

Audited Financial Report 2003



Corporate information

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External Auditors

SyCip Gorres Velayo & Co.
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Finance and Audit Committee

Membership

The Finance and Audit Committee is composed of four Trustees who are appointed by the Board. Its duty is to review and audit, from time to time, the accounts and financial condition as well as the management and operating systems and procedures of the Institute. It also reviews periodically the Institute's guidelines and procedures pertaining to human resources development, finance and budget, and other administrative matters, and exercises the powers and performs the duties delegated to it by the Board. For the Institute's audit and accounts, the Committee discharges its functions in consultation and coordination with the external auditors, the internal auditors, and appropriate consultants of the Institute.

The Chairperson of the Finance and Audit Committee, who is customarily appointed by the Board at the time when the Board appoints members of the Committee, shall preside over all meetings of said Committee. In his/her absence or disability, the Vice Chairperson shall act as the Chairperson for that meeting.

The Finance and Audit Committee shall meet at least once a year. Special meetings may be held upon call by its Chairman or upon request of at least one member.

A vacancy in the Finance and Audit Committee is filled from among other members of the Board through election by the Board or election by the remaining members of the Finance and Audit Committee. Any person so elected by the Committee serves only until the next meeting of the Board.

Authority

The Finance and Audit Committee is authorized to investigate any activity of the Institute within its terms of reference and all employees shall be directed to cooperate with any request made by the Committee. The Committee shall be empowered to retain persons having special competence as necessary to assist the Committee in fulfilling its responsibilities.

Current Composition and Designation of Finance and Audit Committee

Mr. Fazle Hasan Abed
Chairperson

Dr. Keijiro Otsuka
Member

Dr. Calvin O. Qualset
Member

Dr. Ronald P. Cantrell (Director General)
Member (Finance only, does not participate in Audit Section of the Committee's deliberation)

Statement by the Board Chair

IRRI registered a total revenue of \$29.690m vis-a-vis \$30.655m in the preceding year representing a drop of \$0.965m (3%). Operating results before non-recurring items rose by about 134% from a deficit of \$2.908m in 2002 to a surplus of \$1.013m for the year under review. The net operating surplus after non-recurring items of US\$2.264m (2002:US\$2.721m) was US\$3.277m vis-a-vis a deficit of US\$.187m in 2002.

Review of Operations

The major thrust of the Institute's financial management operations during the year was the objective of working towards a balanced budget by 2004. In pursuance of this, a budget restructuring exercise which included staff retrenchment was undertaken towards the end of 2002. The retrenchment exercise paid off as indicated by a reduction in total staff cost from \$16.222m in previous year to \$12.795m in 2003. This coupled with the fall in the value of US dollar against some of the major currencies has helped IRRI get closer to achieving the goal of a balanced budget by 2004. The Institute continues to make inroads into new areas of research in response to the demands by the rice producing developing countries. Such new thrusts include post harvest technology and training, establishing a new grain quality and nutrition research facility and a centralized new bioinformatics centre at IRRI, developing a new IRRI rice research program for Africa, and establishing new information dissemination networks and training in the Greater Mekong Subregion including Myanmar.

Financial Position

IRRI's financial position continues to be strong. IRRI did not operate an overdraft with any of its bankers during the year. The current ratio as at 2003 December 31 is 3.5:1 compared to 3.4:1 in the preceding year. The working capital as days' of expenditure excluding depreciation was 404 days (2002: 291 days). The financial stability index which measures the number of days of expenditure of unrestricted net assets excluding investment in fixed assets stands at 523days (2002:397 days).

All these indications are well above the CGIAR norms.

The ratio of liabilities (current and long term) to unrestricted net assets is 1:3.

Prospects, Risks and Opportunities

Financial risks are part of a broader spectrum of risks that IRRI manages. The continued unpredictability of the level of grants available to IRRI is a key financial risk. IRRI has made every effort to replace lost traditional grants with new competitive grants through the Challenge Programs. A total of \$1.692m in Challenge Program funding is expected to come to IRRI in 2004. This source of funding is becoming valuable to IRRI. The financing plan target of \$31.0m set in the Medium Term Plan is expected to be achieved during 2004. Meanwhile, IRRI's unrestricted net assets level provides the Institute with the necessary flexibility to deal in the short run with any unexpected negative impact on our operations. The Board as part of its risk assessment management role will continue to monitor and manage these net assets for the maximum benefit of Institute's work.

In general, the Board oversees the operations of the Institute in the interest of donors and stakeholders and in awareness of its responsibilities towards employees, communities and the environment in the countries in which we operate.

Board of Trustees

I would like to express my sincere best wishes to Mrs. Angeline S. Kamba, Dr. Mike Gale, and Dr. Jian Song who left the Board during the year. The Institute benefited from their hard work and dedication. I would like to extend a warm welcome to Prof. Baowen Zhang, Dr. Ruth K. Oniang'o and Dr. Ronald L. Phillips who have been appointed to the Board of Trustees. I am certain that their vast experiences will be invaluable to the Institute.

Appreciation

On behalf of the Board of Trustees, I would like to thank the management and staff for their dedication and perseverance in facing the challenges during the year under review. We would like also to record our appreciation to our donors and investors and CGIAR partners for their continued support and cooperation.



Dr. Keijiro Otsuka
Chairperson, Board of Trustees

INTERNATIONAL RICE RESEARCH INSTITUTE
Financial Statements
December 31, 2003 and 2002

Management Statement of Responsibility for Financial Reporting

The accompanying financial statements of the International Rice Research Institute (IRRI), are the responsibility of management and have been prepared in accordance with generally accepted accounting principles. IRRI management also claims responsibility for the substance and objectivity of the information contained therein.

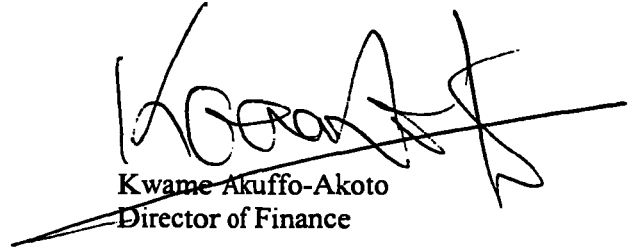
Our financial reporting practices follows the "Accounting Policies and Reporting Practices Manual – Financial Guidelines Series No. 2" of the CGIAR. IRRI maintains a system of internal control designed to provide reasonable assurance that assets are safeguarded and transactions are properly recorded and executed in accordance with management's authorization.

A system of reporting within the Institute present the management with an accurate view of the operations, enabling us to discern risks to our assets or fluctuations in the economic environment of the Institute at an early stage and at the same time providing a reliable basis for the financial statements and management reports.

