISTC believes that because of the unusual nature and circumstances of its activities, strict interpretation and application of this standard would not properly match the revenues specifically contributed by the funding parties with the related expenditures. Accordingly, fixed assets acquired for use by ISTC are charged to expense upon acquisition.

- a. Project Activity*—ISTC authorizes and funds scientific projects which are performed at institutions within CIS and Georgia. Projects are financed by the funding parties either individually or jointly. All project agreements include a maximum amount of funding to be provided by the funding parties.

The project activity is accounted for in the financial statements as follows:

#### *Project*

The projects are recognized upon the later occurrence of either (a) signature of the project agreement between ISTC and the recipient institutes or (b) the project commencement date. Upon occurrence of the later of a signed project agreement or the project commencement date, the total amount of the project is credited to the relevant funding parties designated capital accounts in proportion to the level of funding agreed by each party. To the extent that the signed projects are not funded by the advance payments from the respective funding parties, a receivable is recorded in the accounting records.

### *Project expenditures*

Project expenditures consist of three primary components: grants to scientists, equipment and other sundry project expenses.

Projects that have not finalized the project completion procedures are presented as on-going projects in the statements of revenues and expenditures.

### *Project revenues*

Project revenues recognized during the year in the statements of revenues and expenditures are amounts equal to the total value of project expenditures incurred during the year and transferred from the funding parties' designated capital contributions—projects accounts.

- b. *Administrative Revenues and Expenditure***—Administrative revenues—operating budget recognized in the statements of revenues and expenditures during the year are amounts approved by the funding parties for the administrative expenses—operating budget for the year and transferred from the funding parties designated capital contributions—administration accounts.

Surplus administrative revenues operating budget arising during the year in respect of the operating budget are reallocated to the funding parties' undesignated capital contributions accounts in the same ratio as the administrative revenues contributions.

For the supplemental budget, ISTC changed its revenue recognition policies in 1999 to better match the expenses with revenue. In prior years, amounts agreed to at the meeting of the Board of Governors were recognized as revenue for the year. However, due to the lengthening of the supplemental budget program periods, the agreed funding amounts were not necessarily used in the period that the revenues are recognized. As a result, the revenue recognition policy was changed in 1999 so that supplemental budget revenue recognized in the year in the statements of revenues and expenditures are amounts equal to the total value of supplemental budget expenditures incurred during the year and transferred from the funding parties' designated capital contributions account for administrative expenses. The effect of the change in accounting policy does not have an effect on the capital contribution accounts. This change in accounting policy was accounted for retrospectively.

Administrative expenses are charged to the statements of revenues and expenditures when incurred and are matched against the administrative revenues for the year.

- c. *Investment Income***—Investment income is comprised of interest and dividends generated during the year.

Investment income generated is initially credited to the statements of revenues and expenditures. The investment income arising during the year is then allocated to the undesignated capital contributions accounts pro-rata to the level of funds deposited that are in excess to the immediate expenditure requirements of ISTC.

- d. *Fixed Assets***—Fixed assets are acquired for the Secretariat's own use or for the projects and are comprised of the following:

### *Secretariat*

The costs of the Secretariat's equipment, information technology related to purchases and facility improvements are charged to administrative expenditures when acquired.

### *Project equipment*

Since ISTC does not expect to derive any foreseeable economic benefits from the ownership of project equipment, the expenditure incurred on equipment under each project is written off on the statements of revenues and expenditures together with other project expenditure incurred during the year.

- e. ***Project Equipment Pool***—Project equipment pool, which consists mainly of computer hardware, is valued at the lower of acquisition cost or net realizable value.
- f. ***Foreign Currency Transactions***—All foreign currency transactions, other than those in Russian rubles, are converted into U.S. dollars at the exchange rates prevailing at the date of the transactions. Transactions in Russian rubles are converted into U.S. dollars at the average ruble exchange rate for the month. Foreign currency gains and losses resulting from movements in the exchange rates between the date of the transactions and the date of settlement are charged to the statements of revenues and expenditures.

The gains and losses from the year-end translation are also charged to the statements of revenues and expenditures.

- g. ***Taxation***—Under the terms of the agreement establishing ISTC with the Russian Federation Government, ISTC is exempted from taxation. However, since the relevant legal framework has not been implemented in the Russian Federation with respect to Value Added Taxes ("VAT"), ISTC has paid VAT on its local expenditures in relation to administrative and project costs.

