

“We now have all cards in hand to succeed in building ITER.”

In addition to construction and manufacturing progress in 2012, we celebrated the achievement of a major licensing milestone. On 10 November 2012, the ITER Organization was granted the official licensing decree in France for the creation of the ITER nuclear installation. We now have all the cards in hand to succeed in building ITER. Over the years ahead, we will have the privilege of seeing the ITER Project – wished for by so many in the fusion community for such a long time – become reality.

ITER Organization
Route de Vinon-sur-Verdon
13115 Saint Paul-lez-Durance
France

www.iter.org



ITER ORGANIZATION 2012 Financial Statements



2012
Finance
at a glance

Staff
477

Property, Plant
& Equipment
€979 Million

Intangible
Assets
€7 Million

Cash
Contributions
€218 Million

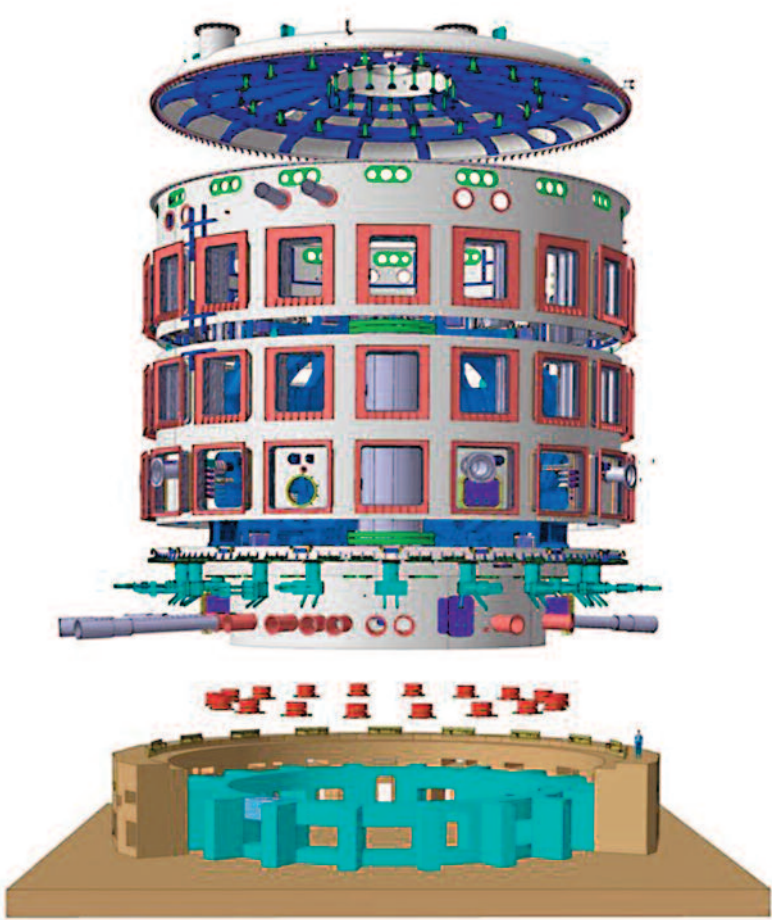
In-Kind
Contributions
€67 Million

Employee
Benefits
€69 Million

Operating
Expenses
€61 Million

Total
Commitments
€298 Million

“It is our duty as a publically financed project to remain ever vigilant in the management of the funds that are entrusted to us.”



Above The 30 x 30 m ITER cryostat will be assembled into four main sections before installation in the Tokamak Pit. The base of the cryostat – 1,200 tons – is the largest single load of ITER assembly.

ITER ORGANIZATION
2012 Financial Statements

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FOREWORD BY THE DIRECTOR-GENERAL

I am pleased to introduce the sixth edition of the ITER Organization Financial Statements. Since the establishment of the ITER Organization on 24 October 2007, our international collaboration to demonstrate the scientific and technical feasibility of fusion power has come a long way. With ITER Members China, the European Union, India, Japan, Korea, Russia and the United States of America, we are firmly engaged in the construction of the project both on site in Saint Paul-lez-Durance, France – where the scientific installation is steadily taking shape – and in factories around the world.

In the pages that follow, the financial situation of the ITER Organization for the year 2012 is presented clearly and concisely. These annual accounts have been audited by the Financial Audit Board, an independent body comprising one professional financial auditor from each ITER Member. Now a regular part of the financial auditing process, the Financial Audit Board convened on site twice during the year to review financial records and statements.

It is our duty as a publically financed project to remain ever vigilant in the management of the funds that are entrusted to us. The budget cap for ITER Construction which was defined in 2010 as part of the ITER Baseline remains unchanged at 4700 kUA (ITER Units of Account); the project must be managed within this immutable parameter. Cost-avoidance and cost-saving strategies have become part of the culture of the ITER Organization at every level.

As our Organization has matured, tools have been introduced to improve the way the schedule is managed – tools for reporting, tracking, and mechanisms for the recovery of slippage. Schedule performance for each work package is now tracked monthly; for critical milestones a “hit list” provides management and stakeholders with up-to-date information on schedule performance. Close collaboration between two Divisions – Finance & Budget and Project Controls – ensures budget alignment with the new scheduling system and an integrated approach to cost cycle, earned value and budget management.

Because the ITER Organization and the Domestic Agencies all have equal stakes in completing the ITER Project on time and within budget, a new collaborative management forum was introduced in 2012. The Unique ITER Team meets in-person monthly to facilitate ITER Organization-Domestic Agency coordination more effectively during the era of ITER Construction and to create the conditions for quick and concrete decision-making.

In addition to construction and manufacturing progress in 2012, we celebrated the achievement of a major licensing milestone. On 10 November 2012, the ITER Organization was granted the official licensing decree in France for the creation of the ITER nuclear installation. We now have all the cards in hand to succeed in building ITER. Over the years ahead, we will have the privilege of seeing the ITER Project – wished for by so many in the fusion community for such a long time – become a reality.

Professor Osamu Motojima
Saint Paul-lez-Durance, May 2013



As our Organization has matured, tools have been introduced to improve the way the schedule is managed.

Left The 20,500 square-metre ITER Headquarters is completed on time and handed over to the ITER Organization in early October. All ITER staff and contractors are now housed on the ITER site.

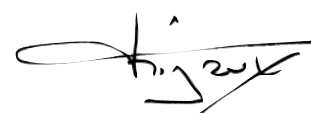
“In 2012, simplification work has been performed in order to increase the transparency of these financial statements.”

Certificate

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

We hereby certify that, based on the information provided by the Authorizing Officer, we have reasonable assurance that these accounts present a true and fair view of the financial transactions in the year 2012 and of the financial position of the ITER Organization in all material aspects at the end of 2012.

We are not aware of any un-recorded liabilities.



28 February 2013
Lionel RIGAUX
The Accounting Officer
Accounting, Treasury and Systems Section Leader



28 February 2013
Aires SOARES
Head of the Finance and Budget Division

Statement from the Director-General

I, the undersigned, Director-General of the ITER Organization, in my capacity as 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.



28 February 2013
Osamu MOTOJIMA
The Director-General
Authorizing Officer

“We now have all the cards in hand to succeed in building ITER.”

Independent Auditor's report

We have audited the accompanying financial statements of the ITER International Fusion Energy Organization (here-in-after IO), established under the Agreement on the Establishment of the ITER International Fusion Energy Organisation for the Joint Implementation of the ITER Project (here-in-after ITER Agreement) as of and for the year ended December 31, 2012.

The IO's management is responsible for the preparation and fair presentation of these financial statements in accordance with the Project Resource Management Regulations (here-in-after PRMR), International Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Article 17 of the ITER Agreement, the External Financial Audit Procedures, the relevant articles of the PRMR, and the International Standards of Auditing (here-in-after ISA). These rules, regulations, and standards require that we comply with the codes of ethics of ISA to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

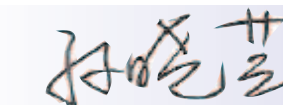
An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In 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.

The financial statements of the IO as of and for the year ended December 31, 2012 have been examined in accordance with the aforementioned rules, regulations, procedures, and standards. We have obtained all the information and explanations that we required and we certify, as a result of our audit, that in our opinion the financial statements give a true and fair view of the state of affairs of the IO. We have provided a separate Management Letter dated April 19, 2013, which describes certain issues identified during our audit that warrant the attention of the IO's management.

19 April 2013
Saint Paul-lez-Durance, France



Mr. Hyuck Jong Kim, Chair of FAB
Republic of Korea



Ms. Xiaoyun Sun
People's Republic Of China



Mr. Toshiyuki Kimura
Japan

Absent

Ms. Elisabeth Mabillon
European Union



Ms. Tamara B. Vorobieva
Russian Federation



Mr. Ayyanan Ramaiah
Republic Of India



Mr. Christopher Sizemore
United States Of America

INTRODUCTION
AND BASIS OF
PREPARATION

Introduction and Basis of Preparation

These Financial Statements have been drawn up in accordance with the International Public Sector Accounting Standards (IPSAS) and the internal Project Resource Management Regulations (PRMR) of the ITER Organization. These Financial Statements are therefore compatible with both regulations and standards.

These Financial Statements set out the basis of preparation of the information contained herein and include explanations on the differences between the IPSAS and PRMR schedules in accordance with the PRMR.

These Financial Statements show the financial positions of the ITER Organization and include the receipt and utilization of the Members' contributions in cash and in kind; however, they do not reflect the actual costs incurred by the Domestic Agencies in relation to their Procurement Arrangements for the ITER project.

In view of the specific nature of the 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 costs/values will cease once these assets are utilized in the Operation Phase.

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.

Since 2008 the ITER Organization management concluded that revenues from Members constitute Non-Exchange Transactions for which the accounting treatment is defined in the IPSAS standard Nr 23 'Revenue from non-exchange transactions'. Contributions from Members which are used to acquire Property, Plant and Equipment and Intangible Assets are taken back to revenue over the period of the utilization of the related asset.

The amount of revenue deferred is therefore correlated with the amount of costs capitalized. Specifically, the full cost capitalization approach, adopted by the ITER Organization, 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. 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.

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 has sufficient resources and intends to complete development and to use the asset.

Expenditure on Property, Plant and Equipment 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 ITER Organization and that the cost or fair value of the item has 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 standard Nr 1 'Presentation of Financial Statements'.

All schedules for Income, Payments and Commitments are shown in tables formatted as approved by the ITER Council. They show the cumulative figures of the Cash and Short-Term In-Kind

(covering Task Agreements and Staff Secondments) transactions per Budget Article.

The Procurement Arrangements shown in Note B11 constitute the Long-Term In-Kind contributions from the Members to the ITER Organization recorded at values as agreed between the ITER Organization and the Members. These contributions are valued using the ITER Unit of Account (IUA) and recorded in Euros in the ITER Organization's Financial Statements at agreed conversion rates as described in the Notes to these Financial Statements.

These Financial Statements reflect all financial activities of the ITER Organization for the year and the financial position at the end of the year.

In 2012, simplification work has been performed in order to increase the transparency of these financial statements. For this purpose an adjustment exercise was engaged and the impacts are summarized below:

These Financial Statements reflect all financial activities of the ITER Organization for the year and financial position at the end of the year.

Title	Related Note	2011 adjusted	2011	Description
Statement of Financial Positions				
Cash and Cash Equivalents	A3	78,335,636	78,418,153	Unrealized gain/losses on foreign currency exchange rate are now reported in the Note A4 "Recoverables from non-exchange transactions" (EUR 82,517).
Recoverables from non-exchange transactions	new A4	25,902,979	26,214,174	Split has now been made into two Notes (A4 and A5) in order to segregate the exchange and non-exchange receivables. Accrued financial interests (EUR 393,713) are now included in Note A5 "Receivables from exchange transactions."
Receivables from exchange transactions	new A5	393,713	-	Accrued financial interests amount (previously reported under Note A4).
Other current assets	former A5	-	13,678,769	Adjustments made by sending Over-allocated and Under-allocated Members' Contributions to their respective subsidy account (Deferred Revenue as Non-current Liabilities impact EUR 14,037,494 in the new Note A11). In this new Note A11 "End of 2011 Cash balances and subtotals" have been adjusted accordingly.
Other current liabilities	former A11	-	27,716,263	
Payables and employee benefits liabilities	A9 A10	90,022,410 1,910,021	89,871,811 2,060,620	Adjustment of payables between Notes A10 and A9 has been made to better reflect the reality of these staff travel costs.
Statement of Financial Performance				
Operating Expenses	new A13	64,696,672	2,021,640 62,675,032	Former headings "Supplies and consumables" and "Other expenses" have been grouped together in this new Note A13 called "Operating expenses." Details remain in the Note.