The Board of Trustees exercises its responsibility for these financial statements through it's Finance and Audit Committee. The Committee meets regularly with management and representatives of the external auditors to review matters relating to financial reporting, internal controls, and auditing.



Ronald P. Cantrell
Director General



Kwame Akuffo-Akoto
Director of Finance

Report of Independent Auditors

The Board of Trustees
International Rice Research Institute

We have audited the accompanying statements of financial position of International Rice Research Institute (a nonstock, nonprofit organization) as of December 31, 2003 and 2002, and the related statements of activities, changes in net assets and cash flows for the years then ended. These financial statements and the supplementary schedules referred to below are the responsibility of the Institute's management. Our responsibility is to express an opinion on these financial statements and supplementary schedules based on our audits.

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

As explained in Note 2 to the financial statements, the Institute's financial statements are prepared on the basis of accounting practices prescribed for international agricultural research centers under the auspices of the Consultative Group on International Agricultural Research (CGIAR).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of International Rice Research Institute as of December 31, 2003 and 2002, and the results of its activities and its cash flows for the years then ended in conformity with the CGIAR guidelines.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary schedules of grant revenue, operating expenses and the calculation of indirect cost rates for the years ended December 31, 2003 and 2002 and the supplementary schedules of temporarily restricted agenda and challenge program fundings, and property and equipment for the year ended December 31, 2003 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information in such supplementary schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



A Member Practice of Ernst & Young Global

April 2, 2004



INTERNATIONAL RICE RESEARCH INSTITUTE
(A Nonstock, Nonprofit Organization)

STATEMENTS OF FINANCIAL POSITION
(In Thousands of US Dollars)

	December 31	
		2002
		(As restated -
	2003	Note 14)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 3)	30,795	29,830
Accounts receivable		
Donors (Note 4)	8,688	3,922
Employees	265	153
Others (Note 5)	1,242	1,554
	10,195	5,629
Less allowance for doubtful accounts	274	239
	9,921	5,390
Inventories - net (Note 6)	364	328
Prepaid expenses	340	286
Total Current Assets	41,420	35,834
Noncurrent Assets		
Property and equipment - net (Note 7)	8,491	8,803
Other assets (Note 8)	10,816	11,910
Total Noncurrent Assets	19,307	20,713
	60,727	56,547
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable		
Donors (Note 9)	6,818	5,513
Employees (Note 10)	48	77
Others (Note 11)	1,543	1,879
	8,409	7,469
Accruals (Note 12)	3,340	3,236
Total Current Liabilities	11,749	10,705
Long-term Liabilities		
Accounts payable - employees (Note 10)	2,207	2,818
Total Liabilities	13,956	13,523
Net Assets (Note 14)		
Undesignated	10,010	6,313
Designated	36,761	36,711
Total Net Assets	46,771	43,024
	60,727	56,547

See accompanying Notes to Financial Statements.



INTERNATIONAL RICE RESEARCH INSTITUTE

(A Nonstock, Nonprofit Organization)

STATEMENTS OF ACTIVITIES

(In Thousands of US Dollars)

Years Ended December 31						
2003						
	Unrestricted	Temporarily Restricted	Sub-total	Challenge Program	Total	2002
REVENUES						
Grants	11,501	15,314	26,815	310	27,125	28,406
Other revenues (Note 15)	2,565	—	2,565	—	2,565	2,249
	14,066	15,314	29,380	310	29,690	30,655
OPERATING EXPENSES						
Program-related	8,890	14,467	23,357	310	23,667	27,191
Management and general	5,878	847	6,725	—	6,725	7,770
	14,768	15,314	30,082	310	30,392	34,961
Recovery of indirect costs (Note 16)	(1,715)	—	(1,715)	—	(1,715)	(1,398)
	13,053	15,314	28,367	310	28,677	33,563
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE UNREALIZED FOREIGN EXCHANGE GAIN						
	1,013	—	1,013	—	1,013	(2,908)
UNREALIZED FOREIGN EXCHANGE GAIN						
	2,264	—	2,264	—	2,264	2,721
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES						
	3,277	—	3,277	—	3,277	(187)
MEMO ITEMS						
Operating expenses - by natural classification:						
Personnel costs	5,811	6,873	12,684	111	12,795	16,222
Supplies, services and others	5,865	6,664	12,529	69	12,598	14,158
Operational travel	1,116	1,777	2,893	130	3,023	2,454
Depreciation	1,976	—	1,976	—	1,976	2,127
Recovery of indirect costs	(1,715)	—	(1,715)	—	(1,715)	(1,398)
	13,053	15,314	28,367	310	28,677	33,563

See accompanying Notes to Financial Statements.



INTERNATIONAL RICE RESEARCH INSTITUTE
(A Nonstock, Nonprofit Organization)

STATEMENTS OF CHANGES IN NET ASSETS
(In Thousands of US Dollars)

	Undesignated	Designated					Total Designated Net Assets	Total Net Assets
		Investment in Fixed Assets	Fixed Assets Acquisition	GRCEGD*	Staff Separation	Knowledge Pathways Initiative		
Beginning balance, January 1, 2002								
As previously reported	6,186	9,866	9,652	-	-	-	19,518	25,704
Adoption of new provisions of CGIAR Accounting Policies and Reporting Practices Manual - Financial Guidelines Series No. 2 dated November 2003 (Note 14)	314	-	1,282	7,549	6,632	1,778	17,241	17,555
As restated	6,500	9,866	10,934	7,549	6,632	1,778	36,759	43,259
Capital reserve replenishment	-	(2,127)	2,127	-	-	-	-	-
Deficiency of revenues over expenses	(187)	-	-	-	-	-	-	(187)
Acquisition of fixed assets	-	1,064	(1,112)	-	-	-	(48)	(48)
Ending balance, December 31, 2002	6,313	8,803	11,949	7,549	6,632	1,778	36,711	43,024
Capital reserve replenishment	-	(1,976)	1,976	-	-	-	-	-
Excess of revenues over expenses	3,697	(118)	-	-	-	(302)	(420)	3,277
Acquisition of fixed assets	-	1,782	(1,312)	-	-	-	470	470
Ending balance, December 31, 2003	10,010	8,491	12,613	7,549	6,632	1,476	36,761	46,771

* Genetic Resources Conservation, Evaluation, and Gene Discovery (GRCEGD)

See accompanying Notes to Financial Statements.



