

Annual Financial Statement

2011

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01

SHAREHOLDERS
SUPERVISORY BOARD
BODIES

SHAREHOLDERS, SUPERVISORY BOARD, BODIES

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Shareholders,
Supervisory Board, bodies

SHAREHOLDERS

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- Republic of Austria (Federal Ministry for Transport, Innovation and Technology) with 50.46%
- Federation of Austrian Industries with 49.54%

SUPERVISORY BOARD, BODIES

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Shareholders,
Supervisory Board, bodies

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Management

Anton PLIMON
Wolfgang KNOLL

Holders of general power of attorney

Josef FRÖHLICH
Alexander SVEJKOVSKY
Franz PIRKER
Helmut LEOPOLD
Brigitte BACH
Michaela FRITZ
Christian MEIXNER

since April 1, 2011

Supervisory Board

Chairperson

Hannes ANDROSCH

Deputy chairpersons

Gerhard RIEMER
August RESCHREITER

Supervisory Board

Peter EGGER
Silvia JANK

until March 21, 2011

Ingolf SCHÄDLER
Peter SCHWAB
Maria KUBITSCHEK
Edeltraud STIFTINGER
Wolfgang PELL
Karl Michael MILLAUER
Bernhard SCHATZ

as of March 21, 2011

Supervisory Board Members delegated by Works Council

Philip LEOPOLD

until March 24, 2011

Karl FARTHOFER
Heinrich HUMER

until March 24, 2011

Rudolf ORTHOFER
Eva WILHELM
Friederike STREBL
Andrea ALBRECHT
Gustavo FERNANDEZ

as of March 24, 2011
as of March 24, 2011

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Management report

02 MANAGEMENT REPORT

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Structure report

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2.1 STRUCTURE REPORT

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Structure report

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Following the comprehensive realignment and strategic focusing in 2009 and 2010, the change process at AIT in 2011 was aligned with the goals of adapting specific areas of the service portfolio as required and of completing work to optimize the operational structure.

One of the most significant measures taken with regard to targeted human resources development in line with the AIT objective of excellence was the creation of a company-wide chart of career models in 2010. This chart for the first time allows career paths to be outlined in a clear and transparent way and career development options to be depicted in the various career models to staff members in a well-structured fashion. In 2011 these career models and career paths were implemented within all Departments at AIT and supplemented through a variety of corresponding training and career development modules that are tailored to each of the career models. AIT's organizational and operational structure have consequently been put on a firm base, forming the foundation for further expanding research activities and for intensifying involvement in AIT's networks of contacts and collaborative efforts.

At Department level a number of measures were taken to continue to pursue the research objectives and focus on specific areas, build and intensify strategic cooperations at the national and international level, and establish AIT research activities in the international arena and further enhance its reputation in science.

2.1.1 Organizational structure and content-related orientation

Figure 2: The organizational chart shows the current structure of the AIT Group as of January 1, 2012

AIT Austrian Institute of Technology GmbH
Management

| Staff Units | Staff Unit Auditing | Unit Corporate and Legal Services |
|---|---|--|
| Department Foresight & Policy Development | Department Health & Environment | Department Safety & Security |
| Business Unit Technology Management | Business Unit Environmental Resources & Technologies | Business Unit Optical Quantum Technologies |
| Business Unit Research, Technology & Innovation Policy | Business Unit Bioresources | Business Unit Video and Security Technology |
| Business Unit Regional & Infrastructure Policy | Business Unit Molecular Medicine | Business Unit New Sensor Technologies |
| | Business Unit Biomedical Systems | Business Unit High-Performance Image Processing |
| | | Business Unit Safe and Autonomous Systems |
| | | Business Unit Information Management |
| | | Business Unit eHealth |

| | | | | |
|--|---|---|---|-----------------------------|
| Unit Finance & Controlling | | | | |
| Department Mobility | Department Energy | | Subsidiary Nuclear Engineering Seibersdorf GmbH | |
| Business Unit Electric Drive Technologies | Business Unit Sustainable Thermal Energy Systems | Subsidiary Österreichisches Forschungs- und Prüfzentrum Arsenal Ges.m.b.H. | Subsidiary Seibersdorf Labor GmbH | |
| Business Unit Transportation Infrastructure Technologies | Business Unit Electric Energy Systems | | | |
| Business Unit Dynamic Transportation Systems | Business Unit Sustainable Building Technologies | | | |
| Business Unit Light Metals Technology Ranshofen | Business Unit Complex Energy Systems Research Group | | | Business Unit TTZ Leoben |

 Subsidiary

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Structure report

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2.1.2 Reports of the Departments and subsidiaries

2.1.2.1 Health & Environment

At the outset of the year the course was set by the Health & Environment Department to undertake a comprehensive revision of the research strategy. At the core of this revision is a more specific focus of research in order to achieve the goal of increasing the level of external funding within the next few years. The new strategy, which was adopted by the AIT Supervisory Board in September 2011, entails a set of measures that include ambitious goals and restructuring plans designed to ensure the Department a successful course in the future.

The Health & Environment Department has the self-concept of serving as a reliable partner with a vision for its clients in the private and public sectors. The Department's main objective is to translate the latest findings in the areas of health and biological systems into applied technologies and solutions, in this way becoming a recognized key player in Europe among the applied research organizations operating in this field. The Department supplies its clients with tailored research and development services, with the goal of supporting them in mastering the grand challenges of the future.

- Demographic change resulting in an aging society
- Customizing for self-determined and autonomous living
- Shortage of resources resulting in the need for sustainable and innovative usage and exploitation of resources

Targeting the issues listed above, four EU projects were launched last year (AALuis, INNOVAL, GREENLAND, Trees4Future), jointly with a great number of highly esteemed international partner organizations from industry and research. Efforts aimed at developing contacts and R&D activities now extend far beyond Europe to include North America as well as Asia and the Middle East. A special highlight was the certification of the Mobil-O-Graph by the US Food and Drug Administration (FDA). The 24-hour blood pressure monitor with a unique design was built by AIT's collaboration partner I.E.M. on the basis of algorithms for pulse wave analysis developed at AIT. This innovative application of biomathematics allows cardiac blood pressure measurement using a conventional arm cuff. Our experts are also currently participating in international bodies toward developing and defining international guidelines for cardiovascular diagnostics and for molecular imaging. AIT provided valuable input at the international level in 2011 not only to progress on medical issues but also in the field of environmental science. Through numerous projects, AIT has developed expertise in the area of water management and wastewater treatment that is now being exported to Iraq and the autonomous Kurdistan Region as well. Specifically, a memorandum of understanding was signed, following the visit by the Iraqi Minister of the Environment, which also provides for conducting on-site training programs. Department experts are supervising the creation of a national park dedicated to the protection of water resources in Kurdistan.

New location at Tulln

The Bioresources Business Unit and the Environmental Resources & Technologies Business Unit, including 80 staff members, relocated from Seibersdorf to the new site at Tulln in 2011, awaited by ideal conditions for carrying out research and development work. Relocating at this site affords the opportunity to further strengthen the network of ties with the Vienna University of Natural Resources and Life Sciences (BOKU), while the prospect of cooperating with local research organizations and businesses active in the field of environmental technology and biotechnology offers new synergy potential and effects.

The Department published 101 articles in scientific journals. Ten diploma and nine doctoral candidates successfully completed their theses in 2011. Applications for three new patents were filed and three patents granted, one of which ranked among the ten best patents awarded the Austrian Inventum Patent Awards.

Strategic research highlight

PET imaging – key method in advanced drug development

AIT researchers contributed to a high-profile study published in 2011 in the internationally recognized journal "Clinical Pharmacology & Therapeutics" (Nature Publishing Group). The study investigated the permeability of the blood-brain barrier for certain drugs and improves the predictability of medication interactions. The microPET systems available at AIT provide researchers with a non-invasive way to measure the concentration of medication within various organs of the body and to conduct translational comparative studies on animals and humans. The study received funding from the EU's Seventh Framework Programme and from the Austrian Science Fund (FWF).

Clinical Pharmacol. Ther. 2011, online

Commercial exploitation highlight: implementation with partner organizations

Testing food using molecules

Experts at AIT have, in cooperation with research groups in Canada and the UK, developed a DNA-based microarray for detecting the most common salmonella serotypes in Europe and North America. Supporting fast and precise typing of pathogens, the chip allows accurate assessment of how the pathogen will spread and the potential hazard it represents. The salmonella chip was licenced in 2011.

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Structure report

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2.1.2.2 Energy Department

In 2011 the Energy Department maintained the clear focus of its research strategy while developing its network of contacts in Austria and at the international level an enhancing the Department's level of scientific excellence. In this way it succeeded in further consolidating its position as a key player in the Research Areas of Electrical Energy Infrastructure and Energy for the Built Environment.

