



the way to new energy

*ITER Organization
Financial Statements
2008*



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Financial Statements
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Foreword by the Director-General

For the ITER Organization 2008 was a crucial year; we are now embarked on one of the most challenging scientific construction and management projects of our time. ITER is a global initiative with seven Members, China, European Atomic Energy Community, India, Japan, Korea, Russia and the United States of America. We have the complex task of integrating the skills, experience and expectations of all Members in the most efficient and cost-effective manner. It thus gives me great pleasure to write the preface for the 2008 Financial Report because financial rigour and accountability are the foundations of the ITER project.

The ITER Organization is evolving rapidly and building momentum. In 2008 the Project Specification that details ITER's scientific goals and technical parameters and the Overall Project Schedule were approved by our Members with a target date of 2018 for First Plasma. Throughout 2008 earthmoving machinery worked on the ITER site. The one-kilometre-long and 500-metre-wide platform on which the ITER complex will be constructed is now nearly finished. We anticipate starting the excavation works for the torus hall in 2009. Work also progressed well on the road that is being specially constructed to convey the huge ITER components from the French harbour of "Fos" to the ITER site over 100 kilometres away.

In 2008 ITER moved from the planning stage into construction and industrialization. Many Procurement Arrangements have been signed with the Domestic Agencies for the manufacture of key components of the machine and we look forward to accelerating the procurement process in 2009.

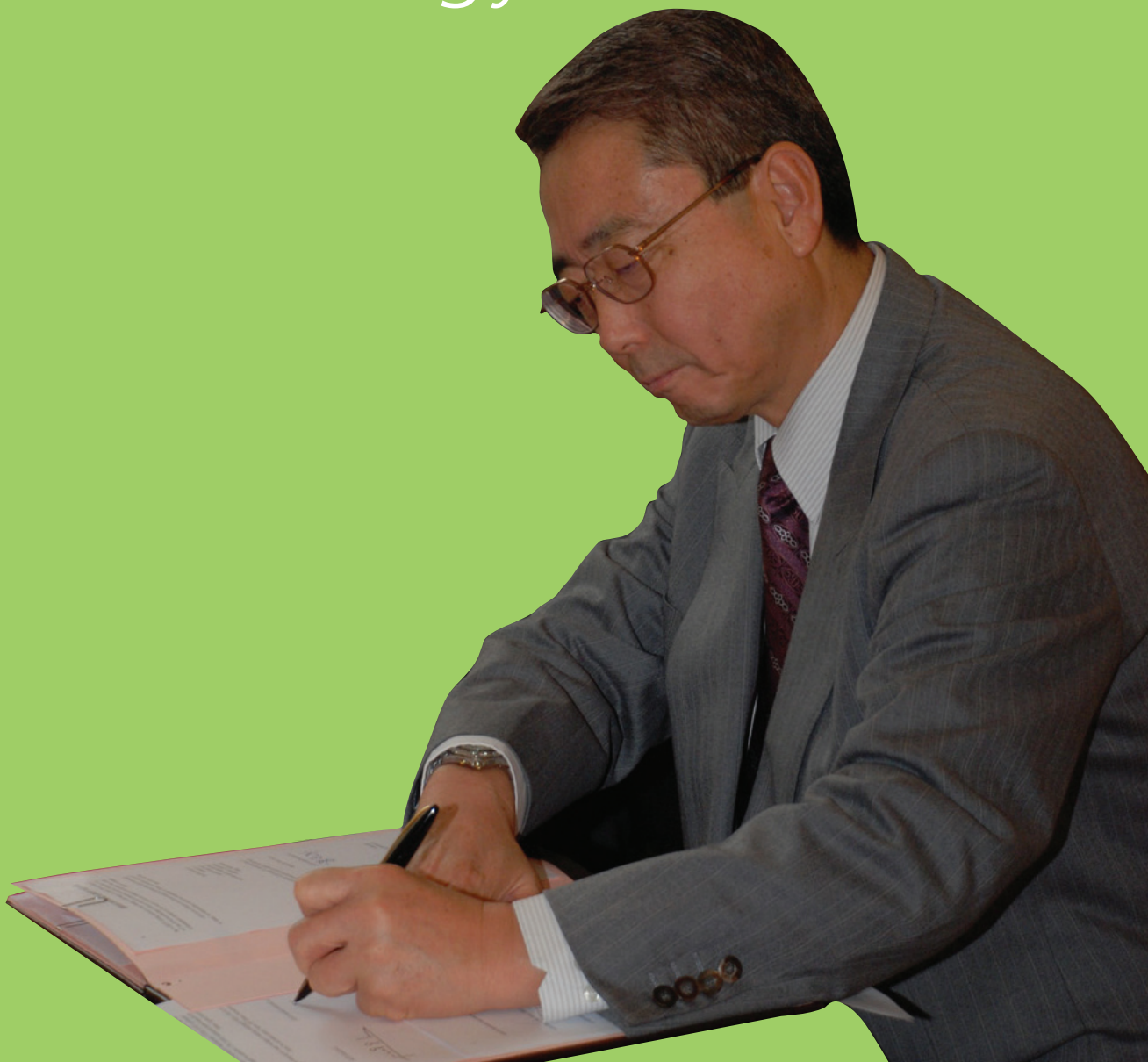
By the end of 2008 there were 300 ITER staff and we were able to recruit some of the world's most qualified scientists, engineers and project managers. In November the move to the new Headquarters building on the ITER site marked a new phase in the project.

I would like to remind you of the importance of ITER's mission. The world is looking to ITER to demonstrate the feasibility of fusion as a source of long-term, high-volume energy. It is a tremendous challenge and ITER must deliver on the great investments that have been made by our Member Parties. To accomplish this, every person who contributes to the project plays an essential role. I would like to thank everyone who has worked to produce this important document.

Kaname Ikeda

Cadarache, February 2009

“The world is looking to ITER to demonstrate the feasibility of fusion as a source of long-term, high-volume energy.”



Certificate

The Financial Statements of the ITER Organization have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) and its internal Project Resource Management Regulations (PRMR).

I hereby certify that, based on the information provided by the Authorizing Officer, I have reasonable assurance that these accounts present a true and fair view of the financial transactions in the year 2008 and of the financial position of the ITER Organization in all material aspects as at the end of 2008.

A handwritten signature in black ink, consisting of a large, sweeping loop on the left and a smaller loop on the right, with a vertical stroke at the bottom center.

Hans Spoor

*Head of the Finance and Budget Division
Accounting Officer*

Statement of the Director-General

I, the undersigned, Director-General of the ITER Organization, in my capacity of Authorizing Officer,

- Declare that the information contained in this report gives a true and fair view.
- State that I have reasonable assurance that the resources have been used for their intended purpose and in accordance with the principles of sound financial management, and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions. This reasonable assurance is based on my own judgement and on the information at my disposal.
- Confirm that I am not aware of anything not reported here which could harm the interests of the ITER Organization.



Kaname Ikeda

Director-General

Authorising Officer

Independent Auditor's Report

Financial Audit Board Members

Prof. Hiroshi Nagano, Chair

Japan

Sun Xiaoyun

People's Republic of China

François Colling

European Union

C. M. Sane

Republic of India

Hyunk Jong Kim

Republic of Korea

Tamara B. Vorobieva

Russian Federation

Alice C. Peterson

United States of America



We have audited the accompanying Financial Statements of The International Organization of the ITER, which comprise the Balance Sheet as at December 31, 2008, and the Income Statement, Statement of changes in Equity and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory notes including the Financial Statements prepared in accordance with the Project Resource Management Regulations (PRMR) Budgetary Execution for 2008.

Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with International Accounting Standards and the PRMR established by the November 21, 2006 ITER Agreement. 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.

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as established with Article 17 of the Agreement "Financial Audit" and those requirements established by the PRMR. 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.

In our opinion, we hereby certify that the Financial Statements give a true and fair view of the financial position of the ITER Organization as of December 31, 2008, and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS), and the PRMR.

A separate Management letter dated on April 16, 2009, which includes issues considered not material enough to merit qualification but nevertheless considered important enough to be brought to the notice of ITER Council, has been issued to the ITER Organization.