All related adjustments reported in this document (including the Notes) are marked in "italic" for the reader's convenience.

A.

FINANCIAL STATEMENTS 2012
PREPARED ON AN ACCRUAL BASIS

“In the pages that follow, the financial situation of the ITER Organization for the year 2012 is presented clearly and concisely. These annual accounts have been audited by the Financial Audit Board, an independent body comprising one professional financial auditor from each ITER Member.”

Left Work on the ground support structure and seismic isolation system for the future Tokamak Complex ends in 2012, after eighteen months of construction.

Statement of Financial Position at 31 December 2012

Amounts in Euros

	Notes	31.12.2012	31.12.2011
Assets			
Current Assets			
• Cash and Cash Equivalents	A3	138,852,550	105,968,475
• Recoverables from Non-exchange Transactions	A4	85,034,130	78,335,636
• Receivables from Exchange Transactions	A5	32,640,833	25,902,979
• Prepayments	A6	20,107,854	393,713
		1,069,733	1,336,148
Non-current Assets			
• Property, Plant and Equipment	A7	976,227,129	734,239,791
• Intangible Assets	A8	972,826,673	732,682,931
• Other Financial Assets		3,396,366	1,555,410
		4,091	1,450
Total Assets			
		1,115,079,679	840,208,266
Liabilities			
Current Liabilities			
• Payables	A9	66,620,877	91,932,431
• Employee Benefits Liabilities	A10	64,449,557	90,022,410
		2,171,321	1,910,021
Non-current Liabilities			
• Deferred Revenue	A11	1,048,458,801	748,275,835
Total Liabilities			
		1,115,079,679	840,208,266
Net Assets/Equity			
• Brought Forward Surplus		-	-
• Statement of Financial Performance		-	-
Total Net Assets/Equity			
		-	-

Statement of Financial Performance for the Year Ending 31 December 2012

Amounts in Euros

	Notes	2012	2011
Revenue			
Contributions from Members taken to revenue (write back)	A11	3,108,567	2,878,065
Other revenue	A12	408,293	1,397,098
Total Revenue			
		3,516,860	4,275,163
Expenses			
Operating Expenses	A13	61,098,846	64,696,672
Employee Benefits	A14	66,339,359	63,011,777
Depreciation of Property, Plant and Equipment	A7	2,317,046	1,948,131
Amortization of Intangible Assets	A8	791,521	929,934
Total Expenses			
		130,546,772	130,586,514
Net Costs of ITER Organization Activities Capitalized			
		127,029,912	126,311,351
Surplus/(deficit) for the period			
		-	-

Cash Flow Statement for the Year Ending 31 December 2012

Amounts in Euros

	Notes	2012	2011
Cash flow from operating activities			
Surplus/(deficit) for the period		-	-
Depreciation of Property, Plant and Equipment	A7	2,317,046	1,948,131
Amortization of Intangible Assets	A8	791,521	929,934
Disposals	A7/A8		
Changes in:			
• other financial assets		(2,641)	(40)
• recoverables from non-exchange transactions	A4	(6,788,664)	(12,104,574)
• receivables from exchange transactions	A5	(19,714,141)	(352,744)
• prepayments	A6	266,415	(432,921)
• payables	A9	(25,572,853)	9,673,039
• employee benefits liabilities	A10	261,299	(72,163)
• deferred revenue	A11	300,182,966	265,501,637
Net cash flow from operating activities			
		251,740,949	265,090,298
Cash flow from investing activities			
Acquisitions of tangible assets	A7	(242,460,787)	(247,340,336)
Acquisitions of intangible assets	A8	(2,632,477)	(42,786)
Net cash used in investing activities			
		(245,093,265)	(247,383,122)
Cash flow from financing activities			
Cash flow from financing activities		-	-
Net cash from financing activities			
		-	-
Net (decrease)/increase in cash and cash equivalents			
		6,647,684	17,707,176
Cash and cash equivalents at 1 January		78,335,636	60,710,977
Effects of exchange rate changes on the balance of cash held in foreign currencies		50,810	(82,517)
Cash and cash equivalents at 31 December			
	A3	85,034,130	78,335,636

Statement of Changes in Net Assets/Equity for the Year Ending 31 December 2012

Amounts in Euros

	2012	2011
Balance at 1 January		
Surplus/(deficit)	-	-
Net Assets/Equity at 31 December		
	-	-

B.

FINANCIAL STATEMENTS 2012
PREPARED ON A MODIFIED
CASH BASIS

“Because the ITER Organization and the Domestic Agencies all have equal stakes in completing the ITER Project on time and within budget, a new collaborative management forum was introduced in 2012.”

Left In 2012, the French electricity network RTE completes the ITER switchyard. A dozen 120-ton pylons are erected to connect ITER to the 400 kV power line six kilometres distant.

Budgetary Outturn 2012

Amounts in Euros

	2012	2011
Total Income Execution	214,429,276	176,278,076
Total Payments	189,318,753	183,252,368
Total Budgetary Outturn	25,110,523	(6,974,292)

Income Execution 2012

Amounts in Euros

	Initial Total Income Budget 2012	Final Total Income Budget 2012	Total Income in 2012	Total Results and Carry Forward to 2013
Budget heading	1	2	3	4 = 3 - 2
Title VII Income	233,718,678	233,518,678	214,429,276	(19,089,402)
Chapter 71 Contributions	217,700,725	217,700,725	218,676,445	975,720
Article 711 Contribution from Euratom	98,966,749	98,966,749	97,799,848	(1,166,901)
Article 712 Contribution from the People's Republic of China	19,788,996	19,788,996	20,706,891	917,895
Article 713 Contribution from the Republic of India	19,788,996	19,788,996	19,686,536	(102,460)
Article 714 Contribution from Japan	19,788,996	19,788,996	19,788,996	-
Article 715 Contribution from the Republic of Korea	19,788,996	19,788,996	18,523,224	(1,265,772)
Article 716 Contribution from the Russian Federation	19,788,996	19,788,996	19,478,159	(310,837)
Article 717 Contribution from the United States of America	19,788,996	19,788,996	22,692,791	2,903,795
Chapter 72 Internal tax	13,717,953	13,717,953	13,136,621	(581,332)
Article 721 Internal Tax from Professional Staff	11,212,935	11,212,935	10,776,345	(436,590)
Article 722 Internal Tax from Technical Support Staff	2,505,018	2,505,018	2,360,276	(144,742)
Chapter 73 Financial Income	750,000	750,000	437,134	(312,866)
Article 731 Financial interest	750,000	750,000	437,134	(312,866)
Article 732 Exchange rate Income	-	-	-	-
Chapter 74 Other Income	1,550,000	1,350,000	(17,820,924)	(19,170,924)
Article 741 Cancellation of Appropriations from the current year	400,000	400,000	-	(400,000)
Article 742 Cancellation of Appropriations from previous year(s)	800,000	800,000	-	(800,000)
Article 743 Monaco Partnership	350,000	150,000	350,000	200,000
Article 744 Excess Income from previous years	-	-	(18,170,924)	(18,170,924)
Article 749 Miscellaneous Income	-	-	-	-
Total Income	233,718,678	233,518,678	214,429,276	(19,089,402)

The Cash Contributions from the Members are considered as Income in the year in which they are called regardless of their date of receipt by the ITER Organization. Other sources of income are registered in the year in which they are realized or received.

In 2012, the ITER Organization has not brought any amount to Income cancellation of Appropriations from the previous year due to the deletion of the Special Account following the Council's decision taken in November 2012. However, there has been a shortfall in Cash Income 2012 coming from the carry forward of the Excess Income from previous years of EUR -18.17 million, effectively reducing the total Cash Income Budget Execution for the year leaving a negative result of EUR 19.09 million to carry forward to 2013.

Following the ITER Council's decision taken on 17-18 November 2011 to reduce the yearly Monaco contribution from EUR 0.55 million to EUR 0.35 million, the reduction for both 2011 and 2012 has been regularized through an adjustment of the Income and Payments Budgets 2012.

Payments Execution 2012

Amounts in Euros

	Initial Total Payments Budget 2012	Final Total Payments Budget 2012	Unused Total Payment Appropriations brought forward to 2012	Total Payment Appropriations 2012	Total Payments and Credit Notifications 2012	Unused Total Payment Appropriations carried forward to 2013
Budget heading	1	2	3	4 = 2 + 3	5	6 = 4 - 5
Title I Direct Investment (Fund)	65,057,201	65,057,201	20,492,148	85,549,349	48,573,056	36,976,293
Article 111 Direct Investment	55,002,796	64,017,796	20,392,315	84,410,111	48,000,039	36,410,072
Article 112 Test Blanket Module	554,405	564,405	99,833	664,238	573,017	91,221
Article 113 IO Reserve	9,500,000	475,000	-	475,000	-	475,000
Title II R&D Expenditure	20,808,685	20,808,685	5,503,463	26,312,148	15,483,329	10,828,819
Title III Direct Expenditure	147,852,789	147,652,789	17,936,688	165,589,477	125,262,368	40,327,109
Chapter 31 Staff Expenditure	76,147,940	72,601,211	394,628	72,995,839	70,868,901	2,126,938
Article 311 Professional staff salary costs	56,235,159	53,675,056	394,628	54,069,684	53,310,070	759,614
Article 312 Technical Support staff salary costs	15,784,152	15,055,110	-	15,055,110	14,706,855	348,255
Article 313 Travel and subsistence	2,919,983	2,696,333	-	2,696,333	1,902,033	794,300
Article 314 Secondment allowances	33,096	-	-	-	-	-
Article 315 Removal expenses	459,390	464,828	-	464,828	251,631	213,197
Article 316 Promotions	358,080	504,442	-	504,442	495,812	8,630
Article 317 Awards	358,080	205,442	-	205,442	202,500	2,942
Chapter 32 Organizational Expenditure	71,704,849	75,051,578	17,542,060	92,593,638	54,393,467	38,200,171
Article 321 General services	8,324,791	7,500,166	1,019,479	8,519,645	6,025,727	2,493,918
Article 322 Administrative services	3,261,767	3,147,537	973,511	4,121,048	3,613,083	507,965
Article 323 Equipment	3,026,914	3,926,868	338,895	4,265,763	3,983,487	282,276
Article 324 External specialized services	47,591,377	45,331,573	15,210,175	60,541,748	40,771,170	19,770,578
Article 325 IO Reserve	9,500,000	15,145,434	-	15,145,434	-	15,145,434
Total Expenditure	233,718,675	233,518,675	43,932,299	277,450,974	189,318,753	88,132,221
Total Expenditure (without reserve)	214,718,675	217,898,241	43,932,299	261,830,540	189,318,753	72,511,787

Considering a final Payments Budget in 2012 of EUR 233.52 million and Unused Payment Appropriations brought forward from 2011 of EUR 43.93 million, the available Payment Appropriations for 2012 was EUR 277.45 million.

The Payments Execution shows a total payments execution of EUR 189.32 million which includes Cash Payments of EUR 172.39 million and Short-Term In-Kind Payments, via credit notifications, of EUR 16.93 million.

Without taking into account the IO Reserve which is set aside to address risk events or performance issues, the underrun for 2012 was EUR 72.51 million or 27.69% of the related Payments Appropriations.

The 2012 underrun in payments was due to late placement of contracts due to schedule delays in Direct Investment that caused the corresponding payments to be shifted to 2013. It was also due to significant delays in the completion of Task Agreements with the Domestic Agencies for Direct Investment, Research and Development, and design activities. Finally, an amount of EUR 7.5 million was transferred from the IO Reserve to Buildings and Site Management in 2012 for construction of an Annex to the ITER Headquarters Building. This work has now been re-planned for future years.