A proactive approach is applied to the R&D portfolio, allowing consistent expansion and deepening of scope in order to respond in a timely manner to emerging challenges. One example in 2011 was the establishment of the new research field of "Energy in industry", geared towards driving forward the development of energy efficiency and the use of renewable energy sources in industry. This future-oriented approach in strategy development is also reflected in the establishment of a research team focused on the topic of "Complex energy systems". Peter Palensky, Principal Scientist at AIT, was appointed to head up activities in this promising new area of research, which is expected to generate major impetus toward developing novel research areas and toward deepening and expanding the focus of the Department's current research work.

Impetus is specifically expected for such research focuses as smart cities, a topic for which the Energy Department has taken over the lead in recent years, both in terms of the Austrian and the European research landscape. Within Austria's "Smart Energy Demo – FIT for SET" program, AIT supports the vast number of participating towns and cities in their efforts toward enhanced energy efficiency and reduced CO₂ emissions. In this context AIT is expected to take a leading role in implementing trend-setting demonstration projects in the next few years.

Networking activities across Europe

As a member of the European Energy Research Alliance (EERA), AIT is currently actively participating in the Joint Programmes (JPs) on Smart Grids and Photovoltaic Solar Energy, and in 2011 AIT took over responsibility for coordinating the JP on Smart Cities and heading up related research activities. More than 60 research organizations from all over Europe will each year dedicate about 190 man-years with the objective of developing new methods and tools for transforming Europe's urban centers into smart cities. The Joint Programme was officially launched at the SET Plan conference in Warsaw in late November 2011.

In cooperation with the Austrian Ministry for Transport, Innovation and Technology (BMVIT), the Department launched two Member States' Initiatives last year, one on the topic of smart cities and the other on smart grids. The objective is to take inventory of European activities in these areas in order to identify the need for future action toward researching, developing and demonstrating relevant technologies. This will provide the European Commission and the Member States alike with a competent decision-making basis for defining funding programs that are specifically tailored to developing an energy system in line with future demands.

Strategic step toward Asia

The expertise in smart cities, developed in the course of projects in Europe, was successfully put into practice in China. The Energy Department was contracted in May 2011 to prepare a “low-carbon city action plan” for Nanchang, a city of five million in the southeast of China. The Department worked in close cooperation with local planning teams to assess the potential for reduction in CO₂ emissions and to define targeted measures to increase energy efficiency and integrate renewable energy sources. The study findings were incorporated in an action plan, detailing the steps for strategic implementation of these measures, which was later presented at an international conference in Nanchang in November. In addition to cooperation with the University of Nanchang in the area of urban energy systems, other collaborative research projects exist with Asian partners, among them with the Nanyang Technological University in Singapore in efforts focused on developing innovative and sustainable building technologies.

Strategic research highlight**High-quality research infrastructure**

Within the framework of the EU’s SOPHIA project, AIT has joined forces with leading European research institutions specialized in the field of photovoltaics in a bid to boost the ability of European PV research to compete in an international context. This goal is to be reached specifically through bundling research activities and affording transnational access to high-quality research infrastructure. The laboratory infrastructure for solar thermal technology has also been

expanded in response to current demand. The medium temperature test equipment, successfully put into operation in 2011, allows innovative collector designs and components to be developed for the 100-250 °C temperature range, thus offering novel options for making available industrial process heat derived from solar energy.

Commercial exploitation highlight: implementation with partner organizations**Smart grids in the validation phase**

Electrical supply networks are facing major challenges as a result of greater integration of renewable energy sources as well as due to the growing use of electromobility. The energy systems of the future will consequently require smart grids that support intelligent power management based on the continuous exchange of information among generators and storage facilities as well as consumers. In recent years, the project DG DemoNetz has been conducted in close cooperation with Austrian grid operators with the aim of developing control strategies for medium voltage networks, in a bid to significantly increase the capacity of networks to absorb power from distributed generation facilities. During the validation phase, which began in 2011, the innovative control concepts are being tested for the first time ever in normal grid operation in Salzburg and Vorarlberg.

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2.1.2.3 Mobility Department

The European Commission has identified the achievement of an intelligent, sustainable, integrated system of transport as a central challenge facing society. Achieving this goal entails developing and implementing new technologies for each and every sub-system as well as working out novel mobility solutions aligned with a systemic perspective. The Mobility Department is devoted to this task, applying an integrated perspective that takes in transport infrastructure, vehicles and mobility systems. Modeling and simulation play a central role in specific research activities aimed at developing new vehicle components and concepts, devising co-modal transport solutions, and enhancing transport infrastructure safety.

Strategic research highlight

emporA – E-Mobile Power Austria

E-mobility system solution in Austria

Electromobility (or e-mobility) is the single most important technology trend for reducing CO₂ emissions caused by the transport sector. To drive forward e-mobility in Austria, progressive businesses have joined forces to establish the Austrian Mobile Power platform and have pooled their expertise in several pioneering projects (emporA and emporA2). In total, 21 of Austria's leading technology companies from the sectors of vehicle development, system development, infrastructure and research are working on technological and organizational solutions to meet the mobility needs of future e-mobility customers, in this way contributing to significantly reducing greenhouse gas emissions caused by the transport sector. The objective is an open, overall system for e-mobility that is based on European standards.

As a central research partner in these projects, AIT is concerned with vehicle-related issues as well as multi-modal concepts for mobility and system user behavior. An example is research at the Mobility Department, taking place as part of the emporA project, which involves modeling and simulating the high voltage on-board power network for vehicles as well as analyzing the effects of various drive technologies. A further focus of research involves battery integration and prototype validation, which specifically entails developing an optimal safety system that meets requirements placed on battery systems in the way of emergency shutdown, gases emitted, handling safety, installation, maintenance and removal, in addition to fire extinguishing concepts.

Apart from the availability of safe and efficient vehicles, user behavior and the integration of electric vehicles with the overall transport system are central issues of such research. The Mobility Department is correspondingly using simulation techniques to develop a co-modal transport concept that will enable medium-term planning of the overall transport system. The model will take into consideration the participants in multi-modal transport systems and the relevant networks, in addition to infrastructure (charging stations), vehicles (operation strategies) and individual users (driver profiles).

Commercial exploitation highlight: implementation with partner organizations

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Steyrer 1050

In addition to the electrification of powertrains, a second focal point of research activities toward developing vehicle concepts for the future is centered on material development, process optimization and the material-based design of light metals. As requirements in terms of weight, safety and functionality become increasingly exacting, it is necessary to make optimum use of light metals and to devise optimized lightweight construction solutions. Research activities at the Mobility Department are consequently aimed at enhancing impact capability, thermal stability and joining technologies. The techniques and simulation tools resulting from these efforts are implemented in prototypes and evaluated in joint projects with industry.

The main objective of the Steyrer 1050 project was to develop a class L7e electrically powered vehicle. Together with the other partners in the project, the AIT Mobility Department was able to demonstrate the design feasibility of an electrically powered L7e vehicle that meets safety requirements related to side and front-end impact. One important feature of the prototype developed is the fact that it is built from standard aluminum profiles for the most part, which reduces manufacturing costs and facilitates easy assembly. As a result of the simulation, the Steyrer 1050 was designed as a "running chassis". The vehicle has been built to prevent any external penetration. In detail this means that the driver cab is built to withstand the force of any front-end impact, while the front-end structure should absorb the full energy, according to the material models and the assumptions underlying the design. The chassis of this light vehicle weighs 570 kg (including the battery and range extender).

The Steyrer 1050 project, completed in late October 2011, was funded by the Austrian Research Promotion Agency (FFG) as part of the IV2Splus program of the A3plus program series. Work on a follow-up project is already in progress.

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2.1.2.4 Safety & Security Department

The Safety & Security Department has succeeded in recent years in identifying key research objectives and defining a strategy for the new research focuses. This development, along with efforts to systematically reinforce activities in the areas of marketing and business development, resulted in an increase of roughly 60% in research contracts in 2011 compared with 2009. Enhanced presence in print media and journals also resulted, with an increase of more than 350% measured. Several industrial awards were received at international conferences and trade fairs, attesting to a strong increase in recognition for R&D achievements as well.

By maintaining a research focus, a consistent project portfolio in the key strategic areas was established on the foundation of profound know-how and a critical mass of staff members. The Department is expected to continue growing in the coming years. Activities geared toward greater industrial application will consequently be stepped up in the key strategic areas and research findings placed on the market.