 Prof. Hiroshi Nagano JAPAN	 Sun Xiaoyun PEOPLE'S REPUBLIC OF CHINA	 C. M. Sane REPUBLIC OF INDIA
 Hyunk Jong Kim REPUBLIC OF KOREA	 Tamara B. Vorobieva RUSSIAN FEDERATION	 Alice C. Peterson UNITED STATES OF AMERICA

Introduction and Basis of Preparation

These Financial Statements have been drawn up in accordance with International Public Sector Accounting Standards (IPSAS) and the internal Project Resource Management Regulations (PRMR) of the ITER Organization which require the inclusion of additional schedules and information in the Financial Statements. Therefore two main sections are included:

Section 1: *Financial Statements Prepared in Accordance with the IPSAS, and*

Section 2: *Financial Statements Prepared in Accordance with the PRMR.*

These Financial Statements set out the basis of preparation of the information contained herein and include explanations and schedules on the differences between the IPSAS-schedules and the PRMR-schedules as required by the PRMR. These accounts also show re-stated financial statements 2007 under the IPSAS in comparison to the published Financial Statements last year following the PRMR.

The accounts of the ITER Organization are kept in Euro and when dealing with contributions in kind also in IUA, at the then prevailing IUA/EUR exchange rate.

These Financial Statements reflect all financial activities of the ITER Organization for the year and we are not aware of any un-recorded liabilities.



"...ITER will bring humanity closer to the realization of fusion as an affordable form of energy."

Section 1

*Prepared in accordance with the International
Public Sector Accounting Standards (IPSAS)*

Statement of financial position

for the year ending 31 December 2008

All amounts in EUR

Assets	Notes	31/12/2008	"IPSAS" Restatment 31/12/2007	"PRMR" Published 31/12/2007
Current assets		98,319,875	52,871,055	51,262,502
Cash and cash equivalents	3	75,764,637	48,512,721	48,334,520
Receivables	4	14,113,158	1,767,041	1,702,667
Other current assets	6	5,885,262	2,410,137	1,225,315
Deferred charges	5	2,556,818	181,156	-
Non-current assets		124,246,714	40,572,383	10,265,974
Fixed Assets	7 & 8	124,246,624	40,572,383	10,265,974
Other financial assets		90	-	-
Total assets		222,566,589	93,443,438	61,528,476
Liabilities	Notes	31/12/2008	"IPSAS" Restatment 31/12/2007	"PRMR" Published 31/12/2007
Current liabilities		71,174,423	38,675,185	51,262,502
Payables	9	70,138,307	36,758,712	51,262,502
Employee benefits	10	1,036,117	1,916,473	-
Non-current liabilities		149,398,462	54,165,481	10,265,974
Long-term liabilities	12	25,151,838	13,593,097	8,009,974
Deferred revenue	11	124,246,624	40,572,383	2,256,000
Total liabilities		220,572,885	92,840,666	61,528,476
Net Assets - Equity	Notes	31/12/2008	"IPSAS" Restatment 31/12/2007	"PRMR" Published 31/12/2007
Brought Forward Surplus		602,773	-	-
Statement of Financial Performance		1,390,932	602,773	-
Net Assets-Equity		1,993,704	602,773	-
Total of Liabilities & Equity		222,566,589	93,443,438	61,528,476

Statement of financial performance

for the year ending 31 December 2008

All amounts in EUR

Revenue	Notes	Total
<i>Deferred Members' contributions taken to revenue</i>	11	392,223
<i>Other revenue</i>	13	75,097,788
Total Revenue		75,490,011
<hr/>		
Expenses	Notes	Total
<i>Wages, salaries and employee benefits</i>	14	34,469,219
<i>Supplies and consumables used</i>	15	1,361,752
<i>Depreciation</i>	7 & 8	394,498
<i>Other expenses</i>	16	37,873,609
Total Expenses		74,099,079
Surplus		1,390,932

Statement of Cash Flow

for the year ending 31 December 2008

All amounts in EUR

Cash flow from operating activities	Total
Surplus for the period	1,390,932
Adjustment for surplus restatement 2007	(13,593,097)
Depreciation	392,222
Change in other financial assets	(90)
Deferred Members' contributions taken to revenue	(392,222)
Change in receivables	(14,098,503)
Change in prepayments	(625,662)
Change in other current assets	(3,475,125)
Change in payables	58,793,819
Change in other current liabilities	(1,140,356)
Change in deferred revenue	122,384,524
Net cash flow from operating activities	149,636,441
Cash flow from investing activities	
Acquisitions of tangible assets	(120,468,362)
Acquisitions of intangible assets	(1,916,162)
Net cash used in investing activities	(122,384,524)
Cash flow from financing activities	-
Net cash from financing activities	-
Net increase in cash and cash equivalents	27,251,916
Cash and cash equivalents at 1 January 2008	48,512,721
Cash and cash equivalents at 31 December 2008	75,764,637

Statement of Changes in Net Assets

All amounts in EUR

for the Year Ending 31 December 2008

	Contributed Capital	Other Reserves	Translation Reserve	Accumulated Surpluses/ (Deficits)	Total
Net Assets at 1 January 2008	-	-	-	602,773	602,773
Total surplus 2008, recognized revenue and expense	-	-	-	1,390,932	1,390,932
Net Assets at 31 December 2008	-	-	-	1,993,704	1,993,704

Notes to the Financial Statements 2008

Prepared in Accordance with IPSAS

Note 1: Reporting Entity

The ITER Organization is a joint international research and development project that aims to demonstrate the scientific and technological feasibility of fusion power. Its Members are the European Union (represented by EURATOM), Japan, the People's Republic of China, the Republic of India, the Republic of Korea, the Russian Federation and the United States of America.

The purpose, functions and other organizational aspects of the ITER Organization (IO) are set out in the 'Agreement on the Establishment of the ITER International Fusion Energy Organization for the Joint Implementation of the ITER Project' (the ITER Agreement). This Agreement, which has an initial duration of 35 years, was signed by the Members of the IO in Paris on 21 November 2006.

The ITER Organization has international legal personality including the capacity to conclude agreements with States and / or international organizations, and is governed by a Council composed of Representatives of each of the Members. Each Member has appointed up to four Representatives to the Council. The Council elects from among its Members a Chair and a Vice-Chair who shall each serve for a term of one year and who may be re-elected up to three times for a maximum period of four years.

The ITER Organization shall construct, operate and de-activate the ITER facilities in accordance with prescribed technical objectives and specifications and supplemental technical requirements that may be necessary. The de-commissioning of the ITER Organization facility will be financed by the Members upon completion of the Project and will be carried out by the Host state.

The resources to carry out the Project will comprise contributions in kind and financial contributions from Members. The cost estimates for the construction and operation phases of the ITER project have been quantified using the IUA unit of currency (ITER Unit of Account). The IUA is an internal currency unit used for budgetary purposes of the ITER Organization. The basis of conversion from IUA to Euro has been agreed between the Members and is updated each year.

The applied conversion rate for IUA in 2008 was 1 IUA equals 1498.16 Euro. The Euro figures for de-activation and de-commissioning are based on January 2001 values.

As per the ITER Agreement the ITER facility will be constructed in Europe, at Cadarache in the South of France. The address of the ITER Organization's registered office is St-Paul-lez-Durance, Bouches-du-Rhône, France. The land on which the assets will be constructed is being provided by the French State through the CEA (Commissariat à l'Énergie Atomique).

The main activities of the ITER Organization during 2008 included, in particular, technical investigations and analyses concerning the design specifications, which are being reviewed. Also more general Project planning and preparatory work

of a logistical nature have been carried out involving the preparation of the site and temporary offices, and preparations have started for the construction of the facility with Procurement Arrangements, Task Agreements and procurement contracts and orders.

Under Articles 7 and 9 of the ITER Agreement, the Director-General and the staff of the ITER Organization shall prepare and submit to the ITER Council the annual Financial Statements.

This document states the financial activities of the ITER Organization during the year from 1 January to 31 December 2008 and its financial position as at 31 December 2008. The cash accounting takes place in Euro. The in-kind contributions are credited generally in IUA's or when these concern secondments of staff, in Euro. At the year-end the short-term credits, typically for secondments of staff or task agreements, and which are due to be set off against future contributions, are included in the balance sheet in Euro at the approved exchange rate for 2008; these will be set off against Members' contributions at that Euro value. Long-term credits, representing in-kind contributions by Members, in particular for investments through Procurement Arrangements, are accounted in IUA's and accumulated during the construction phase.

