Financial Statements of

INTERNATIONAL SCIENCE AND TECHNOLOGY CENTER

For the year ended December 31, 2009
Independent Auditors’ Report

To the Board of Governors of
International Science and Technology Center

We have audited the accompanying financial statements of International Science and Technology Center, which comprise the Statement of Financial Position as at December 31, 2009 and the Statements of Revenues and Expenses and Cash Flow for the year then ended and a summary of significant accounting policies and other explanatory notes.

This report is made solely to the Board of Governors, in accordance with our terms of engagement. Our audit work has been undertaken so that we might state to the Board those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board for our audit work, for this report, or for the opinions we have formed.

Management’s Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors’ Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 auditor’s 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 auditor considers 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, except in the following matters:

1. The International Science and 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 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.

2. As disclosed in Note 2, fixed assets including computer software costs, which have useful lives extending beyond one year, were expensed when acquired during the current and prior years. International Financial Reporting Standards require these assets to be capitalized and depreciated over their expected useful economic lives. Capitalization of fixed assets used for projects and the related depreciation would have a significant impact on the accompanying financial statements if applied.

Opinion
In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to funding from multiple resources and except for the effect on the financial statements of not capitalizing fixed assets and depreciating them over their expected useful lives, the financial statements present fairly, in all material respects, the financial position of International Science and Technology Center as of December 31, 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Moore Stephens LLP
Chartered Accountants

150 Aldersgate Street
London EC1A 4AB

19 May 2010
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statement of Financial Position</td>
<td>1</td>
</tr>
<tr>
<td>Statement of Revenues and Expenses</td>
<td>2</td>
</tr>
<tr>
<td>Statement of Cash Flows</td>
<td>3</td>
</tr>
<tr>
<td>Notes to the Financial Statements</td>
<td>4-20</td>
</tr>
</tbody>
</table>
# INTERNATIONAL SCIENCE AND TECHNOLOGY CENTER

## Statement of Financial Position

December 31, 2009 and 2008
(Thousands of U.S. Dollars)

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CURRENT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents (Note 4)</td>
<td>142,912</td>
<td>168,554</td>
</tr>
<tr>
<td>Receivables</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amounts due from funding parties (Note 5)</td>
<td>3,264</td>
<td>1,192</td>
</tr>
<tr>
<td>Project advances</td>
<td>77</td>
<td>117</td>
</tr>
<tr>
<td>Other receivables (Note 6)</td>
<td>81</td>
<td>72</td>
</tr>
<tr>
<td>Accrued income receivable</td>
<td>320</td>
<td>315</td>
</tr>
<tr>
<td>Loan receivable (Note 8)</td>
<td>139</td>
<td>167</td>
</tr>
<tr>
<td>Other assets</td>
<td>562</td>
<td>871</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>147,355</td>
<td>171,288</td>
</tr>
<tr>
<td><strong>NON-CURRENT RECEIVABLES FROM FUNDING PARTIES (Note 5)</strong></td>
<td>553</td>
<td>77</td>
</tr>
<tr>
<td></td>
<td>147,908</td>
<td>171,365</td>
</tr>
</tbody>
</table>

| **LIABILITIES AND CAPITAL CONTRIBUTIONS** |       |       |
| **CURRENT** |       |       |
| Accounts payable |       |       |
| Projects | $3,476 | $3,134 |
| Administration and project vendors | 1,458 | 1,271 |
| Grants payable to institutes | 7,649 | 8,862 |
| **TOTAL** | 12,583 | 13,267 |

| **CAPITAL CONTRIBUTIONS (Note 9)** | 62,964 | 75,875 |
| DESIGNATED CAPITAL CONTRIBUTIONS ("DCC") - PROJECTS |       |       |
| DESIGNATED CAPITAL CONTRIBUTIONS ("DCC") - OPERATING | 63 | 111 |
| Administrative budget | 4,349 | 5,848 |
| Supplemental budget |       |       |
| UNDESIGNATED CAPITAL CONTRIBUTIONS ("UCC") | 67,949 | 76,264 |
| **TOTAL LIABILITIES AND CAPITAL CONTRIBUTION** | $147,908 | $171,365 |

---

Adriàan van der Meer  
Executive Director  
ISTC  
17th May 2010

David Cleave  
Chief Financial Officer
## INTERNATIONAL SCIENCE AND TECHNOLOGY CENTER
### Statements of Revenues and Expenses
#### Years ended December 31, 2009 and 2008
(Thousands of U.S. Dollars)

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project revenues (Note 9(a))</td>
<td>$45,992</td>
<td>$57,158</td>
</tr>
<tr>
<td>Operating revenues</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative budget (Note 9(b))</td>
<td>7,627</td>
<td>7,826</td>
</tr>
<tr>
<td>Supplemental budget (Note 9(b))</td>
<td>9,872</td>
<td>11,527</td>
</tr>
<tr>
<td>Investment income (Note 9(c))</td>
<td>3,327</td>
<td>6,297</td>
</tr>
<tr>
<td>Other income (Note 7 &amp; 10)</td>
<td>1,242</td>
<td>132</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$68,060</td>
<td>$82,940</td>
</tr>
</tbody>
</table>

| **EXPENSES**          |        |        |
| Project expenses (Note 11) |        |        |
| On-going projects      | 44,861 | 55,446 |
| Completed projects     | 1,131  | 1,712  |
| Operating expenses (Note 12) |        |        |
| Administrative budget  | 6,141  | 7,317  |
| Supplemental budget    | 9,872  | 11,527 |
| Other expenses (Note 10) | 2     | 622    |
| **Total**             | $62,007 | $76,624 |