Uncertainty regarding the collectibility of VAT incurred on administrative expenditures continues to exist. As such, an allowance for doubtful receivables has been recorded for the VAT that has been recorded as receivables. In the current year, bad debt expense of \$60 thousand (\$58 thousand in 1999) is included as part of administrative expenses operating budget and not separately disclosed.

The VAT incurred on project expenditures has been charged to the statements of revenues and expenditures as part of the projects costs because the relevant claim documentation has not yet been considered by the tax authorities.

Customs duties on the imported equipment are exempted subject to maintenance of perpetual records.

### 3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash at banks, petty cash and a Managed Dollar Fund which is a highly-liquid short-term investment. The Managed Dollar Funds are held with BT Fund Managers (Ireland) Limited based in Dublin, Ireland. The amount invested in the Managed Dollar Funds is \$68,408 thousand (\$64,277 thousand in 1999). The Managed Dollar Funds are valued at market value.



#### 4. AMOUNTS DUE FROM FUNDING PARTIES

Amounts due from funding parties at December 31 were as follows:

	Thousands of U.S. Dollars	
	<u>2000</u>	<u>1999</u>
Due within one year:		
European Union	\$ 7,341	\$16,130
Japan	451	758
United States	114	
South Korea		269
Other funding parties	<u>2,422</u>	<u>1,880</u>
Total	<u>\$10,328</u>	<u>\$19,037</u>
Due after one year:		
European Union	\$ 1,271	\$ 3,878
Japan	332	264
Other funding parties	<u>6,014</u>	<u>78</u>
Total	<u>\$ 7,617</u>	<u>\$ 4,220</u>

#### 5. OTHER RECEIVABLES

Other receivables at December 31 were as follows:

	Thousands of U.S. Dollars	
	<u>2000</u>	<u>1999</u>
Recoverable taxes	\$331	\$271
Staff advances	12	12
Other receivables	<u>109</u>	<u>52</u>
Total	<u>452</u>	<u>335</u>
Less allowance for doubtful receivables	<u>(342)</u>	<u>(282)</u>
Net other receivables	<u>\$110</u>	<u>\$ 53</u>

#### 6. PROJECTS EQUIPMENT POOL

The projects equipment pool consists of computer hardware and consumables held at ISTC in order to meet the demand of the projects which requisition such items on a regular basis. A regular review of the items in the pool has been carried out during the year and provisions made to take into account obsolescence of some of the items. Any such provisions are charged to the statements of revenues and expenditures and then allocated to the funding parties designated capital project accounts.

Movements in the projects equipment pool during the years ended December 31 were as follows:

	Thousands of U.S. Dollars	
	<u>2000</u>	<u>1999</u>
Cost:		
Balance, beginning of year	\$ 145	\$ 161
Additions, net of transfers to projects	<u>(55)</u>	<u>(16)</u>
Balance, end of year	<u>90</u>	<u>145</u>
Provision for obsolete equipment:		
Balance, beginning of year	(17)	(17)
Adjustments made during the year	<u>13</u>	<u>      </u>
Balance, end of year	<u>(4)</u>	<u>(17)</u>
Net book value	<u>\$ 86</u>	<u>\$ 128</u>
Projects equipment pool valued at cost	\$ 83	\$ 112
Projects equipment pool valued at net realizable value	<u>3</u>	<u>16</u>
Total	<u>\$ 86</u>	<u>\$ 128</u>

## 7. MOVEMENTS IN CAPITAL

Movements in capital accounts during fiscal years 2000 and 1999 were as follows:

### a. Designated Capital Contributions ("DCC")—Projects

	Thousands of U.S. Dollars								
	EU	U.S.	Japan	Norway	Finland	Sweden	South Korea	Other Parties	Total
DCC—January 1, 1999	\$17,396	\$15,878	\$4,867	\$430	\$34	\$1,478		\$ 2,217	\$42,300
Transfers to statement of revenues and expenditures	(14,248)	(13,138)	(4,596)	(455)	(33)	(899)	\$ (26)	(2,644)	(36,039)
New projects signed during 1999	19,409	13,523	3,311	892		133	200	4,590	42,058
Funding received in excess of costs transferred to UCC	(11)	(21)	(15)		(1)			(1)	(49)
DCC—December 31, 1999	22,546	16,242	3,567	867	Nil	712	174	4,162	48,270
Transfers to statement of revenues and expenditures	(15,460)	(17,361)	(3,656)	(631)		(550)	(213)	(6,052)	(43,923)
New projects signed during 2000	10,102	30,121	4,300	403			553	14,943	60,422
Funding received in excess of costs transferred to UCC	(22)	(15)	(11)						(48)
Renegotiated funding commitments	(152)								(152)
DCC—December 31, 2000	\$17,014	\$28,987	\$4,200	\$639	Nil	\$ 162	\$514	\$13,053	\$64,569

Designated capital contributions represent amounts committed on signed projects net of project expenditures incurred to date.