Commitments Execution 2012

Amounts in Euros

		Initial Total Commitments Budget 2012	Final Total Commitments Budget 2012	Unused Total Commitment Appropriations brought forward from 2011	Available Commitment Appropriations 2012	De- commitments and Transfers of previous years' Total Commitments	Total Commitments 2012	Unused Commitment Appropriations carried forward to 2013
Budget heading		1	2	3	4 = 2 + 3	5	6	7 = 4 + 5 - 6
Title	Direct Investment (Fund)	103,607,073	103,607,073	55,295,997	158,903,070	1,230,759	152,851,467	7,282,362
Article 111	Direct Investment	93,584,081	102,609,081	55,266,978	157,876,059	1,129,024	152,400,178	6,604,905
Article 112	Test Blanket Module	522,992	522,992	29,019	552,011	101,735	451,289	202,457
Article 113	IO Reserve	9,500,000	475,000	-	475,000	-	-	475,000
Title II	R&D Expenditure	8,762,684	8,762,684	11,028,942	19,791,626	3,238,577	17,203,985	5,826,218
Title III	Direct Expenditure	121,799,501	121,599,501	26,192,535	147,792,036	5,880,666	127,466,243	26,206,459
Chapter 31	Staff Expenditure	76,147,940	72,290,102	394,628	72,684,730	338,830	71,624,499	1,399,061
Article 311	Professional staff salary costs	56,235,159	53,675,056	394,628	54,069,684	-	53,310,070	759,614
Article 312	Technical Support staff salary costs	15,784,152	15,055,110	-	15,055,110	-	14,706,855	348,255
Article 313	Travel and subsistence	2,919,983	2,385,224	-	2,385,224	333,808	2,442,770	276,262
Article 314	Secondment allowances	33,096	-	-	-	-	-	-
Article 315	Removal expenses	459,390	464,828	-	464,828	5,022	466,492	3,358
Article 316	Promotions	358,080	504,442	-	504,442	-	495,812	8,630
Article 317	Awards	358,080	205,442	-	205,442	-	202,500	2,942
Chapter 32	Organizational Expenditure	45,651,561	49,309,399	25,797,907	75,107,306	5,541,836	55,841,744	24,807,398
Article 321	General services	6,553,372	10,151,993	822,298	10,974,291	163,454	10,353,995	783,750
Article 322	Administrative services	2,857,387	2,168,380	1,804,487	3,972,867	158,781	3,938,533	193,115
Article 323	Equipment	2,564,897	3,451,224	1,293,484	4,744,708	95,662	4,614,389	225,981
Article 324	External specialized services	24,175,905	18,392,368	21,877,638	40,270,006	5,123,939	36,934,827	8,459,118
Article 325	IO Reserve	9,500,000	15,145,434	-	15,145,434	-	-	15,145,434
Total Expenditure		234,169,258	233,969,258	92,517,474	326,486,732	10,350,002	297,521,695	39,315,039
Total Expenditure (without reserve)		215,169,258	218,348,824	92,517,474	310,866,298	10,350,002	297,521,695	23,694,605

Considering a final Commitments Budget in 2012 of EUR 233.97 million and Unused Commitment Appropriations brought forward from 2011 of EUR 92.52 million, the available Commitment Appropriations for 2012 was EUR 326.49 million.

In 2012, there were de-commitments against previous years' commitments, constituting a reduction of the value of contracts signed in 2007, 2008, 2009, 2010 and 2011 due to contracts being either settled at a lower value than agreed or cancelled. The total amount of these de-commitments equals EUR 10.35 million.

The Commitments Execution shows commitments in 2012 of EUR 297.52 million representing 91.13% of the Commitment Appropriations for 2012.

Without taking into account the IO Reserve which is set aside to address risk events or performance issues, the underrun for 2012 was EUR 23.69 million or 7.62% of the related Commitment Appropriations.

This underrun is in particular due to delays in placement of contracts in Direct Investment, Research and Development, and External Specialized Services.

Left An important manufacturing milestone is achieved in Korea in 2012, where cutting and welding activities begin on ITER vacuum vessel sector No.6.

(A)&(B).

NOTES TO THE 2012
FINANCIAL STATEMENTS

“With ITER Members China, the European Union, India, Japan, Korea, Russia and the United States of America, we are firmly engaged in the construction of the project both on site in Saint Paul-lez-Durance, France – where the scientific installation is steadily taking shape – and in factories around the world.”

Left Work advances in 2012 on the site of the future Assembly Building where, following some limited excavation, reinforcement and concrete pouring activities begin.

A&B.
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General Information

The ITER Organization is a joint international research and development project that aims to demonstrate the scientific and technical 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 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 ITER project in Paris on 21 November 2006.

The ITER Organization has an 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 decommission the ITER facilities in accordance with prescribed technical objectives and specifications and supplemental technical requirements that may be necessary. The decommissioning 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 cash contributions from Members, as per the following sharing: 45.46% for Euratom and 9.09% for the others. 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 Euros has been agreed between the Members and is updated each year.

The address of the ITER Organization's registered office is St-Paul-lez-Durance, Bouches-du-Rhône, France. The land on which the assets are being constructed has been provided free of charge by the French State through the CEA (Commissariat à l'Energie Atomique) for the duration of the ITER Project (initially foreseen up to October 2042).

In 2012, the ITER Organization pursued on-site construction activities, completing the Seismic Isolation Pit for the Tokamak Complex and the permanent Headquarters Building. Activities continued to shift in 2012 from design to manufacturing; over 80% of in-kind value has now been committed through Procurement Arrangements. In an important

project milestone, the French government published the decree authorizing the construction of ITER's nuclear installation in November.

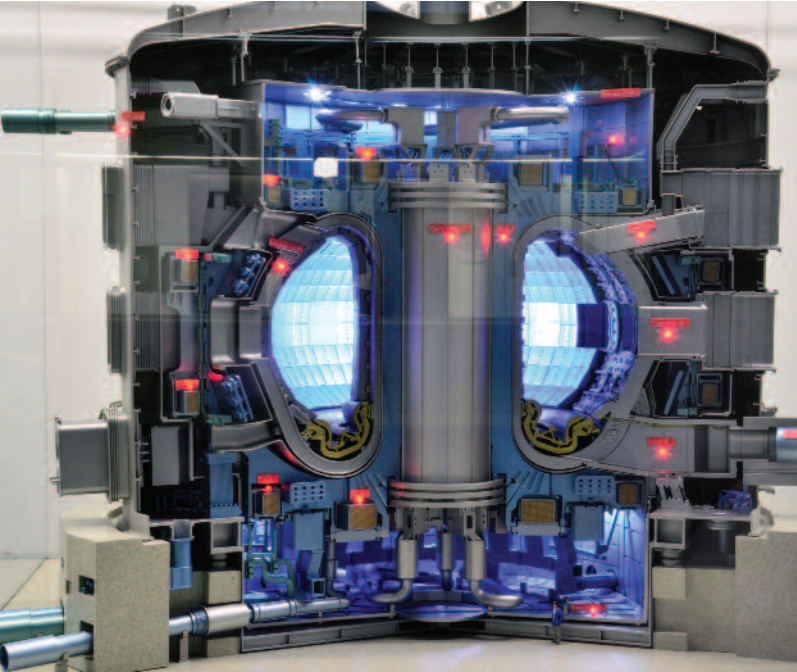
Under Articles 7 and 9 of the ITER Agreement, the Director-General and the staff of the ITER Organization shall prepare and submit to the ITER Council the annual Financial Statements.

This document states the financial activities of the ITER Organization during the year from 1 January to 31 December 2012 and its financial position at 31 December 2012. The functional currency used by the ITER Organization is the Euro. Long-term credits, representing in-kind contributions from Members, in particular for investments through Procurement Arrangements, are credited using IUAs and are converted into Euros at the approved exchange rate for the year. Short-term in-kind contributions relating to Task Agreements and secondments of staff are accounted in Euros.

The "Common Fund" is the initial "Trust Fund" created by the International Atomic Energy Agency (IAEA) to launch the Project in 2006. These funds have been allocated to the Members as per the agreed sharing (total amount received between 2006 and 2008: EUR 3,830,595 split into EUR 1,741,644 for Euratom, and EUR 348,158 for each of the other Members).

The Financial Statements show tabulations in Euros, which could cause minor differences due to rounding.

Below The ITER Tokamak: 23,000 tons, nearly 30 metres high, and an estimated one million components. Assembly activities will begin in 2014.



Above The ITER Project: seven Members are pooling their resources to build the machine that will demonstrate the scientific and technical feasibility of fusion power.

Risk Management

ITER Organization is now closing its 6th financial year and is still relatively a young organization coupled with an incredibly huge project to build.

During the last years several measures were taken to manage risk at an acceptable level.

The ITER Organization is confronted with the risk of direct or indirect loss arising from a wide variety of causes associated with its processes, personnel, technology and infrastructure (including site preparation and construction of the experimental asset), and from external factors such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

Internal Control Standards were adopted in 2011 and reinforced in 2012. The implementations focused mainly on the following areas:

- Delegation of authority matching skills and experiences with Project needs
- Organizational development in the areas of segregation of duty and performance management,
- Control of information system projects
- Continuous improvement on process efficiency and effectiveness
- Business continuity
- Document management (including controls and procedures)
- Communication through line management
- Compliance with regulatory and other legal requirements
- On-going management re-organization as a result of senior management appointments in 2010,
- Internal audit reviews
- Training and professional development

(A)
Notes to the 2012 Financial
Statements prepared on an
Accrual Basis

The 2012 Financial Statements
have been prepared in accordance
with the International Public Sector
Accounting Standards (IPSAS) and
the ITER Project Resource
Management Regulations (PRMR).

Note A1 - Significant Accounting Policies

Basis of preparation

The 2012 Financial Statements have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) and the ITER Project Resource Management Regulations (PRMR), the former being published by the International Public Sector Accounting Standards Board (IPSASB) of the International Federation of Accountants (IFAC).

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 through Procurement Arrangements are measured and accounted at agreed values.

The 2011 Financial Statements of the ITER Organization were audited and thereafter approved by the ITER Council in June 2012.

ITER considers that the IPSAS 28 to 30 regarding Financial Instruments do not have any impact on its financial positions.

ITER considers that its activities are all linked to a single segment therefore IPSAS 18 is not applicable to the ITER Organization. IPSAS 32 concerning Service Concession is also not applicable to the ITER Organization.

Foreign exchange accounting

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

Transactions in foreign currencies are translated into Euros at exchange rates prevailing at the dates of the transactions; the exchange rates used are the ones applicable for that month, published by the European Commission (<http://ec.europa.eu/budget/inforeuro/>).

Realized and unrealized gains and losses resulting from the settlement of such transactions and from the re-conversion at the reporting date of assets and liabilities denominated in foreign currencies are recognized in the Statement of Financial Performance. The spot rates used at year end are those published by the European Central Bank (<http://www.ecb.int/stats/exchange/>).

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.

The applied conversion rate for IUA in 2012 was 1 IUA equals EUR 1,619.65.

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



In addition to offices for 500 people, the new ITER Headquarters is equipped with an auditorium, a library, a canteen and a Council Chamber.

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 on-going basis. Revisions of the accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Property, Plant and Equipment

Items of property, plant and equipment are recorded 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, any non-refundable purchase taxes and attributable costs of bringing the asset to working condition for its intended use. Examples of these costs are the costs of site preparation, initial delivery and handling costs, installation costs, and professional fees such as those for architects and engineers. Additionally, those administration and other general costs 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.

Property, Plant and Equipment relating to in-kind contributions from Members are initially recorded at values agreed with Members using the Euro/IUA conversion rate prevailing for the year of the contribution. In-kind contributions are recorded as Property, Plant and Equipment under construction upon

awarding the credits concerned. Accrued values at year end are also recorded as Property, Plant and Equipment under construction at reception of the milestone.

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.

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 the Statement of Financial Performance 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 at the start of the Operation 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 assets20 years
- Fixtures and fittings10 - 20 years
- Furniture.....8 years
- Transport equipment4 years
- IT, telecom equipment.....2 - 5 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.

