

2010/2011

ANNUAL REPORT



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Owner, publisher and producer
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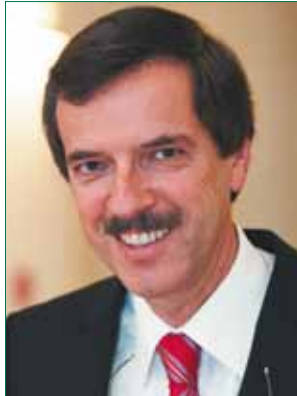


JOANNEUM RESEARCH Forschungsgesellschaft mbH

Annual Report for the year ended 30 June 2011

<i>Page</i>	<i>Contents</i>
2	Foreword of the Management
3	Foreword of the Regional Minister for Science and Research, Health and Care Management
6	Highlights 2010/2011
7	JOANNEUM RESEARCH was there
8	Mission Statement
9	Research Units and Groups
10	Key Figures
11	Management Report
12	▶ Corporate Organisation
14	▶ Review of Operations
15	▶ Financial/Earnings Position
16	▶ Capital Investment
17	▶ Human Resources
19	▶ Development and Risks
21	▶ Research and Development
28	▶ Report of the Supervisory Board/Shareholder Resolution
30	Balance Sheet as at 30 June 2011
32	Profit and Loss Account 2010/2011
33	Notes to the Accounts 2010/2011
43	Auditor's Opinion
45	Addresses
47	Boards and Management
48	Organisational Chart

Research in Motion



Univ.-Prof. DI Dr. Wolfgang Pribyl, MBA

The past financial year was marked by significant changes for JOANNEUM RESEARCH. This was the first year that the company's new structure, as defined in the JOANNEUM RESEARCH Strategic Framework Plan, has been put into practice and the pilot phase successfully implemented. This repositioning allows JOANNEUM RESEARCH to meet the challenges of a changing business environment. We must now continue on this path until the completion of the transition phase in 2013.

Now that the locational concept is being implemented, the thematic concentration of research units is taking tangible shape. Not only have we purchased the Palais Herberstein for our company headquarters, but over one hundred employees have also moved location as part of this concentration process. Our new headquarters is situated at the centre of all our locations in Graz, embedded between the university campuses and important strategic partners. It provides a working environment for around 100 employees as well as space for scientific events and conferences for up to 70 participants.

Despite this complete system reorganisation, we have succeeded in significantly improving results across the entire company. It is particularly pleasing that, in the very first year, the proportion of industrial contracts – a key indicator of the company's success – exceeded the inter-

mediate target and is well on its way to achieving the target set for 2013. Thus JOANNEUM RESEARCH is playing an instrumental role in developing the location further.

This success has only been possible thanks to our employees who put all their efforts into staying at the forefront of developments in research and technology.

My aim is to consolidate and extend this top position of JOANNEUM RESEARCH in the future both at national and international level, to move into promising new research areas and to continue to develop the company, hand in hand with our employees.

Our joint efforts are aimed at further increasing the value of JOANNEUM RESEARCH over the coming years, both for its shareholders and for Styria as a region.

The Styrian research »fingerprint«

Foto: Jungwirth



*Mag. Kristina Edlinger-Ploder
Regional Minister for Science and Research,
Health and Care Management*

The financial year 2010/2011 was an important one for JOANNEUM RESEARCH Forschungsgesellschaft mbH in many ways. The multi-year restructuring process, which involved a focus on priorities, leaner structures and more contracts from industry, has been completed. The target agreed by the Styrian Government and Parliament, which was also thoroughly admired outside our borders, was a major challenge for the company. JOANNEUM RESEARCH has not only fulfilled the objectives significantly ahead of the 2013 target date, but also translated the restructuring process into absolute success. An accomplishment such as this can only be achieved when it is driven and shaped by all the employees. I congratulate and thank all those involved for this willingness to participate, and for their commitment.

JOANNEUM RESEARCH's completed restructuring is also visible to those outside the organisation: the new premises at Leonhardstrasse 59 mark the start of our geographical concentration and provide space for public discussions and events.

»The Innovation Company« has retained the fingerprint as part of its new visual identity, and for good reason: for more than 30 years, JOANNEUM RESEARCH has been carrying out top level research in the international arena and, with its focus on applied research and technological development, plays a key role in the transfer of technology and knowledge in Styria.

Together our target is to achieve an R&D quota of 5 %. With its unique research »fingerprint«, JOANNEUM RESEARCH will play a key role in accomplishing this.





The wide range of research fields covered by JOANNEUM RESEARCH results not only in a huge variety of subject areas, but also involves a great diversity of assignments and work places – at least temporarily. During the past year JOANNEUM RESEARCH ran a photo competition amongst its employees, to provide an insight into the world of work in research. Here are a few examples.



Highlights of the financial year 2010/2011

»Daddy Weeks« received an award in the category »Job and Kids«



DI Maria Fellner, Mag. Veronika Ringel

The company agreement on »Daddy Weeks« gives fathers paid leave of up to two weeks in the first three months of their child's life.

This family-friendly scheme won the WOMAN AWARD 2010 in the category »Job and Kids« in December 2010.

Ethics in Research and Technology



Dr. Birgit Strimitzer-Riedler, Hon.-Prof. Dr. Bernhard Pelzl

JOANNEUM RESEARCH's longstanding commitment to ethics in science has left a lasting mark. The presentation of the book titled »Ethik in Forschung und Technik. Annäherungen« published by Böhlau was the programme highlight of the »Mariazell Dialog« on 27 January 2011.

Roll-to-roll pilot facility



Regional Research Minister Mag. Kristina Edlinger-Ploder
symbolically put the machine into operation

The roll-to-roll pilot facility in Weiz was put into operation in a special ceremony on 7 April 2011.

The machine allows JOANNEUM RESEARCH MATERIALS to develop prototypes of micro- and nano-structured films for the industry – a valuable investment in Styrian industrial research.

Research award for JOANNEUM RESEARCH



Dr. Barbara Stadlober accepted the award for the team.

A research group coordinated by JOANNEUM RESEARCH has developed a cost-effective printing process for smart active-matrix sensors. The project received the Academic R&D Award at the IDTechEx Printed Electronics Europe conference on 11 April 2011.