INTERNATIONAL RICE RESEARCH INSTITUTE**(A Nonstock, Nonprofit Organization)****STATEMENTS OF CASH FLOWS****(In Thousands of US Dollars)**

	Years Ended December 31	
		2002
		(As restated -
	2003	Note 14)
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	3,277	(187)
Adjustments for:		
Depreciation	1,976	2,127
Provision for decline in value of investment	139	1,522
Provision for/write-off of doubtful accounts	35	35
Interest income	(1,038)	(1,131)
Loss on disposal of property and equipment	(118)	(121)
Provision for inventory obsolescence	-	198
Net operating revenue before working capital changes	4,271	2,443
Decrease (increase) in:		
Accounts receivable	(4,566)	(184)
Inventories	(36)	423
Prepaid expenses	(54)	157
Increase (decrease) in:		
Accounts payable	329	(120)
Accruals	104	(2,343)
Cash generated from operations	48	376
Interest received	1,038	1,131
Net cash provided by operating activities	1,086	1,507
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in other assets	955	4,338
Net movement of fixed assets acquisition reserve	470	(48)
Net acquisition of property and equipment	(1,546)	(943)
Net cash provided by (used in) investing activities	(121)	3,347
NET INCREASE IN CASH AND CASH EQUIVALENTS	965	4,854
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	29,830	24,976
CASH AND CASH EQUIVALENTS AT END OF YEAR	30,795	29,830

See accompanying Notes to Financial Statements.

INTERNATIONAL RICE RESEARCH INSTITUTE

(A Nonstock, Nonprofit Organization)

NOTES TO FINANCIAL STATEMENTS

1. General

International Rice Research Institute (the Institute) was established in 1960 to undertake basic research on the rice plant and applied research on all phases of rice production, management, distribution and utilization with the objective of attaining nutritive and economic advantage and benefit for the people of Asia and other major rice-growing areas.

The Institute was conferred the status of an international organization in the Philippines under Presidential Decree (PD) No. 1620.

As a nonstock, nonprofit organization under Republic Act No. 2707 and an international organization under PD No. 1620, the Institute was granted, among other privileges and prerogatives, the following tax exemptions:

- a) exemption from the payment of gift, franchise, specific, percentage, real property, exchange, import, export, documentary stamp, value-added and all other taxes provided under existing laws or ordinances. This exemption extends to goods imported and owned by the Institute, leased or used by its staff;
- b) exemption from payment of gift tax; all gifts, contributions and donations to the Institute are considered allowable deductions for purposes of determining the income tax of the donor; and
- c) exemption from payment of income tax of non-Filipino citizens serving on the Institute's technical and scientific staff on salaries and stipends in United States (US) dollars received solely from, and by reason of, service rendered to the Institute.

The Institute receives support from various donor agencies and entities primarily through the Consultative Group on International Agricultural Research (CGIAR). CGIAR is a group of donors composed of governments of various nations and international organizations and foundations.

On May 19, 1995, an international agreement that recognizes the status of the Institute as an international organization was signed. The said agreement allows the Institute to have a juridical status to more effectively pursue its international collaborative activities in rice research and training.

The accompanying financial statements and supplementary schedules of the Institute were approved and authorized for issue by the Board of Trustees on April 2, 2004.



2. Summary of Significant Accounting Policies

Basis of Financial Statements

The accompanying financial statements, expressed in US dollars, are prepared on the basis of accounting practices prescribed for international agricultural research centers under the auspices of the CGIAR. These practices conform with International Financial Reporting Standards.

In November 2003, the CGIAR revised the "Accounting Policies and Procedures Manual - Financial Guidelines Series No. 2" (the Guideline) to be used in preparing the financial statements beginning January 1, 2004. The Institute opted for early adoption in 2003.

Revenue Recognition

Grants are recognized as revenue upon the substantial fulfillment of the conditions attached to them, regardless of the period when it is intended to be used, or when the donor has explicitly waived the conditions. Grants are classified according to the type of restrictions attached to them.

Restricted grants and challenge program are grants received in support of specified projects or activities mutually agreed upon by the Institute and donors, and labeled as permanently or temporarily restricted. Revenue is recognized to the extent of expenses actually incurred. Excess of grants received over expenses, representing grants applicable to succeeding years, is shown as "Accounts payable - donors" account in the statements of financial position.

Unrestricted grants are grants received which the Institute may freely use for its mandated activities.

Grants in kind are recorded at the fair value of the assets received while cash grants are recorded at its US dollars equivalent.

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are both (a) readily convertible to known amounts of cash and (b) so near maturity date that they present insignificant risk of changes in value.

Accounts Receivable

Accounts receivable are carried at its gross amount less an allowance for any uncollectible amounts. Allowance for doubtful accounts is based on past experiences and on continuing review of receivable aging reports and other relevant factors.

When accounts receivable-donor is deemed doubtful of collection, the Institute provides an allowance for doubtful accounts during the year in which they are deemed doubtful.

Any receivables or portion of receivable adjudged to be uncollectible are written-off. The write-off of receivables is done after all efforts to collect have been exhausted.



Inventories

Inventories are stated at the lower of cost or net realizable value. Cost, which includes the purchase price plus cost of freight, installation and handling charges, is determined using the moving-average method.

Property and Equipment

Property and equipment acquired prior to 1991 are carried at cost or estimated value; acquisitions starting 1991 are stated at cost. Capital expenditures with a minimum cost of US\$500 or its equivalent and with an estimated life beyond one year are capitalized. The cost of an item of property and equipment comprises its purchase price and all other incidental cost in bringing the assets to its working condition for its intended use. Depreciation of all assets which are owned by the Institute is computed using the straight-line method over the estimated useful lives of the related assets:

<u>Category Description</u>	<u>Estimated life in years</u>
Physical facilities	
Building and improvements	60
Infrastructure	
Site improvements	25
Furnishing and equipment	
Farming	
Farm machinery and equipment	7-10
Shop machinery and equipment	7-10
Laboratory	5-10
Office	5-10
Auxiliary units	5-10
Vehicles	4-7
Computers	3-5

Depreciation is made in the month the asset was placed in operation and is continued until the asset has been fully depreciated or it was discontinued for use.

Foreign Currency Transactions and Translations

Foreign currency denominated transactions are translated to US dollars for reporting purposes at standard bookkeeping rates which approximate the exchange rates prevailing at the dates of the transactions. Exchange differences arising from (a) the settlement of foreign currency-denominated monetary items at rates which are different from which they were originally booked; and (b) the translation of balances of foreign-currency denominated monetary items are credited or charged to operations during the year.

Staff Benefits Plan

The Institute maintains a noncontributory provident fund for the benefit of its nationally recruited staff. Monthly contribution to the fund is computed at 10.5% of an employee's monthly basic salary. The plan provides for lump-sum payment to qualified employees/members, upon their separation from the Institute, under certain conditions.