Impairment

The carrying values of Property, Plant and Equipment and Intangible 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 assets

Expenditure on Intangible 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 Assets relating to in-kind contributions from Members are initially recorded at values agreed with the Members using the Euro/IUA conversion rate prevailing for the year of the contribution. In-kind contributions are recorded as Property, Plant and Equipment 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 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 licenses, is recognized in the Statement of Financial Performance as incurred. These costs will be included in the caption "Property, Plant and Equipment under construction" as outlined above.

Amortization is recognized in the Statement of Financial Performance 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:

- Software2 - 5 years

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

In accordance with ITER Organization rules, acquisitions of intangible assets which are individually under 3 IUA are expensed directly to the Statement of Financial Performance.

Inventories

Inventories (stocks) are measured at the lower of cost and net realizable value except where received in kind from our Members. In this case inventories are measured at their agreed value. 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. No inventories have been recorded at 31 December 2012.

Employee benefits

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

- **Defined pension contribution scheme**

ITER has a defined pension 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 defined pension contribution plans are recognized as employee benefit expense when they are due.

- **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 the 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.

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.

Revenue recognition

ITER Organization revenues comprise contributions from Members, Miscellaneous Income, Internal Tax, Financial Income, exchange rate gains, Donations and the contribution from Monaco.

- **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 recoverables from non-exchange transactions (Note A4). Contributions received from Members which at year-end exceed amounts requested are shown within payables (Note A9).

Contributions from Members are 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 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. The construction of the related assets may take place in the country of a Member over several years. Upon attainment of certain milestones, Members' contributions relating to Property, Plant and Equipment are recorded within assets under construction and a related payable is recorded.

- **Internal Tax**

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

- **Financial Income**

Financial Income is an income generated by the cash held on secured fixed term deposits in the Banks.

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.

- **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 has been recorded at 31 December 2012 as the experimental equipment is still at the beginning of the Construction Phase.

- **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 has been recorded at 31 December 2012.

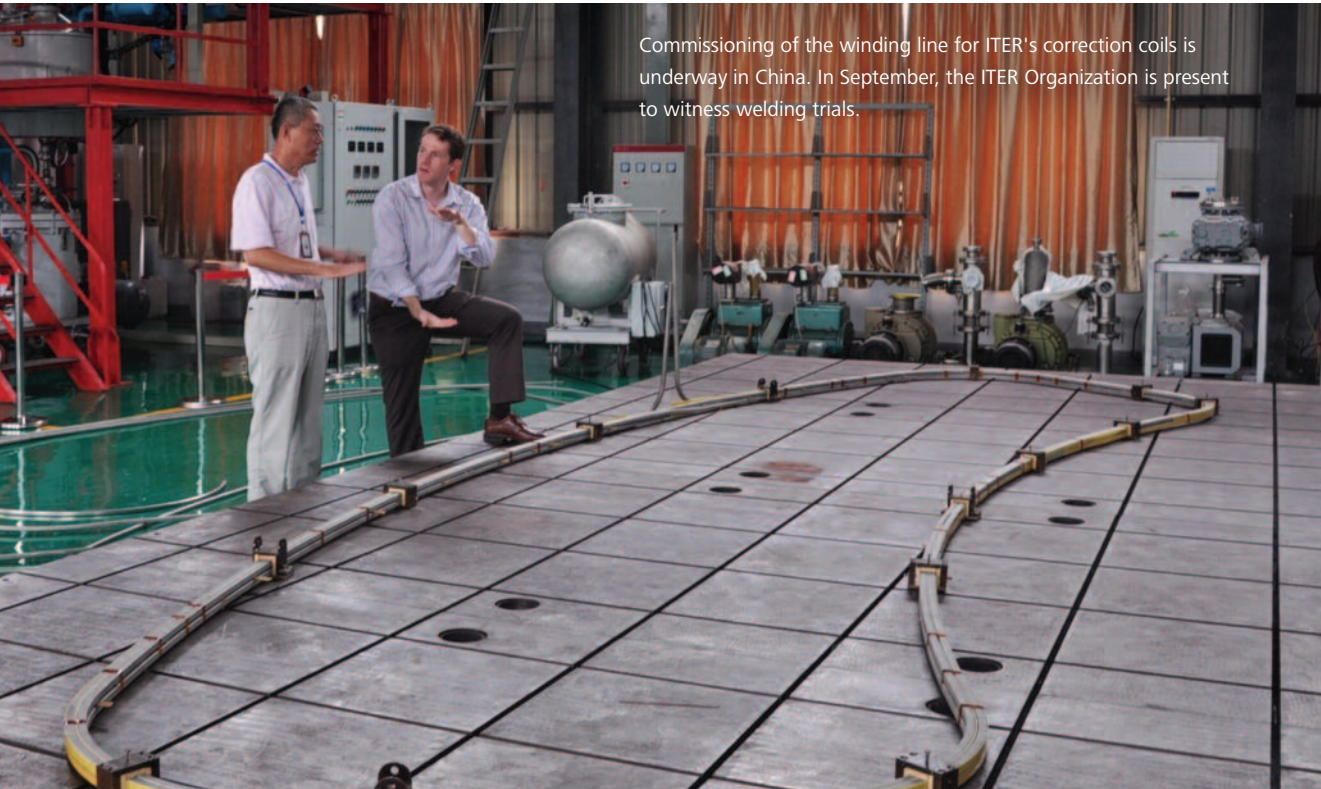
- **Employee Benefits**

Other provisions related to employee benefits are recorded in Note A10.

Events after the reporting date

No favourable or unfavourable event occurred after the reporting date.

Cost-avoidance and cost-saving strategies have become part of the culture of the ITER Organization at every level.



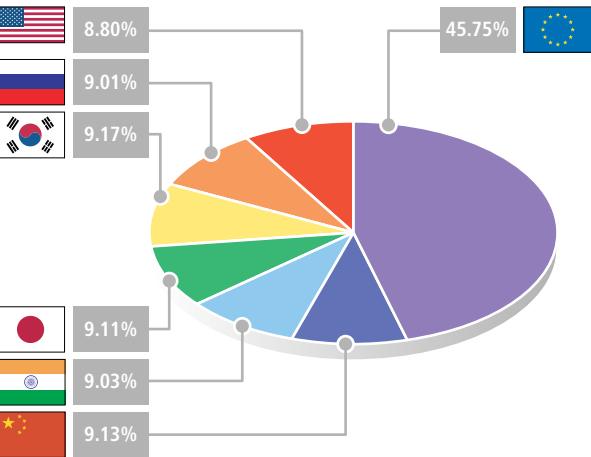
Commissioning of the winding line for ITER's correction coils is underway in China. In September, the ITER Organization is present to witness welding trials.

Note A2 - Cumulative Position Statement by Member at 31 December 2012

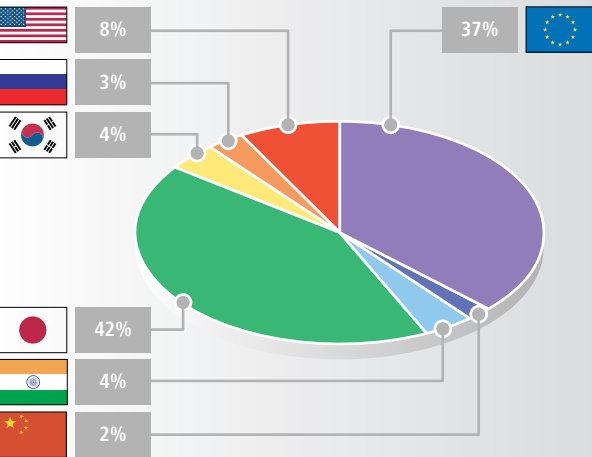
Amounts in Euros

	Agreed Sharing	Contributions "Cash" (Cash and Short-Term in-Kind)		Long-Term in-Kind credits (Procurement Arrangements)		Total Cash, Short-Term in-Kind and Long-Term in-Kind	
Euratom *	45.46%	368,601,771	45.75%	62,169,916	37.05%	430,771,688	44.25%
People's Republic of China	9.09%	73,525,376	9.13%	3,903,357	2.33%	77,428,733	7.95%
Republic of India	9.09%	72,733,947	9.03%	7,322,660	4.36%	80,056,607	8.22%
Japan *	9.09%	73,418,723	9.11%	70,125,416	41.79%	143,544,139	14.75%
Republic of Korea	9.09%	73,895,500	9.17%	6,873,312	4.10%	80,768,812	8.30%
Russian Federation	9.09%	72,621,109	9.01%	4,049,125	2.41%	76,670,234	7.88%
United States of America	9.09%	70,905,830	8.80%	13,355,553	7.96%	84,261,383	8.66%
Total all Members		805,702,258		167,799,338		973,501,596	

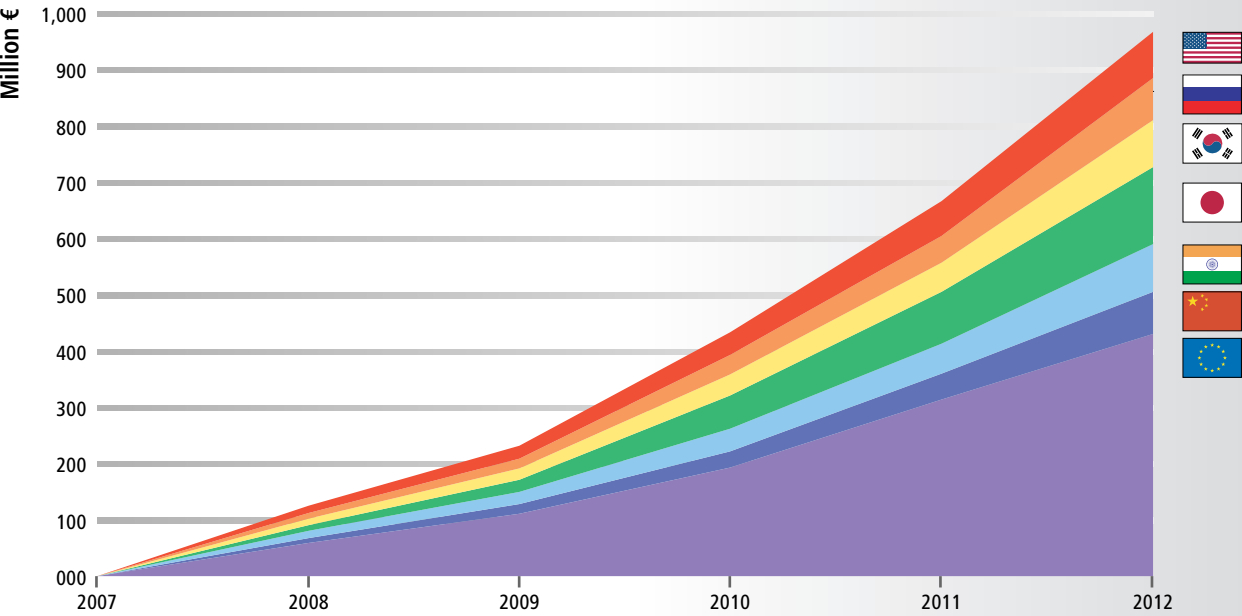
Cash & Short-Term In-Kind



Long-Term In-Kind



Cumulative Position by Member



(*) Cumulative credits granted to Japan include a contribution from the European Union corresponding to 13,808.44 IUA amounting to 21,737,752 EUR (including 4,336.82 IUA for deliverables achieved in 2012) for procurements for which the procurement responsibility has been transferred to Japan within the framework of the transferred procurement responsibilities from Euratom to Japan.

Note A3 - Cash and Cash Equivalents

Amounts in Euros

	31.12.2012	31.12.2011
Cash at bank - Euro accounts	17,876,874	43,925,661
Cash at bank - JP Yen accounts	22,184	88,914
Cash at bank - US Dollar accounts	503,392	100,944
Fixed term deposits with banks – Euro accounts	66,631,681	34,220,117
Total Cash and Cash Equivalents	85,034,130	78,335,636

The ITER Organization's cash and cash equivalent balances arise from Members' contributions, Financial Income and Other Income including the annual contribution from the Principality of Monaco.

The high level of cash and cash equivalents at year end takes into account the EUR 28.96 million received from the People's Republic of China, the Republic of Korea and the Russian Federation as advance on their 2013 contributions (detailed in Note A9).