JOANNEUM RESEARCH

was there

XIII IUFRO World Congress International Union of Forest Research Organisations

23–28 August 2010
Seoul

CPhI Worldwide Leading Pharmaceutical Networking Event

5–7 October 2010
Paris

WssTP Water supply and sanitation Technology Platform

17 January 2011
Brussels

FP7 Space Conference 2011

12–13 May 2011
Budapest

58th International Congress and Annual Meeting of the Society for Medicinal Plant and Natural Product Research

29 August–2 September 2010
Berlin

SSW – International Snow Science Workshop

18–22 October 2010
Lake Tahoe, USA

Fuels of the Future 2011

23–26 January 2011
Berlin

Cities of the Future IWA International Conference

22–25 May 2011
Stockholm

Competence Centre for Bio-refining and Bio-energy (CCBB)

20 September 2010
Dublin

AAPS American Association of Pharmaceutical Scientists

12–16 November 2010
New Orleans

JIIP 2011 Symposium Joint Institute for Innovation Policy

18 April 2011
Brussels

SENSOR+TEST 2011

7–9 June 2011
Nuremberg

ProcessNet-Annual Meeting 2010

21–23 September 2010
Aachen

MMM2011 17th International Conference on Multi-Media Modeling

5–7 January 2011
Taipei

Targeting R&D subsidies European Network on Industrial Policy (EUNIP)

5–6 May 2011
Florence

BIO International Convention

28 June–1 July 2011
Washington, DC

Mission Statement of JOANNEUM RESEARCH

Cooperation and Shareholdings

Mission Statement of JOANNEUM RESEARCH

The primary aim of JOANNEUM RESEARCH is to enhance the attractiveness of Styria as a business location, especially by creating qualified job opportunities.

- ▶ JOANNEUM RESEARCH achieves maximum economic effectiveness and scientific quality with the resources available.
- ▶ JOANNEUM RESEARCH subjects its research topics to a constant process of renewal and evaluation.
- ▶ JOANNEUM RESEARCH actively promotes know-how transfer to industry and markets the technologies, processes and products developed by its staff.
- ▶ JOANNEUM RESEARCH places special emphasis on market observation and on monitoring changes in societal needs.
- ▶ JOANNEUM RESEARCH promotes communication and cooperation of its researchers both in-house and with business, public administration, universities, universities of applied sciences and other non-university research institutions in the European Research Area.
- ▶ JOANNEUM RESEARCH sees its role as a key node of an international research network with a special focus on the Adria-Alpe-Pannonia region and South-Eastern Europe in general.
- ▶ JOANNEUM RESEARCH offers qualified job opportunities. Targeted postgraduate measures are designed to support innovative and committed staff in the development of their technical, social and entrepreneurial qualifications and thus prepare them for management positions in research, industry and administration.
- ▶ JOANNEUM RESEARCH strengthens its commitment to equal opportunities and advancement of women as an integral part

of its corporate policy in terms of increasing the quality of its research and strengthening its economic position.

- ▶ JOANNEUM RESEARCH plays a pioneering role in terms of ethics in research and technology within the Austrian non-university research sector and is aware of its role model function and its responsibility towards society.

Cooperation and Shareholdings

JOANNEUM RESEARCH places special emphasis on close cooperation with the scientific institutions of Styria. This includes cooperation with the Styrian universities as well as cooperation with institutes of the Austrian Academy of Sciences, the competence centres and the universities of applied sciences. JOANNEUM RESEARCH is involved in numerous networks both as an institution and via its employees. This presence ensures the knowledge transfer required in science, forms an essential part of marketing success and in many ways contributes to the 'institutional acceptance' of the company. JOANNEUM RESEARCH sees shareholding management as a strategic option to improve the competitiveness of the company as a basis for growth and value enhancement. Major emphasis is placed on the development of new business fields, processes and resources to position JOANNEUM RESEARCH as a professional innovation and technology provider with special expertise in providing complete (systems) solutions. The shareholdings thus have a positive effect on the revenue situation and strengthen the company's core business.

Research Units and Groups

as of December 2011

Research Units and Groups

► MATERIALS

Institute for Surface Technologies and Photonics

- ▷ Micro- and Nanostructuring
- ▷ Light and Optical Technologies
- ▷ Laser Processing
- ▷ Sensor Systems
- ▷ Functional Surfaces

► HEALTH

Institute for Biomedicine and Health Sciences

- ▷ Biomedical Technology and Monitoring
- ▷ Bioanalytics and Metabolomics
- ▷ Nanotoxicology and Nanomedicine
- ▷ eHealth and Health Sciences

► DIGITAL

Institute for Information and Communication Technologies

- ▷ Remote Sensing and Geoinformation
- ▷ Machine Vision Applications
- ▷ Space and Acoustics
- ▷ Audiovisual Media
- ▷ Intelligent Information Systems

► RESOURCES

Institute for Water, Energy and Sustainability

- ▷ Water Resources Management
- ▷ Laboratory Centre for Isotope Hydrology and Environmental Analytics
- ▷ Geophysics and Geothermy
- ▷ Energy Research
- ▷ Industrial Water Management and Wastewater Technologies
- ▷ Plant Materials Sciences and Utilisation

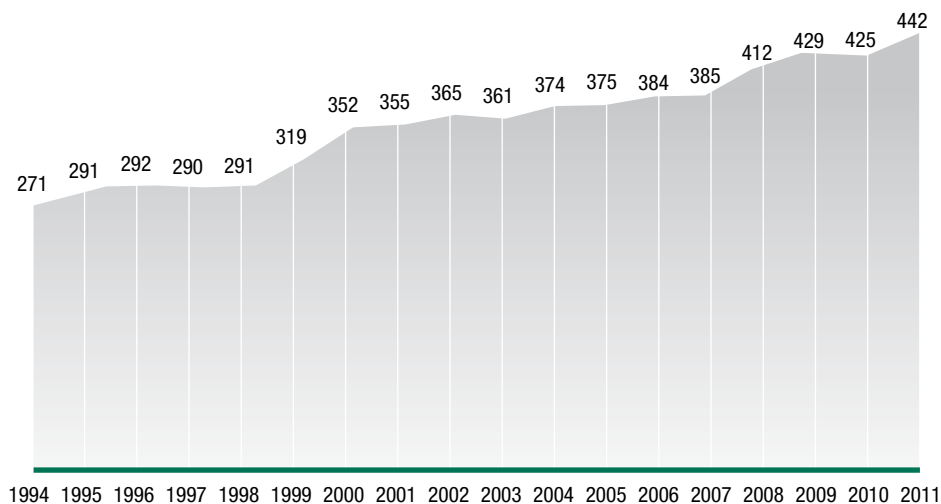
► POLICIES

Centre for Economic and Innovation Research

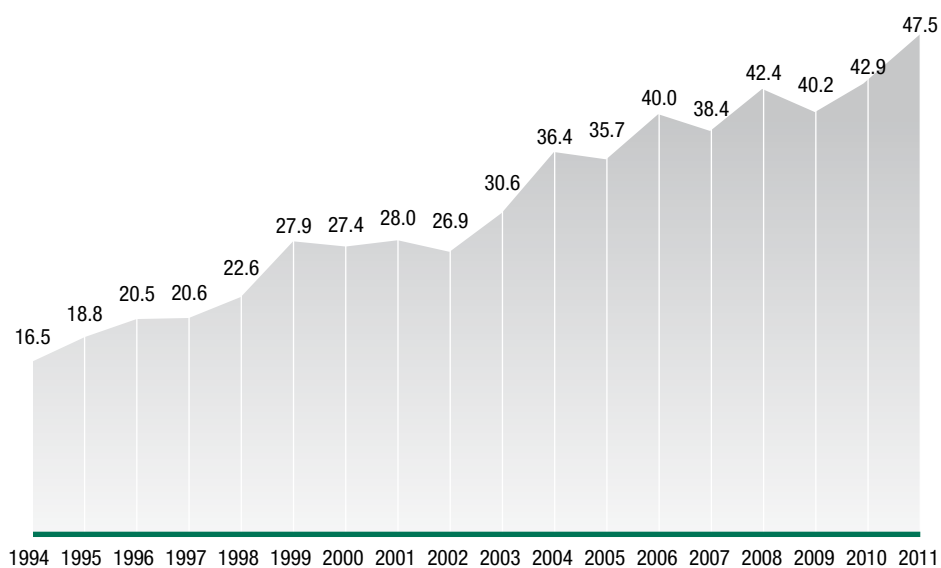
- ▷ Technology, Innovation and Policy Consulting
- ▷ Technology, Foresight and Planning
- ▷ Statistical Applications
- ▷ Regional Science, Risk and Resource Economics