Strategic research highlights

Intelligent Vision Systems (IVS) Research Area

Next Generation Surveillance technologies: A technology platform for intelligent camera networks has been developed that integrates the key technologies involved in the entire network architecture, ranging from sensor systems to information processing and visual display for users. By strategically aligning the platform under the heading of "surveillance as a service", the Department successfully placed expertise and technologies with public service clients (including ministries and facility operators such as Vienna Airport, Austrian Federal Railways etc.) and with industry partners (Funkwerk plettac), corresponding to the specific core responsibilities and strategies in each case. This specifically represents a significant accomplishment with regard to the AIT Safety & Security Department's strategy, which envisions "AIT as the national security expert".

Future Networks and Services (FNS) Research Area

A strategic objective of the IT Security research team (cyber-security, security and modeling issues related to critical (IT) infrastructures) was to establish R&D in this area at both national and international levels. As a result of discussions initiated between public authorities, the industry and researchers (e.g. innovation platforms), and of participation in international bodies (including PSCE, EARTO / EUROTECH Security Group, MN7 / Multinational Experiment 7-Cyber Domain) as well as strategic partnerships (with the Austrian Federal Chancellery, Ministry of Defence and Sports, Ministry of the Interior and others), the research team has succeeded in gaining a firm foothold in national and international research programs (e.g. KIRAS and EU FP7 Security Research) and positioning itself as an R&D partner. Examples for the latter include: the national initiative "CAIS – Cyber Attack Information System", which under AIT leadership includes Austria's most prominent stakeholders in the security field; and the EU project "PRECYSE – Prevention, protection and reaction to cyber attacks to critical infrastructures" in which the team rated fourth in a field of 300 proposals.

Highly Reliable Software and Systems (HRS) Research Area

The process and methods used in automatically generating system tests have been successfully validated within the framework of several research projects, and the first tools for proof-of-concept evaluations have been produced. This represents a significant basis for positioning AIT in safety research. Further industrialization of the successfully validated test case generation systems is planned in this context. In addition, activities involving the previously licenced BusScope technology will be expanded. Newly established successful cooperation platforms with industry partners (including AVL and the Virtual Vehicle Competence Center) serve as an important basis for these activities.

Commercial exploitation and implementation highlight

Intelligent Vision Systems (IVS) Research Area

The technology developed by the AIT 3D Vision Research Service has been successfully launched in a number of application areas, jointly with industry partners. In this way AIT has succeeded in attaining an internationally recognized position in this field. This internationally award-winning work in 3D vision – AIT was recognized with the 2011 Vision Award at the world's leading vision trade fair – is experiencing demand from a variety of sectors (including industrial inspection, autonomous driving, film production and other areas) and is correspondingly being rolled out to international clients. The most prominent example of application is the 3D dental scanner developed jointly with a.tron, a Carinthia-based dental technology company. This device, the world's smallest intelligent optical 3D scan sensor, allows non-contact dental measurement in real-time and serves as a replacement for the silicon impressions previously taken by dentists.

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2.1.2.5 Foresight & Policy Development

Two strategic projects form the backbone of research by the Foresight & Policy Development (F&PD) Department. The two projects, namely “SUFO: Sustainable foresight on the impacts of foresight processes” and “EX-KYOTO: Innovation and sustainability – an investigation of the impact of the Kyoto instruments on innovation in Austria”, were completed in 2011. The findings yielded by these projects have been largely responsible for 2011 becoming one of the most successful years in the history of the F&PD Department, specifically when measured in terms of publications in scientific journals, books and book articles as well as supervised diploma and doctoral theses. Additional evidence for the quality of the research and teaching offered by Department staff can also be seen in the fact that one Senior Scientist was appointed to a regular professorship at the University of Graz in 2011, while another staff member was able to start his post-doctoral teaching qualification at the Vienna University of Economics and Business Administration. Another F&PD staff member was appointed to EFFLA (European Forum on Forward-Looking Activities), a high-profile experts’ group to advise the European Commission over the coming years in further developing research and innovation policy and in defining the details of the new Horizon 2020 Framework Programme.

Strategic research highlights

“EX-KYOTO: Innovation and sustainability – an investigation of the impact of the Kyoto instruments on innovation in Austria” strategy

The project investigated the Kyoto instruments within the context of Austria’s sustainability and innovation policy, analyzing their relationships to international policy-making and bringing to light the impact of these instruments as framework conditions for innovation in Austria and for the innovation activities of Austrian businesses. Among the findings of the study is the fact that the flexible instruments contained in the Kyoto Protocol have a more gradual impact on innovation that is less easily attributed to specific factors than is the case with classic “command and control” instruments. Cooperation between actors responsible for research, technology and innovation (RTI) policy and those representing climate policy continues to be less than ideal and even results in undesired effects in isolated cases. There continues to be a great need for “actions on technology development and transfer”, while the impact of emissions trading as a stimulus for innovation at the level of individual businesses continues to lag behind expectations. Conclusion: Exploiting previously unrealized synergy potential between innovation and sustainability policy should be placed on the agenda as a priority objective of (social) policy.

FWF Network research project

The consensus of opinion in contemporary scientific literature holds networks to be an essential component of modern innovation processes. In a project funded by the FWF (2009 – 2012), F&PD is investigating the development, over time and geographically, of European R&D networks funded by the Framework Programmes (FPs) in order to determine whether an integrated and coherent European Research Area is forming, within which knowledge can flow freely. This is one of the most central objectives of EU RTI policy in terms of Europe’s ability to compete with the United States, China and Japan. To answer this question, the FWF project classified R&D networks according to European region for the period from 1999 to 2006, considering a total of more than 800,000 relations between pairs of research institutions in each case. The development of these networks over time and space was then analyzed using spatial interaction modeling methods, in which case any change in the impact of potential barriers on the probability of collaboration was measured. The findings indicate that national boundaries represent practically no obstacle for R&D networks in Europe any longer and that the FPs have apparently contributed to the integration of networks to a common European Research Area.

Commercial exploitation highlight: implementation with partner organizations

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Structure report

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EUPRO database use with methods developed at the F&PD Department (for the Federal Ministry of Science and Research / Austrian Research Promotion Agency)

The EUPRO database, compiled by the F&PD Department, contains information in systematic and statistically adjusted form on each and every collaboration taking place within the EU Framework Programmes (FPs) for research and development, from the First to the Seventh FP (1984-2010). The database is updated and validated on a continuous basis, thus representing a valuable source for quantitative analysis of R&D networks in Europe. In this context, R&D networks extracted from the database are the object of analysis: in research projects conducted by the Department, in contract projects carried out on behalf of Austrian and European RTI policy-makers, and for international publications with universities in other countries, such as the Eindhoven University of Technology, or non-university research institutions, such as the Institute for Prospective Technological Studies (IPTS). With a data structure unique throughout Europe, the database represents a significant asset for the Department both in terms of original scientific research and of contract research.

Use of bibliometric information at the F&PD Department for technology monitoring

Bibliometric methods are used for identifying research activities on the basis of publications in scientific journals and conference proceedings as well as studies or patent databases. A software system developed at the Department (BibTechMon™) for this purpose can be used to analyze large volumes of data according to statistical bibliometric categories and to visually display the results. The information compiled through this monitoring process is helpful in identifying features such as new emerging technologies, or the experts, the leading research institutions and the cooperation networks involved in the area under study. The research topics are viewed from an overriding perspective in order to allow relationships to be recognized. An example of a project in 2011 was a mandate given to the Department by the European Commission to prepare a study aimed at recognizing emerging technologies. The findings will be used by the Commission toward defining future funding activities. Another area in which the Department has applied bibliometric methodology is as a research partner participating in the COMET program (Competence Centers for Excellent Technologies). In this context the F&PD Department investigated the global dynamics of the research topics currently under study at the COMET centers. The findings are intended to help the COMET centers better position themselves with their research topics within the international research landscape.

02

Structure report

Management Report 2011

2.1.2.6 Seibersdorf Labor GmbH

A 100% subsidiary of the AIT Austrian Institute of Technology, Seibersdorf Labor GmbH (SL) provides highly sensitive laboratory and analysis services along with specially developed equipment for complex measurement systems used in the fields of chemistry, radioactivity and ionizing radiation, electromagnetic compatibility (EMC) and high-frequency engineering, and optical radiation. SL is organized in business divisions. The specialized areas within each division reflect in detail the groups of products and services found within the specific market of the specialization. These groups are aligned with the requirements placed by the standards of accreditation and certification applicable. SL's revised organizational structure, valid as of January 1, 2012 encompasses the business units: **EMC & Optics**, focusing on non-ionizing radiation and radiation protection; **Chemical Analytics**, focusing on analytics for product approval in conformity with GLP and in issues related to doping testing and forensic analytics; **Pharmaceuticals**, active in the production of radiopharmaceuticals; **Radiation Safety and Applications**, focusing on research and development in classic radiation safety systems; and **Radiation Protection Dosimetry**, delivering expertise in safe handling of ionizing radiation in the context of medical and technical systems and of personal monitoring.