Cash balances on deposit are held in secure interest-bearing bank accounts or fixed-term deposits. The JP Yen and US Dollar bank accounts are valued in Euros using official year-end exchange rates prevailing at 31 December 2012.

"Cash at bank – US Dollar accounts" includes an amount of EUR 82,675 of cheques issued but not disbursed yet at reporting date.

In 2012 Financial Income of EUR 1.72 million was realized by the ITER Organization. This amount represents an average rate of return of 2.2% of the average daily available cash balance (invested). In comparison, the average 2012 Eonia® (Euro OverNight Index Average) index was 0.2%.

As ITER Organization is financed by public funds, the investments are limited to low risk opportunities (only secured deposits/investments are allowed).

Note A4 – Recoverables from Non-Exchange Transactions

Amounts in Euros

	31.12.2012	31.12.2011
Members' Cash Contributions to be received	747,936	1,496,117
Euratom	-	-
People's Republic of China	-	411,450
Republic of India	747,936	333,936
Japan	-	750,731
Republic of Korea	-	-
Russian Federation	-	-
United States of America	-	-
Members' In-Kind Contributions to be credited	17,813,762	15,307,468
Euratom	9,410,600	4,287,438
People's Republic of China	372,938	315,414
Republic of India	12,999	871,249
Japan	-	7,333,376
Republic of Korea	3,582,961	-
Russian Federation	975,554	1,174,096
United States of America	3,458,710	1,325,896
Other Recoverables from Non-Exchange Transactions	14,079,135	9,099,394
EU Domestic Agency (Fusion for Energy - F4E)	744,023	165,747
US Domestic Agency	1,012,212	1,447,815
IN Domestic Agency	2,140	-
KR Domestic Agency	5,250	-
Personnel - Advances	32,983	298
VAT receivable (requested)	9,057,145	3,829,562
VAT receivable (to be requested)	1,570,066	2,021,465
VAT on accruals	1,140,835	1,109,373
Unrealized Gains / Foreign Currency exchange rate	31,707	82,517
Other	482,775	442,618
Total Recoverables from Non-Exchange Transactions	32,640,833	25,902,979

Members' In-Kind Contributions to be credited correspond to Short-Term (EUR 15.38 million) and/or Long-Term (EUR 2.43 million) In-Kind deliverables received by ITER but not credited at the reporting date. The counterpart is accrued in Payables and shown in Note A9.

Other main recoverables have been recorded for payments on account (EUR 0.48 million), suspense accounts payments for Fusion for Energy (EUR 0.74 million) and US Domestic Agency (EUR 1.01 million).

The ITER Organization is exempted from taxes (corporate income, business licence and value added tax). Value added tax invoiced by suppliers for purchasing goods and services is recovered by requesting the reimbursement from the European states in which the VAT was collected (the amount to be recovered at reporting date was EUR 10.63 million).

Requests for the reimbursement of VAT paid in France have been made regularly and have resulted in regular refunds from the French authorities concerned. Regarding the reimbursement of VAT paid in other European countries (for a total outstanding amount of EUR 0.29 million) the new Regulation approved by the EU in 2011 is now applicable in France. A request has been addressed to the French Authorities in 2012 and a refund is expected early 2013.

Note A5 - Receivables from Exchange Transactions

Amounts in Euros

	31.12.2012	31.12.2011
Down Payment to suppliers	18,433,448	-
Accrued Interest	1,674,406	393,713
Total Receivables From Exchange Transactions	20,107,854	393,713

In order to support the long lead procurement items (mainly on Cryostat and Vacuum Vessel), down payments to suppliers were issued in 2012. Their open values at reporting date of EUR 18.43 million are covered by bank guarantees.

Accrued Interest is financial income generated during the reporting period but not yet cashed (cash on deposits are held in secure interest-bearing bank accounts or fixed-term deposits).

Note A6 - Prepayments

Amounts in Euros

	31.12.2012	31.12.2011
Licence fees	473,836	634,291
General Maintenance and Repair	371,894	574,844
Maintenance Licences	47,580	4,834
Maintenance Equipment	51,512	4,374
Subscriptions	78,329	22,266
Rent	2,600	803
Insurance	34,274	87,739
Other	9,708	6,997
Total Prepayments	1,069,733	1,336,148

Prepayments correspond to expenditures incurred in 2012 for which the acquired services relate to 2013 or beyond. Membership fees are now included in Other.

Note A7: Property, Plant and Equipment

Amounts in Euros

	Land and Buildings	Fixtures and fittings	Motor vehicles	IT, telecom and office equipment	Furniture	Under construction In Cash (*)	Under construction In-Kind	Total
Balance at 1 January 2011	22,026,667	432,071	63,701	2,657,413	-	381,359,862	80,751,012	487,290,725
Additions	-	-	-	872,809	-	148,028,608	98,438,919	247,340,336
Disposals	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Depreciation	(746,667)	(36,916)	(25,581)	(1,138,967)	-	-	-	(1,948,131)
Balance at 31 December 2011	21,280,000	395,155	38,120	2,391,255	-	529,388,470	179,189,931	732,682,931
Additions	-	-	-	1,854,293	503,565	153,414,066	86,688,864	242,460,788
Disposals	-	-	-	-	-	-	-	-
Transfers	10,093,248	-	-	-	-	-	(10,093,248)	-
Depreciation	(1,055,071)	(37,077)	(21,740)	(1,189,933)	(13,224)	-	-	(2,317,046)
Balance at 31 December 2012	30,318,177	358,078	16,380	3,055,616	490,341	682,802,536	255,785,546	972,826,673
Gross Carrying Amount 2011	22,400,000	485,133	102,326	4,933,231	-	529,388,470	179,189,931	736,499,091
Accumulated Depreciation	(1,120,000)	(89,978)	(64,206)	(2,541,976)	-	-	-	(3,816,160)
Net Carrying Amount 2011	21,280,000	395,155	38,120	2,391,255	-	529,388,470	179,189,931	732,682,931
Gross Carrying Amount 2012	32,493,248	485,133	102,326	6,787,525	503,565	682,802,536	255,785,546	978,959,879
Accumulated Depreciation	(2,175,071)	(127,056)	(85,946)	(3,731,909)	(13,224)	-	-	(6,133,206)
Net Carrying Amount 2012	30,318,177	358,078	16,380	3,055,616	490,341	682,802,536	255,785,546	972,826,673

*Included Accumulated Net Costs of IO Activities Capitalized
The “Under construction columns” reported in 2011 have now been grouped by fund (in cash and in kind).

Note A8: Intangible Assets

Amounts in Euros

	Software	In Progress	Total
Balance at 1 January 2011	2,442,558	-	2,442,558
Additions	42,786	-	42,786
Disposals	-	-	-
Transfers	-	-	-
Amortization	(929,934)	-	(929,934)
Balance at 31 December 2011	1,555,410	-	1,555,410
Additions	168,647	2,463,830	2,632,477
Disposals	-	-	-
Transfers	-	-	-
Amortization	(791,521)	-	(791,521)
Balance at 31 December 2012	932,536	2,463,830	3,396,366
Gross Carrying Amount 2011	3,986,079	-	3,986,079
Accumulated Amortization	(2,430,669)	-	(2,430,669)
Net Carrying Amount 2011	1,555,410	-	1,555,410
Gross Carrying Amount 2012	4,154,726	2,463,830	6,618,556
Accumulated Amortization	(3,222,191)	-	(3,222,191)
Net Carrying Amount 2012	932,536	2,463,830	3,396,366

Total Tangible and Intangible Assets

Amounts in Euros

	31.12.2012	31.12.2011
Total Gross Carrying Amount	985,578,435	740,485,170
Total Depreciations and Amortizations	(9,355,397)	(6,246,829)
Total Net Carrying Amount	976,223,038	734,238,341

Note A9 - Payables

Amounts in Euros

	31.12.2012	31.12.2011
Creditors (Suppliers and accrued charges)	17,141,792	12,685,141
In-Kind Accrued Value: Task Agreements	15,384,287	7,974,092
In-Kind Accrued Value: Procurement Arrangements	2,429,475	7,333,376
Advance payment on Partnership with Monaco	343,909	393,263
Personnel travel costs	188,986	150,599
Advance payments on Contribution	28,961,108	61,485,938
Euratom	-	33,374,422
People’s Republic of China	3,855,210	-
Republic of India	-	-
Japan	-	-
Republic of Korea	11,825,158	9,000,013
Russian Federation	13,280,740	9,913,252
United States of America	-	9,198,252
Total Payables	64,449,557	90,022,410

Creditors and other accrued charges are costs recognized in these Financial Statements 2012 but not paid as at 31 December.

In-Kind accrued values are costs/values recognized in these Financial Statements 2012 but not credited as at 31 December. The counterpart is shown under Recoverables in Note A4.

Advance payment on Monaco Partnership represents the unused portion of their contribution. This amount is automatically reported to the following year.

Personnel travel costs are the year-end unpaid costs related to travel undertaken by staff during the reporting year. These costs were previously reported under Note A10.

Advance payments of Members’ contributions correspond to cash received by the ITER Organization exceeding the requested amount.

Note A10 - Employee Benefits Liabilities

Amounts in Euros

	31.12.2012	31.12.2011
Accrued untaken leave	1,368,308	1,242,002
Social benefits	803,012	668,019
Total Employee Benefits Liabilities	2,171,321	1,910,021

Accrued untaken leave represents vacation entitlement accrued by staff during the reporting year. Untaken annual leave is carried forward to the following year with a maximum of 14 days per staff.

Social benefits are amounts outstanding to social security and pension schemes.

Personnel travel costs are now reported in Note A9.

Note A11 - Deferred Revenue at 31 December 2012

Amounts in Euros

	Cash			Short-Term In-Kind Seconded staff and Credited Task Agreements			Total "Cash" Including Cash, Seconded staff and Credited Task Agreements			Long-Term In-Kind Procurement Arrangements			Total		
	End of 2011	2012	End of 2012	End of 2011	2012	End of 2012	End of 2011	2012	End of 2012	End of 2011	2012	End of 2012	End of 2011	2012	End of 2012
Deferred Contributions															
Euratom (*)	223,516,830	87,274,631	310,791,461	42,161,932	15,648,379	57,810,311	265,678,762	102,923,010	368,601,771	49,050,751	13,119,165	62,169,916	314,729,513	116,042,175	430,771,688
People's Republic of China	50,242,070	20,220,996	70,463,066	2,518,892	543,419	3,062,310	52,760,962	20,764,415	73,525,376	-	3,903,357	3,903,357	52,760,962	24,667,771	77,428,733
Republic of India (**)	49,039,237	19,374,996	68,414,233	4,866,424	(546,710)	4,319,714	53,905,661	18,828,286	72,733,947	3,597,465	3,725,195	7,322,660	57,503,127	22,553,481	80,056,607
Japan (*)	52,756,093	19,788,996	72,545,089	873,634	-	873,634	53,629,727	19,788,996	73,418,723	46,581,784	23,543,632	70,125,416	100,211,511	43,332,628	143,544,139
Republic of Korea	48,744,867	17,426,996	66,171,863	5,473,923	2,249,714	7,723,637	54,218,790	19,676,710	73,895,500	2,338,292	4,535,021	6,873,312	56,557,082	24,211,730	80,768,812
Russian Federation	50,473,950	19,012,996	69,486,946	2,867,542	266,621	3,134,163	53,341,492	19,279,617	72,621,109	-	4,049,125	4,049,125	53,341,492	23,328,742	76,670,234
United States of America	31,101,532	18,648,611	49,750,143	14,978,692	6,176,995	21,155,687	46,080,224	24,825,606	70,905,831	3,880,600	9,474,952	13,355,553	49,960,825	34,300,558	84,261,383
Deferred Contributions	505,874,580	201,748,222	707,622,802	73,741,038	24,338,418	98,079,456	579,615,618	226,086,640	805,702,258	105,448,893	62,350,446	167,799,338	685,064,510	288,437,086	973,501,596
Other Deferred Revenue															
Internal Tax	43,054,402	13,136,621	56,191,022				43,054,402	13,136,621	56,191,022				43,054,402	13,136,621	56,191,022
Donations (buildings, works,...)	22,400,000	-	22,400,000				22,400,000	-	22,400,000				22,400,000	-	22,400,000
Financial Income	4,003,752	1,717,827	5,721,580				4,003,752	1,717,827	5,721,580				4,003,752	1,717,827	5,721,580
Other Deferred Revenue	69,458,154	14,854,448	84,312,602				69,458,154	14,854,448	84,312,602				69,458,154	14,854,448	84,312,602
Write back													(6,246,829)	(3,108,567)	(9,355,397)
Total Deferred Revenue	575,332,734	216,602,670	791,935,404	73,741,038	24,338,418	98,079,456	649,073,772	240,941,088	890,014,860	105,448,893	62,350,446	167,799,338	748,275,835	300,182,966	1,048,458,801

(*) Cumulative credits granted to Japan include a contribution from the European Union corresponding to 13,808.44 IUA amounting to 21,737,752 EUR (including 4,336.82 IUA for deliverables achieved in 2012) for procurements for which the procurement responsibility has been transferred to Japan within the framework of the transferred procurement responsibilities from Euratom to Japan.