Key Figures

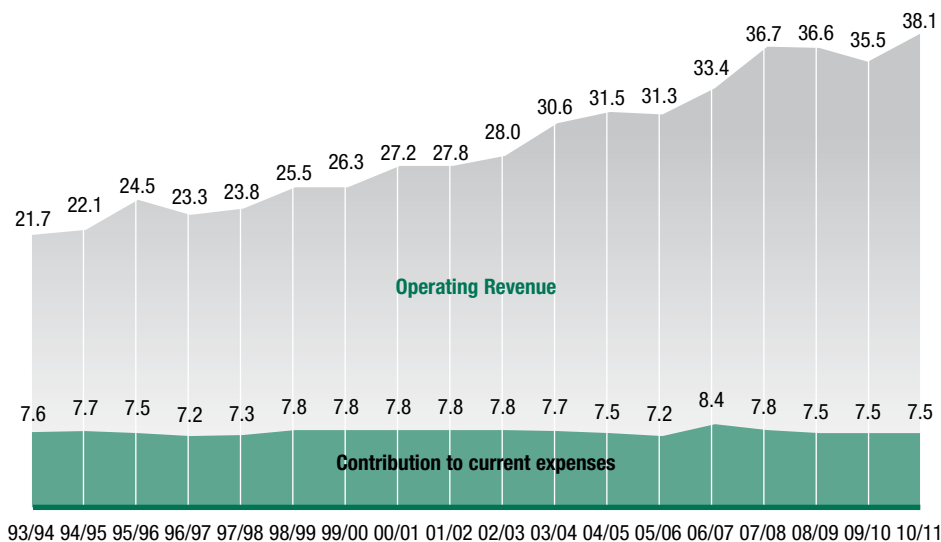
**Number of employees
(head count
as of 30/6)**



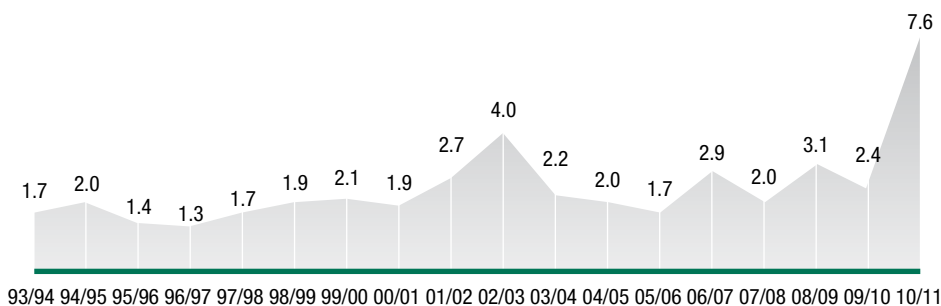
**Total assets
(EUR million)**



**Revenue
(EUR million)**



**Approved investment
programme
(EUR million)**



Management Report

Corporate Organisation

The Management Report covers the financial year 2010/11 from 1 July 2010 to 30 June 2011 and is divided into three sections: I. Report on business operations and economic situation, II. Report on expected development and risks, and III. Report on research and development.

I. Report on Business Operations and Economic Situation

► **Corporate organisation**

As of 30 June 2011, JOANNEUM RESEARCH comprises 5 research units (four institutes and one centre) reflecting the company's key areas of research.

Research Units	
MATERIALS	Institute for Surface Technologies and Photonics
HEALTH	Institute for Biomedicine and Health Sciences
DIGITAL	Institute for Information and Communication Technologies
RESOURCES	Institute for Water, Energy and Sustainability
POLICIES	Centre for Economic and Innovation Research

► **Shareholdings**

JOANNEUM RESEARCH holds participating interests in the following companies as of 30 June 2011:

Shares in affiliated undertakings	Share
BioNanoNet Forschungsgesellschaft mbH	51.0 %
NanoTecCenter Weiz Forschungsgesellschaft mbH	50.0 %

The balance sheet shows BioNanoNet Forschungsgesellschaft mbH, Graz, and NanoTecCenter Weiz Forschungsgesellschaft mbH, Weiz, as affiliated undertakings.

Shareholdings	Share
FH JOANNEUM Gesellschaft mbH.....	14.9 %
Holz.Bau Forschungs GmbH	8.7 %
Human.technology Styria GmbH	7.0 %
WATERPOOL Competence Network GmbH	17.5 %

The company also owns interests in the following companies funded by the COMET Competence Centre Programme of the Federal Ministry for Transport, Innovation and Technology (bmvit) and the Federal Ministry of Economy, Family and Youth (bmwfj) as of 30 June 2011:

Shareholdings – COMET Programme (K1 and K2 Centres)	Share
ACIB GmbH	8.0 %
BIOENERGY 2020+ GmbH	10.0 %
Kompetenzzentrum – Das virtuelle Fahrzeug, Forschungsgesellschaft mbH	10.0 %
Kompetenzzentrum für wissensbasierte Anwendungen und Systeme Forschungs- und Entwicklungs GmbH	10.0 %
Materials Center Leoben Forschung GmbH.....	17.5 %
Polymer Competence Center Leoben GmbH.....	17.0 %
Research Center Pharmaceutical Engineering GmbH	15.0 %

No branches have been established.

Review of Operations

► Review of operations

JOANNEUM RESEARCH was restructured in accordance with the JOANNEUM RESEARCH Strategic Framework Plan at the beginning of the financial year, which thus constitutes the first year of the new structure in a three-year transition period.

The local concentration of research units initiated in the 2010/2011 financial year is designed to support cooperation in the new thematic research areas. The concentration process was implemented by acquiring new premises for EUR 4.5 million in January 2011. JOANNEUM RESEARCH moved to its new address, Palais Herberstein, Leonhardstrasse 59, 8010 Graz, in April 2011 and was thus able to close three other Graz locations.