Due to the poor development of business in the Toxicology division in 2009/2010, and because of an additional drastic decline in the number of contracts in 2011 (related to EU transitional periods) as well as the need at the same time to undertake costly refurbishment activities in the facilities, it was decided to discontinue this business unit. Operations were closed down as of December 31, 2011.

2.1.2.7 Nuclear Engineering Seibersdorf GmbH

Nuclear Engineering Seibersdorf GmbH (NES) is a 100% subsidiary of the AIT Austrian Institute of Technology. The tasks for which NES is responsible are related to the decommissioning and decontamination of systems, equipment and materials arising from R&D activities at the Seibersdorf location over the course of 45 years, as well as treatment and interim storage of radioactive waste. Long-term contracts for these activities exist with the Federal Ministry for Transport, Innovation and Technology (BMVIT) and with the Federal Ministry of Agriculture, Forestry, Environment and Water Management (BMLFUW).

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Performance 2011

Management Report 2011

2.2 PERFORMANCE 2011

2.2.1 Results

In 2011, the year under review in this report, contract research revenue was slightly down year on year at EUR 35.6 million (2010: EUR 37.3 million). Revenue from co-financed projects (including Nationalstiftung funding) slightly increased year on year to EUR 23.2 million (2010: EUR 23.0 million). The negative changes are due to the spin-off of operations, a portion of which were still included in the previous year's revenues, as well as by the lower volume of sales, compared with the previous year, generated by the Toxicology Business Unit of Seibersdorf Labor GmbH, which has been closed down in the meantime.

Other operating income in the amount of EUR 13.6 million includes around EUR 2.7 million in income from reversal of provisions, around EUR 3.8 million in expenses charged-on, EUR 6.6 million in reversals of reserves for investment grants and around EUR 0.5 million in other operating income.

Payments by shareholders relate to research grants and, together with revenue from contract research activities and co-financed research, represent one of the main sources of total revenue and the main pillar of funding for the Group's independent research activities. Amounting to EUR 39.4 million (2010: EUR 43.5 million), these represented some 33.1% (2010: about 34.8%) of total operating income of EUR 118.8 million (2010: EUR 125.0 million). The decrease in shareholder payments is due in particular to the major reduction in funding for restructuring expenses.

Due to the funding by the Federal Ministry for Transport, Innovation and Technology (BM-VIT), the Group was on the whole able to strengthen its research areas and therefore further develop its technological expertise in line with its strategic orientation. Funding from the majority shareholder BMVIT, was given a new contractual footing in 2009 and comprehensively regulated by a financing agreement. This financing agreement also covers the years 2010 to 2013.

In contrast to the presentation in the Income Statement, in the Management Report EUR 2.0 million has been reclassified from other operating income to the line item of BM-fLUW (Ministry of Agriculture and Forestry, Environment and Water Management) nuclear research funding (2010: EUR 2.0 million) in order to give a more accurate view of overall nuclear funding.

| Figures in EUR '000 (thousands of EUR) | 2011 | 2010 |
|--|----------------|----------------|
| R&D revenue | 37,520 | 36,770 |
| Changes in inventories | -1,951 | 575 |
| R&D revenue including changes in inventories | 35,569 | 37,345 |
| R&D grants | 11,459 | 15,402 |
| Changes in inventories | 11,506 | 6,578 |
| R&D revenue including changes in inventories | 22,965 | 21,980 |
| Total revenue from research contracts | 58,534 | 59,325 |
| Nationalstiftung funding | 199 | 1,031 |
| BMVIT support for independent research | 39,363 | 43,455 |
| Total shareholder payments (research) | 39,363 | 43,455 |
| BMVIT nuclear research funding | 5,126 | 5,751 |
| BMfLUW nuclear research funding | 1,956 | 1,978 |
| Total nuclear research funding | 7,082 | 7,729 |
| Own work capitalized | 51 | 62 |
| Other operating income | 13,590 | 13,370 |
| TOTAL OPERATING INCOME | 118,819 | 124,972 |

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Performance 2011

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2.2.2 Expense structure

The company's expense structure in 2011 shows a decrease in costs of materials and purchased services (2011: EUR 20.1 million; 2010: EUR 26.3 million) as well as in staff costs (2011: EUR 63.2 million; 2010: EUR 64.1 million). The changes in these items are primarily the result of the spin-offs undertaken in the previous year and of the portion of expenses still contained in these items in the previous year.

Increases in other operating expenses resulted for the major part from increased expenses for leases and operating costs due to relocation at new sites (including Tulln), amounting to around EUR 1.1 million more than in the previous year. Another reason for the increase in other operating expenses was the closure of the Toxology Business Unit of Seibersdorf Labor GmbH, a 100% subsidiary. Closure and follow-up expenses amounted to roughly EUR 1.2 million in this case.

Changes in the revenue reserves are primarily due to the launch of market activities in China.

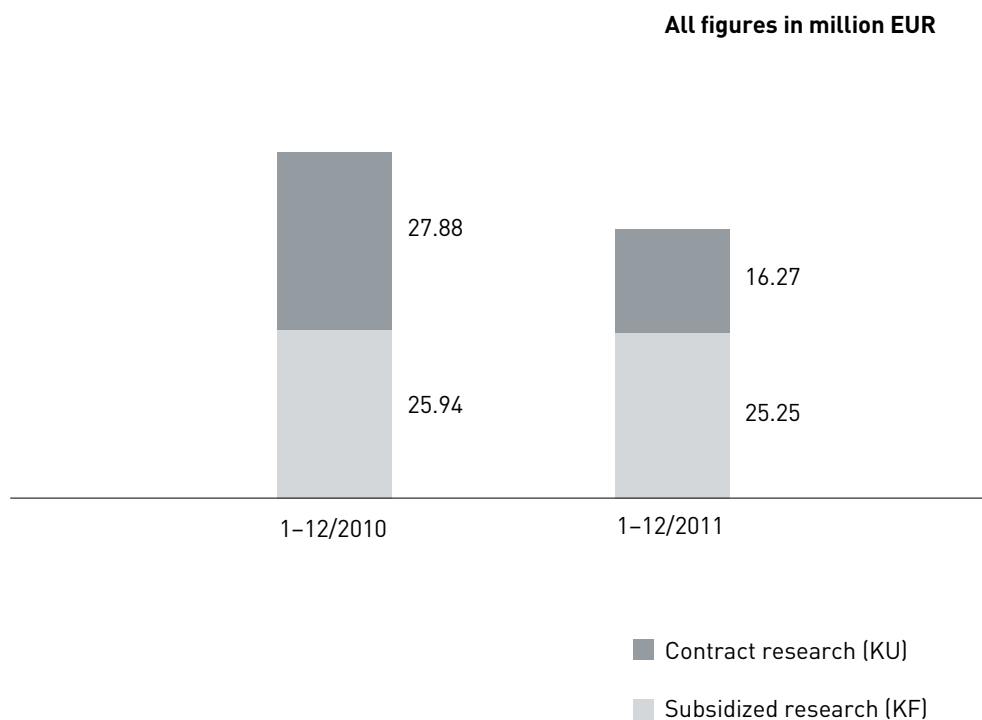
The profit for the year is EUR 2.3 million and is evidence of a stable development of the AIT Group.

| Figures in EUR '000 (thousands of EUR) | 2011 | 2010 |
|---|-----------------|-----------------|
| TOTAL OPERATING INCOME | 118,819 | 124,972 |
| Cost of materials | -5,903 | -6,372 |
| Purchased services (external services) | -14,156 | -19,936 |
| Cost of materials and purchased services | -20,059 | -26,308 |
| Staff costs | -63,164 | -64,099 |
| Depreciation | -8,261 | -8,193 |
| Other operating expenses | -26,222 | -23,466 |
| TOTAL OPERATING EXPENSES | -117,706 | -122,066 |
| EARNINGS BEFORE INTEREST AND TAX | 1,113 | 2,906 |
| Financial result | 985 | 625 |
| POA | 2,098 | 3,531 |
| Taxes on income | -11 | -118 |
| Reversal of capital reserves | 1 | - |
| Reversal of revenue reserves | 453 | - |
| Transfer to revenue reserves | -265 | -42 |
| PROFIT/LOSS FOR THE YEAR/PERIOD | 2,277 | 3,371 |
| Change in noncontrolling interests | - | -23 |
| Profit/loss brought forward | 3,908 | 560 |
| NET RETAINED PROFITS | 6,185 | 3,908 |

2.2.3 New and existing projects and work in progress

New contracts

At EUR 25.3 million, new contracts for subsidized or co-financed research (KF) remained very close to the level seen in the previous year (EUR 25.9 million). For contract research (KU), the above-average volume of new contracts witnessed in the previous year (EUR 27.9 million) could not be achieved again during the year under review. The value of these new contracts amounted to EUR 16.3 million in 2011. A total of EUR 41.5 million in new contracts was achieved in 2011 (2010: EUR 53.8 million).