(**) Overestimated soft accruals at the end of 2011 for In-Kind Task Agreements and the subsequent 2012 decommitments of a number of these contracts led to a net negative execution figure for In-Kind Task Agreements for 2012.

Note A12 - Other Revenue

Amounts in Euros

	2012	2011
Exchange rate gains	8,939	816,588
Miscellaneous income	-	44,320
Monaco Partnership	399,354	536,190
Total Other Revenue	408,293	1,397,098

Exchange rate gains generated by realized exchange rate transactions are shown in this Note whereas the losses are in Note A13.

Monaco Partnership details are provided under Note A16.

Note A13 – Operating Expenses

Amounts in Euros

	2012	2011
Electricity, water	831,434	81,137
Furniture and equipment	577,799	447,278
Purchased software and licenses	573,491	977,984
Telecom and IT equipment	357,354	283,400
Administrative supplies	50,674	160,610
Other	53,429	71,231

Total Supplies and Consumables

	2,444,182	2,021,640
External services	47,233,124	50,109,366
Temporary staff and other personnel	2,930,575	1,683,053
Travel and related costs (staff)	2,259,083	1,951,322
Maintenance and repairs	1,820,500	1,130,149
External consultant fees	671,900	914,797
Travel and related costs (external)	677,910	1,911,935
Documentation and seminar expenses (conferences)	478,404	563,260
Equipment, buildings rental	471,043	740,030
Software fees	449,785	104,718
General services	348,392	916,911
Removal expenses for ITER personnel	318,351	345,711
Postages and telecom costs	307,629	622,773
Receptions and representation costs	180,720	308,459
Communication costs	160,280	298,329
Insurance	151,893	93,236
Transport of goods	78,253	67,170
Exchange rate losses	38,426	871,586
Bank charges	3,021	3,093
Other	75,375	39,136

Total Subcontracting and External Services

	58,654,664	62,675,032
Total Operating Expenses	61,098,846	64,696,672

The electricity cost for 2011 is EUR 545,977. However, due to an over-estimate made in 2010, the accrued costs were too high. With further evidence received in 2011, the impact was already recorded accordingly. Drink distributors/water, fitting-out premises and fuel are now included in Other and development is now aggregated to External services.

Note A14 - Employee Benefits

Amounts in Euros

The Personnel costs are detailed in the table below:

	Professional Staff		Technical Support Staff		Total	
	2012	2011	2012	2011	2012	2011
Wages and salaries	38,727,936	36,154,590	11,122,809	10,985,943	49,850,745	47,140,533
Pension costs	5,426,015	5,085,673	1,570,794	1,544,245	6,996,809	6,629,918
Medical costs	968,935	908,157	280,499	275,757	1,249,434	1,183,914
Life and invalidity costs	387,573	363,263	112,201	110,304	499,774	473,567
Other employee benefits	5,205,149	4,910,083	1,746,266	1,718,288	6,951,416	6,628,371
Accrued untaken leave	92,230	16,637	34,077	21,295	126,306	37,932
Awards	125,000	25,200	77,500	39,900	202,500	65,100
Indemnities for loss of job	56,835	377,270	39,183	-	96,019	377,270
On call duty indemnity			43	-	43	-
Seconded Staff	2,810,278	3,321,372			2,810,278	3,321,372
Secondment allowances	-	75,862			-	75,862
Trainees	55,293	63,807			55,293	63,807
Bonus for temporary assignment	2,926	6,667			2,926	6,667
Social activities					-	29,642
Other (canteen)					308,094	299,194
Total	53,858,172	51,308,580	14,983,372	14,695,732	69,149,637	66,333,148
Total Excluding Seconded Staff	51,047,894	47,987,208	14,983,372	14,695,732	66,339,359	63,011,777

An internal tax is applied to basic salary costs including overtime and night work. This tax is collected by the ITER Organization by withholding from monthly salary payments. No liability is recorded for the amounts withheld as the internal tax is not paid to external organizations or authorities. Amounts withheld are/will be used for salaries, related benefits and infrastructure of the ITER Organization. “Employee benefits” present the gross costs including the corresponding internal tax.

The Seconded Staff costs are directly capitalized and values credited to their respective Members (short term in-kind).

The ITER Organization has set up a defined pension contribution scheme with an external company. 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.

The aggregate gross remuneration of the Director-General and the three Directors of Department was EUR 1.10 million.

At 31 December 2012 the ITER Organization had in total 477 staff in the following categories:

	Professional Staff		Technical Support Staff		Total	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011	31.12.2012	31.12.2011
ITER Organization Staff	296	279	164	170	460	449
Seconded Professional Staff	17	22			17	22
Total	313	301	164	170	477	471

Note A15 - Leases

Amounts in Euros

	2012	2011
Less than one year	-	-
Between one and five years	-	-
More than five years	-	-
Total Operating Leases	-	-

The ITER Organization does not have lease equipment at closing date.

Note A16 - Partnership

Amounts in Euros

	2012	2011
Monaco Partnership		
Opening Balance	393,263	579,453
Contributions	350,000	350,000
Post-doctorate expenses	(398,504)	(538,472)
Conferences	(850)	2,282
Closing Balance	343,909	393,263

The Partnership Arrangement with the Principality of Monaco concluded for ten years in 2008 included an annual contribution of EUR 0.55 million per year towards post-doctorate fellowships and communication actions by ITER Organization. In 2011 it has been reduced to EUR 0.35 million for the coming period 2011-2013. There are at the end of the year, five post-doctoral fellows coming from three different Members.

Revenues received from the Principality of Monaco and associated costs incurred by the ITER Organization are included in the Statement of Financial Performance in the year of receipt and expenditure. Any excess of revenues over associated costs is shown as payable in Note A9. The costs incurred by the ITER Organization arising from Monaco revenues are therefore not considered part of the construction cost of the experimental equipment.

Right Looking toward ITER Headquarters from the opposite side of the platform, where work begins in 2012 on the Assembly Building basemat.



(B)
Notes to the 2012 Financial
Statements prepared on a Modified
Cash Basis

Note B1 - Budget Execution

The ITER Organization’s Project Resource Management Regulations (PRMR) and its Implementing Measures, require the preparation of certain schedules and notes for inclusion in the Financial Statements. The primary budgetary schedules following from the PRMR are shown in pages 14 to 16, reflecting the Budget Outturn, Income, Payments and Commitments Executions against their respective budgets. Supplementary information required under the PRMR is provided in Notes B1 to B14.

The establishment of these schedules is governed by the basic principles of equilibrium, specification, annuality, budget accuracy, unit of Account, universality, sound financial management and transparency.

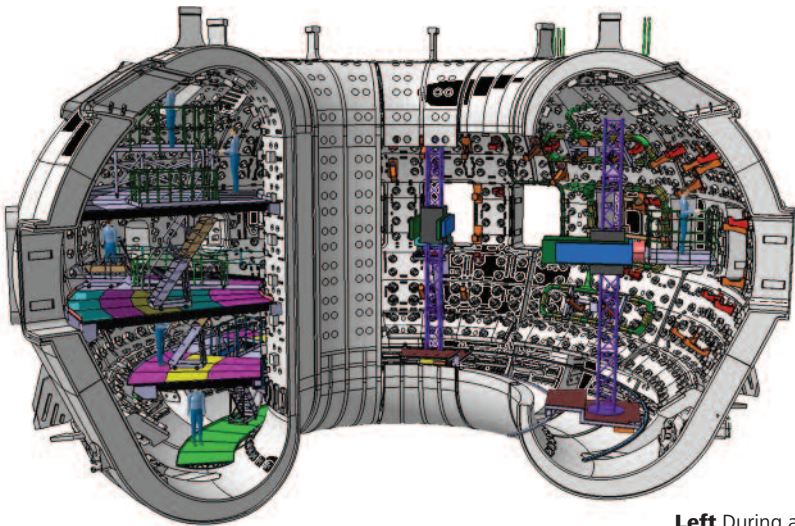
At its meeting in November 2011, the ITER Council adopted Commitments, Income and Payments Budgets for 2012, at the level of EUR 234.17 million for Commitments and EUR 233.72 million for Payments and Income. The Commitments, Payments and Income Budgets and the financial schedules are subdivided into Titles, Chapters and Articles.

The negative balance of EUR 19.09 million reported on the table “Income Execution 2012” corresponds to a negative result of EUR 20.03 million for the Short-Term In-Kind income together with a positive result of 0.95 million for the Cash income.

The negative balance of EUR 17.70 million reported on the table “Income Execution 2012” has no impact on the Income Budget as it concerns only the Short-Term In-Kind Contributions.

In order to simplify and streamline the budget management of the ITER Organization, and in particular to allow the carry-over of unused payment appropriations, the ITER Council has decided (November 2012) to delete the “Special Account.” This implies that the unused Payments Budget will be carried forward to the following year by Article.

During 2012, the Director-General approved several budgetary transfers within the limits of his mandate.



Left During assembly of the 11-metre-tall ITER vacuum vessel, temporary floors, ladders and bridges will be erected.

Note B2 - Members’ Contributions

Cash Contributions

Amounts in Euros

	Brought forward from 2011	Requested for 2012	Received in 2012	Carry forward to 2013
Member	1	2	3	4 = 1 - 2 + 3
Euratom	33,374,422	87,274,631	53,900,209	-
People’s Republic of China	(411,450)	20,220,996	24,487,656	3,855,210
Republic of India	(333,936)	19,374,996	18,960,996	(747,936)
Japan	(750,731)	19,788,996	20,539,727	-
Republic of Korea	9,000,013	17,426,996	20,252,142	11,825,158
Russian Federation	9,913,252	19,012,996	22,380,484	13,280,740
United States of America	9,198,252	18,648,611	9,450,359	-
Total	59,989,822	201,748,222	169,971,573	28,213,172

The Members’ Cash Contributions have been accounted in full as Income of the year, in accordance with the budget, regardless of the cash received. Over and underpayments have been carried forward as cash liabilities to/from these Members.

Short-Term In-Kind Contributions

Amounts in Euros

	Brought forward from 2011	Requested for 2012	Received in 2012	Carry forward to 2013
Member	1	2	3	4 = 1 - 2 + 3
Euratom	(6,817,761)	11,692,118	10,525,217	(7,984,662)
People’s Republic of China	(1,184,180)	(432,000)	485,895	(266,285)
Republic of India	(595,314)	414,000	311,540	(697,774)
Japan	-	-	-	-
Republic of Korea	589,063	2,362,000	1,096,228	(676,709)
Russian Federation	(1,462,332)	776,000	465,163	(1,773,169)
United States of America	(8,875,118)	1,140,385	4,044,180	(5,971,323)
Total	(18,345,642)	15,952,503	16,928,223	(17,369,922)

The Members’ Short-Term In-Kind Contributions are recognized when credited. Over and underpayments have been carried forward as Short-Term In-Kind liabilities to/from these Members.