Renegotiated funding commitments of EU funded DCC projects is charged to UCC to reduce foreign exchange differences of EU funded projects.

**b. Designated Capital Contributions ("DCC")—Administration**

	Thousands of U.S. Dollars								
	EU	U.S.	Japan	Norway	Finland	Sweden	South Korea	Other Parties	Total
Operating budget—January 1, 1999	\$617	\$617	\$617	\$231			\$231	\$ 53	\$2,366
Additional contribution (net of adjustments)	(617)	(617)	(617)	(231)			(231)	61	(2,313)
Transfer to revenues	6	6	6	3			3		24
Surplus for the year (see Note 10)	(6)	(6)	(6)	(3)			(3)		(24)
Transfer to UCC for surplus	718	718	718	270			269		2,693
New budget approved									
Operating budget—December 31, 1999	718	718	718	270			269	114	2,807
Reallocation of operating budget									
Additional contribution (net of adjustments)	5	5	5					121	136
Transfer to revenues	(723)	(723)	(723)	(270)			(269)	(100)	(2,808)
Surplus for the year (see Note 10)	7	7	7	2			2		25
Transfer to UCC for surplus	(7)	(7)	(7)	(2)			(2)		(25)
New budget approved	814	814	814	305			305		3,052
Operating budget—December 31, 2000	\$814	\$814	\$814	\$305			\$305	\$135	\$3,187

Thousands of U.S. Dollars

	EU	U.S.	Japan	Norway	Finland	Sweden	South Korea	Other Parties	Total
Supplemental budget—January 1, 1999	\$ 2,435	\$ 996	\$ 578						\$ 4,009
Additional contribution (net of adjustments)	1,066	3,270	1,610	\$ 40					5,986
Transfer to DCC projects	(599)	(543)	(618)	(40)					(1,800)
Transfers to statement of revenues and expenditure	(1,618)	(2,192)	(393)						(4,203)
Transfer to UCC for unused funds	(857)								(857)
New budget approved	<u>1,857</u>								<u>1,857</u>
Supplemental budget—December 31, 1999	2,284	1,531	1,177	Nil					4,992
Additional contribution (net of adjustments)	3,637	8,273	395						12,305
Transfer to DCC projects	(398)	(562)							(960)
Transfer to revenues	(1,758)	(2,449)	(275)						(4,482)
Transfer to UCC for unused funds	(396)								(396)
Transfer to UCC	(500)		(820)						(1,320)
Foreign exchange differences	<u>3</u>								<u>3</u>
Supplemental budget—December 31, 2000	<u>\$ 2,872</u>	<u>\$ 6,793</u>	<u>\$ 477</u>	<u>Nil</u>					<u>\$ 10,142</u>

c. **Undesignated Capital Contributions ("UCC")**

Undesignated capital contributions are the amounts paid or committed by the funding parties which have not yet been designated for the administrative budget or project purposes. In addition, in the case of projects funded by European Union, the protocol signed between ISTC and the European Union allows a certain proportion of project amounts to be invoiced on approval of the projects. The invoices raised during the year on these projects have been recognized in the financial statements by including them in the European Union's undesignated capital contributions account.

Subsequently, when these projects are finally signed, an appropriated adjustment is made between the designated and undesignated capital contributions account.

Transfer of funds represents funds transferred to other non-ISTC related entities upon receiving instructions from the funding parties to do so.