The Financial Statements show tabulations in Euro and not in eurocents; this causes minor differences of up to a few Euros in a number of tabulations due to the rounding off from eurocents to Euro.

Note 2: Significant Accounting Policies

Basis of Preparation

The Financial Statements 2008 have been prepared in accordance with ITER's Project Resource Management Regulations (PRMR) and the International Public Sector Accounting Standards (IPSAS), the latter being published by the International Public Sector Accounting Standards Board (IPSASB) of the International Federation of Accountants (IFAC). The IPSAS are primarily drawn from the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board. In the absence of precise guidance on areas of accounting policy under IPSAS, the policies adopted are based on the IFRS, in addition to ITER's PRMR.

These Financial Statements have been prepared using the following bases of accounting:

- Accruals,
- Consistency,
- Going concern

The measurement base applied is historical cost. In-kind contributions from Members are measured and accounted at agreed fair values.

The 2007 Financial Statements of the ITER Organization were audited and thereafter approved by the ITER Council in June 2008.

Foreign Exchange Accounting

These Financial Statements are presented in Euro, which is the ITER Organization's functional currency.

Transactions in foreign currencies are translated into Euro at exchange rates prevailing at the dates of the transactions; the exchange rates used are the ones, applicable for that month, published by the EC on its web-site <http://ec.europa.eu/budget/inforeuro/>.

Realized and unrealized gains and losses resulting from the settlement of such transactions and from the re-translation at the reporting date of assets and liabilities denominated in foreign currencies are recognized in the Statement of Financial Performance.

As indicated in the section 'Revenue Recognition' below, the revenues of the ITER Organization are mainly comprised of contributions from Members to finance the phases of the ITER Project. The cost estimates of the construction and operation phases have been determined using the IUA unit of currency.

Use of Estimates and Judgements

The preparation of Financial Statements in conformity with IPSAS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Fixed Assets Accounting Policy

The ITER fixed assets accounting, which depends on the elements to be included in the accounting of the cost of the assets, follows the International Public Sector Accounting Standard (IPSAS, Nr 17) concerning 'Property, Plant & Equipment' and includes the following elements:

1. Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
2. Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
3. The initial estimation of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

In view of the specific nature of the ITER Organization, which has in essence one objective, i.e. the construction and operation of an experimental facility, generally all costs shall be considered to be incurred in order to construct and bring the asset to a condition enabling operations to commence. The capitalization of all costs will cease once the construction phase is complete.

The consequences of the capitalization criteria on the annual results of the ITER Organization are inter-related with the accounting policy choice concerning revenues from Members.

The ITER Organization management has concluded that revenues from Members constitute Non-Exchange Transactions for which the accounting treatment is defined in the IPSAS Nr 23. Contributions from Members which are used to acquire tangible or intangible assets are taken back to revenue over the period of the utilization of the related asset.

The amount of revenue deferred is therefore directly correlated with the amount of costs capitalized. Specifically, a full cost capitalization approach implies that related Member contributions will be deferred to the same extent and the fixed asset depreciation and write back of the deferred revenue should be equivalent during the operating life of the asset. Alternatively, a partial cost capitalization approach signifies that, during the construction phase, certain costs will be expensed to the Statement of Financial Performance and that an equivalent amount of Members' contributions will be shown as revenues recorded in the Statement of Financial Performance. We observe that, therefore, because of the nature of the ITER Organization, the impact of either partial or full cost capitalization is generally without consequences on the net result of the Organization during the construction phase.

Property, Plant and Equipment

Items of property, plant and equipment are accounted for at cost, after deduction of accumulated depreciation and accumulated impairment losses.

Property, plant and equipment include the costs associated with the construction of the experimental machine together with associated infrastructure costs comprising buildings, fixtures and fittings, IT equipment and transport equipment necessary to conduct the project.

The cost of an item of property, plant and equipment comprises its purchase price, including import duties and any non-refundable purchase taxes, and any directly attributable costs of bringing the asset to working condition for its intended use. Examples of directly attributable costs are the costs of site preparation, initial delivery and handling costs, installation costs, and professional fees such as for architects and engineers. Additionally, those administration and other general overhead costs directly attributable to the acquisition of the asset, or bringing the asset to its working condition, are included within the cost of the asset. The costs of self-constructed assets include the cost of materials and any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Research and development costs are capitalized as part of the cost of the experimental equipment to the extent that such costs can be measured reliably, the product or process is technically feasible, future service potential is probable, and the entity intends, and has sufficient resources, to complete development and to use the asset.

Expenditure on tangible fixed assets relating to the construction of the experimental equipment is recognized as an asset on the basis that future economic benefits or service potential associated with the item will flow to the IO and that the cost

or fair value of the item have been measured reliably. Such expenditure is incurred in accordance with the objectives of the ITER Organization and therefore is considered to meet the 'service potential' criteria set out in the IPSAS Nr 1 'Presentation of Financial Statements'.

Tangible fixed assets relating to in-kind contributions from Members are initially recorded at fair value using the Euro/IUA conversion rate prevailing for the year of the contribution. In-kind contributions are recorded as tangible fixed assets under construction upon awarding the credits concerned.

Upon completion of the experimental equipment construction phase, and once operations have commenced, the costs of de-commissioning and removing the reactor and restoring the site on which it is located will be incorporated into the cost of the experimental equipment. Such costs of dismantling will be based on the estimated cost at current value. The estimated de-commissioning costs are shown in note 17.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Concerning the experimental equipment under construction, and given its technical nature and the intrinsic difficulty in identifying separate useful lives to such costs, related expenditure is capitalized as a single component and depreciated over a uniform period.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Depreciation of the experimental equipment will be recorded upon the start of the operational phase.

The estimated useful lives of property, plant and equipment, in line with general conventions, are as follows:

- buildings, 30 years
- plant and equipment experimental assets, 20 years
- fixtures and fittings, 5-10 years
- transport equipment, 4 years
- IT, telecom equipment, etc, 4 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

In accordance with ITER Organization rules, acquisitions of property, plant and equipment which, individually, are below 3 IUA are expensed directly to the Statement of Financial Performance. These costs will be included in the "Tangible assets under construction".

Impairment

The carrying values of fixed assets are reviewed for impairment if events or changes in circumstances indicate that they may be impaired. If any such indication exists, the recoverable service amount of the asset is estimated in order to determine the extent of any impairment loss. Any impairment loss is charged against the Statement of Financial Performance in the year concerned.

In particular, the impairment reviews relating to the experimental assets will take into account technological developments, changes in the major assumptions of the ITER

Organization and any unforeseen difficulties which may require a revision to the asset depreciation lives applied or an impairment charge to write down to the recoverable service amount of the asset.

Intangible fixed assets

Expenditure on intangible fixed assets relating to the experimental equipment is recognized as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the ITER Organization and if the cost or fair value of the item can be measured reliably. Such expenditure is incurred in accordance with the objectives of the ITER Organization and is considered to meet 'service potential' criteria.

Intangible fixed assets relating to in-kind contributions from Members are initially recorded at fair value using the Euro/IUA conversion rate prevailing for the year of the contribution. In-kind contributions are recorded as tangible fixed assets under construction upon awarding the credits concerned.

Other intangible assets that are acquired by the ITER Organization, which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses.

Intangible fixed assets expenditure is capitalized only when it increases the future economic benefits or service potential embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and licences, is recognized in profit or loss as incurred.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives are as follows:

- Software, 4 years

Inventories

Inventories are measured at the lower of either their historic cost or their current replacement cost. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, conversion costs and other costs incurred in bringing them to their existing location and condition.

Employee benefits

The ITER Organization has set up a defined contribution pension scheme, a medical insurance scheme and a life and invalidity insurance scheme.

(i) Defined Contribution Pension Scheme

ITER has a defined contribution plan for its employees, which is a post-employment benefit plan under which it pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to such a defined contribution pension plan are recognized as employee benefit expenses when they are due.