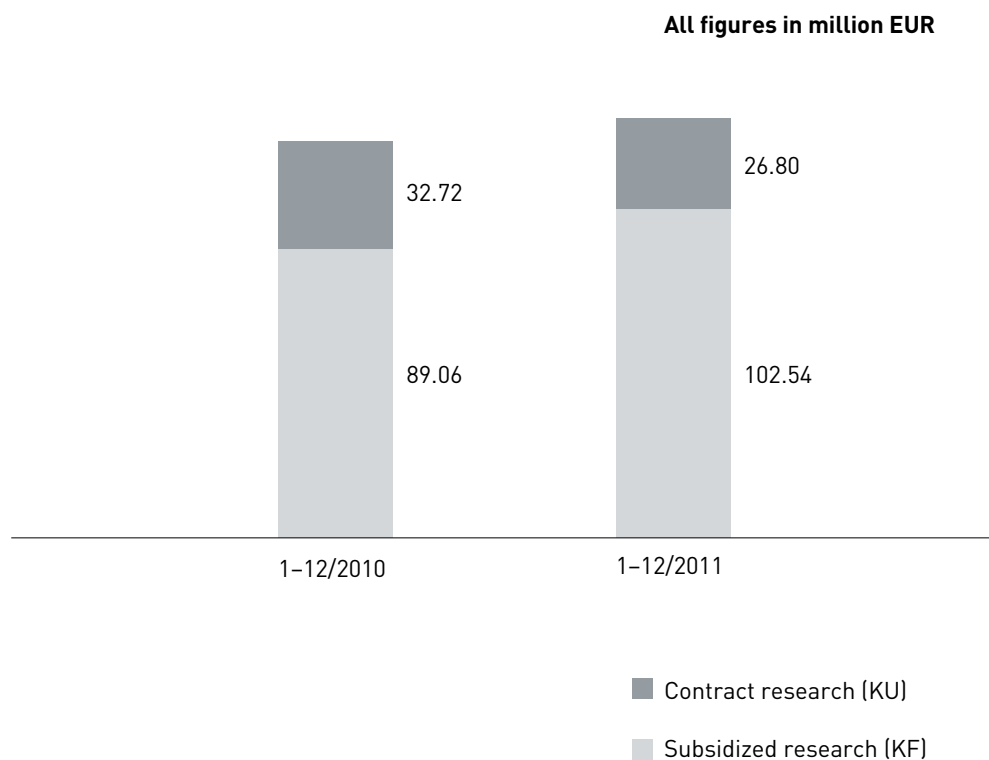
02

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Existing contracts

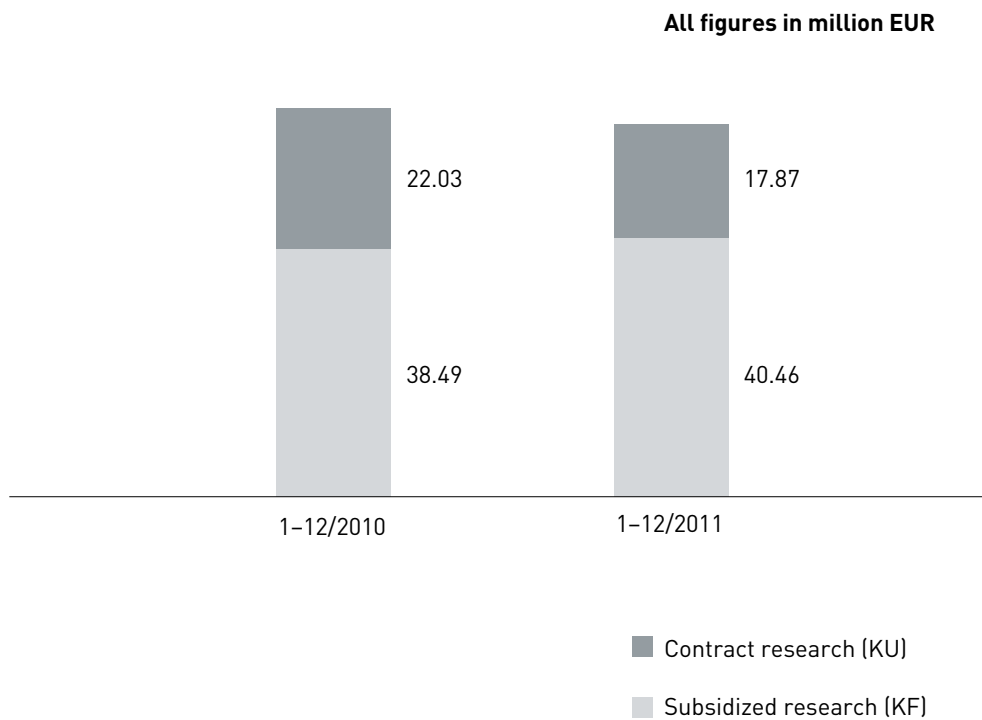
As a result of the satisfactory volume of existing contracts in the previous year and successful efforts in acquiring new projects, the volume of contracts for co-financed research could be further increased (2011: EUR 102.5 million; 2010: EUR 89.1 million). The total volume of contract research showed a decline compared with the previous year, since efforts to acquire new projects had been highly successful in 2010 and resulted in a peak in contracts that could not be topped during the year under review (2011: EUR 26.8 million; 2010: EUR 32.7 million). Total contracts amounted to EUR 129.3 million in 2011, about 6.2% greater than the amount seen during the previous year (EUR 121.8 million).



Work in progress (projects still to be completed)

The situation for work in progress was comparable to that for existing contracts. While an increase was seen in work in progress for co-financed research (2011: EUR 40.5 million; 2010: EUR 38.5 million), due to the peak in contracts in 2010, a smaller volume was seen for work in progress in the area of contract research in 2011 (EUR 17.9 million) as compared with the previous year (EUR 22.0 million).

Work in progress presents a stable picture on the whole, with the total volume slightly below the level reached in the previous year (2011: EUR 58.3 million; 2010: EUR 60.5 million).



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Performance 2011

Management Report 2011

2.2.4 Investments

Total investment in intangible and tangible assets during the 2011 financial year came to EUR 11.9 million, approximately EUR 1.3 million up on the previous year (2010: EUR 10.6 million).

Of this, EUR 0.4 million (2010: EUR 0.4 million) was invested in intangible assets (e.g. software). Additions to land and buildings totaled EUR 0.1 million (2010: EUR 0.1 million). EUR 4.4 million (2010: 5.6 million) was invested in technical equipment. A further EUR 1.4 million (2010: EUR 1.6 million) was invested in fixtures, furniture and office equipment, while EUR 5.7 million (2010: EUR 2.9 million) in prepayments and assets in the course of construction was capitalized.

Additions to financial assets amounted to EUR 0.7 million in 2011, compared with EUR 2.0 million in financial assets in the previous year.

2.2.5 Liquidity and financial position

Liquid funds as per December 31, 2011 stood at EUR 32.1 million (2010: EUR 34.8 million). The change in liquid funds results for the most part from the change in project coordination funds held in trust.

There were securities accounts with a book value of EUR 11.8 million (2010: EUR 11.6 million). There were no amounts due to banks; interest was only charged for FFG (Austrian Research Promotion Agency) loans totaling EUR 0.0 million (2010: EUR 0.1 million).

Shareholders' equity as per December 31, 2011 stood at EUR 22.2 million (2010: EUR 20.1 million). Taking into account investment grants totaling EUR 46.6 million (2010: EUR 41.3 million), total extended own funds come to EUR 68.9 million in 2011 (2010: EUR 61.4 million).