Provisions

Starting 2003, provision is recognized only when the Institute has (1) a present obligation (legal or constructive) as a result of a past event, (2) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (3) a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

In prior years, provisions for contingencies were accrued when it is probable that a liability had been incurred at statement of financial position date and the amount can be reasonably estimated. Otherwise, the loss contingencies were disclosed.

Recovery of Indirect Costs

The pooling of direct and indirect costs is based on the principle of attribution and assignability. Expenditures are pooled to different resource user units (cost centers) by direct identification. Expenditures that are common to the different cost centers are allocated on the basis of resource drivers. Non-operating and non-recurring expenditures are excluded in the computation.

Direct and indirect costs exclude capital expenditures, but include depreciation in the case of core projects. For restricted agenda projects, the indirect cost rates may include capital expenditures depending on the terms and conditions of the relevant agreements.

The method of calculating the indirect cost recovery rate is prescribed in the CGIAR Financial Guidelines No. 5.

Subsequent Events

Post-year-end events that provide additional information about the Institute's situation at the statement of financial position date (adjusting events) are reflected in the financial statements, if any. Post-year-end events that are not adjusting events are disclosed in the notes when material.

3. Cash and Cash Equivalents

This account consists of:

	2003	2002
	(US Dollars '000)	
Cash on hand and in banks	5,401	8,055
Short-term investments		
Cost	27,055	21,775
Less allowance for decline in value	1,661	-
	25,394	21,775
	30,795	29,830

As of December 31, 2003, short-term investments include a three-year commercial bond amounting to 3.0 million Euro which will mature on January 7, 2004. As of December 31, 2002, this investment is shown in "Other assets" account (Note 8).



4. Accounts Receivable - Donors

This account consists of unreleased balances of approved grants and expenses advanced as of year-end which are classified as follows:

	2003	2002
	(US Dollars '000)	
Unrestricted	3,739	876
Restricted	4,805	3,046
Challenge program	144	-
	<u>8,688</u>	<u>3,922</u>

5. Accounts Receivable - Others

This account consists of:

	2003	2002
	(US Dollars '000)	
Advances to suppliers	746	1,134
Others	496	420
	<u>1,242</u>	<u>1,554</u>

6. Inventories

This account consists of:

	2003	2002
	(US Dollars '000)	
Spare parts	606	586
Supplies and other inventories	222	221
	<u>828</u>	<u>807</u>
Less allowance for obsolescence	464	479
	<u>364</u>	<u>328</u>



7. Property and Equipment

This account consists of:

	2003	2002
	(US Dollars '000)	
Cost		
Physical facilities	123	123
Infrastructure	657	657
Furnishing and equipment	28,204	27,725
	28,984	28,505
Less accumulated depreciation		
Physical facilities	25	23
Infrastructure	185	167
Furnishing and equipment	20,283	19,512
	20,493	19,702
Net book value	8,491	8,803

The total cost of Property and Equipment as of December 31, 2003 and 2002 does not include the cost of assets in custody amounting to US\$4,845 thousand and US\$4,201 thousand, respectively.

On September 7, 2001, the Institute renewed its lease agreement for research facilities with the University of the Philippines System (University). The new lease agreement, which took effect on July 1, 2000, is for a period of 25 years up to June 30, 2025, and is renewable upon mutual agreement of the parties. Under the terms of the agreement, the following provisions apply:

- a. The Institute will pay a rental of one peso every year for the parcels of land used as sites for its laboratories, office and service buildings and housing. In addition and continuing the past practice of providing the equivalent in cash of the approximate value of agricultural products that otherwise could be grown on this land, the Institute provided a lump-sum, and non-reimbursable financial assistance to the University in the amount of US\$375,000.
- b. For the duration of the lease, the Institute will also contribute to the cost of development and maintenance of the University road network, utilities, other infrastructure, health services, sanitary landfill management, security, etc. outside the leased land, in the amount of US\$12,500 per year. Upon signing of the agreement, the first 10-year payment (US\$125,000) was paid as a lump-sum, and the remainder will be paid in annual installments starting in the 11th year of the lease.

Pursuant to the Memorandum of Understanding between the Government of the Republic of the Philippines and the Institute, all the physical plant, equipment and other assets belonging to the Institute shall become the property of the University when and if the Institute ceases its operation.

In support of any expansion of the agricultural research program of the Institute and the University, the Philippine Government authorized the University to acquire, by negotiated sale or by expropriation, certain private agricultural property under PD No. 457.



The Institute leases land and other properties from third parties for project experimental sites with periods ranging from one to five years.

The Institute owns an administrative office in Makati City, Philippines.

Depreciation expense amounted to US\$1,976 thousand and US\$2,127 thousand in 2003 and 2002, respectively.

8. Other Assets

This account consists of:

	2003	2002
	(US Dollars '000)	
Long-term investments:		
Cost	10,810	13,431
Less allowance for decline in value	—	(1,522)
	10,810	11,909
Refundable deposits	6	1
	10,816	11,910

As of December 31, 2003 and 2002, the long-term investments include US\$3.5 million pertaining to callable principal protected notes (PPNs) with a foreign bank. These PPNs consist of zero-coupon bonds with 5-7 years duration combined with a call option investing on a particular equity index or set of indices. These bonds appreciate to 100% of par during the investment period ensuring return of the principal at maturity, and the option provides a share of any appreciation in the equity index.

As of December 31, 2002, the long-term investments also include a three-year commercial bond which pays a guaranteed interest of 7.5% per annum and will mature on January 7, 2004. The principal is linked to the Euro Stoxx 50 index. The bond provided that if the index falls by less than 25% from the strike level on the day of purchase, the full amount of the principal will be recovered at maturity date. As of December 31, 2002, the index had fallen by 50.70% and a provision for the decline in value of the principal amounting to US\$1,522 thousand is recognized in 2002 statement of activities. As of December 31, 2003, this account was included in the "Cash and cash equivalents" in the 2003 statement of financial position.



9. Accounts Payable - Donors

This account consists of grants received in advance, which are applicable to succeeding years.

	2003	2002
	(US Dollars '000)	
Restricted	5,451	3,940
Unrestricted	1,312	1,573
Challenge program	55	-
	<u>6,818</u>	<u>5,513</u>

10. Accounts Payable - Employees

This account consists of accumulated leave credits due to internationally and nationally recruited staff upon termination of services in addition to repatriation costs of internationally recruited staff and unclaimed wages of terminated staff.