Total Contributions

Amounts in Euros

	Brought forward from 2011	Requested for 2012	Received in 2012	Carry forward to 2013
Member	1	2	3	4 = 1 - 2 + 3
Euratom	26,556,660	98,966,749	64,425,426	(7,984,662)
People’s Republic of China	(1,595,630)	19,788,996	24,973,551	3,588,925
Republic of India	(929,250)	19,788,996	19,272,535	(1,445,710)
Japan	(750,731)	19,788,996	20,539,727	-
Republic of Korea	9,589,075	19,788,996	21,348,369	11,148,448
Russian Federation	8,450,920	19,788,996	22,845,647	11,507,571
United States of America	323,134	19,788,996	13,494,539	(5,971,322)
Total	41,644,180	217,700,725	186,899,795	10,843,250

Note B3 - Cash Breakdown

All amounts in Euros

BNPP EUR Account	19,978
BNPP EUR Deposit	34,220,117
HSBC EUR Account	43,896,318
HSBC EUR Account (cards)	9,365
HSBC YEN Account	88,914
HSBC USD Account	51,846
HSBC Fixed Term Deposits	-
HSBC USD Accounts (USA)	85,467
Petty cash	-
Cash balance at 1 January 2012	78,372,005
Cheques issued in 2011 and disbursed in 2012	(36,368)
Cash and cash equivalents at 1 January 2012	78,335,636
2012 Contributions from the Members	141,010,464
Advances on 2013 contributions	28,961,108
Monaco Partnership	350,000
Internal tax	13,136,621
Interest from bank	437,134
Miscellaneous income	-
Exchange rate income	-
Total Cash Income	183,895,327
Payments against budget	172,390,530
Movements in Suspense Accounts	4,754,996
Total Disbursement	177,145,526
Cash balance at 1 January 2012	78,372,005
Total cash Income	183,895,327
Total disbursement	177,145,526
Balance in cash	85,121,806
BNP EUR Account	19,958
BNP EUR Deposit	46,609,763
HSBC EUR Account	17,815,495
HSBC EUR Account (cards)	41,421
HSBC YEN Account	22,184
HSBC USD Account	48,493
HSBC USD Account (USA)	542,573
Crédit Mutuel EUR Deposit	20,021,918
Petty cash	-
Real Cash balance at 31 December 2012	85,121,805
Cheques issued and not yet disbursed in 2012	(87,675)
Cash and cash equivalents at 31 December 2012	85,034,130

Note B4 - Statement of Unpaid Commitments

Amounts in Euros

		Unpaid Total Commitments 1 January 2012	Total Commitments 2012	Total De- commitments of previous years' commitments	Total Payments 2012	Unpaid Total Commitments 31 December 2012
Budget heading		1	2	3	4	5 = 1 + 2 - 3 - 4
Title I	Direct Investment (Fund)	31,317,529	152,851,467	1,230,759	48,573,056	134,365,181
Article 111	Direct Investment	30,790,776	152,400,178	1,129,024	48,000,039	134,061,891
Article 112	Test Blanket Module	526,753	451,289	101,735	573,017	303,290
Article 113	IO Reserve			-	-	-
Title II	R&D Expenditure	32,004,222	17,203,985	3,238,577	15,483,329	30,486,301
Title III	Direct Expenditure	64,721,222	127,466,243	5,880,666	125,262,368	61,044,431
Chapter 31	Staff Expenditure	518,148	71,624,499	338,830	70,868,901	934,916
Article 311	Professional staff salary costs	-	53,310,070	-	53,310,070	-
Article 312	Technical Support staff salary costs	-	14,706,855	-	14,706,855	-
Article 313	Travel and subsistence	471,166	2,442,770	333,808	1,902,033	678,095
Article 314	Secondment allowances	-	-	-	-	-
Article 315	Removal expenses	46,984	466,492	5,022	251,631	256,823
Article 316	Promotions	-	495,812	-	495,812	-
Article 317	Awards	-	202,500	-	202,500	-
Chapter 32	Organizational Expenditure	64,203,074	55,841,744	5,541,836	54,393,467	60,109,515
Article 321	General services	6,355,511	10,353,995	163,454	6,025,727	10,520,325
Article 322	Administrative services	2,390,952	3,938,533	158,781	3,613,083	2,557,621
Article 323	Equipment	471,227	4,614,389	95,662	3,983,487	1,006,467
Article 324	External specialized services	54,985,385	36,934,827	5,123,939	40,771,170	46,025,103
Article 325	IO Reserve	-	-	-	-	-
Total Expenditure		128,042,973	297,521,695	10,350,002	189,318,753	225,895,913

Note B5 – Total comparative Income Execution

Amounts in Euros

Budget heading		Total Income 2012 1	Total Income 2011 2
Title VII	Income	214,429,276	176,278,076
Chapter 71	Contributions	218,676,445	183,680,273
Article 711	Contribution from Euratom	97,799,848	82,538,411
Article 712	Contribution from the People’s Republic of China	20,706,891	18,904,573
Article 713	Contribution from the Republic of India	19,686,536	16,707,339
Article 714	Contribution from Japan	19,788,996	20,678,604
Article 715	Contribution from the Republic of Korea	18,523,224	18,668,441
Article 716	Contribution from the Russian Federation	19,478,159	18,811,293
Article 717	Contribution from the United States of America	22,692,791	7,371,612
Chapter 72	Internal tax	13,136,621	12,403,129
Article 721	Internal Tax from Professional Staff	10,776,345	10,085,602
Article 722	Internal Tax from Technical Support Staff	2,360,276	2,317,527
Chapter 73	Financial Income	437,134	539,703
Article 731	Financial interest	437,134	539,703
Article 732	Exchange rate Income	-	-
Chapter 74	Other Income	(17,820,924)	(20,345,029)
Article 741	Cancellation of Appropriations from the current year	-	-
Article 742	Cancellation of Appropriations from previous year(s)	-	789,470
Article 743	Monaco Partnership	350,000	350,000
Article 744	Excess Income from previous years	(18,170,924)	(21,528,819)
Article 749	Miscellaneous income	-	44,320
Total Income		214,429,276	176,278,076

Note B6 – Total comparative Payments Execution

Amounts in Euros

Budget heading		Total Payments and Credit Notifications 2012 1	Total Payments and Credit Notifications 2011 2
Title I	Direct Investment (Fund)	48,573,056	20,733,919
Article 111	Direct Investment	48,000,039	20,360,752
Article 112	Test Blanket Module	573,017	373,167
Article 113	IO Reserve	-	-
Title II	R&D Expenditure	15,483,329	18,148,529
Title III	Direct Expenditure	125,262,368	144,369,920
Chapter 31	Staff Expenditure	70,868,901	68,476,038
Article 311	Professional staff salary costs	53,310,070	50,757,893
Article 312	Technical Support staff salary costs	14,706,855	14,474,314
Article 313	Travel and subsistence	1,902,033	2,153,250
Article 314	Secondment allowances	-	75,862
Article 315	Removal expenses	251,631	356,409
Article 316	Promotions	495,812	593,210
Article 317	Awards	202,500	65,100
Chapter 32	Organizational Expenditure	54,393,467	75,893,882
Article 321	General services	6,025,727	8,984,915
Article 322	Administrative services	3,613,083	3,823,175
Article 323	Equipment	3,983,487	4,161,853
Article 324	External specialized services	40,771,170	58,923,939
Article 325	IO Reserve	-	-
Total Expenditure		189,318,753	183,252,368

Note B7 – Total comparative Commitments Execution

Amounts in Euros

Budget heading		Total Commitments 2012 1	Total Commitments 2011 2
Title I	Direct Investment (Fund)	152,851,467	37,591,576
Article 111	Direct Investment	152,400,178	36,816,230
Article 112	Test Blanket Module	451,289	775,346
Article 113	IO Reserve	-	-
Title II	R&D Expenditure	17,203,985	18,740,925
Title III	Direct Expenditure	127,466,243	127,502,043
Chapter 31	Staff Expenditure	71,624,499	68,529,304
Article 311	Professional staff salary costs	53,310,070	50,757,893
Article 312	Technical Support staff salary costs	14,706,855	14,474,314
Article 313	Travel and subsistence	2,442,770	2,265,699
Article 314	Secondment allowances	-	75,862
Article 315	Removal expenses	466,492	297,226
Article 316	Promotions	495,812	593,210
Article 317	Awards	202,500	65,100
Chapter 32	Organizational Expenditure	55,841,744	58,972,739
Article 321	General services	10,353,995	11,371,915
Article 322	Administrative services	3,938,533	4,027,394
Article 323	Equipment	4,614,389	1,782,769
Article 324	External specialized services	36,934,827	41,790,661
Article 325	IO Reserve	-	-
Total Expenditure		297,521,695	183,834,544

Note B8 - Income Budget

Amounts in Euros

Budget heading		Initial Total Income Budget 2012 (IC-9 November 2011) 1	Cumulative Internal Cash Transfers Approved by the DG 2	Total Transfers approved (IC-10 June 2012) 3	Final Total Income Budget 2012 4 = 1 + 2 + 3
Title VII	Income	233,718,678	-	(200,000)	233,518,678
Chapter 71	Contributions	217,700,725	-	-	217,700,725
Article 711	Contribution from Euratom	98,966,749	-	-	98,966,749
Article 712	Contribution from the People's Republic of China	19,788,996	-	-	19,788,996
Article 713	Contribution from the Republic of India	19,788,996	-	-	19,788,996
Article 714	Contribution from Japan	19,788,996	-	-	19,788,996
Article 715	Contribution from the Republic of Korea	19,788,996	-	-	19,788,996
Article 716	Contribution from the Russian Federation	19,788,996	-	-	19,788,996
Article 717	Contribution from the United States of America	19,788,996	-	-	19,788,996
Chapter 72	Internal tax	13,717,953	-	-	13,717,953
Article 721	Internal Tax from Professional Staff	11,212,935	-	-	11,212,935
Article 722	Internal Tax from Technical Support Staff	2,505,018	-	-	2,505,018
Chapter 73	Financial Income	750,000	-	-	750,000
Article 731	Financial interest	750,000	-	-	750,000
Article 732	Exchange rate Income	-	-	-	-
Chapter 74	Other Income	1,550,000	-	(200,000)	1,350,000
Article 741	Cancellation of Appropriations from the current year	400,000	-	-	400,000
Article 742	Cancellation of Appropriations from previous year(s)	800,000	-	-	800,000
Article 743	Monaco Partnership	350,000	-	(200,000)	150,000
Article 744	Excess Income from previous years	-	-	-	-
Article 749	Miscellaneous income	-	-	-	-
Total Income		233,718,678	-	(200,000)	233,518,678

The final total Income Budget is equal to the Payments Budget in accordance with Article III.1.3 of the PRMR.

In 2012, there has been a transfer of 2.66 million from the Cash Income Budget to the Short-Term In-Kind Income as well as a cash Income decrease of EUR 0.20 million reducing the total Income Budget to EUR 233.52 million compared to the total Income budget as approved by the ITER Council in November 2011.

Note B9 - Payments Budget

Amounts in Euros

		Initial Total Payments Budget 2012 (IC-9 November 2011)	Cumulative Internal Total Transfers Approved by the DG	Total Transfers approved (IC-10 June 2012)	Final Total Payments Budget 2012
Budget heading		1	2	3	4 = 1 + 2 + 3
Title I	Direct Investment (Fund)	65,057,201	-	-	65,057,201
Article 111	Direct Investment	55,002,796	9,015,000	-	64,017,796
Article 112	Test Blanket Module	554,405	10,000	-	564,405
Article 113	IO Reserve	9,500,000	(9,025,000)	-	475,000
Title II	R&D Expenditure	20,808,685	-	-	20,808,685
Title III	Direct Expenditure	147,852,789	-	(200,000)	147,652,789
Chapter 31	Staff Expenditure	76,147,940	(3,346,729)	(200,000)	72,601,211
Article 311	Professional staff salary costs	56,235,159	(2,360,103)	(200,000)	53,675,056
Article 312	Technical Support staff salary costs	15,784,152	(729,042)	-	15,055,110
Article 313	Travel and subsistence	2,919,983	(223,650)	-	2,696,333
Article 314	Secondment allowances	33,096	(33,096)	-	-
Article 315	Removal expenses	459,390	5,438	-	464,828
Article 316	Promotions	358,080	146,362	-	504,442
Article 317	Awards	358,080	(152,638)	-	205,442
Chapter 32	Organizational Expenditure	71,704,849	3,346,729	-	75,051,578
Article 321	General services	8,324,791	(824,625)	-	7,500,166
Article 322	Administrative services	3,261,767	(114,230)	-	3,147,537
Article 323	Equipment	3,026,914	899,954	-	3,926,868
Article 324	External specialized services	47,591,377	(2,259,804)	-	45,331,573
Article 325	IO Reserve	9,500,000	5,645,434	-	15,145,434
Total Expenditure		233,718,675	-	(200,000)	233,518,675

The initial Payments Budget for 2012 of EUR 233.72 million has been decreased by EUR 0.20 million during the year resulting in a final Payments Budget of EUR 233.52 million. Cumulated transfers of EUR 2.34 million from the Cash Payments Budget to the Short-Term In-Kind Payments Budget were approved by the Director-General during the year.