### EXCESS OF REVENUES OVER EXPENSES (Note 13)

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>$6,053</td>
<td>$6,316</td>
</tr>
</tbody>
</table>
INTERNATIONAL SCIENCE AND TECHNOLOGY CENTER  
Statements of Cash Flows  
Years ended December 31, 2009 and 2008  
(Thousand of U.S. Dollars)

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash received from funding parties (Note 14)</td>
<td>$31,888</td>
<td>$53,830</td>
</tr>
<tr>
<td>VAT reimbursements (Note 7)</td>
<td>$913</td>
<td>132</td>
</tr>
<tr>
<td>Other</td>
<td>$89</td>
<td>114</td>
</tr>
<tr>
<td>Cash out</td>
<td>$(62,309)</td>
<td>$(75,503)</td>
</tr>
<tr>
<td>Cash generated from operation</td>
<td>$(29,419)</td>
<td>$(21,427)</td>
</tr>
<tr>
<td><strong>Net cash from operating activities</strong></td>
<td>$(29,419)</td>
<td>$(21,427)</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment Income</td>
<td>3,322</td>
<td>6,627</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td>3,322</td>
<td>6,627</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effects of exchange rate changes on cash and cash equivalents</td>
<td>455</td>
<td>(794)</td>
</tr>
<tr>
<td><strong>Net increase/(decrease) in cash and cash equivalents</strong></td>
<td>(25,642)</td>
<td>(15,594)</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of period (Note 4)</td>
<td>168,554</td>
<td>184,148</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of period (Note 4)</td>
<td>142,912</td>
<td>168,554</td>
</tr>
</tbody>
</table>
INTERNATIONAL SCIENCE AND TECHNOLOGY CENTER
Notes to Financial Statements
For the year ended December 31, 2009
(Thousands of U.S. Dollars)

1. ORGANIZATION AND BUSINESS

The International Science and Technology Center (hereinafter “ISTC”) was established in 1992 pursuant to an Agreement signed in Moscow, Russian Federation.

The objectives of the ISTC are set forth in Article II of the Agreement. ISTC develops, approves, finances and monitors science and technology projects for peace 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. The parties to the Agreement during 2009 were the Russian Federation, the European Union, the United States of America, Canada, Japan, Norway and South Korea. Funding parties which contribute to the ISTC include the parties, other Government organizations and private contributors.

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 as a reliable estimate cannot be obtained.

ISTC’s registered office is located at Krasnoproletarskaya ulitsa, 32-34, 127473, Moscow, Russian Federation.

2. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) except as described below:

International Accounting Standard (“IAS”) 16 “Property, Plant and Equipment” requires fixed assets to be capitalized and depreciated over their useful economic lives and IAS 38 “Intangible Assets” requires computer software costs be capitalized and amortized over their useful economic life. Due to the nature of ISTC’s operations, management believes the application of these requirements would improperly match the revenues contributed by the funding parties with the related expenses. Accordingly, fixed assets acquired for use by ISTC and participating institutes are charged to the statement of revenues and expenses upon acquisition (2009 - $5,980 thousand; 2008 - $7,572 thousand).

b. Functional currency

The U.S. dollar is the functional currency for the ISTC. Accordingly, these financial statements have been prepared using U.S. dollars as the reporting currency. Use of the U.S. dollar best reflects the economic substance of the transactions and circumstances of the ISTC.

c. Project activity

ISTC authorizes and funds scientific projects which are carried out at institutes 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.
2. SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Project activity (continued)

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

Projects

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

Project expenses

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

Projects that have not completed the project closing procedures are presented as on-going projects in the statements of revenues and expenses.

Project revenues

Project revenues recognized during the year in the statements of revenues and expenses are amounts equal to the total value of project expenses incurred during the year.

d. Operating revenues and expenses

Administrative operating budget ("AOB")

Administrative operating budget revenues recognized in the statements of revenues and expenses during the year are amounts approved by the funding parties for the administrative operating budget for the year and transferred from the funding parties’ designated capital contributions - administrative - operating budget.

Revenues in excess of expenses are generally reallocated to the funding parties’ undesignated capital contributions accounts in the same proportion as the administrative revenues contributions or upon the Governing Boards’ approval can be allocated in total or a portion to the AOB and/or SOB in the same method as described above.
2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Operating revenues and expenses (continued)

Supplemental operating budget ("SOB")

Supplemental operating budget revenues recognized in the year in the statements of revenues and expenses are amounts equal to expenses incurred during the year.

Operating expenses are charged to the statements of revenues and expenses when incurred.

Any surplus in funds upon completion of the programs within the supplemental operating budget are transferred to the funding parties' undesignated capital contribution account.

e. Investment income

Investment income is comprised of interest and dividends generated during the year.

Investment income is initially credited to the statements of revenues and expenses and allocated to undesignated capital contributions accounts of each funding party based on the average cash balance of the funding parties.

f. Cash and cash equivalents

Cash and cash equivalents include cash and highly liquid short-term investments with maturity dates of less than 90 days.

g. Accounts receivable recognition

Amounts due from funding parties/private partners are recognized when the project agreement is signed per the obligation schedule of payments (see Note 2c)

h. Fixed assets

Fixed assets are acquired for the ISTC's own use or for the projects and other activities and are comprised of the following:

ISTC equipment

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

Project equipment

Since ISTC does not expect to derive any foreseeable economic benefits from the ownership of project equipment, expenses incurred for equipment under each project is recorded as an expense in the statements of revenues and expenses together with other project expenses incurred during the year.
2. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

   i. **Contingent assets**

   Possible assets arising from unplanned or unexpected past events, whose existence will be confirmed only by the occurrence of one or more uncertain future events, not wholly within the control of ISTC, and give rise to the possibility of future inflows, are disclosed.