(ii) Termination Benefits

Termination benefits are payable to its employees under certain circumstances prescribed in the Staff Regulations of

the ITER Organization. The amount of the termination benefits payable is dependent on the length of service of the employee in question. Termination benefits are recognized as an expense upon termination of the employment contract for one of the reasons stipulated in the Staff Regulations of the ITER Organization.

(iii) Short-Term Benefits

The ITER Organization has contracted out a medical insurance scheme and a life and invalidity insurance scheme. Monthly contributions to these schemes are deducted from employees' remuneration and supplemented by a contribution from the ITER Organization. These employer's contributions are expensed in the period of deduction from the employees' remuneration.

Revenue Recognition

ITER Organization revenues are composed of mainly contributions from Members, Internal Tax, Financial Income and other income.

Contributions from Members

Contributions from Members are determined annually, based on estimates of the required level of operating and capital payments for that year. These contributions are recorded as either revenue or deferred revenue in the year for which they are requested. Any contributions which have not been fully paid up by Members at year-end are shown within receivables. Contributions received from Members which at year-end exceed amounts requested are shown within payables.

Contributions from Members may be made in the form of cash contributions or in kind. In-kind contributions comprise the providing of assets, other goods and services and staff seconded by the Members. Revenue recorded relating to in-kind contributions are measured at the agreed fair value of the asset or service contributed.

Members' contributions used to acquire tangible or intangible assets are deferred and written back to revenue in the Statement of Financial Performance over the period of utilization of the related asset.

In-kind contributions from Members of tangible or intangible assets are also deferred and written back to revenue over the asset utilization period. Construction of the related assets may take place in the country of a Member over several years. Revenue for such assets under construction is deferred and a corresponding receivable is recorded. This receivable is transferred to the heading 'Tangible assets' upon acceptance of the asset by the ITER Organization.

Internal Tax

An internal Tax is applied to the basic salaries of ITER employees and collected monthly by the ITER Organization. These funds are used towards covering the cost of salaries, related benefits and infrastructure.

Other Income

A Common Fund budget financed by the Members of the ITER Organization was set up in 2006 to cover initial expenditure of the ITER Organization. Actual expenditure financed by the Common Fund budget was recorded in the 2007 Statement of Financial Performance and corresponding revenues were

recorded for the same amount that year. The unused portion of the Common Fund of € 3.8 million had been included in the Income Budget 2008 and is taken to revenue in 2008.

Provisions

A provision is recognized if, as a result of a past event, the ITER Organization has a present legal or constructive obligation that can be estimated reliably, and provided it is probable that an outflow of economic benefits or service potential will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(i) Asset De-Commissioning

In accordance with applicable legal requirements and accounting standards, a provision for the cost of de-commissioning the experimental equipment will be recognized once the related assets have been constructed. No such provision had been recorded at 31 December 2008 as the experimental equipment is still at the beginning of the construction phase. Details of the estimated cost of de-commissioning are shown in Note 17 'Project Cost Estimates'.

(ii) Site Restoration

In accordance with the ITER Organization's environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land and the related expense, is recognized when the land is contaminated. No site restoration provision had been recorded at 31 December 2008.

Note 3: Cash and Cash Equivalents

All amounts in EUR

Details of cash and cash equivalents at year-end 2008 are provided in the table below. The sources of the entity's cash and cash equivalent balances are Members' contributions, financial interest and the Monaco Partnership

Cash and Cash Equivalents	Total
Cash in hand	-
Cash at bank - Euro accounts	59,671,921
Cash at bank - Yen account	1,090,516
Fixed term deposits with bank	15,000,000
Accrued interest	2,200
Total cash and cash equivalents	75,764,637

Cash balances on deposit are held in interest-bearing accounts at a reputable bank. The holdings in Yen were valued in Euro at the year-end exchange rate. The bank account in Yen was created in order to deal with a contract shared with some DA's in order to minimize currency exposure.

Note 4: Receivables

Members' cash contributions to be received relate to requested Members' contributions for 2008 which were partly or in full outstanding at 31 December 2008. The outstanding contribution from the Republic of Korea was received early in 2009.

Receivables	Total
Credit note to be received	-
Members' cash contributions to be received:	
China	3,615
Japan	746,604
Republic of Korea	1,676,604
USA	7,249,578
Other receivables	
EU Domestic Agency	3,856,268
US Domestic Agency	48,013
Euratom	532,476
Total receivables	14,113,158

Note 5: Deferred Charges

All amounts in EUR

Deferred charges correspond to budgetary expenditure undertaken in 2008 for which the acquired product or service relates to 2009.

Deferred Charges	Total
Equipment maintenance	1,201,490
Insurance	7,549
Licence fees	119,226
Maintenance licences	35,803
Rent	1,105,103
Subscriptions	86,684
Other	963
Total Deferred charges	2,556,818

Note 6: Other Current Assets

The ITER Organization is exempted from taxes or duties (corporate income, business licence and value added tax) or is due to have these refunded. Value added tax invoiced by suppliers for purchases of goods and services is recovered by requesting the reimbursement from the European state in which the VAT was collected. The ITER Organization is currently taking steps to reach a clear agreement on the procedure to follow in order to obtain the reimbursement of VAT.

Other Current Assets	Total
Personnel - Advances on salaries	-
VAT receivable	4,804,029
VAT on accruals	1,077,873
Sundry receivable	3,360
Total other current assets	5,885,262

Note 7: Property, Plant and Equipment

All amounts in EUR

Asset description	"PRMR"	Gross		Accumulated				Accumulated		Net Book	Net Book
	Published 31/12/2007	1/1/2008	Additions	Disposals	Gross 31/12/2008	Depreciation 1/1/2008	Depreciation 2008	Disposals	Depreciation 31/12/2008	Value 1/1/2008	Value 31/12/2008
Plant and machinery	-	-	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-	-	-
Fixtures and fittings	-	-	97,650	-	97,650	-	542	-	542	-	97,107
Motor vehicles	-	34,200	64,886	-	99,086	1,640	12,391	-	14,031	32,560	85,055
IT, telecom and office equipment	-	280,078	991,816	(14,267)	1,257,626	11,615	156,073	(2,276)	165,412	268,463	1,092,214
Furniture	-	-	-	-	-	-	-	-	-	-	-
Tangible Assets	504,000	314,278	1,154,351	(14,267)	1,454,362	13,255	169,007	(2,276)	179,985	301,023	1,274,376
Tangible Assets in Progress in CASH: Direct	-	907,600	2,939,065	-	3,846,665	-	-	-	-	907,600	3,846,665
Tangible Assets in Progress in CASH: Machine	-	30,308,087	72,811,724	-	103,119,811	-	-	-	-	30,308,087	103,119,811
Tangible Assets in Progress in KIND: EU	-	5,814,255	4,324,458	-	10,138,714	-	-	-	-	5,814,255	10,138,714
Tangible Assets in Progress in KIND: CN	-	-	-	-	-	-	-	-	-	-	-
Tangible Assets in Progress in KIND: IN	-	-	74,908	-	74,908	-	-	-	-	-	74,908
Tangible Assets in Progress in KIND: JP	-	873,634	-	-	873,634	-	-	-	-	873,634	873,634
Tangible Assets in Progress in KIND: KR	-	398,933	-	-	398,933	-	-	-	-	398,933	398,933
Tangible Assets in Progress in KIND: RF	-	-	-	-	-	-	-	-	-	-	-
Tangible Assets in Progress in KIND: US	-	923,152	860,062	-	1,783,213	-	-	-	-	923,152	1,783,213
Tangible Assets in Progress	1,256,000	39,225,662	81,010,216	-	120,235,878	-	-	-	-	39,225,662	120,235,878
In-kind contributions	8,009,974	-	-	-	-	-	-	-	-	-	-
Totals	9,769,974	39,539,939	82,164,568	(14,267)	121,690,240	13,255	169,007	(2,276)	179,985	39,526,684	121,510,254

Assets in progress correspond to external and internal costs incurred.