Note B10 - Commitments Budget

Amounts in Euros

		Initial Total Commitments Budget 2012 (IC-9 November 2011)	Cumulative Internal Total Transfers by the DG	Total Transfers Approved (IC-10 June 2012)	Final Total Commitments Budget 2012
Budget heading		1	2	3	4 = 1 + 2 + 3
Title I	Direct Investment (Fund)	103,607,073	-	-	103,607,073
Article 111	Direct Investment	93,584,081	9,025,000	-	102,609,081
Article 112	Test Blanket Module	522,992	-	-	522,992
Article 113	IO Reserve	9,500,000	(9,025,000)	-	475,000
Title II	R&D Expenditure	8,762,684	-	-	8,762,684
Title III	Direct Expenditure	121,799,501	-	(200,000)	121,599,501
Chapter 31	Staff Expenditure	76,147,940	(3,657,838)	(200,000)	72,290,102
Article 311	Professional staff salary costs	56,235,159	(2,360,103)	(200,000)	53,675,056
Article 312	Technical Support staff salary costs	15,784,152	(729,042)	-	15,055,110
Article 313	Travel and subsistence	2,919,983	(534,759)	-	2,385,224
Article 314	Secondment allowances	33,096	(33,096)	-	-
Article 315	Removal expenses	459,390	5,438	-	464,828
Article 316	Promotions	358,080	146,362	-	504,442
Article 317	Awards	358,080	(152,638)	-	205,442
Chapter 32	Organizational Expenditure	45,651,561	3,657,838	-	49,309,399
Article 321	General services	6,553,372	3,598,621	-	10,151,993
Article 322	Administrative services	2,857,387	(689,007)	-	2,168,380
Article 323	Equipment	2,564,897	886,327	-	3,451,224
Article 324	External specialized services	24,175,905	(5,783,537)	-	18,392,368
Article 325	IO Reserve	9,500,000	5,645,434	-	15,145,434
Total Expenditure		234,169,258	-	(200,000)	233,969,258

In accordance with the PRMR, the Commitments Budget represents the upper limit of the legal obligations the IO can engage for the year.

The initial Commitments Budget for 2012 of EUR 234.17 million has been decreased by EUR 0.20 million resulting in a final Commitments Budget of EUR 233.97 million. Cumulated transfers of EUR 6.27 million from the Cash Commitment Budget to the Short-Term In-Kind Commitment Budget were approved by the Director-General during the year.

Note B11 – Long-Term In-Kind/Procurement Arrangements

2007 - 2011 Procurement Arrangements				
Commitments		Notifications		
Members	IUA	EUR	IUA	EUR
Euratom	835,660	1,287,548,369	31,170	49,050,751
People's Republic of China	209,539	324,266,833	-	-
Republic of India	223,569	349,068,734	2,300	3,597,465
Japan	369,555	563,309,553	25,170	39,248,409
Republic of Korea	225,268	343,860,172	1,500	2,338,292
Russian Federation	192,065	297,862,987	-	-
United States of America	154,158	239,008,620	2,500	3,880,600
Total	2,209,813	3,404,925,269	62,640	98,115,517

2012 Procurement Arrangements				
Commitments		Notifications		
Members	IUA	EUR	IUA	EUR
Euratom	51,381	83,218,443	8,100	13,119,165
People's Republic of China	27,500	44,540,375	2,410	3,903,357
Republic of India	34,855	56,452,901	2,300	3,725,195
Japan	1,637	2,651,043	19,064	30,877,008
Republic of Korea	38	61,547	1,300	2,105,545
Russian Federation	12,581	20,376,752	2,500	4,049,125
United States of America	27,753	44,949,369	5,850	9,474,953
Total	155,744	252,250,429	41,524	67,254,347

Cumulative Procurement Arrangements				
Commitments		Notifications		
Total In-Kind Members	IUA	EUR	IUA	EUR
Euratom	887,040	1,370,766,812	39,270	62,169,916
People's Republic of China	237,039	368,807,208	2,410	3,903,357
Republic of India	258,424	405,521,634	4,600	7,322,660
Japan	371,192	565,960,596	44,234	70,125,416
Republic of Korea	225,306	343,921,719	2,800	4,443,837
Russian Federation	204,646	318,239,739	2,500	4,049,125
United States of America	181,910	283,957,989	8,350	13,355,553
Total	2,365,557	3,657,175,698	104,164	165,369,863

IUA Exchange rates	1 IUA =
Year	Definitive rate (EUR)
2007	1,470.00
2008	1,498.16
2009	1,547.59
2010	1,552.24
2011	1,577.07
2012	1,619.65

Note B12 - Cumulative Income Budgets and Executions

Amounts in Euros

		Cumulative Total Income Budgets up to End 2012	Cumulative Total Income Executions up to End 2012
Budget heading		1	2
Title VII	Income	879,724,301	824,694,097
Chapter 71	Contributions	803,857,297	786,487,375
Article 711	Contribution from Euratom	365,434,189	357,449,527
Article 712	Contribution from the People's Republic of China	73,070,565	72,804,280
Article 713	Contribution from the Republic of India	73,070,564	72,372,789
Article 714	Contribution from Japan	73,070,565	73,070,565
Article 715	Contribution from the Republic of Korea	73,070,564	72,393,854
Article 716	Contribution from the Russian Federation	73,070,565	71,297,396
Article 717	Contribution from the United States of America	73,070,286	67,098,963
Chapter 72	Internal tax	61,213,863	56,191,019
Article 721	Internal Tax from Professional Staff	46,903,458	46,892,984
Article 722	Internal Tax from Technical Support Staff	14,310,405	9,298,035
Chapter 73	Financial Income	4,000,000	5,067,479
Article 731	Financial interest	3,800,000	4,046,883
Article 732	Exchange rate Income	200,000	1,020,596
Chapter 74	Other Income	10,653,141	(23,051,776)
Article 741	Cancellation of Appropriations from the current year	1,600,000	1,111,119
Article 742	Cancellation of Appropriations from previous year(s)	2,945,542	6,134,586
Article 743	Monaco Partnership	2,350,000	2,350,000
Article 745	Shortfall Income Budget of the current year	-	(36,537,422)
Article 744	Excess Income from previous years	(73,401)	-
Article 749	Miscellaneous income	3,831,000	3,889,941
Total Income		879,724,301	824,694,097

Note B13 - Cumulative Payments Budgets and Executions

Amounts in Euros

Budget heading		Cumulative Total Payments Budgets up to End 2012 1	Cumulative Total Payments up to End 2012 2
Title I	Direct Investment (Fund)	113,346,823	76,270,530
Article 111	Direct Investment	111,723,158	75,213,086
Article 112	Test Blanket Module	1,148,665	1,057,444
Title II	R&D Expenditure	93,081,869	80,297,672
Title III	Direct Expenditure	673,295,607	628,374,791
Chapter 31	Staff Expenditure	331,232,557	328,821,560
Article 311	Professional staff salary costs	252,134,158	251,363,473
Article 312	Technical Support staff salary costs	59,385,200	59,026,955
Article 313	Travel and subsistence	14,603,919	13,576,407
Article 314	Secondment allowances	691,642	691,642
Article 315	Removal expenses	2,526,987	2,284,004
Article 316	Promotions	1,397,909	1,389,279
Article 317	Awards	492,742	489,800
Chapter 32	Organizational Expenditure	342,063,050	299,553,231
Article 321	General services	32,038,243	28,524,862
Article 322	Administrative services	17,786,783	16,617,964
Article 323	Equipment	24,296,906	23,570,148
Article 324	External specialized services	252,795,684	230,840,257
Total Expenditure		879,724,299	784,942,993

Note B14 - Cumulative Commitments Budgets and Executions

Amounts in Euros

Budget heading		Cumulative Total Commitments Budgets up to End 2012 1	Cumulative Total Commitments Executions up to End 2012 2
Title I	Direct Investment (Fund)	217,918,073	210,635,711
Article 111	Direct Investment	215,879,882	209,274,977
Article 112	Test Blanket Module	1,563,191	1,360,734
Title II	R&D Expenditure	116,672,511	110,846,293
Title III	Direct Expenditure	715,563,360	689,356,901
Chapter 31	Staff Expenditure	331,170,846	329,771,785
Article 311	Professional staff salary costs	252,123,086	251,363,472
Article 312	Technical Support staff salary costs	59,375,210	59,026,955
Article 313	Travel and subsistence	14,546,070	14,269,808
Article 314	Secondment allowances	691,642	691,642
Article 315	Removal expenses	2,544,187	2,540,829
Article 316	Promotions	1,397,909	1,389,279
Article 317	Awards	492,742	489,800
Chapter 32	Organizational Expenditure	384,392,514	359,585,116
Article 321	General services	40,825,533	40,041,783
Article 322	Administrative services	19,365,626	19,172,511
Article 323	Equipment	24,777,092	24,551,111
Article 324	External specialized services	284,278,829	275,819,711
Total Expenditure		1,050,153,944	1,010,838,905

Reconciliation: Cash Flow Statement - Budget Outturn

Amounts in Euros

In these Financial Statements 2012, the Statements prepared in accordance with the International Public Sector Accounting Standards (IPSAS) and its Statement of Financial Performance in particular take into account accruals whereas the Statements prepared in accordance with the Project Resource Management Regulations (PRMR) and its Budget Result Statement do not. The basis differences between the two statements are shown in the Reconciliation below, together with explanations on the items concerned.

	Notes	2012	Operating Cash Flows 2011
Budget Outturn	Page 14	25,110,523	(6,974,292)
Cash contributions requested	B2	(201,748,222)	(156,645,203)
Cash contributions received	B3	141,010,465	106,720,939
Advance contributions received	B3	28,961,108	52,287,687
Cheques N-1 paid in N	B3	36,368	211,339
Cheques N unpaid in N	B3	(87,675)	(36,368)
Movements in suspense account	B3	(4,754,996)	1,321,207
Cancellation of Appropriations	B5 (art742)	-	(789,470)
Excess Income from Previous Years	B5 (art744)	18,170,924	21,528,819
Total		6,698,495	17,624,658
Effects of Exchange Rate on foreign currency	A4	(50,810)	82,517
Net (decrease)/increase in cash and cash equivalents	Page 11	6,647,684	17,707,176

Cash contributions requested corresponds to the amount of cash contributions requested from the Members for the current year.

Cash contributions received corresponds to the amount received in cash in the current year from the Members following the call for contributions.

Advance contributions received corresponds to the amount of cash contributions received from the Members in excess of the cash contributions for the current year.

Cheques N-1 paid in N corresponds to the cheques issued in previous year(s) and disbursed in the current year.

Cheques N unpaid in N corresponds to the cheques issued in the current year and not disbursed yet at the end of the current year.

Movements in suspense account corresponds to the balance of disbursements of cash received or paid from/to third parties not related to the budgetary execution.

Cancellation of Appropriations corresponds to the amount of unpaid Payments Appropriations back to income as not covered by a commitment due to related de-commitment.

Excess of Income from previous years corresponds to the unrealized income budget carried forward from the previous year.

Effects of Exchange Rate on foreign currency corresponds to the variation of exchange gains/losses between N-1 and N. Unrealized gains and losses arising from changes in foreign currency exchange rates are not cash flows but their effects are reported in the Cash Flow Statement.

Right The ITER magnets are some of the longest-lead items of the ITER Tokamak. Their procurement is shared by China, Europe, Japan, Korea, Russia, and the United States (pictured: the European toroidal field winding line in La Spezia, Italy).