The company recorded a total order backlog of EUR 54.5 million as at 30 June 2011, which is an increase of EUR 4 million from the previous year; the portion allocable to the subsequent financial year also increased by EUR 2.1 million to EUR 27.5 million. Open offers amount to EUR 21.6 million (previous year: EUR 30.8m) as at 30 June 2011. The company reports a kEUR 226.6 loss for the 2010/2011 financial year, which represents a dramatic kEUR 550 reduction from previous year (-kEUR 776.6). The self-financing ratio of JOANNEUM RESEARCH rose from 75 % to 79 %, making it a top player in the European research landscape.

In the 2010/2011 financial year JOANNEUM RESEARCH generated revenue of EUR 14.8 million (previous year: EUR 13.4m) from contract research and EUR 12.6 million (previous year: EUR 11.9m) from funded research. At the international level, our company generated a turnover of around EUR 3.5 million from contract research projects. Participation in the programmes of the European Union and calls of the European Space Agency (ESA) resulted in total revenue of EUR 4.0 million in the 2010/2011

financial year, with the European Union accounting for EUR 3.8 million and ESA for EUR 0.2 million of revenue. JOANNEUM RESEARCH was awarded projects with a total funding volume of around EUR 3.3 million under the 7th EU Framework Programme and ESA contracts worth EUR 2.1 million. Total revenue of EUR 7.3 million was generated from international research in the reporting year, comprising EUR 3.8 million from the European Union and EUR 3.5 million from contract research projects.

National cooperative research projects within the framework of the Austrian Research Promotion Agency (FFG) resulted in revenue of EUR 1.4 million in the 2010/2011 financial year.

JOANNEUM RESEARCH assigned its interest in the share capital of HyCentA Research GmbH (HyCentA) totalling EUR 4,375 (12.5 %) to the remaining shareholders.

JOANNEUM RESEARCH recorded earnings of around EUR 0.7 million and expenditure of around EUR 0.2 million from its shareholdings in the period from 1 July 2010 to 30 June 2011. The funding agreement 2009–2010 concluded between JOANNEUM RESEARCH and the Ministry of Transport, Innovation and Technology (bmvit) provided EUR 4.27 million in funding for two years. In the 2010/2011 financial year JOANNEUM RESEARCH achieved a revenue of around EUR 1.5 million.

The funding agreement 2011–2012 concluded between JOANNEUM RESEARCH and the Ministry of Transport, Innovation and Technology (bmvit) provides EUR 4.1 million in funding for two years. In the 2010/2011 financial year JOANNEUM RESEARCH achieved a revenue of around EUR 0.6 million.

Financial Position

Earnings Position

The percentage of income from industrial contracts, a key performance indicator of the financing agreement with the Styrian Government, rose by 18 % to EUR 8.8 million in the 2010/2011 financial year. This provides evidence that the focus on specific thematic research areas and the restructuring process have already had positive effects.

► Financial position

The development of the company assets and financial position is as follows (rounded figures): At the balance sheet date of 30 June 2011, the total assets of JOANNEUM RESEARCH Forschungsgesellschaft mbH amounted to EUR 47.5 million, comprising fixed assets of EUR 15.0 million, current assets (including accruals) of EUR 31.5 million and trust assets of EUR 1.0 million. The change in total assets of EUR 4.6 million is due to an increase in fixed assets.

As of 30 June 2011, capital and reserves including public investment grants amounted to EUR 7.6 million, or 16 % of total assets, as compared to EUR 8.0 million, or 19 % in the previous year. Debt capital (including accruals and deferred income and trust liabilities) increased to EUR 39.9 million (previous year: EUR 34.9m) as a result of an increase in liabilities and trust assets, corresponding to 84 % (previous year: 81 %) of total assets.

The cash flow from operations as a sum of the profit for the year and the income and expenditure items (internal financing potential of the company) was EUR 0.8 million in the 2010/11 financial year. The working capital decreased to EUR 1.5 million (previous year: EUR 7.2m).

No derivative financial instruments were used in the past financial year. The financial instruments shown in the balance sheet are part of the company's general risk management reflected in the accounting and valuation principles.

► Earnings position

Operating revenue in the 2010/2011 financial year, including own work capitalised and other operating income and excluding the basic subsidy, amounted to EUR 30.6 million, which is an increase from the previous year (EUR 28.0 million).

National projects account for 65 % and international contracts for 35 % of operating revenue. Some 19 % of operating revenue was generated in Styria, reflecting the mission of JOANNEUM RESEARCH to promote the sustainable economic development of Styrian enterprises by providing high-level research services.

Work in progress increased by EUR 2.3 million compared to the previous year, amounting to EUR 12.7 million as of 30 June 2011.

Total expenditure of EUR 39.0 million (previous year: EUR 37.2 million) consists of personnel expenses, including statutory social security contributions, voluntary social benefits and provisions for pensions and severance payments of EUR 25.5 million (previous year: EUR 24.2m), expenses for material and services of EUR 3.8 million (previous year: EUR 3.4m), depreciation and amortisation of EUR 2.7 million (previous year: EUR 2.5m), and other operating charges of EUR 7.0 million (previous year: EUR 7.1m).

Operating revenue covered 79 % of expenses, thus maintaining the company's high self-financing ratio by international standards. The basic subsidy provided by the Styrian Government and the funding agreement concluded with the Federal Ministry for Transport, Innovation and Technology (bmvit), however, remain indispensable for effectively pursuing the company's mission.

Capital Investment

The company's loss on ordinary activities for the 2010/2011 financial year is – EUR 240,227.61. If taxes on income (EUR 1,750.00), release of the free revenue reserve (EUR 15,420.00) and the profit brought forward from the previous year (EUR 1,649,775.88) are taken into account, the net profit for the year amounts to EUR 1,423,218.27.

No events occurred after the balance sheet date that may have a material effect on the financial or earnings position in the 2010/2011 financial year.

► Capital investment

In the 2010/2011 financial year, investments of EUR 7.6 million were made in fixed assets (scientific instruments, data processing systems, furniture and fixtures, built-up land including buildings).

Investment in fixed assets in the FY	06/07	07/08	08/09	09/10	10/11
Investment volume [EUR million]	1.8	3.1	2.0	2.5	7.6
Changes from preceding year [%]	+50 %	+72 %	-35 %	+25 %	+204 %

The EUR 5.1 million increase in capital investment from the previous year is largely attributable to the purchase of the Palais Herberstein premises on Leonhardstrasse 59 (EUR 4.5 m) and the acquisition of the roll-to-roll pilot plant in Weiz (kEUR 632). The investment programme was partly financed from the EU structural funds.

Human Resources

► Human resources

JOANNEUM RESEARCH staff comprised 442 employees (154 women and 288 men) as of the balance sheet date, having increased by 4 % (previous year: 425 employees; 148 women and 277 men). Taking part-time employees into account on a proportional basis this figure corresponds to 377.9 full-time equivalents as at 30 June 2011, compared with 367.1 as at 30 June 2010, which is an increase of 2.9 %.

A total of 73 new employees (35 women and 38 men) joined and 56 employees (29 women and 27 men) left the company in the reporting year, resulting in a staff turnover rate of about 12.67 % (women 6.56 % and men 6.11 %), which is practically the same as in the previous year (12.35 %).