Note 8: Intangible Fixed Assets

All amounts in EUR

Asset description	"PRMR"	Gross		Accumulated				Accumulated		Net Book	Net Book
	Published	1/1/2008	Additions	Disposals	Gross	Depreciation	Depreciation	Disposals	Depreciation	Value	Value
	31/12/2007	1/1/2008			31/12/2008	1/1/2008	2008		31/12/2008	1/1/2008	31/12/2008
Intangible Assets—Software	496,000	761,259	239,940	-	1,001,200	63,068	225,492	-	288,560	698,191	712,639
Intangible Assets in Progress	-	347,508	1,676,222	-	2,023,730	-	-	-	-	347,508	2,023,730
Totals	496,000	1,108,767	1,916,162	-	3,024,930	63,068	225,492	-	288,560	1,045,699	2,736,370

Note 9: Payables

Payables	Total
Suppliers invoices unpaid and accrued charges	10,406,436
Advance payments on contribution Euratom	41,009,543
Advance payments on contribution Republic of India	9,362,956
Advance payments on contribution Russian Federation	9,359,372
Total payables	70,138,307

Advance payments on Members' contributions correspond to sums received by the ITER Organization in 2008 exceeding the requested amount for the year.

Note 10: Employee Benefits

All amounts in EUR

Employee Benefits	Total
Personnel travel costs	260,000
Accrued untaken leave	736,723
Social benefits	39,393
Total Employee benefits	1,036,117

Note 11: Deferred Revenue

Deferred Revenue	In cash	In kind	Total
Members Contribution Deferred: EU	50,663,246	10,138,714	60,801,960
Members Contribution Deferred: CN	10,130,420	-	10,130,420
Members Contribution Deferred: IN	10,130,420	74,908	10,205,328
Members Contribution Deferred: JP	10,130,420	873,634	11,004,054
Members Contribution Deferred: KO	10,130,420	398,933	10,529,354
Members Contribution Deferred: RF	10,130,420	-	10,130,420
Members Contribution Deferred: US	10,130,420	1,783,213	11,913,634
Members Contribution Deferred—written back to Statement of Financial Performance			(468,546)*
Total Deferred revenue	111,445,768	13,269,402	124,246,624

* including 76,323 Euro from 2007

Deferred revenue corresponds to Members' contributions as at 31 December 2008 used for the acquisition of tangible or intangible assets. Deferred revenue computed using the agreed ITER repartition of Members' contributions is written back to the Statement of Financial Performance over the period of utilization of the related asset.

Note 12: Contributions 2008 In Cash and In Kind

All amounts in EUR

Contributions 2008 In Cash and In Kind	In Cash	from Internal Tax	Total
Euratom	7,262,599	4,170,505	11,433,104
The People's Republic of China	1,452,538	833,918	2,286,456
The Republic of India	1,452,538	833,918	2,286,456
Japan	1,452,538	833,918	2,286,456
The Republic of Korea	1,452,538	833,918	2,286,456
The Russian Federation	1,452,538	833,918	2,286,456
The United States of America	1,452,538	833,918	2,286,456
Total Members' Contributions	15,977,827	9,174,011	25,151,838

Cash advances from Members related to contributions received which have not yet been spent in the year.

Note 13: Other Revenue

Other Revenue	Total
ITER internal cost capitalized	72,811,724
Exchange gains	327,499
Interest on deposit with bank	1,388,311
Net result on sale of financial products	2,621
Fixed asset sales proceeds	14,267
Write back to revenues of investment grants	392,222
Miscellaneous income	3,367
Monaco Partnership*	550,000
Total Deferred revenue	75,490,011

* In 2008 the Principality of Monaco concluded a Partnership Arrangement for ten years with the ITER Organization which includes an annual contribution of 550 k€ towards post- doctoral fellowships and communication actions by ITER. The competition for this Fellowship Program was launched in early 2008 and attracted 28 applications from young physicists and engineers across all the ITER Members. A selection board involving Senior Management of the ITER Organization developed a shortlist of 14 candidates, who were interviewed by videoconference, resulting in the selection and appointment of five post-doctoral fellows representing four of the ITER Members. The post-doctoral fellows took up their two-year appointments early in 2009.

Note 14: Wages, Salaries and Employee Benefits

All amounts in EUR

Personnel-related costs in 2008	Professional Staff	Technical Staff	Total	Seconded Staff *
Wages and salaries	21,484,437	3,745,606	25,230,043	4,585,535
Pension costs	3,008,230	524,386	3,532,616	-
Medical costs	537,184	93,640	630,824	-
Invalidity costs	214,874	37,456	252,331	-
Other employee benefits	3,587,057	843,886	4,430,943	-
Accrued untaken leave	40,654	43,749	84,403	-
Secondment allowances	-	209,169	209,169	-
Other (canteen)	-	-	98,891	-
Total	28,872,436	5,497,892	34,469,219	4,585,535

* Staff seconded by Members are considered Contributions in kind after deduction of the secondment allowances paid by the ITER Organization.

An internal tax is applied to basic salary costs including overtime and night work. This tax is collected by the ITER Organization by withholding it from the monthly salary payments. No liability is recorded for amounts withheld as the internal tax is not paid to external organizations or authorities. Amounts withheld are used for infrastructure and other expenditure of ITER Organization.

"Wages, salaries and employee benefits" present the gross costs and the related credit corresponding to the internal tax.

Personnel costs set out above include 4.585 M€ corresponding to in-kind contributions from Members. The counter-part entry is shown within revenues of the in-kind contributions.

The ITER Organization has set up a defined contribution pension scheme with an external fund. Contributions equal to 7% of gross

basic salary are deducted from employee remuneration and are supplemented by a contribution from the ITER Organization of 14% of gross basic salary.

Medical and life insurance schemes have also been set up with an external provider. Medical insurance employee contributions amount to 1.25% of gross basic salary supplemented by an ITER Organization contribution of 2.5% of gross basic salary. Life and invalidity insurance employee contributions amount to 0.5% of gross basic salary supplemented by an ITER Organization contribution of 1% of gross basic salary.

At 31 December 2008, the ITER Organization had in total 304 staff in the following categories:

At 31 December 2008	Professional Staff	Support Staff	Total
ITER Organization employees	192	78	270
Employees on secondment	34	0	34
Total	226	78	304

Note 15: Supplies and Consumables

All amounts in EUR

Supplies and Consumables	Total
Administrative supplies	187,490
Drink distributor / water	79,281
Electricity	49,052
Fuel	5,117
Furniture & equipment	742,064
Software	225,755
Telecom & IT equipment	72,993
Total Supplies and consumables	1,361,752

Note 16: Other Expenses

Other Expenses	Total
Bank charges	12,197
Communication costs	224,087
Documentation & seminar expenses	308,719
Equipment, buildings rental	489,149
Exchange losses	124,507
External consultant fees	2,558,878
External services	15,386,700
Insurance	71,500
Maintenance and repairs	785,295
Post & Communication	375,779
Removal expenses for ITER Organization personnel	476,029
R&D	11,432,527
Software fee	693,759
Temporary staff / Other personnel	1,127,971
Travel and related costs	3,731,010
Value of assets sold	11,991
Other	63,511
Total other expenses	37,873,609

Note 17: Project Cost Estimates

All amounts in EUR

The “Final Report of Negotiations on ITER Joint Implementation” (Attachment 2A) provides cost estimates for the phases of construction, operations, de-activation and de-commissioning. These initial estimates are set out in the following table. A design review has largely been undertaken, and a revision of the initial estimates is being considered and is under discussion. The cost estimates will be

monitored over time in comparison to the initial estimates, as the project progresses. The estimates are expressed in kIUA for the Construction and Operation phases and in Euro (at 2001 values) for the de-activation and de-commissioning phases. The current Euro values of these agreed estimates are shown in the tables below.