   f. **Foreign currency transactions**

   Foreign currency transactions are translated into U.S. dollars at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into U.S. dollars at the rate of exchange prevailing at the balance sheet date. Foreign currency translation gains and losses are charged to the statements of revenues and expenses with the exception of translation gains and losses arising from project and programme funding related transactions involving the European Union and EU partners. Foreign currency translation gains and losses arising from these transactions, denominated in Euros, are charged directly to the European Union’s capital contribution accounts and are not included in the statements of revenues and expenses as the projects themselves bear the foreign exchange risk and ISTC’s operations are not affected.

   k. **Taxation**

   Under the terms of the agreement establishing ISTC with the Russian Federation Government, ISTC is exempt from income taxes. In addition, ISTC is exempt from custom duties and Value Added Taxes ("VAT") on imported goods and VAT is zero rated on purchases within Russia.

   l. **Financial Instruments**

   The ISTC uses only non-derivative financial instruments as part of its normal operations. These financial instruments include bank accounts, certificates of deposit, short term investments, accounts receivable and accounts payable and a loan.

   All financial instruments are recognized in the balance sheet at their fair values.

   m. **Use of estimates**

   The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and revenue and expenses for the period reported.

   n. **Changes in accounting policies**

   There were no changes in accounting policies in the current year.
INTERNATIONAL SCIENCE AND TECHNOLOGY CENTER
Notes to Financial Statements
For the year ended December 31, 2009
(Thousands of U.S. Dollars)

3. FINANCIAL INSTRUMENTS

All financial instruments to which ISTC is a party are recognized in the financial statements.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are made up of the following amounts:

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$112,597</td>
<td>$128,510</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>30,315</td>
<td>40,044</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$142,912</strong></td>
<td><strong>$168,554</strong></td>
</tr>
</tbody>
</table>

5. AMOUNTS DUE FROM FUNDING PARTIES

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

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due within one year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>European Union</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Japan</td>
<td>-</td>
<td>100</td>
</tr>
<tr>
<td>Canada</td>
<td>474</td>
<td>68</td>
</tr>
<tr>
<td>Norway</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>United States</td>
<td>228</td>
<td>-</td>
</tr>
<tr>
<td>South Korea</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other funding parties</td>
<td>2,562</td>
<td>1,024</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$3,264</strong></td>
<td><strong>$1,192</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due after one year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Canada</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>United States</td>
<td>173</td>
<td>-</td>
</tr>
<tr>
<td>Other funding parties</td>
<td>380</td>
<td>77</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$553</strong></td>
<td><strong>$77</strong></td>
</tr>
</tbody>
</table>
6. OTHER RECEIVABLES

Other receivables comprise the following:

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff advances</td>
<td>11</td>
<td>25</td>
</tr>
<tr>
<td>Other receivables</td>
<td>81</td>
<td>58</td>
</tr>
<tr>
<td>Less allowance for doubtful receivables</td>
<td>(11)</td>
<td>(11)</td>
</tr>
<tr>
<td>Net other receivables</td>
<td>$ 81</td>
<td>$ 72</td>
</tr>
</tbody>
</table>

7. VAT REIMBURSEMENTS

Agreement on the recovery of VAT paid during the period from 1 January 2001 to 1 August 2007 was reached with the authorities in 2008. During 2009, VAT recovery of $913 thousand was received (2008 - $132 thousand).

The Parties have agreed that VAT recoveries should be repaid to the individual funding bodies when received. As a consequence, the VAT receipts have been allocated to each funding body in proportion to their funding of the annual agreed AOB budget for each period of the VAT recovery, as follows:

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>$</td>
<td>$ 14</td>
</tr>
<tr>
<td>European Union</td>
<td>237</td>
<td>35</td>
</tr>
<tr>
<td>Japan</td>
<td>229</td>
<td>22</td>
</tr>
<tr>
<td>United States</td>
<td>269</td>
<td>49</td>
</tr>
<tr>
<td>Norway</td>
<td>85</td>
<td>6</td>
</tr>
<tr>
<td>South Korea</td>
<td>85</td>
<td>6</td>
</tr>
<tr>
<td>Other parties</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ 913</td>
<td>$ 132</td>
</tr>
</tbody>
</table>

8. LOAN RECEIVABLE

During the year ended December 31, 2003, ISTC acquired a bank note in the amount of 10,328 thousand rubles ($351 thousand) maturing on July 1, 2004 as part of an agreement with the bank to provide a loan to a Russian governmental agency. As this governmental agency was not able to repay its loan to the bank by July 1, 2004, ISTC paid the bank and assumed a loan receivable of 10,000 thousand rubles ($343 thousand) from the Russian government agency. The loan is an interest-free loan.

During the year ended December 31, 2009, the Russian government agency repaid 678 thousand rubles ($24 thousand) (2008-150 thousand rubles ($6 thousand)) to ISTC. Due to the uncertainty of payment terms, the fair value of the loan could not be determined. The foreign exchange gain on the loan for the year was $6 thousands (2008 - loss $33 thousands).
**INTERNATIONAL SCIENCE AND TECHNOLOGY CENTER**

Notes to Financial Statements
For the year ended December 31, 2009
(Thousands of U.S. Dollars)

9. **MOVEMENTS IN CAPITAL**

Movements in capital accounts during fiscal years 2009 and 2008 are as follow:

a. **Designated Capital Contributions ("DCC") - Projects**

Designated capital contribution – Projects represent amounts committed on signed projects net of project expenses incurred to date.