11. Accounts Payable - Others

This account consists mainly of accrued project scientists' allowances and benefits, and training charges of research fellows and trainees, such as stipend, board and lodging and other direct expenses to be paid by the Institute. This account also includes funds provided by donors, which are managed by the Institute with ultimate beneficiaries other than CGIAR centers.

12. Accruals

This account consists of:

	2003	2002 (As restated - Note 14)
	(US Dollars '000)	
Trade	1,124	2,029
Staff benefits	243	110
Capital projects	200	220
Others	1,773	877
	<u>3,340</u>	<u>3,236</u>



13. Staff Benefits Plan

The Institute maintains a noncontributory provident fund for the benefit of its nationally recruited staff. Contributions to the fund amounted to about US\$280 thousand and US\$351 thousand in 2003 and 2002, respectively.

14. Net Assets

Designated net assets amounting to US\$36,761 thousand and US\$36,711 thousand as of December 31, 2003 and 2002, respectively, represent the portion designated by the Institute's management for specific purpose.

Undesignated net assets amounting to US\$10,010 thousand and US\$6,313 thousand as of December 31, 2003 and 2002, respectively, represent the portion not designated by the Institute's management for any specific purpose.

In November 2003, the CGIAR revised the "Accounting Policies and Procedures Manual - Financial Guidelines Series No. 2" (the Guideline) to be used in preparing the financial statements beginning January 1, 2004. The Institute opted for an early adoption in 2003. In accordance with the Guideline, specifically IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, previous years' accruals amounting to US\$17,555 thousand were reported as adjustments to the net assets as of January 1, 2002 and comparative information in 2002 was restated.

15. Other Revenues

This account consists of:

	2003	2002
	(US Dollars '000)	
Interest income	1,038	1,130
Realized foreign exchange gain	525	523
Self-sustaining activities	356	285
Miscellaneous	646	311
	<u>2,565</u>	<u>2,249</u>

16. Indirect Cost Rate

The indirect cost recovery rate is 21.76% and 18.44% in 2003 and 2002, respectively. The computation of indirect cost recovery rate is shown in Exhibit 5.



17. Contingencies

The Institute has pending legal lawsuits and disputes. Management, however, believes that the ultimate outcome of these lawsuits and disputes will not materially affect the Institute's financial position and the results of its activities.

18. Other Matter

The following accounts in the 2002 financial statements were reclassified to conform with the 2003 presentation:

From	To	Amount
		(US Dollars '000)
Other assets	Cash and cash equivalents	3,940
Funds in trust	Accounts payable - others	108



INTERNATIONAL RICE RESEARCH INSTITUTE
(A Nonstock, Nonprofit Organization)

SUPPLEMENTARY INFORMATION
DECEMBER 31, 2003 AND 2002

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EXHIBIT 1

**INTERNATIONAL RICE RESEARCH INSTITUTE
SCHEDULE OF GRANT REVENUE
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002
(In Thousands of US Dollars)**

DONORS	2003			Grant	Grant 2002
	Total Funds Available	Accounts Receivable	Advance Payment		
Unrestricted Agenda					
Australia	1,015	—	(558)	457	436
Belgium	—	106	—	106	92
Canada	761	—	—	761	632
China	—	130	—	130	130
Denmark	597	—	—	597	663
Germany	292	—	—	292	235
Japan	2,672	—	—	2,672	2,067
Korea	150	—	—	150	150
Netherlands	573	—	(206)	367	318
Norway	208	—	—	208	200
Philippines	48	51	—	99	86
Sweden	728	—	(268)	460	397
Switzerland	291	—	—	291	235
Thailand	(26)	52	—	26	26
United States	—	3,400	(280)	3,120	3,400
Vietnam	15	—	—	15	15
World Bank	1,750	—	—	1,750	3,805
Sub-total	9,074	3,739	(1,312)	11,501	12,887
Temporarily Restricted Agenda					
Asian Development Bank (ADB)	120	172	(20)	272	489
Australia	207	13	(39)	181	370
Canada	90	—	(27)	63	54
European Commission	480	1,863	(406)	1,937	2,304
France	635	113	—	748	632
Food and Agricultural Organization of the United States (FAO)	94	—	(71)	23	—
Germany	1,291	—	(502)	789	729
India	—	150	—	150	150
International Development Research Centre (IDRC)	7	—	(7)	—	—
International Fund for Agricultural Development (IFAD)	378	31	(111)	298	159

(Forward)



EXHIBIT 1

DONORS	2003				Grant 2002
	Total Funds Available	Accounts Receivable	Advance Payment	Grant	
Iran	360	-	(260)	100	112
Japan	1,601	-	(215)	1,386	1,494
Korea	731	-	(336)	395	373
Netherlands	8	-	-	8	7
Philippines	21	-	(11)	10	11
Portugal	6	-	-	6	81
Rockefeller Foundation (RF)	719	264	(268)	715	1,130
Spain	50	-	-	50	-
Switzerland	3,999	15	(1,924)	2,090	1,922
United Kingdom	3,244	1,830	(31)	5,043	4,635
United States:					
United States Agency for International Development (USAID)	601	93	(236)	458	386
United States Department of Agriculture (USDA)	(173)	256	-	83	84
World Bank	1,163	-	(830)	333	57
Others	328	5	(157)	176	340
Sub-total	15,960	4,805	(5,451)	15,314	15,519
Total Agenda Grants	25,034	8,544	(6,763)	26,815	28,406
Challenge Program					
Genetic Diversity	6	10	-	16	-
Biofortification	60	6	-	66	-
Water and Food	100	128	-	228	-
Austria	55	-	(55)	-	-
Sub-total	221	144	(55)	310	-
	25,255	8,688	(6,818)	27,125	28,406



EXHIBIT 2

**INTERNATIONAL RICE RESEARCH INSTITUTE
SCHEDULE OF TEMPORARILY RESTRICTED AGENDA
AND CHALLENGE PROGRAM FUNDINGS
FOR THE YEAR ENDED DECEMBER 31, 2003
(In Thousands of US Dollars)**