As of 30 June 2011, the percentage of university graduates has increased to 64.5 % (previous year: 62.1 %), while the percentage of employees having completed secondary education has fallen to 22.2 % (previous year: 24.9 %). The proportion of female university graduates also increased from 25.4 % in the previous year to 26 % in the reporting year. The average age of JOANNEUM RESEARCH employees is 39.1 years, having slightly increased from the previous year (38.9 years).

At the balance sheet date, JOANNEUM RESEARCH had a total of nine apprentices: one male apprentice in mechatronics engineering, one male and one female apprentice in information technology, two female chemistry laboratory technicians, one female physics laboratory technician and three female office administrators. This represents an increase of one female apprentice in the total number of company trainees compared with the previous year. In addition, three of the apprentices (three women) are making use of the opportunity to complete their apprenticeship with secondary school qualifications. JOANNEUM RESEARCH supports these apprentices by enabling them to attend a module preparing them for the vocational matriculation exam during working hours. In the reporting year, JOANNEUM RESEARCH provided work placements for 16 trainees (4 women, 12 men) from universities and international exchange programmes. The company gave 7 female and 12 male students the opportunity to write their degree theses within an employment contract.

The Austrian Federal Ministry for Transport, Innovation and Technology (bmvit) has launched the »generation innovation« programme to pro-

Number of employees as at 30 June	2007	2008	2009	2010	2011
Women	130	139	147	148	154
Change from the preceding year	+1.6 %	+6.9 %	+5.8 %	+0.7 %	+4.1 %
Men	255	273	282	277	288
Change from the preceding year	-0.4 %	+7.1 %	+3.3 %	-1.8 %	+4 %
Employees total	385	412	429	425	442
Change from the preceding year	+0.3 %	+7.0 %	+4.1 %	-0.9 %	+4 %

mote young scientists and engineers and to encourage dialogue between the younger generation and stakeholders involved in research, innovation and technology. The programme provides funding for work placements of at least four weeks for the target group of pupils from the age of 15 onwards. The programme encourages the participation of young women in particular to counteract the lack of professionals in science and engineering. During the past financial year, a total of 15 pupils worked at JOANNEUM RESEARCH during their school holidays as part of the »generation innovation« programme.

The FINCA project (Female Intrapreneurship Career Academy) is a networking and cooperation project jointly run by the Johannes Kepler University Linz, the Vienna University of Technology and Graz University of Technology. The two-year project was concluded in March 2011. It was aimed at helping female students of engineering and science to access qualified positions in technology-focused companies, thereby helping to increase the proportion of women in leadership roles. JOANNEUM RESEARCH, a partner in the FINCA project, enabled 5 female students to complete a work placement or write their degree thesis in the reporting year 2010/2011.

Measures to help employees to improve their work-life balance and to create equal opportunities are key elements of personnel policy at JOANNEUM RESEARCH. This includes child-care provisions and a research-focused summer programme organised in cooperation with JuniorUni Graz. JOANNEUM RESEARCH organised technical workshops specially geared to girls to encourage young women to enter a career in science and engineering. The JuniorUni workshops met with great interest and made a valuable contribution to the communication of research topics to children and young people. The company agreement on »Daddy Weeks« was extended to 2011. The agreement gives fathers paid leave of up to 10 working days to look after their wives and newborn children. A total of 20 fathers used this opportunity in the reporting period.

Development and Risks

II. Report on Expected Development and Risks

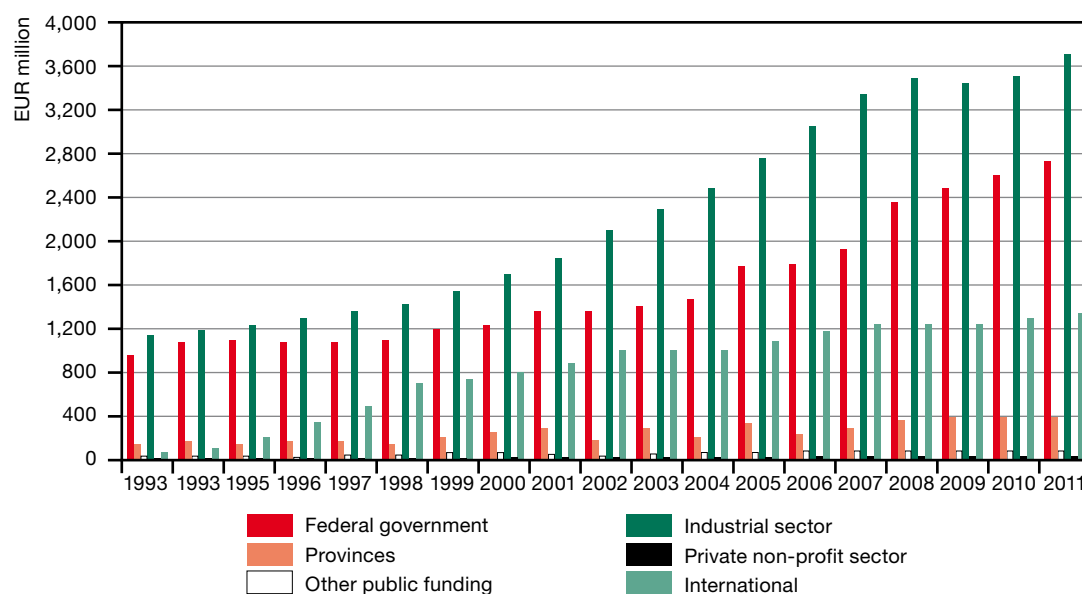
Economic framework conditions for research and development (R&D)

After a decline in industrial expenditure in research and development (R&D) as a result of the 2009 economic crisis, 2010 saw an increase in R&D investment in the private sector. This trend is expected to continue in 2011. According to forecasts by the Austrian Institute for Economic Research (WIFO), real economic growth in Austria will be 3 % in 2011 and 1.8 % in 2012.

Statistics Austria forecasts an increase in R&D expenditure both in the industrial and public sectors. Total Austrian R&D spending will thus exceed EUR 8 billion for the first time, representing 2.79 % of gross domestic product (GDP).

As of April 2011, Statistics Austria expects that an amount of EUR 8.3 billion will be invested in R&D in 2011, which is a 5 % increase on previous year. It is assumed that the industrial sector will account for 44.6 % and the public sector for 38.7 % of these expenses, while 16.2 % of research spending will come from abroad and around 0.4 % from the private non-profit sector. Current discussions in Austria on a potential reduction in the recognition of overhead costs in research funding could have negative effects on the revenue situation of JOANNEUM RESEARCH.

Funding of Austrian R&D, 1993–2011



Source: Statistics Austria, R&D Statistics, as of 19/04/2011

JOANNEUM RESEARCH Strategic Framework Plan

The repositioning and the new thematic structure of the company have been implemented through the approval of the planning documents, the corporate concept 2010–2013, the annual research programme 2010/2011 and the annual budget for 2010/2011. The financial year 2010/2011, the first in a three-year transition period until 2013, was marked by the local concentration of research units to enhance the thematic focus and increase the proportion of industrial contracts.