<table>
<thead>
<tr>
<th>DCC projects - December 31, 2007 and January 1, 2008</th>
<th>EU</th>
<th>U.S.</th>
<th>Canada</th>
<th>Japan</th>
<th>Norway</th>
<th>South Korea</th>
<th>Other Parties</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfers to statement of revenues and expenses</td>
<td>$27,762</td>
<td>$44,477</td>
<td>$11,694</td>
<td>$1,182</td>
<td>$46</td>
<td>$387</td>
<td>$8,750</td>
<td>$94,298</td>
</tr>
<tr>
<td>(19,017)</td>
<td>(23,988)</td>
<td>(7,035)</td>
<td>(795)</td>
<td>(12)</td>
<td>(391)</td>
<td>(5,920)</td>
<td>(57,158)</td>
<td></td>
</tr>
<tr>
<td>New projects signed during 2008</td>
<td>19,383</td>
<td>11,077</td>
<td>4,692</td>
<td>399</td>
<td>-</td>
<td>390</td>
<td>3,925</td>
<td>39,866</td>
</tr>
<tr>
<td>Funding received in excess of expenses transferred to UCC</td>
<td>(95)</td>
<td>(953)</td>
<td>(35)</td>
<td>(4)</td>
<td>-</td>
<td>(1)</td>
<td>(5)</td>
<td>(1,093)</td>
</tr>
<tr>
<td>Funding received in excess of expenses transferred to DCC - operating - supplemental budget</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(5)</td>
</tr>
<tr>
<td>Foreign exchange difference</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(33)</td>
<td>(33)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DCC projects - December 31, 2008 and January 1, 2009</th>
<th>EU</th>
<th>U.S.</th>
<th>Canada</th>
<th>Japan</th>
<th>Norway</th>
<th>South Korea</th>
<th>Other Parties</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfers to statement of revenues and expenses</td>
<td>28,033</td>
<td>30,613</td>
<td>9,316</td>
<td>782</td>
<td>34</td>
<td>385</td>
<td>6,712</td>
<td>75,875</td>
</tr>
<tr>
<td>(18,464)</td>
<td>(15,711)</td>
<td>(5,953)</td>
<td>(724)</td>
<td>(12)</td>
<td>(356)</td>
<td>(4,796)</td>
<td>(45,992)</td>
<td></td>
</tr>
<tr>
<td>New projects signed during 2009</td>
<td>12,392</td>
<td>10,055</td>
<td>3,615</td>
<td>486</td>
<td>-</td>
<td>200</td>
<td>6,418</td>
<td>33,166</td>
</tr>
<tr>
<td>Funding received in excess of expenses transferred to UCC</td>
<td>(63)</td>
<td>(139)</td>
<td>(16)</td>
<td>(1)</td>
<td>-</td>
<td>(1)</td>
<td>(40)</td>
<td>(260)</td>
</tr>
<tr>
<td>Funding received in excess of expenses transferred to DCC - operating - supplemental budget</td>
<td>(17)</td>
<td>(18)</td>
<td>(19)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(54)</td>
<td></td>
</tr>
<tr>
<td>Foreign exchange difference</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>229</td>
<td>229</td>
</tr>
</tbody>
</table>

**DCC projects - December 31, 2009**

<table>
<thead>
<tr>
<th>EU</th>
<th>U.S.</th>
<th>Canada</th>
<th>Japan</th>
<th>Norway</th>
<th>South Korea</th>
<th>Other Parties</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$21,881</td>
<td>$24,800</td>
<td>$6,943</td>
<td>$543</td>
<td>$46</td>
<td>$228</td>
<td>$8,523</td>
<td>$62,964</td>
</tr>
</tbody>
</table>
### 9. MOVEMENTS IN CAPITAL (continued)

#### b. Designated Capital Contributions ("DCC") - Operating (Note 3)

Administrative operating budget represents amount committed for the administration budget for the next fiscal year.

<table>
<thead>
<tr>
<th>Administrative operating budget</th>
<th>EU</th>
<th>U.S.</th>
<th>Canada</th>
<th>Japan</th>
<th>Norway</th>
<th>South Korea</th>
<th>Russia</th>
<th>Other Parties</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>- December 31, 2007 and January 1, 2008</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$131</td>
</tr>
<tr>
<td>New budget approved 2008</td>
<td>2,496</td>
<td>3,002</td>
<td>1,401</td>
<td>690</td>
<td>50</td>
<td>87</td>
<td>-</td>
<td>-</td>
<td>$7,726</td>
</tr>
<tr>
<td>Transfer to statement of revenues and expenses</td>
<td>(2,496)</td>
<td>(3,002)</td>
<td>(1,401)</td>
<td>(690)</td>
<td>(50)</td>
<td>(87)</td>
<td>(50)</td>
<td>(50)</td>
<td>(7,826)</td>
</tr>
<tr>
<td>Additional contribution (net of adjustments)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>50</td>
<td>30</td>
<td>80</td>
</tr>
<tr>
<td>Revenues in excess of expenses for the year</td>
<td>164</td>
<td>198</td>
<td>92</td>
<td>45</td>
<td>3</td>
<td>6</td>
<td>-</td>
<td>-</td>
<td>508</td>
</tr>
<tr>
<td>Transfer to UCC for revenues in excess of expenses</td>
<td>(164)</td>
<td>(198)</td>
<td>(92)</td>
<td>(45)</td>
<td>(3)</td>
<td>(6)</td>
<td>-</td>
<td>-</td>
<td>(508)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Administrative operating budget</th>
<th>EU</th>
<th>U.S.</th>
<th>Canada</th>
<th>Japan</th>
<th>Norway</th>
<th>South Korea</th>
<th>Russia</th>
<th>Other Parties</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>- December 31, 2008 and January 1, 2009</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>111</td>
<td>111</td>
<td>111</td>
</tr>
<tr>
<td>New budget approved 2009</td>
<td>2,915</td>
<td>2,369</td>
<td>1,426</td>
<td>651</td>
<td>50</td>
<td>86</td>
<td>-</td>
<td>-</td>
<td>7,497</td>
</tr>
<tr>
<td>Transfer to statement of revenues and expenses</td>
<td>(2,915)</td>
<td>(2,369)</td>
<td>(1,426)</td>
<td>(651)</td>
<td>(50)</td>
<td>(86)</td>
<td>(50)</td>
<td>(80)</td>
<td>(7,627)</td>
</tr>
<tr>
<td>Additional contribution (net of adjustments)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>50</td>
<td>32</td>
<td>82</td>
</tr>
<tr>
<td>Revenues in excess of expenses for the year</td>
<td>578</td>
<td>469</td>
<td>283</td>
<td>129</td>
<td>10</td>
<td>17</td>
<td>-</td>
<td>-</td>
<td>1,486</td>
</tr>
<tr>
<td>Transfer to UCC for revenues in excess of expenses</td>
<td>(578)</td>
<td>(469)</td>
<td>(283)</td>
<td>(129)</td>
<td>(10)</td>
<td>(17)</td>
<td>-</td>
<td>-</td>
<td>(1,486)</td>
</tr>
</tbody>
</table>