Construction Phase	%	kIUA	M€ 2008*
Euratom	45.46	1,626.23	2,436.35
Japan	9.09	325.245	487.27
The People's Republic of China	9.09	325.245	487.27
The Republic of India	9.09	325.245	487.27
The Republic of Korea	9.09	325.245	487.27
The Russian Federation	9.09	325.245	487.27
The United States of America	9.09	325.245	487.27
Total	100.00	3,577.70	5,359.95
Operations Phase	%	kIUA	M€ 2008*
Euratom	34	63.92	95.76
Japan	13	24.44	36.61
The People's Republic of China	10	18.80	28.17
The Republic of India	10	18.80	28.17
The Republic of Korea	10	18.80	28.17
The Russian Federation	10	18.80	28.17
The United States of America	13	24.44	36.61
Per annum over 20 years	100	188.00	281.65
De-activation Phase	%	M€ 2001 (1)	M€ 2008**
Euratom	34	95.54	111.04
Japan	13	36.53	42.46
The People's Republic of China	10	28.10	32.66
The Republic of India	10	28.10	32.66
The Republic of Korea	10	28.10	32.66
The Russian Federation	10	28.10	32.66
The United States of America	13	36.53	42.46
Total	100	281.00	326.60
De-commissioning Phase	%	M€ 2001*	M€ 2008**
Euratom	34	180.20	209.44
Japan	13	68.90	80.08
The People's Republic of China	10	53.00	61.60
The Republic of India	10	53.00	61.60
The Republic of Korea	10	53.00	61.60
The Russian Federation	10	53.00	61.60
The United States of America	13	68.90	80.08
Total	100	530.00	616.00

* Exchange rate kIUA/M€ (2008) : 1.49816

** Exchange rate kIUA/M€ (2001) : 1.28900

Note 18: Leases

All amounts in EUR

The ITER Organization leases equipment. Future minimum lease payments under non-cancellable operating leases as at 31 December 2008 are as follows:

<i>Leases</i>	<i>EUR</i>
<i>Less than one year</i>	<i>167,000</i>
<i>Between one and five years</i>	<i>332,000</i>
<i>More than five years</i>	<i>-</i>
Total operating leases	499,000



“Work will continue into 2009 to finalize baselines which are a critical part of project management.”

Section 2

*Prepared in accordance with the Project Resource
Management Regulations Budgetary Execution 2008*

Budgetary Execution 2008

The ITER Organization internal rules and procedures, in particular the Project Resource Management Regulations require the preparation of certain schedules for inclusion in the Annual Accounts for which the presentation and basis of preparation differ compared to the IPSAS-compatible Financial Statements.

The budgetary schedules in Section 2 of the Financial Statements 2008 are:

Schedule 1: Commitments Execution

Schedule 2: Payments Execution

Schedule 3: Cash Income Execution

Schedule 4: Members' Cash Contributions

Schedule 5: Cash Breakdown

Schedule 6: In-Kind Contributions

Schedule 7: Unpaid Commitments

Schedule 8: The Special Account

Schedule 9: Commitments Budget

Schedule 10: Payments Budget

Schedule 11: Income Budget

The establishment of the above schedules of the ITER Organization is governed by the following basic principles:

Equilibrium, specification, annularity, unity and budget accuracy, unit of Account, universality, sound financial management and transparency.

Budgets and Financial Out-turn Presentations

At its meeting in November 2007, the ITER Council adopted Commitments, Income and Payments Budgets for 2008, at the level of 94,140 M€ for Commitments, 83,992 M€ for Payments and for Income. The Commitments, Payments and Income Budgets and the financial schedules are subdivided into Titles, Chapters and Articles.

The excess actual income over the budgeted income in 2008 of 0.6 M€ cannot be considered as income for the year in the budgetary accounting under the PRMR; this excess shall be carried forward to be set off against Members' contributions in 2010, upon inclusion of this amount in the budget of the year concerned.

Budget Transfers

At its second meeting in June 2008 and its third meeting in November 2008, the ITER Council approved a number of transfers in the different budgets, in order to allow for the updated expenditure profiles. In the course of the year, the Director-General also approved a number of transfers within his agreed mandate.

The allocation of the initial budgets and the transfers subsequently approved are shown in the Commitments, Payments and Income Accounts, forming part of these Annual Accounts.

Schedule 1: Commitments Execution

All amounts in EUR

Commitments Execution	Final Commitments Budget 2008	Unused Commitment Appropriations brought forward from 2007	De-commitments on previous years commitments	Available Commitment Appropriations 2008	Commitments 2008	Unused Commitment Appropriations carried forward to 2009
Budget Heading	1	2	3	4 = 1 + 2 + 3	5	6 = 4 - 5
Title I: Direct Investment (Fund)	600,000	-	-	600,000	-	600,000
Title II: R&D Expenditure	18,345,000	406,703	15,841	18,767,544	18,751,696	15,848
Title III: Direct Expenditure	84,687,000	-	590,575	85,277,575	84,983,847	293,728
Chapter 31: Staff Expenditure	37,266,000	-	168,693	37,434,693	37,352,402	82,291
Article 311: Professional staff salary costs	28,822,093	-	2,251	28,824,344	28,824,344	-
Article 312: Technical Support staff salary costs	5,253,581	-	-	5,253,581	5,253,581	-
Article 313: Travel and subsistence	2,487,157	-	159,290	2,646,447	2,579,807	66,640
Article 314: Secondment allowances	209,169	-	-	209,169	209,169	-
Article 315: Removal expenses	494,000	-	7,152	501,152	485,501	15,651
Internal tax *	-	-	-	-	-	-
Chapter 32: Organizational Expenditure	47,421,000	-	421,882	47,842,882	47,631,445	211,437
Article 321: General services	6,921,669	-	149,131	7,070,800	7,057,818	12,982
Article 322: Administrative services	2,777,393	-	38,178	2,815,571	2,759,055	56,516
Article 323: Equipment	4,016,384	-	33,599	4,049,983	4,019,120	30,863
Article 324: External specialized services	33,705,554	-	200,974	33,906,528	33,795,452	111,076
Article 325: Public relations	-	-	-	-	-	-
Total Expenditure	103,632,000	406,703	606,416	104,645,119	103,735,543	909,576

* Chapter Transferred to Income

Schedule 2: Payments Execution

All amounts in EUR

Payments Execution	Final Payments Budget 2008	Special Account at 01/01/2008	Cancellation of Special Account Items	Payment Appropriations 2008	Against Budget	Against Special Account	Total	Unused Balance of Payments Budget	Transfer to Special Account 31/12/2008	Special Accountant 31/12/2008
Budget Heading	1	2	3	4 = 1 + 2 - 3	5	6	7 = 5 + 6	8	9 = 1 - 5 - 8	10 = 4 - 7 - 8
Title I: Direct Investment (Fund)	100,000	-	-	100,000	-	-	-	100,000	-	-
Title II: R&D Expenditure	14,109,000	6,349,593	15,841	20,442,752	4,442,497	4,807,611	9,250,108	-	9,666,503	11,192,644
Title III: Direct Expenditure	79,277,000	15,659,794	590,575	94,346,219	61,609,439	10,902,461	72,511,900	-	17,667,561	21,834,319
Chapter 31: Staff Expenditure	37,092,704	1,770,779	168,693	38,694,790	36,894,723	1,574,348	38,469,071	-	197,981	225,719
Article 311: Professional staff salary costs	28,822,093	1,030,948	2,251	29,850,790	28,784,951	1,028,696	29,813,647	-	37,142	37,143
Article 312: Technical Support staff salary costs	5,253,581	139,446	-	5,393,027	5,253,581	139,446	5,393,027	-	-	-
Article 313: Travel and subsistence	2,343,861	541,156	159,290	2,725,727	2,211,106	361,368	2,572,474	-	132,755	153,253
Article 314: Secondment allowances	209,169	-	-	209,169	209,169	-	209,169	-	-	-
Article 315: Removal expenses	464,000	59,229	7,152	516,077	435,916	44,838	480,754	-	28,084	35,323
Internal tax *	-	-	-	-	-	-	-	-	-	-
Chapter 32: Organizational Expenditure	42,184,296	13,889,015	421,882	55,651,429	24,714,716	9,328,113	34,042,829	-	17,469,580	21,608,600
Article 321: General services	6,442,137	1,955,437	149,131	8,248,443	3,749,618	1,800,335	5,549,953	-	2,692,519	2,698,490
Article 322: Administrative services	2,162,914	1,321,003	38,178	3,445,739	1,232,332	830,781	2,063,113	-	930,582	1,382,626
Article 323: Equipment	3,610,004	782,428	33,599	4,358,833	2,790,580	645,114	3,435,694	-	819,424	923,139
Article 324: External specialized services	29,969,241	9,830,147	200,974	39,598,414	16,942,186	6,051,883	22,994,069	-	13,027,055	16,604,345
Article 325: Public relations	-	-	-	-	-	-	-	-	-	-
Total	93,486,000	22,009,387	606,416	114,888,971	66,051,936	15,710,072	81,762,008	100,000	27,334,064	33,026,963