Donor and Program/Project	Grant Period (DD/MM/YY)	Grant Pledged	Expenditures		
			Prior Years	2003	Total
Asian Development Bank (ADB)					
Sustaining Food Security in Asia through the Development of Hybrid Rice Technology	01/01/02 - 31/12/04	1,000	239	255	494
Development of Training Course on Water Saving Technologies in Rice Production	1/11/03 - 10/31/04	49	—	—	—
International Workshop on Strategies for Sustainable development of Agricultural Production Systems in the Highlands of Greater Mekong Sub-Region Countries	09/16/03 - 12/09/03	20	—	17	17
		1,069	239	272	511
Australia					
Molecular Tools for Achieving Apomixis in Rice (IRRI Portion)	01/01/97 - 31/03/03	305	299	6	305
Impact Assessment of Rodent Control Projects Consultancy	17/11/03 - 06/02/03	18	—	9	9
Impacts on Alternative Policy Options on the Agricultural Sector in Vietnam	01/07/99 - 31/12/03	13	2	4	6
Growing Rice with Less Water: Increasing Water Productivity in Rice-based Cropping System	01/07/01 - 30/06/05	88	27	20	47
Rodent Ecology Working Group	01/01/99 - 31/12/03	11	6	5	11
East Timor Seeds of Life	01/11/00 - 30/06/03	43	23	12	35
Diagnostic Key for Tropical Rice Disorders	01/01/01 - 31/12/03	28	28		28
Research and Training on Rodent Management and Ecology Research	19/05/03 - 06/06/03	16	—	16	16
Fertilization-Independent Formation of Embryo and Pericarp for Apomictic Hybrid Rice	01/07/03 - 30/06/08	988	—	106	106
Increased Productivity of Rice-based Cropping Systems in Lao PDR, Cambodia and Australia	01/07/00 - 30/06/05	9	1	3	4
		1,519	386	181	567
Canada					
CGIAR-Canada Linkage Fund-Functional Annotation of Rice Genomic Sequences	01/07/01 - 30/06/04	95	68	3	71
Fund for Africa	01/01/03 - 31/12/03	60	—	60	60
		155	68	63	131
European Commission					
Germplasm Conservation, Characterization, Documentation and Exchange (Asia)	01/01/03 - 31/12/03	276	—	276	276
Functional Genomics (Asia)	01/01/03 - 31/12/03	632	—	632	632

(Forward)



EXHIBIT 2

Donor and Program/Project	Grant Period (DD/MM/YY)	Grant Pledged	Expenditures		
			Prior Years	2003	Total
Genetic Enhancement for Improving Productivity and Human Health in Fragile Environments (Asia)	01/01/03 - 31/12/03	1,029	–	1,029	1,029
		1,937	–	1,937	1,937
France					
IRRI/France Collaborative Projects	01/01/03 - 31/12/03	748	–	748	748
Food and Agriculture Organization of the United Nations					
The Geographical Distribution of Poverty and Food Security in Bangladesh: Implications for the Design of Policy and Agricultural R&D&E Interventions	01/04/03 - 31/03/04	99	–	23	23
Germany					
Capturing Rice Yield Potential through Biotechnology	01/01/99 - 28/02/03	766	733	33	766
Trait and Gene Discovery to Stabilize Rice Yields in Drought-Prone Environments	01/01/01 - 31/12/04	1,442	701	406	1,107
Genetics of Physiology of Phosphorous Uptake in Rainfed Rice	01/12/01 - 30/11/04	236	70	68	138
Managing N-Fertilization through Crop Demand- Driven Field Specific Application (K. Win)	01/04/01 - 31/03/03	8	6	2	8
Managing Crop Residues for Healthy Soils in Rice Ecosystem	01/04/03 - 31/03/06	1,489	–	280	280
		3,941	1,510	789	2,299
India					
IRRI/India Collaborative Project	01/01/03 - 31/12/03	150	–	150	150
International Development Research Center					
Efficiency Improvement & Environment Sustainability: Exploring the Economy of Fertilizer-Nitrogen Use of Irrigated Rice in China	01/01/03 - 31/12/05	25	–	–	–
International Fund for Agricultural Development (IFAD)					
Validation and Delivery of New Technologies for Increasing the Productivity of Flood - Prone Rice Lands in South and Southeast Asia	01/06/99 - 31/12/03	1,000	622	267	889
Accelerating Technology Adoption to Improve Rural Livelihood in the Rainfed Eastern Gangetic Plains	22/09/03 - 30/09/06	1,500	–	31	31
		2,500	622	298	920
Iran					
Scientific & Technical Cooperation between Iran and IRRI	01/01/99 - 31/12/04	1,010	650	100	750

(Forward)



EXHIBIT 2

Donor and Program/Project	Grant Period (DD/MM/YY)	Grant Pledged	Expenditures		
			Prior Years	2003	Total
Japan					
Germplasm Conservation, Characterization, Documentation and Exchange: Conservation and Characterization of Rice and Biofertilizer Genetic Resources	01/01/03 - 31/12/03	200	—	200	200
Functional Genomics	01/01/03 - 31/12/03	200	—	200	200
Genetic Enhancement for Yield, Grain Quality, and Stress Resistance: Identify Desirable Components of High Yield Potential, Multiple Resistance and Superior Grain Quality	01/01/03 - 31/12/03	200	—	200	200
Managing Resources under Intensified Rice- Based Systems	01/01/03 - 31/12/03	200	—	200	200
Genetic Enhancement for Improving Productivity and Human Health in Fragile Environments: Develop Rainfed Rice with Enhanced Stress Tolerance, Nutrient Acquisition, and Grain Quality in Partnership with NARES	01/01/03 - 31/12/03	100	—	100	100
Natural Resource Management for Rainfed and Upland Rice Ecosystems Activities	01/01/03 - 31/12/03	100	—	100	100
Ecoregional Approaches for Integrated Natural Resource Management and Livelihood Improvement: Support the NARES Consortium on Rice-Wheat Systems For the Indo-Gangetic Plains	01/01/03 - 31/12/03	100	—	100	100
Physio Genetic Studies on Yield Determination and Ecological Adaptability for Sustainable Rice Culture (MAFF)	01/10/99 - 30/09/04	1,687	1,188	286	1,474
		2,787	1,188	1,386	2,574
Korea					
Korea Support to IRRI's Program	01/01/03 - 31/12/03	50	—	50	50
Wide Hybridization and Gene Introgression for Rice Improvement	01/07/03 - 30/06/06	150	—	6	6
Rice Functional Genomic Approach Against Rice Blast Disease	01/07/03 - 30/06/06	150	—	5	5
Analysis of Virus Resistance Mechanism in Rice Plants Using Disease-Related Gene Expression Profiles	01/02/03 - 31/12/05	60	—	19	19
Cooperative Funding for Korea-IRRI Collaborative Projects	01/01/00 - 31/12/03	167	109	50	159
Korea-IRRI Collaborative Project	01/01/01 - 31/12/03	175	55	30	85
IRRI Korea Office	17/11/01 - 31/12/03	483	258	210	468
Korean Seed Multiplication Project	01/01/01 - 31/12/03	99	35	25	60
		1,334	457	395	852
Netherlands					
Water X Nitrogen Interaction and Nitrogen Economy of Low Land Rice Under Water Saving Irrigation	01/01/00 - 01/01/04	28	20	8	28
Philippines					
Assessing the Impact of Potential Trade Liberalization of the Philippine Rice Sector	01/01/02 - 31/12/05	32	11	10	21
(Forward)					