The concentration of research units will be continued in the financial year 2011/2012 and the relocation of the DIGITAL Institute to the Steyrergasse premises and RESOURCES to the Elisabethstrasse premises will be completed. The company aims to further increase the volume of industrial contracts in the financial year 2011/2012 to be able to reach the EUR 10 million mark (for each euro in basic subsidy the company must generate 1.33 euros of revenue from industrial projects) specified by the shareholders for the end of the transition period.

Financing Agreement with the Styrian Government

In accordance with the Strategic Framework Plan, JOANNEUM RESEARCH concluded a Financing Agreement on a basic subsidy for 2009 and 2010 with the Styrian Government. This Agreement provides for the funding of current expenses in the form of a basic subsidy of a maximum annual amount of EUR 7.5 million. An extended Financing Agreement was negotiated with the majority shareholder to ensure a longer term basic subsidy. The contract period is to be extended to five and a half years, from 1 July 2011 to 31 December 2016, with the annual amount of funding remaining at EUR 7.5 million. The new Financing Agreement will be presented to the Styrian Government in autumn and subsequently submitted to the Styrian Parliament for resolution.

Funding Agreement with the Federal Ministry for Transport, Innovation and Technology

The financial support provided to JOANNEUM RESEARCH by the Federal Ministry for Transport, Innovation and Technology (bmvit) within the framework of Funding Agreements represents a key instrument of corporate financing. The Funding Agreement 2011–2012 signed on 7 July 2011 provides a total of EUR 4,053,000 in funding. Negotiations are currently underway to extend the Funding Agreement to 2013 and 2014.

Research and Development

III. Report on Research and Development

The strong focus on industrial research is reflected in the project portfolio of JOANNEUM RESEARCH and makes a significant contribution to strengthening Styria as a business location.

The following project examples illustrate the trend towards a stronger industrial focus at the regional, national and international level:

The long standing cooperation with ÖBB-Infrastruktur AG was continued successfully. JOANNEUM RESEARCH was commissioned with measurements and evaluations to provide hydrogeological evidence for the statutory approval procedure of the Semmering base tunnel project. ÖBB-Infrastruktur AG investigates different alignment options for the new route between Graz and Gleisdorf as part of the Koralmbahn railway project. RESOURCES performs modelling and scenario calculations to optimise the planning process and to prevent negative effects on local groundwater resources.

RESOURCES carried out experimental investigations on the combustion of biomass and industrial residues in cooperation with Zauner BioEnergie GmbH. The pilot plant set up for this purpose at Ökopark Hartberg consists of several pre-fabricated containers with a pilot combustion plant, a load simulator and the necessary measurement and control equipment. MATERIALS was commissioned by Styrian ACStyria Autocluster GmbH to evaluate different chemical cleaning systems (surfactants and surfactant mixtures) and physical processes (ultrasound treatment). The aim was to optimise the industrial cleaning of surface coatings and metal surfaces following cutting operations, to remove grease constituents from the cleaning bath and to develop a method for determining the surfactant concentration in the cleaning bath.

Engel Austria GmbH, the world's largest manufacturer of plastic injection moulding machines, uses our long years of expertise in the field of laser alloying of tool steels. JOANNEUM RESEARCH is the first company worldwide to develop a laser alloying process for a specific tool to maturity and to integrate it into serial production.

The introduction of roll-to-roll technology opens up completely new possibilities for industrial research in Styria. The MATERIALS Institute started operation of a new roll-to-roll pilot facility at Weiz. The use of continuous roll-based production processes allows the fast large-area generation of nanostructures, providing the basis for revolutionary applications in electronics, optoelectronics, photovoltaics and sensor technology. Fundamental topics of nanotechnology, such as the functionalisation of surfaces using biomimetic structures for self-cleaning, improved adherence or reduced friction can now be implemented in prototypes or even small series in an industrial environment. The new roll-to-roll facility is aimed at producing extremely small structures on large surfaces in a resource-efficient industrial process. The development of this innovative project receives significant support from the Federal Ministry for Transport, Innovation and Technology (bmvit) via the Funding Agreement.

JOANNEUM RESEARCH has established close cooperation with Galderma Research and Development, SNC in the research field of open-flow microperfusion (OFM). Various projects have been launched to conduct clinical OFM studies. For example, research teams currently investigate a new active agent for the treatment of psoriasis with a special focus on determining the pharmacokinetics and pharmacodynamics of the agent in the skin. The HEALTH Institute is responsible for the performance of studies, the

development of analytical methods and sample measurements.

In another field of OFM application, JOANNEUM RESEARCH has been commissioned by Novo Nordisk A/S to determine the actual concentrations of modified insulin in subcutaneous fat tissue using animal models.

Analytical measurement methods based on GC-MS (gas chromatography – mass spectrometry) are being developed for Fresenius Austria Kabi GmbH in accordance with international validation protocols.

DIGITAL has developed a system for recognising stamped digits in an industrial environment (OCR – optical character recognition) for voestalpine Austria Draht GmbH. The system, consisting of a camera, a lighting unit and special evaluation software provides consistently high recognition rates even under rough conditions. A special image acquisition unit equipped with long-life, maintenance-free LED lighting combined with a fast camera with high dynamics generates images that show even the smallest details that are barely visible. Appropriate image pre-processing operations provide optimal input data for subsequent digit recognition.

DIGITAL was commissioned by SIEMENS AG Österreich to develop the Interference Analysis Tool for the European satellite navigation system GALILEO. Appropriate receiver models allow signal quality and positional accuracy to be assessed for any location and presented in global maps. The effects of simultaneous use of frequency bands on the signal quality of GALILEO can thus be assessed to support negotiations with other operators.

DIGITAL has developed algorithms and software for the geometric correction of image data of the German earth observation satellite TerraSAR-X, which will be integrated into the commercial processing chain of Infoterra GmbH. The TerraSAR mission is aimed at providing high-quality radar images with a geometric resolution of down to one meter as a sound basis for research projects and commercial applications. The developments are based on the RSG (Remote Sensing Software Package Graz) software package, which was specially developed by DIGITAL for the geometric processing of remote sensing data.

POLICIES was commissioned by Agrarmarkt Austria Marketing GesmbH to generate an assessment system for the operation acceptance inspections carried out in slaughterhouses as part of the AMA quality label programme and to assess the acceptance reports in a quantitative way. The operations were assessed using uniform check lists for pig, cattle and poultry slaughtering and processing. The risk potentials identified in the course of the acceptance inspections served as a basis for deriving adequate corrective measures.

A project on weather risk analysis and management for the Graz based leisure industry carried out by POLICIES for Freizeit Graz GmbH involved the development of a forecasting system predicting weather influence on the profit situation of public swimming pools. The system uses the five-day weather forecast provided by ZAMG/ECMWF to predict the expected number of bathers in order to optimise disposition processes and marketing.