* Chapter Transferred to Income

Schedule 3: Cash Income Execution

All amounts in EUR

Cash Income Execution Budget Heading	Final Income Budget 2008 1	Income in 2008 2	Carry-over to Income Budget 2010 3 = 2 - 1
Title VII: Income	93,486,000	94,113,190	627,190
Chapter 71: Contributions	79,713,000	79,713,000	-
Article 711: Contribution from the EURATOM	36,215,378	36,215,378	-
Article 712: Contribution from CHINA	7,249,604	7,249,604	-
Article 713: Contribution from INDIA	7,249,604	7,249,604	-
Article 714: Contribution from JAPAN	7,249,604	7,249,604	-
Article 715: Contribution from the REPUBLIC OF KOREA	7,249,604	7,249,604	-
Article 716: Contribution from the RUSSIAN FEDERATION	7,249,604	7,249,604	-
Article 717: Contribution from the UNITED STATES of AMERICA	7,249,604	7,249,604	-
Chapter 72: Internal tax	8,942,000	6,822,177	-2,119,823
Article 721: Internal Tax from Professional Staff	6,000,000	6,033,833	33,833
Article 722: Internal Tax from Technical Staff	2,942,000	788,344	-2,153,656
Chapter 73: Financial Income	450,000	1,894,382	1,444,382
Article 731: Financial interests	450,000	1,566,642	1,116,642
Article 732: Exchange rate Income	-	327,740	327,740
Chapter 74: Other Income	4,381,000	5,683,631	1,302,631
Article 741: Cancellation of Appropriations from the current year	-	706,416	706,416
Article 742: Cancellation of Appropriations from previous year(s)	-	596,620	596,620
Article 743: Monaco Partnership	550,000	550,000	-
Article 749: Miscellaneous income	3,831,000	3,830,595	-405
Total Income	93,486,000	94,113,190	627,190

Schedule 4: Members' Cash Contributions

All amounts in EUR

	Balance of cash income 2007	Contribution requested for 2008	Amount received in 2008	Amount received in 2008 for 2008	Advance to 2009 contribution	Contribution received for 2008	% of total contribution received for 2008	Outstanding balances
Members' Cash Contributions	1	2	3	4	5 = 3 - 4	6	7	8
Members								
Contribution from the EURATOM	18,628,869.53	36,215,377.80	58,596,051.15	17,586,508.27	41,009,542.88	36,215,377.80	100.00%	41,009,542.88
Contribution from CHINA	0.00	7,249,603.70	7,245,988.62	7,245,988.62	0.00	7,245,988.62	99.95%	-3,615.08
Contribution from INDIA	-200.00	7,249,603.70	16,612,759.94	7,249,803.70	9,362,956.24	7,249,603.70	100.00%	9,362,956.24
Contribution from JAPAN	-1,702,467.00	7,249,603.70	8,205,467.00	8,205,467.00	0.00	6,503,000.00	89.70%	-746,603.70
Contribution from the REPUBLIC OF KOREA	0.00	7,249,603.70	5,573,000.00	5,573,000.00	0.00	5,573,000.00	76.87%	-1,676,603.70
Contribution from the RUSSIAN FEDERATION	6,605,804.69	7,249,603.70	10,003,170.55	643,799.01	9,359,371.54	7,249,603.70	100.00%	9,359,371.54
Contribution from the UNITED STATES of AMERICA	26.06	7,249,603.70	0.00	0.00	0.00	26.06	0.00%	-7,249,577.64
Total	23,532,033.28	79,713,000.00	106,236,437.26	46,504,566.60	59,731,870.66	70,036,599.88	87.86%	50,055,470.54

Schedule 5: Cash Breakdown

All amounts in EUR

Cash balance at 1 January 2008

BNP Account in €	23,422,874.81
BNP Account in YEN	411,346.04
Sicav	500,288.83
DAT 1 (till 29 January 2008)	20,000,000.00
DAT 2 (till 14 January 2008)	4,000,000.00
Petty cash	10.36

Balance at 1 January 2008 **48,334,520.04**

Cash Income

2008 Contributions from the Members	46,504,566.60
Advances on 2009 contributions	59,731,870.66
Monaco Partnership	550,000.00
Balance of Common Fund	408,800.00
Internal tax	6,822,177.19
Interest from bank	1,566,641.90
Exchange rate income	327,739.84

Total cash Income **115,911,796.19**

Disbursement

Payments against budget	81,762,008.28
Movements in the Suspense Accounts	6,719,670.78

Total disbursement **88,481,679.06**

Cash

Cash balance at 1 January 2008	48,334,520.04
Total cash Income	115,911,796.19
Total disbursement	-88,481,679.06

Balance in cash **75,764,637.17**

Cash balance at 31 December 2008

BNP Account in €	59,178,020.26
BNP Account CB in €	493,901.19
BNP Account in YEN	1,090,515.72
Fixed Term Deposits (till 30 Jan. 2009)	15,000,000.00
Accrued interest	2,200.00
Petty cash	0.00

Balance at 31 December 2008 **75,764,637.17**

Schedule 6: In-Kind Contributions

All amounts in EUR

In-Kind Contributions for Task Agreements—Credit Allocations for 2008

During the year the in-kind contributions for which credits have been granted include R&D studies carried out and staff seconded by the Members.

Credits for three completed R&D studies have been granted for a total amount of 450 IUA to the EU, India and the US, and their values are shown in the Table below.

Party	Credit allocations for 2007	Credit allocations for 2008 (amounts in IUA)	Total cumulated credit allocations (amounts in IUA)
European Union	-	100	100
China	-	-	-
India	-	50	50
Japan	-	-	-
Republic of Korea	-	-	-
Russian Federation	-	-	-
United States of America	-	300	300
Total	0	450	450

In-Kind Contributions for Secondments in 2008

In total 4.6 M€ of contributions in kind through secondments of staff have been provided in 2008, in line with the amount which was foreseen for the year. The credits concerned are calculated and allocated to the seconding Members based on the salary the seconded

staff would have received if directly employed, plus the employer's charges that the ITER Organization would have incurred. The ITER Organization had 33 seconded staff members at 31 December 2008. The breakdown by Member is shown below.

Member*	Credit allocations for 2007	Total accumulated Credit allocations for 2008	credit allocations
European Union			
€	5,814,255.37 €	4,174,642.71 €	9,988,898.08 €
IUA	3,955.27576 IUA	2,783.79556 IUA	6,739.07132 IUA
Japan			
€	873,633.83 €	-	873,633.83 €
IUA	594.30873 IUA	-	594.30873 IUA
Republic of Korea			
€	398,933.28 €	-	398,933.28 €
IUA	271.38318 IUA	-	271.38318 IUA
United States of America			
€	923,151.61 €	410,892.02 €	1,334,043.63 €
IUA	627.99429 IUA	273.99694 IUA	901.99123 IUA
Total	8,009,974.09 € 5,448.96196 IUA	4,585,534.73 € 3,057.79250 IUA	12,595,508.82 € 8,506.75446 IUA

There were no in-kind contributions for secondments from China, India and the Russian Federation in 2008.