Administrative budget

| - December 31, 2009 | $- | $- | $- | $- | $- | $- | $- | $- | $63 | $63 |
**INTERNATIONAL SCIENCE AND TECHNOLOGY CENTER**

Notes to Financial Statements
For the year ended December 31, 2009
(Thousands of U.S. Dollars)

9. **MOVEMENTS IN CAPITAL (continued)**

   b. **Designated Capital Contributions ("DCC") - Operating (continued)**

SOB represents amounts committed to programs and program activities net of related expenses incurred to date.

| Supplemental budget - December 31, 2007 |       |       |       |       |       |       |       |
|----------------------------------------|-------|-------|-------|-------|-------|-------|
| and January 1, 2008                    | $ 313 | $ 4,674 | $ 1,389 | $ 362 | $ 95  | $ 264 | $ 7,097 |
| Transfer to statement of revenues and expenses | (3,557) | (4,950) | (1,836) | (478) | (279) | (427) | (11,527) |
| Additional contribution                | 4,946 | 5,704 | 3,084 | 222 | 289 | 696 | 14,941 |
| Transfer to DCC - projects             | (609) | (1,281) | (639) | - | - | - | (2,529) |
| Transfer to AOB                        | - | - | - | - | - | - | - |
| Transfer to UCC for unused funds       | (1,002) | (385) | (867) | (13) | (6) | - | (2,273) |
| Transfer from DCC - projects for unused funds | - | - | - | - | - | 5 | 5 |
| Foreign exchange differences           | 134 | - | - | - | - | - | 134 |

| Supplemental budget - December 31, 2008 |       |       |       |       |       |       |       |
|----------------------------------------|-------|-------|-------|-------|-------|-------|
| and January 1, 2009                    | 225 | 3,762 | 1,131 | 93 | 99 | 538 | 5,848 |
| Transfer to statement of revenues and expenses | (2,741) | (3,635) | (2,275) | (525) | (289) | (407) | (9,872) |
| Additional contribution                | 3,056 | 2,465 | 3,945 | 689 | 291 | 140 | 10,586 |
| Transfer to DCC - projects             | (111) | (213) | (114) | - | - | - | (438) |
| Transfer to AOB                        | - | - | - | - | - | - | - |
| Transfer to UCC for unused funds       | (316) | (170) | (1,292) | (21) | (2) | - | (1,801) |
| Transfer from DCC - projects for unused funds | 17 | 18 | 19 | - | - | - | 54 |
| Other                                  | 2 | 1 | 2 | - | - | - | 5 |
| Foreign exchange differences           | -33 | - | - | - | - | - | (33) |

<table>
<thead>
<tr>
<th>Supplemental operating budget - December 31, 2009</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 99</td>
<td>$ 2,228</td>
<td>$ 1,416</td>
<td>$ 236</td>
<td>$ 99</td>
<td>$ 271</td>
<td>$ 4,349</td>
</tr>
</tbody>
</table>
9. MOVEMENTS IN CAPITAL (continued)

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 operating budget or project purposes. In addition, in the case of projects funded by the 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 issued 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 appropriation is made between the designated and undesignated capital contributions account.

Revaluation of the Euro denominated account expected to be utilized for EU's future obligations resulted in foreign exchange differences.
## INTERNATIONAL SCIENCE AND TECHNOLOGY CENTER

Notes to Financial Statements
For the year ended December 31, 2009
(Thousands of U.S. Dollars)

9. **MOVEMENTS IN CAPITAL** (continued)
   
c. **Undesignated Capital Contributions ("UCC")** (continued)