2.2.6 Employees

As of the balance sheet date on December 31, 2011, the company had a total of 849 employees (FTEs excluding apprentices, staff subject to the post-apprenticeship retention period, as well as HF/EU scholarship holders). This represents an increase of 8.7 FTEs or 3 persons compared with the previous year (840.3 FTEs).

| | 12/31/2010 | | |
|--|--------------|------------|--------------|
| | FTE | Persons | Average |
| AIT Austrian Institute of Technology GmbH | 409,0 | 439 | 437,8 |
| Österreichisches Forschungs- und Prüfzentrum (incl. civil servants) | 209,3 | 215 | 211,1 |
| Seibersdorf Labor GmbH | 133,5 | 145 | 133,3 |
| Nuclear Engineering Seibersdorf GmbH | 57,4 | 60 | 57,2 |
| LKR Leichtmetallkompetenzzentrum Ranshofen GmbH | 31,1 | 33 | 30,7 |
| Group | 840,3 | 892 | 870,1 |

| | 12/31/2011 | | |
|--|--------------|------------|--------------|
| | FTE | Persons | Average |
| AIT Austrian Institute of Technology GmbH | 400,4 | 429 | 428,4 |
| Österreichisches Forschungs- und Prüfzentrum (incl. civil servants) | 229,6 | 234 | 221,8 |
| Seibersdorf Labor GmbH | 126,4 | 137 | 142,3 |
| Nuclear Engineering Seibersdorf GmbH | 57,8 | 59 | 57,8 |
| LKR Leichtmetallkompetenzzentrum Ranshofen GmbH | 34,8 | 36 | 33,7 |
| Group | 849,0 | 895 | 884,0 |

| | Change from 2010 to 2011 | | |
|--|--------------------------|----------|-------------|
| | FTE | Persons | Average |
| AIT Austrian Institute of Technology GmbH | -8,6 | -10 | -9,4 |
| Österreichisches Forschungs- und Prüfzentrum (incl. civil servants) | 20,3 | 19 | 10,7 |
| Seibersdorf Labor GmbH | -7,1 | -8 | 9,0 |
| Nuclear Engineering Seibersdorf GmbH | 0,4 | -1 | 0,6 |
| LKR Leichtmetallkompetenzzentrum Ranshofen GmbH | 3,7 | 3 | 3,0 |
| Group | 8,7 | 3 | 13,9 |

2.3 RISK REPORT

2.3.1 Risk management system

Risk management at AIT is interpreted as an independently aligned process with the objective of handling risks and opportunities that are related to performance and events at the enterprise (organization) level. The risk management system, which is implemented as an integral component of business and management processes within the entire Group, encompasses suitable control mechanisms, and is also a key element of business decision-making processes. The process entails steps such as recognizing, assessing, controlling and monitoring any risks, both within and outside the enterprise, as well as comprehensive risk reporting.

The aim of the risk management strategy is to recognize risks early on and take appropriate action to counter them in order to minimize deviations from our targets as much as possible. The aim is not simply to avoid risk. In providing research services, AIT consciously enters into the risks entailed in research, development and innovation, for the benefit of business and the economy and to the advantage of society.

Through active risk management, AIT safeguards against risk to the extent that the occurrence of any risk event is prevented from threatening the achievement of enterprise objectives.

In detailing the main features of the risk management system, the structure of the COSO (Committee of Sponsoring Organizations of the Treadway Commission) control framework is referred to below. The COSO framework consists of five mutually related components, including: control environment, risk identification and assessment, control activities, information and communication and monitoring.

CONTROL ENVIRONMENT

Objectives of the company

Business management of the AIT Group is aligned with the Group strategy, which is adopted jointly by the Managing Directors and the Supervisory Board. The strategy comprises definitions of the strategic positioning of the Group and the Group portfolio as well as the specific expectations for the Group in terms of performance and yield within the next several years. The Group's goals and yearly objectives for the Group companies, Departments and Business Units are subsequently derived from the strategic objectives.

Organizational structure

The AIT Group has a clear organizational structure in which powers and responsibilities are assigned unequivocally throughout all units within the organization. Responsibilities are defined in the individual processes. Detailed career models and role descriptions are available for all positions and specify the duties to be fulfilled, the powers and competences accorded and the associated responsibilities, along with any deputy functions. Classic ICS mechanisms such as the four-eyes principle, separation of functions and authorization by signature with defined value limits are generally implemented in a suitable way in all group-wide processes.

Code of Conduct

A Code of Conduct defining rules of appropriate behavior was introduced at AIT in September 2011. This set of rules, which applies to all staff members group-wide, is the basis for ethical and legally impeccable behavior.

Human resources management

Rules for internal human resources management have been fully specified in the form of directives, process descriptions, guidelines, works agreements, career models, career paths, the Code of Conduct, and in training and professional development opportunities.

RISK IDENTIFICATION and RISK ASSESSMENT

The risk management system including its organizational and operational structure is outlined and defined in Group guidelines. Within the context of monthly business controlling meetings, attended by controlling staff at Department and Group level as well as the Head of Finance & Controlling, monthly performance is discussed, with the aim of identifying any striking discrepancies and risks as well as any countermeasures. Any significant discrepancies or new facts are immediately submitted to the Managing Directors in the form of a detailed ad hoc report.

Special attention is given to risk management in research projects involving AIT's core business and key operations. Professional, effective management of any project implies in-depth risk analysis aligned with the goal of clearly controlling risks and outcomes, including identifying and tracking any risk as well as mitigation and elimination as required.

CONTROL ACTIVITIES

At AIT, the achievement of objectives is the foremost concern in the context of measures aimed at controlling outcomes. Adherence to the budget is verified through ongoing comparisons of target and actual performance with the aim to facilitate corrective intervention in the event of any serious discrepancies.

The Finance & Controlling Department, along with its subordinate units, serves as the Group's business competence center, applying economic principles in managing business performance. Every subsidiary, Department or Unit bears responsibility for its own operating result; Finance & Controlling is responsible for the financial performance and the shareholding company in the particular case is responsible for the net investment income/loss. Finance & Controlling is authorized to make decisions in all issues related to controlling and accounting and also has, by virtue of its expertise, the power to order measures to ensure application of group-wide method standards.

The Prevero reporting system has been implemented, providing AIT with a structured reporting system on a documented basis that is consistent for the entire Group. The controlling functions at Group level create the basis for being able to assess the impact of identified risks and opportunities on the income, finance and asset situation.

INFORMATION AND COMMUNICATION

AIT's Management Information System is designed to provide users with relevant information in a timely manner. It serves to communicate information within the organization, with the communication of relevant management information as the main purpose. The reporting system also includes a set of indicators, i.e. a condensed presentation of key statistics and key performance indicators.

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Risk report

Management Report 2011

The most important source of information on the business performance of AIT and of the Group is the standardized quarterly reports prepared by the Departments and the subsidiaries. These reports specifically include information concerning the income and contract situation, the financial position as well as investment activity, staff numbers, risk reporting and research and performance data.

Standardized communication procedures have been put in place at AIT. These take the form of quarterly meetings with Departments and Units as well as additional meetings dealing with specific subject-matter issues.

Relevant information is made available to AIT staff members through the institute's intranet platform. AIT's Corporate and Marketing Communications Department regularly informs staff members of important events and projects.

In keeping with legal requirements, reports and information are submitted to the Supervisory Board on a quarterly basis.

MONITORING

Ongoing monitoring is conducted on a consistent, timely basis by the management and by the internal entities responsible for monitoring (i.e. the Managing Directors, Head of Finance & Controlling, central controlling and Department controlling) as well as by staff members in performing their duties.

At quarterly review meetings, the subsidiaries, Departments and Units report on the current economic situation in relation to business planning, the previous year and the Managing Directors' forecasts. Information is provided at these quarterly meetings concerning matters related to projects as well as scientific, financial, legal and administrative issues, risks and opportunities, and highlights of general interest. The meetings ensure that the Managing Directors have timely access to relevant information and can respond immediately with suitable action in the event of any deviation from targets.

Group auditing staff verifies certain components of the Internal Control System and risk management system on the basis of an annual audit plan, approved by the Managing Directors. The outcomes of the audits are presented to the auditing committee of the Supervisory Board.

2.3.2 Financial risk, details of financial instruments according to § 243 Austrian Business Enterprise Code, para 3, no. (5)

The company does not currently employ any derivative financial instruments. Owing to the nature of its operations, it is not planning to do so in future.

The accounts receivable management system includes ongoing impairment testing and monitoring. The potential impact of payment defaults on the company's net assets, financial position and results of operations is restricted by monitoring compliance with payment dates, setting credit limits and obtaining client creditworthiness checks.

2.3.3 Market risk

The situation on global markets and the still unclear prospects of economic growth in the next few years represent risks for all market participants in terms of the attainability of performance targets defined, the acquisition of new customer groups and partner networks, and the implementation of business models. The AIT Group's service portfolio is diversified and addresses a variety of markets. It is difficult to assess the potential effects of the global crisis on AIT's revenues and income due to the constant changes in the information available. While the improvement in the volume of existing contracts is a positive indicator for AIT, the ongoing monitoring of orders as well as the early identification of trends in relevant markets, including rapid initiation of action resulting therefrom, is and will remain a key task for AIT.

2.3.4 Project funding risk

Public project funding which deviates from the principle of full cost reimbursement as well as changes to funding guidelines can lead to funding cutbacks during due diligence. By aligning the cost accounting and project accounting system with the specific requirements of the funding conditions, the valuation basis was significantly improved.