Schedule 7: Unpaid Commitments

All amounts in EUR

Unpaid Commitments	Unpaid Commitments at 01/01/2008	Commitments 2008	De-commitments on previous years commitments	Payments 2008	Unpaid Commitments at 31/12/2008
Budget Heading	1	2	3	4	5 = 1 + 2 - 3 - 4
Title I: Direct Investment (Fund)	-	-	-	-	-
Title II: R&D Expenditure	6,349,593	18,751,696	15,841	9,250,108	15,835,340
Title III: Direct Expenditure	15,659,794	84,983,847	590,575	72,511,900	27,541,166
Chapter 31: Staff Expenditure	1,770,779	37,352,402	168,693	38,469,071	485,417
Article 311: Professional staff salary costs	1,030,948	28,824,344	2,251	29,813,647	39,394
Article 312: Technical Support staff salary costs	139,446	5,253,581	-	5,393,027	-
Article 313: Travel and subsistence	541,156	2,579,807	159,290	2,572,474	389,199
Article 314: Secondment allowances	-	209,169	-	209,169	-
Article 315: Removal expenses	59,229	485,501	7,152	480,754	56,824
Internal tax *	-	-	-	-	-
Chapter 32: Organizational Expenditure	13,889,015	47,631,445	421,882	34,042,829	27,055,749
Article 321: General services	1,955,437	7,057,818	149,131	5,549,953	3,314,171
Article 322: Administrative services	1,321,003	2,759,055	38,178	2,063,113	1,978,767
Article 323: Equipment	782,428	4,019,120	33,599	3,435,694	1,332,255
Article 324: External specialized services	9,830,147	33,795,452	200,974	22,994,069	20,430,556
Article 325: Public relations	-	-	-	-	-
Total Expenditure	22,009,387	103,735,543	606,416	81,762,008	43,376,506

* Chapter Transferred to Income

Schedule 8: The Special Account

All amounts in EUR

The Special Account (Reserve Account) has been established in accordance with Article III.6 of the Project Resource Management Regulations (PRMR) to carry forward unspent Payment Appropriations. Article 8 section f of Implementing Measures indicates that the balance sheet shall include a statement of the balance on the Special Account compiled in accordance with the provisions of Article 59 which details components of this Special Account. The

Special Account has an amount of 5.7 M€ which is the balance of the Special Account from the previous year. In addition, at 31 December 2008, the amount transferred to the Special Account was 27.3 M€, representing the total balance of the unused Payments Budget 2008, in so far as the amounts could be set against specific unpaid commitments. The total of the Special Account amounts to 33.0 M€ as at the end of 2008.

Reserve for future payments to be made against Specific Unpaid Commitments

<i>Special Account at the beginning of the "year" 2008</i>	22,009,387	
<i>Payments Against Special Account</i>	15,710,072	
<i>Cancellation of Special Account items</i>	606,416	
Sub-Total		5,692,899
<i>Payments Budget 2008</i>	93,486,000	
<i>Payments against Budget</i>	66,051,936	
<i>Unused balance of Payments Budget</i>	100,000	
Balance of Payments Budget 2008 transferred to the Special Account		27,334,064
Special Account 31 December 2008		33,026,963

Schedule 9: Commitments Budget

All amounts in EUR

Commitments Budget	Commitments Budget 2008 Approved IC-1 (November 2007)	Cumulative Internal Transfers Approved by the DG	Transfers Approved IC-2 (June 2008)	Transfers Approved IC-3 (November 2008)	Final Commitments Budget 2008
Budget Heading	1	2	3	4	5 = 1 + 2 + 3 + 4
Title I: Direct Investment (Fund)	8,040,000	-	- 7,440,000	-	600,000
Title II: R&D Expenditure	21,000,000	-	- 2,655,000	-	18,345,000
Title III: Direct Expenditure	65,100,000	-	19,037,000	550,000	84,687,000
Chapter 31: Staff Expenditure	37,672,000	- 250,000	4,143,000	- 4,299,000	37,266,000
Article 311: Professional staff salary costs	35,653,000	- 534,907	- 3,257,000	- 3,039,000	28,822,093
Article 312: Technical Support staff salary costs	8,361,000	- 310,419	- 2,164,000	- 633,000	5,253,581
Article 313: Travel and subsistence	2,400,000	348,157	361,000	- 622,000	2,487,157
Article 314: Secondment allowances	-	169	214,000	- 5,000	209,169
Article 315: Removal expenses	200,000	247,000	47,000	-	494,000
Internal tax *	- 8,942,000	-	8,942,000	-	-
Chapter 32: Organizational Expenditure	27,428,000	250,000	14,894,000	4,849,000	47,421,000
Article 321: General services	2,192,000	3,423,869	939,800	366,000	6,921,669
Article 322: Administrative services	897,000	- 527,607	2,393,000	15,000	2,777,393
Article 323: Equipment	3,320,000	290,384	405,000	1,000	4,016,384
Article 324: External specialized services	21,019,000	- 2,936,646	11,156,200	4,467,000	33,705,554
Article 325: Public relations	-	-	-	-	-
Total Expenditure	94,140,000	-	8,942,000	550,000	103,632,000

* Chapter Transferred to Income

Schedule 10: Payments Budget

All amounts in EUR

Payments Budget	Payments Budget 2008 Approved IC-1 (November 2007)	Cumulative Internal Transfers Approved by the DG	Transfers Approved IC-2 (June 2008)	Transfers Approved IC-3 (June 2008)	Final Payments Budget 2008
Budget Heading	1	2	3	4	5 = 1 + 2 + 3 + 4
Title I: Direct Investment (Fund)	5,636,000	-	- 5,216,000	- 320,000	100,000
Title II: R&D Expenditure	16,149,000	-	- 2,040,000	-	14,109,000
Title III: Direct Expenditure	62,207,000	-	16,200,000	870,000	79,277,000
Chapter 31: Staff Expenditure	37,404,000	- 243,296	4,100,000	- 4,168,000	37,092,704
Article 311: Professional staff salary costs	35,653,000	- 534,907	- 3,257,000	- 3,039,000	28,822,093
Article 312: Technical Support staff salary costs	8,361,000	- 310,419	- 2,164,000	- 633,000	5,253,581
Article 313: Travel and subsistence	2,150,000	350,861	325,000	- 482,000	2,343,861
Article 314: Secondment allowances	-	169	214,000	- 5,000	209,169
Article 315: Removal expenses	182,000	251,000	40,000	- 9,000	464,000
Internal tax *	- 8,942,000	-	8,942,000	-	-
Chapter 32: Organizational Expenditure	24,803,000	243,296	12,100,000	5,038,000	42,184,296
Article 321: General services	1,796,000	3,583,737	842,400	220,000	6,442,137
Article 322: Administrative services	673,000	- 422,086	1,897,000	15,000	2,162,914
Article 323: Equipment	2,847,000	415,004	348,000	-	3,610,004
Article 324: External specialized services	19,487,000	- 3,333,359	9,012,600	4,803,000	29,969,241
Article 325: Public relations	-	-	-	-	-
Total Expenditure	83,992,000	-	8,944,000	550,000	93,486,000

* Chapter Transferred to Income

Schedule 11: Income Budget

All amounts in EUR

Income Budget	Budgeted Income 2008 (Approved by IC on November 2007)	Transfers approved IC-2 (June 2008)	Supplementary budget IC-3 (November 2008)	Adjustments due to rounding	Final Income Budget 2008
Budget Heading	1	2	3	4	5 = 1 + 2 + 3 + 4
Title VII: Income	83,992,000	8,944,000	550,000	-	93,486,000
Chapter 71: Contributions	79,711,000	2,000	-	-	79,713,000
Article 711: Contribution from the EURATOM	36,235,000	- 19,622	-	-	36,215,378
Article 712: Contribution from CHINA	7,246,000	3,604	-	-	7,249,604
Article 713: Contribution from INDIA	7,246,000	3,604	-	-	7,249,604
Article 714: Contribution from JAPAN	7,246,000	3,604	-	-	7,249,604
Article 715: Contribution from the REPUBLIC OF KOREA	7,246,000	3,604	-	-	7,249,604
Article 716: Contribution from the RUSSIAN FEDERATION	7,246,000	3,604	-	-	7,249,604
Article 717: Contribution from the UNITED STATES of AMERICA	7,246,000	3,604	-	-	7,249,604
Chapter 72: Internal tax	-	8,942,000	-	-	8,942,000
Article 721: Internal Tax from Professional Staff	-	6,000,000	-	-	6,000,000
Article 722: Internal Tax from Technical Staff	-	2,942,000	-	-	2,942,000
Chapter 73: Financial Income	450,000	-	-	-	450,000
Article 731: Financial interests	450,000	-	-	-	450,000
Article 732: Exchange rate Income	-	-	-	-	-
Chapter 74: Other Income	3,831,000	-	550,000	-	4,381,000
Article 741: Cancellation of Appropriations from the current year	-	-	-	-	-
Article 742: Cancellation of Appropriations from previous year(s)	-	-	-	-	-
Article 743: Monaco Partnership	-	-	550,000	-	550,000
Article 749: Miscellaneous income	3,831,000	-	-	-	3,831,000
Total Income	83,992,000	8,944,000	550,000	-	93,486,000



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