	Thousands of U.S. Dollars								
	<u>EU</u>	<u>U.S.</u>	<u>Japan</u>	<u>Norway</u>	<u>Finland</u>	<u>Sweden</u>	<u>South Korea</u>	<u>Other Parties</u>	<u>Total</u>
UCC, January 1, 1999	\$2,626	\$14,088	\$ 1,924	\$1,751	\$ 108	\$379	\$247	\$ 49	\$21,172
Increase of capital:									
Contributions from parties	294	25,263	21,930				870	3,275	51,632
Investment income allocation	292	1,675	406	100	19	73	32	176	2,773
Transfer from DCC for surplus of operating budget	6	6	6	3			3		24
Transfer from DCC for unused funds on programs under supplemental budget	857								857
Transfer from DCC projects for approved funding in excess of cost	11	21	15		1			1	49
Decrease of capital:									
Transfer to DCC for signed projects	(984)	(12,496)	(607)	(852)		(132)	(200)	(2,071)	(17,342)
Transfer to DCC for operating budget		(718)	(718)	(269)					(1,705)
Transfer to DCC for supplemental budget	(534)	(3,018)	(660)	(40)					(4,252)
Transfer of funds		(2,815)	(105)						(2,920)
Foreign exchange differences	(263)								(263)
UCC, December 31, 1999	<u>\$2,305</u>	<u>\$22,006</u>	<u>\$22,191</u>	<u>\$ 693</u>	<u>\$ 128</u>	<u>\$ 320</u>	<u>\$ 952</u>	<u>\$1,430</u>	<u>\$50,025</u>

Revaluation of the Euro denominated account expected to be utilized for EU's future obligations resulted in foreign exchange differences (see Note 10).

	Thousands of U.S. Dollars								
	EU	U.S.	Japan	Norway	Finland	Sweden	South Korea	Other Parties	Total
UCC, January 1, 2000	\$ 2,305	\$22,006	\$22,191	\$ 693	\$ 128	\$ 320	\$ 952	\$ 1,430	\$50,025
Increase of capital:									
Contributions from parties	1,250	56,809	1,398				454	20	59,931
Investment income allocation	401	3,171	1,624	83	23	49	71	418	5,840
Transfer from DCC for surplus of operating budget	7	7	7	2			2		25
Transfer from DCC for unused funds on programs under supplemental budget	396								396
Transfer from DCC projects for approved funding in excess of cost	22	15	11						48
Transfer from DCC SB other	500		820						1,320
Decrease of capital:									
Transfer to DCC for signed projects	(377)	(23,682)	(3,061)	(403)			(553)	(1,253)	(29,329)
Transfer to DCC for operating budget	(6)	(819)	(819)				(305)		(1,949)
Transfer to DCC for supplemental budget	(680)	(7,758)	(423)						(8,861)
Transfer of funds		(362)	(30)					(143)	(535)
Foreign exchange differences	(5,561)								(5,561)
Other	(8)	(8)	(8)						(24)
UCC, December 31, 2000	<u>\$ (1,751)</u>	<u>\$49,379</u>	<u>\$21,710</u>	<u>\$375</u>	<u>\$151</u>	<u>\$369</u>	<u>\$621</u>	<u>\$ 472</u>	<u>\$71,326</u>

Foreign exchange differences of EU funded projects in UCC is to be reduced by renegotiated funding commitments of corresponding EU projects in DCC.

## 8. PROJECT EXPENDITURES

Project expenditures charged to the statements of revenues and expenditures during each year ended December 31 since inception are as follows:

	Thousands of U.S. Dollars
2000	\$ 43,923
1999	36,039
1998	33,320
1997	31,029
1996	28,459
1995	22,001
1994	<u>1,765</u>
Cumulative project costs incurred as of December 31, 2000	<u>\$196,536</u>

Cumulative project expenditures amounting to \$196,536 thousand reflect actual expenditures incurred on on-going projects and completed projects. Such expenditures consisted of the following in 2000 and 1999:

	Thousands of U.S. Dollars	
	<u>2000</u>	<u>1999</u>
Grants to scientists	\$28,077	\$24,373
Equipment	5,498	4,605
Other project costs	<u>10,348</u>	<u>7,061</u>
Total	<u>\$43,923</u>	<u>\$36,039</u>

For individual project agreements signed before April 14, 1995, title to equipment costing less than \$2,500 was vested with the recipient institutes upon acquisition. The title to all other equipment provided to projects remains with ISTC until termination or completion of the project. At that time, the title will be vested with the recipient institutes unless prior to or as of that date ISTC informs the institute of its intention to retain title.

For project arrangements signed after April 14, 1995, title to all such purchased equipment remains with ISTC. For legal reasons, upon completion of each project a Memorandum of Understanding is drawn up with each recipient which allows them to continue to use such ISTC-owned equipment.