2.3.5 IT risk

The company has a centralized its IT environment, permitting joint use of advanced system components at the various company sites. These include a state-of-the-art security environment with firewalls, virus scanning and remote access points with redundant protection to recognize and defend against attacks. Centrally stored data are backed up regularly and automatically and copies are archived externally. Security for all our projects complies with the generally accepted standards established by the BSI (Federal Office for Information Security) IT Baseline Protection Manual and ISO 17799 and reflects the technical state-of-the-art. In the year under review, a project aimed at "Reducing IT risk" was launched in the central IT administration. Major insights were gained and findings implemented, particularly by clarifying tasks and functions and implementing organizational and technical control steps and tools.

2.3.6 Legal risk

AIT's strategy for addressing legal risks involves constant contact between the central legal entity and local lawyers as well as a reporting system which encompasses ongoing processes and potential risks. Possible risks have been taken into account in the balance-sheet risk provisions in the Annual Financial Statement.

2.3.7 HR risk

As with any knowledge-based business, employee performance is crucial to the company's success. We compete with other companies for highly qualified experts and managers. Considering specific career models and the scientific career model in the context of organizational development projects at AIT aims to help position the company as a premier international employer and make employment opportunities more attractive. In the year under review, AIT developed a detailed career model concept for its staff members. This concept covers almost all functions in the company – ranging from Science and Technical Experts and Engineers to Support and Administration functions as well as to Management. This way, career paths for the individual AIT staff members can be clearly defined.

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Risk report

Management Report 2011

2.3.8 Renovation risk

The structural condition of both the buildings and the general infrastructure at the Seibersdorf facility do no longer meet the requirements of a modern research location. A functional and spatial allocation plan including related cost estimates are being prepared.

2.3.9 Restructuring risk

Basically, the tasks of restructuring and strategic positioning within the scope of the change process have been completed. However, portfolio streamlining measures on a smaller scale and further developing of the portfolio and Research Areas in line with the defined strategy will have to be continued after 2011.

2.3.10 Total risk

When analyzing the risks, no facts were identified that could endanger the continued existence of the company as a going concern at present and in the foreseeable future.

2.3.11 Internal Control System (ICS)

The AIT Group defines the Internal Control System as the entirety of the monitoring and control measures set out by the company Management and integrated into the respective processes. The purpose is to ensure the effectiveness and economic efficiency of business activities, the correctness and reliability of financial reporting as well as compliance with the applicable legal provisions.

In defining the Internal Control System, AIT has adhered closely to the globally recognized and standardized COSO Framework (Internal Control – Integrated Framework) of the Committee of Sponsoring Organizations of the Treadway Commission.

The respective managers are responsible for the functionality and effectiveness of the ICS as part of a process which also involves documentation in the quality management system (QM). The general conditions and rules of the process are specified by the AIT Management for the entire organization.

AIT operates a quality management system certified according to ISO 9001:2008 and accordingly complies with the highest standards of quality. The ICS goals are intentionally based on the process structures of the quality management system and include integrated control mechanisms. This establishes a link between the ICS and quality management system and reinforces a consistent understanding of the processes involved. This approach ensures that ICS-relevant QM guidelines are up-to-date while leveraging the synergies between the two systems.

Controls aligned along process lines consist for the most part of control measures aimed at ensuring that the activities involved in operative workflows are conducted properly. The roles responsible for exercising the process-related control activities, aimed at ensuring proper workflows within the individual organizational units, are set forth in guidelines, process descriptions, work instructions and implementation provisions. These include rules specifying compliance with the four-eye principle and the separation of functions as well as defining the levels within the hierarchy authorized to grant approval for decisions depending on the actual investment in question.

The key features of AIT's Internal Control System (ICS) in respect of the Group's financial accounting process can be described as follows:

- The Departments, Business Units, the company and Group are subject to a clearly defined management and corporate structure. Interdisciplinary core functions are centrally managed, while at the same time the individual companies belonging to the Group enjoy a considerable amount of independence, in particular in respect of operational processes.
- Material responsibility for approving receipts lies with the organizational units or subsidiaries in each case, while technical processing for financial and accounting purposes takes place at a central office at AIT for all entities. The centralized management of financial and fixed-asset accounting at AIT, encompassing the management of accounts payable/receivable as well as the entire management of all incoming and outgoing payments, ensures the strict functional separation of operational and financial processes group-wide.
- The functions of those departments heavily involved with the financial accounting process, namely Accounting and Treasury, Controlling and Business Management, IT and HR, Legal and Procurement, are distinct. The areas of responsibility are clearly assigned.
- The financial systems in place are protected against unauthorized access by appropriate technical mechanisms in the IT system. Standard software is used for finance and management systems.
- An appropriate system defining guidelines and processes (e.g. for management, business, controlling, resource and support processes) is in place and is updated and further developed on an ongoing basis.
- The Departments and Units involved in the financial accounting process are suitably equipped both quantitatively and qualitatively.
- The clearly defined processes as well as the documentation and tracking of each and every item subject to accounting serve as the basis for complete and materially verified entry of items in the accounts.
- In terms of all processes relevant to financial accounting, the four-eye principle and the rule of split functions are consistently applied.
- The ICS as well as processes relevant to financial accounting are reviewed by the process-independent Internal Auditing team on a regular basis.

The Internal Control System and risk management system for the financial accounting process, the main features of which are described above, guarantee with an adequate level of certainty that items relevant to corporate activities will be properly entered and itemized in the balance sheet, in this way ensuring that they are properly transferred to external accounting.

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Risk report

Management Report 2011

2.3.12 Internal Auditing

Internal Auditing is positioned within the organization as a Staff Unit reporting directly to the Managing Directors. The Unit monitors operations and business processes as well as the Internal Control System and risk management system.

It is particularly responsible for reviewing and evaluating the functionality and effectiveness of the Internal Control System and the risk management system, compliance with the applicable legal and operational guidelines, the correctness of all operating procedures as well as precautionary measures for protecting company assets.

Audits are conducted in accordance with the annual audit plan, which is approved by the Managing Directors and submitted to the Supervisory Board, and supplemented by interim and special audits. The audit reports list recommendations and measures, which are subsequently mandated to individual roles for implementation by the Managing Directors and subject to ongoing follow-up verification.

2.4 FORECAST REPORT

FINANCIAL AND NON-FINANCIAL PERFORMANCE INDICATORS

2.4.1 Strategic development

Please refer to section 2 of the Management Report for a review of the Group's strategic development.

2.4.2 Metrics for attainment of Federal Ministry for Transport, Innovation and Technology targets

As a core element of the financing agreement concluded between the Austrian government (represented by the Federal Ministry for Transport, Innovation and Technology, BMVIT) and AIT, financial and non-financial performance indicators have been defined and are used by the Management to control the company and to measure the degree of target achievement in specific areas.

While the company's strategic road maps are continually updated, the catalog of performance indicators is subject to regular review and reporting in line with the defined group planning and control process. The table below shows AIT's scientific indicators of AIT for the years 2011 and 2010 and therefore represents a sample of the performance indicators.

| Scientific indicators | AIT 2011 | AIT 2010 |
|---|-----------------|-----------------|
| Patents (patent families) granted | 15 | 16 |
| Publications in scientific journals with impact factor | 143 | 138 |
| Impact factor | 518.3 | 401.8 |
| Publications in scientific journals without impact factor | 36 | 39 |
| Publications within the framework of conferences (with review process) | 268 | 193 |
| Publications within the framework of conferences (without review process) | 227 | 155 |
| Invited lectures | 94 | 104 |
| Lectures | 156 | 89 |
| Number of doctoral students | 95 | 103 |
| Number of international doctoral students | 32 | 29 |
| Proportion of international doctoral students (%) | 34% | 28% |
| Doctoral theses completed | 12 | 9 |
| Diploma theses completed | 51 | 38 |
| No. of staff with post-doctoral teaching qualification | 22 | 20 |

02

Events after the balance
sheet date

Management Report 2011

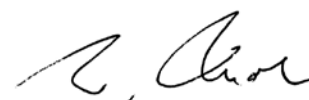
2.5 EVENTS AFTER THE BALANCE SHEET DATE

After the balance sheet date, no events of special significance occurred that would have affected the presentation of the company's net assets, financial position and results of operations.