EXHIBIT 2

Donor and Program/Project	Grant Period (DD/MM/YY)	Grant Pledged	Expenditures		
			Prior Years	2003	Total
Portugal					
Portugal/IRRI Collaborative Project	01/01/01 - 31/12/03	70	65	5	70
Portugal/IRRI Collaborative Project - M. Vasconsuelos	01/09/01 - 31/08/03	20	19	1	20
		90	84	6	90
Rockefeller Foundation (RF)					
Mapping Alien Segments Introgressed from Wild Species Onto The Rice Chromosomes Thru In- Situ Hybridization	01/04/00 - 30/06/03	69	45	24	69
Development and Utilization of Transgenic Rice Products	01/04/00 - 30/06/03	98	93	–	93
Application of Molecular Techniques	01/04/00 - 30/06/03	130	130	–	130
Sustainable Use of Bacillus Thuringiensis Toxins in Rice	01/04/00 - 30/06/03	89	89	–	89
Physical Mapping of the Rice Genome and Molecular Cloning of XA5 and XA13	01/04/00 - 30/06/03	114	114	–	114
Using Entertainment Education Approach to Motivate Rice Farmers to Reduce Pesticide Use in the Mekong Basin	01/01/03 – 31/12/05	300	–	81	81
Research on Mapping QTL's for Blast Resistance and the Introgression of Major Genes and QTL's for Durable Blast Resistance in Rice	01/04/99 - 31/12/03	45	29	–	29
Research on Development, Characterization and Bioassay of Transgenic Indica Rices Suitable for Eastern India	01/03/99 - 31/12/03	70	67	3	70
Marker Assisted Breeding for Bacterial Blight and Blast Resistance in Rice Varieties Adapted for Eastern India	01/08/00 - 31/07/03	20	8	5	13
Transformation of Rice with Gene Mannitol-1 Phosphate Dehydrogenase in the Cytosol and Chloroplast Using Green Tissue-specific and Adscisic Acid Responsive Promotes - M.A.M. Zahed	01/03/00 - 26/07/03	26	17	9	26
Strengthening Intellectual Property and Technology Transfer Management at Key Centers of the Consultative Group on International Agricultural Research (CGIAR)	01/11/00 - 31/03/04	700	491	161	652
Identification and Characterization of Genes that Have the Potential to Enhance Drought Tolerance in Rice (Tilling of Rice)	01/09/03 - 30/08/06	125	–	15	15
Research on Economic Value of Rice Biotechnologies Recently Adopted by Asian Farmers	01/08/03 - 01/01/05	35	–	–	0
Increasing Productivity and Sustainability in Rainfed Rice: A Focus on Drought Prone Environments	01/02/01 - 31/01/04	500	367	60	427
Predocutorial Fellowship - N.T. Hue	01/11/02 - 31/03/04	10	1	7	8
Support for Post-Doctoral Fellow on Mass Screening of Rice for Drought Tolerance	01/04/02 - 31/03/05	150	19	55	74

(Forward)



EXHIBIT 2

Donor and Program/Project	Grant Period (DD/MM/YY)	Grant Pledged	Expenditures		
			Prior Years	2003	Total
Progress Toward Developing Resilient Crops for Drought-Prone Areas	01/04/02 - 31/03/05	146	92	27	119
Molecular Dissection and Marker Assisted Breeding of Drought Tolerance in Rice	01/04/02 - 31/03/05	362	28	88	116
Marker Aided Pyramiding of QTLs for Development of Drought Tolerant IR64	01/04/02 - 31/03/04	117	103	8	111
Screening Methods for Improving Grain Yield Under Reproductive Drought Stress in Rainfed Rice	01/04/02 - 31/03/05	446	144	116	260
Training of NARES at IRRI to Support Bioinformatics Integration of Genetic, Genomic, Proteomic Data for Marker-Aided Selection for Drought Tolerance	01/04/02 - 31/03/05	144	31	49	80
Economic Costs of Drought and Rainfed Farmers' Cropping System	01/04/02 - 31/03/04	93	81	7	88
		3,789	1,949	715	2,664
Spain					
Spain-IRRI Collaborative Project	01/01/03 - 31/12/03	50	—	50	50
Switzerland					
Lao-IRRI - Rice Research and Training Project Phase IV	01/07/00 - 30/06/03	2,741	2,107	569	2,676
Lao-IRRI-Rice Research and Training Project Phase V	01/07/03 - 31/12/05	1,852	—	322	322
The Irrigated Rice Research Consortium - Phase II Irrigated Rice Research Consortium Coordination Unit	01/01/01 - 31/12/04	454	18	122	140
Reaching Towards Optimal Productivity WorkGroup	01/01/01 - 31/12/04	1,725	671	468	1,139
Impact: Technology Communication, Dissemination and Evaluation WorkGroup	01/01/01 - 31/12/04	317	52	151	203
Weed Ecology WorkGroup	01/01/01 - 31/12/04	107	19	3	22
Water Saving WorkGroup	01/01/01 - 31/12/04	161	60	35	95
Rodent Management WorkGroup	01/01/01 - 31/12/04	146	60	55	115
Junior Professional Officer (Dr. Braun)	01/06/01 - 31/05/04	258	143	95	238
Lao PDR Rice Biodiversity Project, Phase 2	01/01/03 - 31/12/05	423	—	93	93
Rice Mutant Bank and Resource Platform for Functional Genomics	01/08/01 - 31/07/04	975	299	177	476
		9,159	3,429	2,090	5,519
United Kingdom					
Natural Resource Management for Rainfed Lowland and Upland Rice Ecosystems	01/01/03 - 31/12/03	1,198	—	1,198	1,198
Poverty Elimination Through Rice Research Assistance	31/08/99 - 31/08/04	14,777	6,505	3,722	10,227
Promotion of Integrated Weed Management for Direct Seeding of Rice on the Gangetic Plains	01/01/03 - 31/03/05	77	—	22	22
Accelerating Poverty Elimination through Sustainable Resource Management in Coastal Lands Protected from Salinity Intrusion	01/04/00 - 31/03/03	401	341	26	367

(Forward)