POLICIES acted as consortium partner in the international audit of the research and innovation system of the Czech Republic carried out by Technopolis Group Ltd. POLICIES was responsible for analysing the relationships between economy and science as well as public research and development expenditure in the Czech Republic.

Research cooperation with international industrial partners

The high internationally recognised quality of the research services provided by JOANNEUM RESEARCH is reflected in an increase in contracts with international clients.

DIGITAL and POLICIES have established close relationships with GAF AG, a leading supplier of geoinformation solutions. Together with Graz University of Technology, VTT (Valtion Teknillinen Tutkimuskeskus), the European Space Agency (ESA), the European Forest Institute (EFI) and TÜVSüd, the two Institutes are developing improved methods for tropical forest monitoring for implementation in tropical countries in Africa.

Based on its longstanding experience in the development of high-precision precipitation gauges DIGITAL is distributing its 2D Video Distrometer on a global basis. The list of international clients in the 2010/2011 financial year included among others Hydrotech Company from Japan, Global Electronics Co. Ltd. from Taiwan and KWeather Co. Ltd. From South Korea. The gauges provide detailed information about precipitation structure as a basis for a wide range of applications in communications engineering, remote sensing and meteorology.

The BioPersMed project carried out by the HEALTH Institute together with nine renowned research institutions and partners from the pharmaceutical industry is aimed at developing new diagnostic methods using biomarkers. These methods allow the individual course of widespread diseases caused by metabolic disorders to be predicted more precisely. They provide the basis for earlier and targeted preventive measures and therapies, thus significantly improving chances of recovery and quality of life for patients. This also has a positive effect on the health system as a whole as it reduces the expensive risk of therapy failure.

Research networks and cooperation with Styrian universities and competence centres

JOANNEUM RESEARCH places great value on cooperation with Styria's scientific institutions, which constitutes an integral part of its corporate mandate in terms of networking.

JOANNEUM RESEARCH fulfils this role by actively participating in numerous networks and platforms, which give regional companies access to a wide range of research services and support them in implementing complex innovative projects.

Examples of this include the Styrian nanotechnology network NANONET-Styria, SIMNET Styria, the Human.technology Styria cluster and the network »Light for an Energy-Efficient Future«. The NANONET-Styria research network comprises partners from science, industry and public administration. The network sees its role as a cooperation and communication platform aimed at enhancing the expertise and concepts of nanosciences and nanotechnologies in Styria.

The SIMNET Styria network focuses on the further development of relevant thematic fields in the areas of multiscale modelling, lightweight design, shape optimisation, CFD simulations for the description of gas and fluid flow, geotechnical engineering, stochastics and applied mathematics. The aim of the network is to provide a strong innovative impetus to industry and science and to contribute to creating the necessary resources in application-oriented basic research. In order to achieve these objectives, SIMNET Styria draws on the scientific and technological expertise of Styrian research institutions, competence centres and technology clusters in order to develop Styria into a nationally and internationally recognised key player in the field of mathematical and physical modelling and numerical simulation.

Human.technology Styria is an economic policy initiative which sets out to boost the competitiveness of Styrian companies, institutions and scientific bodies working in the field of human technology. JOANNEUM RESEARCH joined this initiative at its launch in 2004 and has since been an active partner in the cluster. The »Research Strategy Styria 2005 plus« identifies the area of human technology as a key field of scientific expertise in Styria.

The Styrian Government has launched a new research policy initiative aimed at strengthening interdisciplinary collaboration at the human-technology interface. BioNanoNet Forschungsgesellschaft mbH and NanoTecCenter Weiz Forschungsgesellschaft mbH participate actively in this Human Technology Interface initiative. The first call of proposals was issued at the beginning of 2011 in order to promote and strengthen this thematic field in Styria by providing funding for seed projects. Potential future activities are currently being discussed with the Styrian Government.

The network »Light for an Energy-Efficient Future« is a joint initiative of JOANNEUM RESEARCH, NanoTecCenter Weiz Forschungsgesellschaft mbH, Graz University of Technology and the University of Graz. The network sees itself as a Styrian cooperation and communication platform aimed at promoting energy and environmentally relevant applications of light by initiating joint R&D activities of science, research and public administration with a special focus on innovative cross-technological approaches and research topics. Network activities are designed to develop light into a strategic field of technology in Styria. The implementation of these new technologies is to enhance the competitiveness of the Styrian economy, promote a more energy-conscious lifestyle and further boost Styria's image as the »Green Heart of Europe«.

JOANNEUM RESEARCH has established close relationships with the Styrian universities and has institutionalised this collaboration by concluding cooperation agreements with Graz University of Technology, the University of Leoben and the Medical University of Graz. The success of this constructive cooperation is reflected in numerous research and development projects and activities

One example is the project »Lifetime prediction of laser welds« carried out together with the University of Leoben and Magna Powertrain AG & Co KG. The aim of the project is to develop a lifetime prediction method for welding seams and to estimate distortion using thermomechanically coupled welding process simulations. Laser welds were performed on test parts in order to characterise the thermophysical behaviour of welded joints and to determine materials parameters for the individual microstructures.

The DIGITAL Institute has established a close collaboration with Graz University of Technology in the Research Studio Austria »Machine Vision Meets Mobility – rotational position sensing for autonomous vehicles«. One of the major challenges to be solved in this joint project is the development of robust and practically applicable algorithms for use in cameras deployed in real environments. Cameras are flexible sensors that are becoming increasingly powerful, compact and cost-efficient. These systems offer a wide range of applications in the field of mobility, the most promising being position sensing for autonomous transport systems. Future developments are aimed at collective dynamic environment recognition for more complex navigation and transport tasks.

The HEALTH Institute is currently working on the »herz.leben« project together with the Medical University of Graz in partnership with the Styrian Government, the Styrian Hospital Financing Fund (SKAFF), the Styrian Health Insurance Fund (STGKK), the Styrian Hospital Group (KAGes), the Styrian Medical Association and the Association of Austrian Diabetes Consultants. The project aims to increase anti-hypertension treatment through active patient involvement, to reduce cardiovascular morbidity and mortality through improved hypertension control and to provide quality assurance in hypertension treatment through documentation and evaluation.

JOANNEUM RESEARCH is a founding shareholder and key research partner of the Know-Center (Kompetenzzentrum für wissensbasierte Anwendungen und Systeme Forschungs- und Entwicklungs GmbH), which acts as a competence centre for knowledge management and technologies. In the 2010/2011 financial year, the DIGITAL Institute extended its longstanding collaboration with the Know-Center for another three years (funding period 2012–2014), optimally combining their individual fields of expertise. DIGITAL has profound experience in the semantic analysis, description and storage of audiovisual media, while the Know-Center contributes expertise in knowledge technologies. Combined expertise in the area of technology-oriented learning and semantic text analysis enables efficient cooperation. Collaborative research efforts include, for example, analysing advertisements and logos in information sources for the Austrian Press Agency APA or planning and producing innovative digital versions of major encyclopaedias (Brockhaus-Duden) for wissenmedia, a subsidiary of the Bertelsmann media group. The partners also carry out joint basic research projects such as »Science 2.0« to investigate the question of how the new social media influence the scientific community and thus also future academic and research work.