<table>
<thead>
<tr>
<th></th>
<th>EU</th>
<th>U.S.</th>
<th>Canada</th>
<th>Japan</th>
<th>Norway</th>
<th>Finland</th>
<th>Sweden</th>
<th>South Korea</th>
<th>Other Parties</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>UCC - December 31, 2007</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase of capital</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions from parties</td>
<td>15,927</td>
<td>14,066</td>
<td>4,959</td>
<td>1,585</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>353</td>
<td>2,874</td>
<td>39,764</td>
</tr>
<tr>
<td>Investment income allocation</td>
<td>1,891</td>
<td>3,061</td>
<td>560</td>
<td>201</td>
<td>28</td>
<td>4</td>
<td>17</td>
<td>34</td>
<td>501</td>
<td>6,297</td>
</tr>
<tr>
<td>Transfer from DCC for revenues in excess of expenses in operating - administrative budget</td>
<td>164</td>
<td>198</td>
<td>92</td>
<td>45</td>
<td>3</td>
<td>-</td>
<td>-</td>
<td>6</td>
<td>-</td>
<td>508</td>
</tr>
<tr>
<td>Transfer from DCC for unused funds on programs under operating - supplemental budget</td>
<td>1,002</td>
<td>385</td>
<td>867</td>
<td>13</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>6</td>
<td>-</td>
<td>2,273</td>
</tr>
<tr>
<td>Transfer from DCC - projects for approved funding in excess of expenses</td>
<td>95</td>
<td>953</td>
<td>35</td>
<td>4</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>5</td>
<td>1,093</td>
</tr>
<tr>
<td>VAT reimbursement</td>
<td>35</td>
<td>49</td>
<td>14</td>
<td>22</td>
<td>6</td>
<td>-</td>
<td>-</td>
<td>6</td>
<td>-</td>
<td>132</td>
</tr>
<tr>
<td>Foreign exchange differences</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Decrease of capital</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer to DCC - projects for signed projects</td>
<td>(18,773)</td>
<td>(10,237)</td>
<td>(4,052)</td>
<td>(399)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(390)</td>
<td>(3,078)</td>
<td>(36,929)</td>
</tr>
<tr>
<td>Transfer to DCC for operating - administrative budget</td>
<td>(2,496)</td>
<td>(3,002)</td>
<td>-</td>
<td>(690)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(87)</td>
<td>(6)</td>
<td>(6,281)</td>
</tr>
<tr>
<td>Transfer to DCC for operating - supplemental budget</td>
<td>(2,815)</td>
<td>(5,557)</td>
<td>(52)</td>
<td>(222)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(108)</td>
<td>(556)</td>
<td>(9,310)</td>
</tr>
<tr>
<td>Foreign exchange differences</td>
<td>(610)</td>
<td>(6)</td>
<td>(3)</td>
<td>(3)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(610)</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>UCC - December 31, 2008</strong></td>
<td>15,781</td>
<td>43,903</td>
<td>3,800</td>
<td>5,090</td>
<td>813</td>
<td>198</td>
<td>500</td>
<td>439</td>
<td>5,740</td>
<td>76,264</td>
</tr>
</tbody>
</table>
9. MOVEMENTS IN CAPITAL (continued)

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

<table>
<thead>
<tr>
<th></th>
<th>EU</th>
<th>U.S.</th>
<th>Canada</th>
<th>Japan</th>
<th>Norway</th>
<th>Finland</th>
<th>Sweden</th>
<th>South Korea</th>
<th>Other Parts</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>UCC - December 31, 2008</td>
<td>$15,781</td>
<td>$43,903</td>
<td>$3,800</td>
<td>$5,090</td>
<td>$813</td>
<td>$198</td>
<td>$500</td>
<td>$439</td>
<td>$5,740</td>
<td>$76,264</td>
</tr>
<tr>
<td>Increase of capital</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions from parties</td>
<td>5,412</td>
<td>8,584</td>
<td>2,497</td>
<td>1,598</td>
<td>-</td>
<td>-</td>
<td>144</td>
<td>3,155</td>
<td>21,390</td>
<td></td>
</tr>
<tr>
<td>Investment income allocation</td>
<td>846</td>
<td>1,639</td>
<td>346</td>
<td>130</td>
<td>18</td>
<td>3</td>
<td>10</td>
<td>20</td>
<td>315</td>
<td>3,327</td>
</tr>
<tr>
<td>Transfer from DCC for revenues in excess of expenses in operating - administrative budget</td>
<td>578</td>
<td>469</td>
<td>283</td>
<td>129</td>
<td>10</td>
<td>-</td>
<td>-</td>
<td>17</td>
<td>-</td>
<td>1,486</td>
</tr>
<tr>
<td>Transfer from DCC for unused funds on programs under operating - supplemental budget</td>
<td>316</td>
<td>170</td>
<td>1,292</td>
<td>21</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>-</td>
<td>1,801</td>
<td></td>
</tr>
<tr>
<td>Transfer from DCC - projects for approved funding in excess of expenses</td>
<td>63</td>
<td>139</td>
<td>16</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>40</td>
<td>260</td>
<td></td>
</tr>
<tr>
<td>VAT reimbursement</td>
<td>237</td>
<td>269</td>
<td>-</td>
<td>229</td>
<td>85</td>
<td>-</td>
<td>8</td>
<td>8</td>
<td>913</td>
<td></td>
</tr>
<tr>
<td>Decrease of capital</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>11,021</td>
</tr>
<tr>
<td>Transfer to DCC - projects for signed projects</td>
<td>(12,281)</td>
<td>(9,441)</td>
<td>(3,027)</td>
<td>(486)</td>
<td>-</td>
<td>-</td>
<td>(80)</td>
<td>(1,354)</td>
<td>(26,669)</td>
<td></td>
</tr>
<tr>
<td>Transfer to DCC for operating - administrative budget</td>
<td>(2,915)</td>
<td>(2,369)</td>
<td>-</td>
<td>(653)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(10)</td>
<td>(5,947)</td>
<td></td>
</tr>
<tr>
<td>Transfer to DCC for operating - supplemental budget</td>
<td>(1,873)</td>
<td>(2,219)</td>
<td>(254)</td>
<td>(689)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(101)</td>
<td>(5,136)</td>
<td></td>
</tr>
<tr>
<td>Foreign exchange differences</td>
<td>284</td>
<td>47</td>
<td>(4)</td>
<td>(1)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3</td>
<td>329</td>
<td></td>
</tr>
<tr>
<td>Transfer of funds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UCC - December 31, 2009</td>
<td>$6,448</td>
<td>$41,191</td>
<td>$4,949</td>
<td>$5,369</td>
<td>$926</td>
<td>$201</td>
<td>$510</td>
<td>$628</td>
<td>$7,727</td>
<td>$67,949</td>
</tr>
</tbody>
</table>
10. OTHER INCOME AND EXPENSES