EXHIBIT 2

Donor and Program/Project	Grant Period (DD/MM/YY)	Grant Pledged	Expenditures		
			Prior Years	2003	Total
Promotion of Cost-Effective Weed Management Practices for Lowland Rice in Bangladesh	01/01/03 - 31/03/05	152	–	42	42
Determining the Nature and Function of Crop Associated Biodiversity for Sustainable Intensification of Rice-Based Production	01/04/00 - 31/08/03	56	23	33	56
		16,661	6,869	5,043	11,912
United States Agency for International Development (USAID)					
The Development, Evaluation and Distribution of Tropical Rice with Provitamin A	01/01/01 - 29/02/04	900	531	290	821
Golden Rice Network in Asia	01/01/03 - 31/12/05	1,000	–	74	74
Testing, Comparing, NuMaSS: The Nutrient Management Support System	01/09/03 - 30/09/07	45	–	2	2
Assessing the Potential Scale and Impact of Transgenic Outcrossing to Wild and Weedy Rices in Vietnam	01/10/01 - 30/09/04	400	106	92	198
		2,345	637	458	1,095
United States Department of Agriculture (USDA)					
Participatory Assessment of Social and Economic Impacts of Biotechnology	15/09/01 - 14/09/05	120	4	14	18
KSU-Contribution of Three Defense Response Genes in Quantitative Disease Resistance	01/06/03 - 01/09/04	150	–	37	37
KSU-Rice Deletion Mutant for Dissection of Quantitative Resistance	11/12/00 - 31/07/03	49	17	32	49
		319	21	83	104
World Bank					
Upgrading the International Rice Gene Bank Collection at IRRI	01/01/03 - 31/12/05	1,164	–	333	333
Others					
IFA/PPI/IP1 - Reaching Towards Optimum Products	01/01/01 - 31/12/04	432	133	91	224
PPI/PPIC - Reaching Towards Optimum Products - Myanmar	01/07/02 - 30/06/05	12	5	2	7
IFPRI-Rice Research, Technological Progress and Impacts on the Poor: The Bangladesh Case	01/09/00 - 28/02/03	130	101	18	119
IFPRI-Breeding for Iron-Dense Rice: A Low Cost Sustainable Approach to Reduce Anemia in Asia	01/06/01 - 31/12/04	230	190	37	227
Nunza BV - Further Development of ICIS	01/04/02 - 31/03/05	60	–	24	24
Central Luzon Loop Survey – Wet Season	01/11/03 - 31/03/04	15	–	4	4
Simulating Water and Nitrogen Interaction in the Rice-Wheat Cropping System	15/04/03 - 14/04/04	10	–	–	–
		889	429	176	605
Total Temporarily Restricted Agenda Funding		51,800	18,569	15,314	33,883

(Forward)



EXHIBIT 2

Donor and Program/Project	Grant Period (DD/MM/YY)	Grant Pledged	Expenditures		
			Prior Years	2003	Total
<i>Challenge Program</i>					
Water and Food	01/11/02 - 31/12/03	254	—	228	228
Genetic Diversity	01/01/03 - 31/12/03	16	—	16	16
Biofortification	09/09/03 - 31/12/03	101	—	66	66
Total Challenge Program		371	—	310	310
Total		52,171	18,569	15,624	34,193



EXHIBIT 3

**INTERNATIONAL RICE RESEARCH INSTITUTE
SCHEDULE OF PROPERTY AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2003
(In Thousands of US Dollars)**

	2003		
	Balance January 1	Additions	Balance December 31
Cost			
Physical Facilities	123	—	123
Infrastructure and Leasehold	657	—	657
Furnishing and Equipment			
Farming	2,919	177	3,009
Laboratory and scientific	9,332	556	9,627
Office	1,995	56	1,967
Auxiliary units	4,544	99	4,587
Computers	4,280	653	4,631
Vehicles	4,655	241	4,384
Sub-total	27,725	1,782	28,205
Total cost	28,505	1,782	28,985
Accumulated depreciation			
Physical facilities	23	2	25
Infrastructure and leasehold	167	18	185
Furnishing and equipment	19,512	1,956	20,284
Total accumulated depreciation	19,702	1,976	20,494
Net book value			
Physical facilities	100	(2)	98
Infrastructure and leasehold	490	(18)	472
Furnishing and equipment	8,213	(174)	7,921
	8,803	(194)	8,491



EXHIBIT 4

**INTERNATIONAL RICE RESEARCH INSTITUTE
DETAILS OF OPERATING EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002
(In Thousands of US Dollars)**

	2003						
	Research Programs	Research Support	Technical Support	Management	General Administration	Total	2002
1. Unrestricted							
Personnel	3,006	622	909	1,274	–	5,811	9,164
Supplies, services and others	980	484	700	1,065	2,636	5,865	7,428
Operational travel	451	29	211	425	–	1,116	723
Depreciation	836	301	361	396	82	1,976	2,127
Total operating costs	5,273	1,436	2,181	3,160	2,718	14,768	19,442
Recovery of indirect costs		–	–	–	(1,715)	(1,715)	(1,398)
Sub-total	5,273	1,436	2,181	3,160	1,003	13,053	18,044
2. Restricted							
Personnel	5,590	63	377	843	–	6,873	7,058
Supplies, services and others	6,664	–	–	–	–	6,664	6,730
Operational travel	1,773	–	–	4	–	1,777	1,731
Sub-total	14,027	63	377	847	–	15,314	15,519
3. Challenge Program							
Personnel	111	–	–	–	–	111	–
Supplies, services and others	69	–	–	–	–	69	–
Operational travel	130	–	–	–	–	130	–
Sub-total	310	–	–	–	–	310	–
Total	19,610	1,499	2,558	4,007	1,003	28,677	33,563



EXHIBIT 5

**INTERNATIONAL RICE RESEARCH INSTITUTE
CALCULATION OF INDIRECT COST
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002
(In Thousands of US Dollars)**

	2003	2002
Indirect Costs		
Administrative expenses	2,734	2,565
Common sustenance services	2,343	2,379
	<u>5,077</u>	<u>4,944</u>
Direct Costs		
Research programs	21,454	23,819
Research support	3,206	3,596
Operations	389	800
Total	<u>25,049</u>	<u>28,215</u>
Less overhead recovery	<u>1,715</u>	<u>1,398</u>
	<u>23,334</u>	<u>26,817</u>
Total Operating Costs	<u>28,411</u>	<u>31,761</u>
Indirect Cost Rates:		
Indirect costs	5,077	4,944
Total operating costs	28,411	31,761
	<u>17.87%</u>	<u>15.57%</u>
Indirect costs	5,077	4,944
Direct costs	23,334	26,817
	<u>21.76%</u>	<u>18.44%</u>