Managing Directors:



Anton Plimon



Wolfgang Knoll

Vienna, March 21, 2012

03

ANNUAL ACCOUNTS

ANNUAL ACCOUNTS

| | |
|-------------------------------|----|
| Consolidated balance sheet | 46 |
| Consolidated income statement | 48 |

3.1 Consolidated balance sheet

As of December 31, 2011

| Assets | EUR | | As of | As of |
|---|----------------|---------------|-----------------------|----------------|
| | | | 12/31/2011 | 12/31/10 |
| | | | EUR | EUR '000 |
| A. FIXED ASSETS | | | | |
| I. Intangible assets | | | | |
| 1. Licenses and similar right | 544,270.06 | | | 541 |
| 2. Prepayments | 0.00 | | | 7 |
| | | 544,270.06 | | 548 |
| II. Property, plant, and equipment | | | | |
| 1. Land, titles to land, and buildings including buildings on third-party land | 16,340,572.08 | | | 17,751 |
| 2. Plant and equipment | 21,438,236.31 | | | 22,251 |
| 3. Other equipment, furniture and fixtures | 3,742,988.03 | | | 3,821 |
| 4. Prepayments and assets in the course of construction | 8,641,805.72 | | | 3,091 |
| | | 50,163,602.14 | | 46,915 |
| III. Financial assets | | | | |
| 1. Equity investments | | | | |
| a) In associates | 17,500.00 | | | 18 |
| b) Other equity investments | 37,470.13 | | | 37 |
| 2. Securities held as fixed assets | 11,764,179.26 | | | 11,602 |
| | | 11,819,149.39 | | 11,657 |
| | | | 62,527,021.59 | 59,120 |
| B. CURRENT ASSETS | | | | |
| I. Inventories | | | | |
| 1. Raw materials and supplies | | 6,468.68 | | 6 |
| 2. Finished goods | | 309,696.90 | | 292 |
| 3. Spare parts | | 65,351.09 | | 54 |
| 4. Storage vessels | | 28,244.16 | | 36 |
| 5. Uninvoiced services | | | | |
| Unsubsidized customer projects | 8,930,124.32 | | | |
| less prepayments received | -5,326,102.34 | | | |
| Subsidized customer projects | 61,989,557.78 | | | |
| less prepayments received | -45,987,057.11 | 19,606,522.65 | | 18,150 |
| | | | 20,016,283.48 | 18,538 |
| II. Receivables and other assets | | | | |
| 1. Trade receivables | 8,780,938.95 | | | 10,624 |
| 2. Receivables from associates | 63,183.15 | | | 164 |
| 3. Other receivables and assets | 2,780,496.03 | | | 2,885 |
| | | 11,624,618.13 | | 13,673 |
| III. Cash in hand and at banks | | 32,128,365.88 | | 34,764 |
| | | | 63,769,267.49 | 66,975 |
| C. ACCRUED EXPENSES AND DEFERRED INCOME | | | 2,748,093.01 | 3,098 |
| Total assets | | | 129,044,382.09 | 129,193 |

3.1 Consolidated balance sheet

As of December 31, 2011

| | EUR | EUR | As of 12/31/2011 EUR | As of 12/31/10 EUR '000 |
|---|---------------|---------------|----------------------------|-------------------------------|
| Equity and liabilities | | | | |
| A. EQUITY | | | | |
| I. Share capital | | 470,920.12 | | 471 |
| II. Capital reserves | | | | |
| 1. Unappropriated | 13,656,321.07 | | | 13,658 |
| | | 13,656,321.07 | | 13,658 |
| III. Revenue reserves | | | | |
| 1. Statutory reserve | | 47,092.01 | | 42 |
| 2. Other reserves (free reserves) | | 1,864,111.53 | | 2,057 |
| IV. Net retained profits | | 6,184,377.70 | | 3,908 |
| of which profit brought forward EUR 3,907,526.32 (2010: EUR 560,000) | | | | |
| | | | 22,222,822.43 | 20,136 |
| B. INVESTMENT GRANTS | | | | |
| I. Shareholder investment grants | | 39,909,706.91 | | 33,789 |
| II. Government investment grants | | 2,706,584.8 | | 3,112 |
| III. Other investment grants | | 4,027,040.74 | | 4,356 |
| | | | 46,643,332.23 | 41,257 |
| C. PROVISIONS | | | | |
| 1. Provisions for severance pay | | 6,151,975.64 | | 6,991 |
| 2. Provisions for pensions | | 1,016,066.00 | | 1,432 |
| 3. Provisions for taxes | | 0.00 | | 11 |
| 4. Other provisions | | 18,284,459.16 | | 22,643 |
| | | | 25,452,500.80 | 31,077 |
| D. LIABILITIES | | | | |
| 1. Prepayments received on orders | | 14,245,587.64 | | 13,092 |
| 2. Trade payables | | 7,029,692.76 | | 7,400 |
| 3. Liabilities to associates | | 48,611.15 | | 49 |
| 4. Other liabilities | | 9,263,803.64 | | 12,596 |
| of which taxes EUR 221,108.01 (2010: EUR 197,000) | | | | |
| of which social security contributions EUR 1,339,723.06 (2010 EUR 1,393,000) | | | | |
| | | | 30,587,695.19 | 33,137 |
| E. ACCRUED EXPENSES AND DEFERRED INCOME | | | 4,138,031.44 | 3,586 |
| Total equity and liabilities | | | 129,044,382.09 | 129,193 |
| CONTINGENT LIABILITIES | | | 424,846.99 | 316 |

3.2 Consolidated income statement

January 1, 2010 to December 31, 2011

| | 2011 EUR | 2011 EUR | 2010 EUR '000 | 2010 EUR '000 |
|---|---------------|---------------------|------------------|------------------|
| 1. Revenue | | 37,519,645.28 | | 36,770 |
| 2. Subsidies, research grants and Nuclear Engineering funding | | | | |
| a) Subsidies | 11,458,507.74 | | 15,402 | |
| b) Research grants | 39,363,355.51 | | 43,455 | |
| c) Nuclear Engineering funding | 5,126,497.00 | 55,984,360.25 | 5,751 | 64,608 |
| 3. Change in inventories of finished goods and uninvoiced services | | 9,753,826.56 | | 8,183 |
| 4. Other own work capitalized | | 51,420.12 | | 62 |
| 5. Other operating income | | | | |
| a) Income on disposal of assets other than financial assets | 96,528.99 | | 34 | |
| b) Income from reversal of provisions | 2,663,086.15 | | 1,205 | |
| c) Other | 12,785,678.92 | 15,545,294.06 | 14,109 | 15,348 |
| 6. Cost of materials and other purchased production services | | | | |
| a) Cost of materials | 5,902,794.81 | | 6,372 | |
| b) Cost of purchased services | 14,156,087.46 | -20,058,882.27 | 19,936 | -26,308 |
| 7. Staff costs | | | | |
| a) Wages | 120,513.73 | | 126 | |
| b) Salaries | 47,905,755.23 | | 48,551 | |
| c) Expenses for severance payments and contributions to staff provision funds | 1,163,215.47 | | 1,090 | |
| d) Pension expenses | 698,811.63 | | 908 | |
| e) Expenses for statutory social security and payroll-related taxes and mandatory contributions | 12,466,449.55 | | 12,666 | |
| f) Other employee benefit expenses | 809,106.84 | -63,163,852.45 | 758 | -64,099 |
| 8. Amortization and write-downs of intangible fixed assets depreciation and write-downs of tangible fixed assets | | -8,261,052.19 | | -8,193 |
| 9. Other operating expenses | | | | |
| a) Taxes (excl. income taxes) | 104,830.59 | | 222 | |
| b) Other | 26,117,119.12 | -26,221,949.71 | 23,243 | -23,465 |
| 10. Subtotal of items 1 to 9 (profit/loss from operations) | | 1,112,809.65 | | 2,906 |

3.2 Consolidated income statement

1. January 1, 2010 to December 31, 2011

| | 2011 EUR | 2011 EUR | 2010 EUR '000 | 2010 EUR '000 |
|---|-------------|---------------------|------------------|------------------|
| 11. Income from other securities held as financial assets of which associates EUR 0.00 (2010: EUR 0.00) | | 292,106.25 | | 274 |
| 12. Other interest and similar income of which associates EUR 0.00 (2010: EUR 0.00) | | 568,171.24 | | 449 |
| 13. Income from the write-ups of financial assets | | 206,844.12 | | 0 |
| 14. Expenses on financial assets of which amortization EUR 37,282.80 (2010: EUR 80,333.00) | | -37,282.80 | | -88 |
| 15. Interest payable and similar expenses of which associates EUR 0.00 (2010: EUR 0.00) | | -44,616.54 | | -10 |
| 16. Subtotal of items 11 to 15 (financial result) | | 985,222.27 | | 625 |
| 17. Profit/loss on ordinary activities | | 2,098,031.92 | | 3,531 |
| 18. Taxes on income | | -11,060.87 | | -118 |
| 19. Net income for the year | | 2,086,971.05 | | 3,413 |
| 20. Reversal of capital reserves | | 1,396.38 | | 0 |
| 21. Reversal of revenue reserves | | 453,446.08 | | 0 |
| 22. Transfer to revenue reserves | | -264,962.13 | | -42 |
| 23. Profit for the year | | 2,276,851.38 | | 3,371 |
| 24. Change in noncontrolling interests | | 0.00 | | -23 |
| 25. Profit brought forward | | 3,907,526.32 | | 560 |
| 26. Net retained profits | | 6,184,377.70 | | 3,908 |

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