Other expenses during 2009 and 2008 consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net foreign exchange gain/(loss)</td>
<td>$ 329</td>
<td>$ (622)</td>
</tr>
<tr>
<td>UCC (Note 8c)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>$ (2)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$ 327</td>
<td>$ (622)</td>
</tr>
</tbody>
</table>

11. PROJECT EXPENSES

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Project expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>$ 45,992</td>
</tr>
<tr>
<td>2008</td>
<td>57,158</td>
</tr>
<tr>
<td>2007</td>
<td>66,002</td>
</tr>
<tr>
<td>2006</td>
<td>67,454</td>
</tr>
<tr>
<td>2005</td>
<td>72,476</td>
</tr>
<tr>
<td>2004</td>
<td>77,102</td>
</tr>
<tr>
<td>2003</td>
<td>75,715</td>
</tr>
<tr>
<td>2002</td>
<td>68,215</td>
</tr>
<tr>
<td>2001</td>
<td>52,690</td>
</tr>
<tr>
<td>2000</td>
<td>43,923</td>
</tr>
<tr>
<td>1999</td>
<td>36,039</td>
</tr>
<tr>
<td>1998</td>
<td>33,320</td>
</tr>
<tr>
<td>1997</td>
<td>31,029</td>
</tr>
<tr>
<td>1996</td>
<td>28,459</td>
</tr>
<tr>
<td>1995</td>
<td>22,001</td>
</tr>
<tr>
<td>1994</td>
<td>1,765</td>
</tr>
</tbody>
</table>

Cumulative project expenses incurred as of December 31, 2009: $ 779,340
11. PROJECT EXPENSES (continued)

Cumulative project expenses amounting to $779,340 thousand (2008 - $733,348 thousand) reflect actual expenses incurred on ongoing projects and completed projects. Such expenses consisted of the following in 2009 and 2008:

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants to scientists</td>
<td>$29,462</td>
<td>$35,358</td>
</tr>
<tr>
<td>Equipment</td>
<td>5,980</td>
<td>7,572</td>
</tr>
<tr>
<td>Other project costs</td>
<td>10,550</td>
<td>14,228</td>
</tr>
<tr>
<td></td>
<td>$45,992</td>
<td>$57,158</td>
</tr>
</tbody>
</table>

12. OPERATING EXPENSES

Operating expenses incurred during 2009 and 2008 consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative budget</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel</td>
<td>$3,831</td>
<td>$4,687</td>
</tr>
<tr>
<td>Center operations</td>
<td>1,809</td>
<td>2,103</td>
</tr>
<tr>
<td>Center facilities and equipment</td>
<td>412</td>
<td>443</td>
</tr>
<tr>
<td>Information and branch offices</td>
<td>89</td>
<td>85</td>
</tr>
<tr>
<td>Internal programs</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$6,141</td>
<td>$7,318</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplemental budget</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training</td>
<td>$380</td>
<td>$602</td>
</tr>
<tr>
<td>Seminars</td>
<td>2,624</td>
<td>2,746</td>
</tr>
<tr>
<td>Management information systems</td>
<td>97</td>
<td>173</td>
</tr>
<tr>
<td>Expert participation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>United States</td>
<td>3,160</td>
<td>4,066</td>
</tr>
<tr>
<td>European Union</td>
<td>2,149</td>
<td>2,687</td>
</tr>
<tr>
<td>Canada</td>
<td>918</td>
<td>760</td>
</tr>
<tr>
<td>Japan</td>
<td>337</td>
<td>289</td>
</tr>
<tr>
<td>South Korea</td>
<td>181</td>
<td>176</td>
</tr>
<tr>
<td>Russia</td>
<td>26</td>
<td>28</td>
</tr>
<tr>
<td></td>
<td>$9,872</td>
<td>$11,527</td>
</tr>
</tbody>
</table>
### 13. FUNDING PARTY INFORMATION