## 9. ADMINISTRATIVE EXPENDITURES

Administrative expenditures incurred during 2000 and 1999 consisted of the following:

	Thousands of U.S. Dollars	
	<u>2000</u>	<u>1999</u>
Operating budget:		
Center operations	\$1,810	\$1,381
Center facilities and equipment	204	191
Information and branch offices	182	137
Project development support	<u>587</u>	<u>580</u>
Total	<u>\$2,783</u>	<u>\$2,289</u>
Supplemental budget:		
Training	\$ 463	\$ 650
Seminars	263	132
Management Information Systems	34	59
Expert participation:		
United States	2,099	1,680
European Union	1,496	1,445
Japan	<u>127</u>	<u>237</u>
Total	<u>\$4,482</u>	<u>\$4,203</u>

## 10. OTHER EXPENDITURES

Other expenditures incurred during 2000 and 1999 consisted of the following:

	Thousands of U.S. Dollars	
	<u>2000</u>	<u>1999</u>
Other expenditures:		
Foreign exchange differences	\$5,561	\$263
Write-off of project equipment	<u>24</u>	<u>—</u>
Total other expenditures	<u>\$5,585</u>	<u>\$263</u>

Other expenditures represent amounts not specifically contributed through the operating budget or the supplemental budget.

## 11. SEGMENT INFORMATION

The net surplus earned during the year has been allocated to the funding parties as follows:

	Thousands of U.S. Dollars							
	Project Revenues	Surplus Operating Budget	Supplemental Budget Revenues	Surplus Investment Income	Project Expenditures	Supplemental Budget Expenditures	Other Expenditures	Total
<u>2000</u>								
European Union	\$ 15,460	\$ 7	\$ 1,758	\$ 401	\$ (15,460)	\$ (1,758)	\$ (5,569)	\$ (5,161)
Finland				23				23
Japan	3,655	7	275	1,624	(3,655)	(275)	(8)	1,623
Sweden	550			49	(550)			49
United States	17,361	7	2,449	3,171	(17,361)	(2,449)	(8)	3,170
Norway	631	2		83	(631)			85
South Korea	213	2		71	(213)			73
Other parties	6,053			418	(6,053)			418
Total	<u>\$ 43,923</u>	<u>\$ 25</u>	<u>\$ 4,482</u>	<u>\$ 5,840</u>	<u>\$ (43,923)</u>	<u>\$ (4,482)</u>	<u>\$ (5,585)</u>	<u>\$ 280</u>
<u>1999</u>								
European Union	\$ 14,248	\$ 6	\$ 1,618	\$ 292	\$ (14,248)	\$ (1,618)	\$ (263)	\$ 35
Finland	33			19	(33)			19
Japan	4,596	6	393	406	(4,596)	(393)		412
Sweden	899			73	(899)			73
United States	13,138	6	2,192	1,675	(13,138)	(2,192)		1,681
Norway	455	3		100	(455)			103
South Korea	26	3		32	(26)			35
Other parties	2,644			176	(2,644)			176
Total	<u>\$ 36,039</u>	<u>\$ 24</u>	<u>\$ 4,203</u>	<u>\$ 2,773</u>	<u>\$ (36,039)</u>	<u>\$ (4,203)</u>	<u>\$ (263)</u>	<u>\$ 2,534</u>

All surplus arising during the year have been allocated to the funding parties UCC accounts, in accordance with the method agreed upon between the various funding parties.

## 12. CASH RECEIVED FROM FUNDING PARTIES

Cash contributions received during the year from the funding parties have either been recorded against accounts receivable or directly against the parties' capital contributions accounts (see Note 7). Such amounts received during the years ended December 31 were as follows:

	Thousands of U.S. Dollars	
	<u>2000</u>	<u>1999</u>
European Union	\$20,885	\$19,542
Japan	2,847	27,085
United States	62,998	25,998
Norway	305	
South Korea	723	870
Other parties	<u>7,293</u>	<u>5,649</u>
Total	<u>\$95,051</u>	<u>\$79,144</u>

## 13. FINANCIAL COMMITMENTS

The funding parties had approved but not yet signed 239 projects with a total funding of \$62,244 thousand (including 15,031 thousand Euro denominated pledges) at December 31, 2000, and 140 projects with a total funding of \$28,211 thousand (including 4,672 thousand Euro denominated pledges) at December 31, 1999.

The agreements for projects unsigned as of December 31, 2000, are expected to be signed in 2001.

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