The revenues in excess of expenses during the year have been allocated to the funding parties as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Project Revenues</th>
<th>Administrative Budget</th>
<th>Supplemental Budget Revenues</th>
<th>Investment Income</th>
<th>Project Expenses</th>
<th>Supplemental Budget Expenses</th>
<th>Other Income (Expenses)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Canada</td>
<td>$5,913</td>
<td>$283</td>
<td>$2,275</td>
<td>$346</td>
<td>($5,913)</td>
<td>($2,275)</td>
<td>($4)</td>
<td>$625</td>
</tr>
<tr>
<td>European Union</td>
<td>18,464</td>
<td>578</td>
<td>2,741</td>
<td>846</td>
<td>(18,464)</td>
<td>(2,741)</td>
<td>521</td>
<td>1,945</td>
</tr>
<tr>
<td>Finland</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>Japan</td>
<td>724</td>
<td>129</td>
<td>525</td>
<td>130</td>
<td>(724)</td>
<td>(525)</td>
<td>228</td>
<td>487</td>
</tr>
<tr>
<td>Sweden</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>10</td>
</tr>
<tr>
<td>United States</td>
<td>15,711</td>
<td>469</td>
<td>3,635</td>
<td>1,639</td>
<td>(15,711)</td>
<td>(3,635)</td>
<td>316</td>
<td>2,424</td>
</tr>
<tr>
<td>Norway</td>
<td>(12)</td>
<td>10</td>
<td>18</td>
<td>12</td>
<td>(12)</td>
<td>(289)</td>
<td>85</td>
<td>113</td>
</tr>
<tr>
<td>South Korea</td>
<td>356</td>
<td>17</td>
<td>289</td>
<td>20</td>
<td>(356)</td>
<td>(289)</td>
<td>85</td>
<td>122</td>
</tr>
<tr>
<td>Other parties</td>
<td>4,796</td>
<td>-</td>
<td>407</td>
<td>315</td>
<td>(4,796)</td>
<td>(407)</td>
<td>9</td>
<td>324</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$45,992</strong></td>
<td><strong>$1,486</strong></td>
<td><strong>$9,872</strong></td>
<td><strong>$3,327</strong></td>
<td><strong>(45,992)</strong></td>
<td><strong>(9,872)</strong></td>
<td><strong>$1,240</strong></td>
<td><strong>$6,053</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Project Revenues</th>
<th>Administrative Budget</th>
<th>Supplemental Budget Revenues</th>
<th>Investment Income</th>
<th>Project Expenses</th>
<th>Supplemental Budget Expenses</th>
<th>Other Income (Expenses)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Canada</td>
<td>$7,035</td>
<td>$92</td>
<td>$1,836</td>
<td>$560</td>
<td>($7,035)</td>
<td>($1,836)</td>
<td>($11)</td>
<td>$663</td>
</tr>
<tr>
<td>European Union</td>
<td>19,017</td>
<td>164</td>
<td>3,557</td>
<td>1,891</td>
<td>(19,017)</td>
<td>(3,557)</td>
<td>(574)</td>
<td>1,481</td>
</tr>
<tr>
<td>Finland</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4</td>
</tr>
<tr>
<td>Japan</td>
<td>795</td>
<td>45</td>
<td>478</td>
<td>201</td>
<td>(795)</td>
<td>(478)</td>
<td>18</td>
<td>264</td>
</tr>
<tr>
<td>Sweden</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>17</td>
</tr>
<tr>
<td>United States</td>
<td>23,988</td>
<td>198</td>
<td>4,950</td>
<td>3,061</td>
<td>(23,988)</td>
<td>(4,950)</td>
<td>44</td>
<td>3,303</td>
</tr>
<tr>
<td>Norway</td>
<td>12</td>
<td>3</td>
<td>279</td>
<td>28</td>
<td>(12)</td>
<td>(279)</td>
<td>6</td>
<td>37</td>
</tr>
<tr>
<td>South Korea</td>
<td>391</td>
<td>6</td>
<td>279</td>
<td>34</td>
<td>(391)</td>
<td>(279)</td>
<td>6</td>
<td>46</td>
</tr>
<tr>
<td>Other parties</td>
<td>5,920</td>
<td>-</td>
<td>427</td>
<td>501</td>
<td>(5,920)</td>
<td>(427)</td>
<td>501</td>
<td>6,316</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$57,158</strong></td>
<td><strong>$508</strong></td>
<td><strong>$11,527</strong></td>
<td><strong>$6,297</strong></td>
<td><strong>(57,158)</strong></td>
<td><strong>(11,527)</strong></td>
<td><strong>(489)</strong></td>
<td><strong>6,316</strong></td>
</tr>
</tbody>
</table>

All revenues in excess of expenses arising during the year have been allocated to the funding parties UCC accounts based on the funding levels of the sponsors.
14. AMOUNTS RECEIVED FROM FUNDING PARTIES

Amounts 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 8). Such amounts received during 2009 and 2008 were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>European Union</td>
<td>$6,424</td>
<td>$18,058</td>
</tr>
<tr>
<td>Japan</td>
<td>1,698</td>
<td>1,685</td>
</tr>
<tr>
<td>United States</td>
<td>8,830</td>
<td>15,305</td>
</tr>
<tr>
<td>Norway</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>South Korea</td>
<td>642</td>
<td>721</td>
</tr>
<tr>
<td>Canada</td>
<td>7,681</td>
<td>12,852</td>
</tr>
<tr>
<td>Other parties</td>
<td>6,563</td>
<td>5,159</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$31,888</td>
<td>$53,830</td>
</tr>
</tbody>
</table>

15. FINANCIAL COMMITMENTS

The funding parties have approved but not yet signed 47 (2008 - 69) projects with a total funding of $13,513 thousand (2008 - $25,935 thousand) including €1,905 thousand; (2008 - €7,888 thousand) denominated pledges at December 31, 2009 and 2008.

The agreements for projects unsigned as of December 31, 2009 are expected to be signed in 2010.

The Governing Board approved the 2010 Administrative Operating Budget ($7,131) and the 2010 Supplementary Operating Budget ($5,335) at its December 09, 2009 meeting. The budgets will be funded by the various parties in a predetermined formula.

16. CONTINGENT ASSETS

The tax authorities of the Russian Federation have agreed that ISTC is entitled to recover past VAT paid during the period 1 January 2001 to 1 August 2007, on the submission of acceptable evidence of payment. The first recoveries have been received during 2008, confirming the probability of future recoveries. Given the difficulties experienced in collating the required, acceptable

17. CONTINGENT LIABILITIES

There are no contingent liabilities to report in 2009. (2008 – None)

ISTC instigated legal action during the year against a former contractor for non completion of work. This action remained open at the year end and no known contingent liability exists.
INTERNATIONAL SCIENCE AND TECHNOLOGY CENTER

Notes to Financial Statements
For the year ended December 31, 2009
(Thousands of U.S. Dollars)

18. RELATED PARTIES

Other than the parties to the Agreement described in Note 1, there are no related parties. (2008 - None)

19. POST BALANCE SHEET EVENTS

There are no post balance sheet events. (2008 - None)

ISTC 2009 Financial Statement signed on behalf of ISTC:-

Adriaan van der Meer
Executive Director ISTC

David Cleave
Chief Financial Officer

Dated 17th May 2010