Research under EU Framework Programmes

JOANNEUM RESEARCH has successfully continued its participation in the Framework Programmes of the European Union. All projects carried out under the 6th EU Framework Programme were completed in the financial year 2010/2011. JOANNEUM RESEARCH is actively participating in numerous projects of the 7th EU Framework Programme.

JOANNEUM RESEARCH is part of an international consortium of seven scientific organisations and six industrial partners in the EU project PRoVisG (Planetary Robotics Vision Ground Processing). The project is aimed at building a generic robotic vision framework for unmanned missions on planetary surfaces. The mechanisms developed are demonstrated to the public in a realistic environment using an EADS Astrium rover on Tenerife.

JOANNEUM RESEARCH is developing large-area piezoelectrical and pyroelectrical polymer sensors on flexible substrates in the EU project 3PLAST. The project is carried out in cooperation with industrial partners ACREO AB, International Electronics & Engineering and Motorola GmbH as also with the University of Linz and the Fraunhofer Institute for Reliability and Microintegration. These sensors can be produced cost effectively and are intended for human detection in safety applications for the automotive industry, non-contact input for electronic devices as well as monitoring pressure and flow in industrial engineering.

The project EUFODOS (European Forest Downstream Services – Improved Information on Forest Structure and Damages) coordinated by JOANNEUM RESEARCH aims to develop methods for detecting forest degradation in different European regions. Project partners include GAF AG, rapid Eye AG and several scientific partners from across Europe. The project also involves assessing the condition of alpine protection forests based on satellite images and recent aerial laser scanner data and the development of a tool for the rapid detection of storm damage for the Styrian Forest Management Department.

JOANNEUM RESEARCH contributes to shaping the future of television in the Fascinate project, which is carried out in cooperation with the British Broadcasting Corporation BBC, the Dutch research organisation TNO and a further eight partners from science and industry. The key focus is on developing systems which allow end-users to interactively navigate around an ultra-high resolution video panorama showing a live event, with the accompanying audio automatically changing to match the selected view. The output will be adapted to their particular kind of device, covering anything from a mobile phone to a panoramic display. JOANNEUM RESEARCH acts as project coordinator and primarily concentrates on the extraction and representation of the necessary metadata and the creation of a corresponding scripting environment.

The GENDERA (Gender Debate in the European Research Area) project carried out together with the Hungarian Science and Technology Foundation sets out to increase the proportion of women in research and technology. The aim of the project is to identify best practice measures for promoting women in these areas and to establish networks between national and international stakeholders in order to identify strengths and weaknesses in the implementation of the steps taken.

JOANNEUM RESEARCH also performs various projects for the European Space Agency (ESA), and is involved, for example, in the development of a tracking antenna for the Alphasat satellite.

Our staff are acutely aware of their social and personal responsibility in carrying out their research assignments. In this they are supported by the working group on »Ethics in Research and Technology«, which last year presented its first publication. Prominent scientists contributed to the book entitled »Ethik in Forschung und Technik. Annäherungen«, which was published by Böhler in January 2011. It provides orientation for the key research areas of the company, thus ensuring that our research results are not only at the cutting edge of technology but also meet the highest ethical standards.

Graz, August 2011

The Management

Hon.-Prof. Dr. Bernhard Pelzl m.p.

Report of the Supervisory Board Shareholder Resolution

Report of the Supervisory Board

The Supervisory Board has examined the annual accounts as at 30 June 2011, proposing that the net profit of EUR 1,423,218.27 be carried forward to new account, as well as the management report on the 2010/2011 financial year and has decided to present the following report to the Shareholder Meeting: The annual accounts as at 30 June 2011 were audited by the auditing firm Deloitte Wirtschaftsprüfung Styria GmbH, which was appointed by the shareholders. This audit, which was based on the books and records of the company as well as information and evidence provided by the management, has shown that the accounting records, the financial statements as well as the notes and the management report comply with statutory regulations. The auditor has therefore given the unqualified audit opinion. The Supervisory Board has approved the annual accounts and the management report.

Graz, 26 September 2011
The Supervisory Board

Shareholder Resolution

The shareholders hereby pass the following resolutions:

1. Resolutions may be passed by circular resolution.
2. The annual accounts of the company as at 30/06/2011 audited by the auditors and the Supervisory Board are hereby confirmed and approved. The Management Report on the financial year 2010/2011 is hereby approved. The net profit for the financial year 2010/2011 of EUR 1,423,218.27 is carried forward to new account.
3. Discharge is granted to the Management and the Supervisory Board for the financial year 2010/2011.
4. The taking out of a D&O/ODL insurance is approved.

Mag.^a Dr.ⁱⁿ Birgit Strimitzer-Riedler,
Styrian Government, 24 October 2011

Dr. C.L. Ekkers,
Nederlandse Organisatie voor toegepast-
natuurwetenschappelijk onderzoek TNO,
8 November 2011

Balance Sheet

Profit and Loss Account

Balance Sheet as at 30 June 2011

ASSETS

	30/6/2011	30/6/2010
	EUR	kEUR*
A. FIXED ASSETS		
I. Intangible assets		
1. Rights and licenses	249,240.00	313
	249,240.00	313
II. Tangible assets		
1. Land and buildings	7,587,140.39	3,451
2. Plant and machinery	4,697,080.01	3,730
3. Other fixtures and fittings, tools and equipment	836,659.00	509
4. Payments on account and tangible assets in course of construction	45,525.47	363
	13,166,404.87	8,053
III. Financial assets		
1. Shares in affiliated undertakings	42,850.00	78
2. Participating interests	171,789.25	141
3. Investments held as fixed assets	1,361,997.02	2,301
	1,576,636.27	2,520
	14,992,281.14	10,886
B. CURRENT ASSETS		
I. Stocks		
1. Consumables	15,280.10	15
2. Work in progress	12,687,529.97	10,406
3. Payments on account	94,765.40	106
	12,797,575.47	10,527
II. Debtors and other assets		
1. Trade debtors	1,674,980.05	1,354
2. Amounts owed by affiliated undertakings	8,949.25	293
3. Amounts owed by undertakings with which the company is linked by virtue of participating interests	0.00	5
4. Amounts owed from subsidies and project subsidies	5,320,076.38	5,346
5. Other debtors and assets	4,500,629.46	5,509
	11,504,635.14	12,507
III. Investments		
1. Other investments	627,795.00	2,353
	6,341,842.99	5,773
IV. Cash at bank and in hand	31,271,848.60	31,160
	265,965.32	200
C. PREPAYMENTS AND ACCRUED INCOME		
	980,428.23	701
D. TRUST ASSETS		
	47,510,523.29	42,947

The Management:
Hon.-Prof. Dr. Bernhard Pelzl

LIABILITIES

	30/6/2011	30/6/2010
	EUR	kEUR*
A. CAPITAL AND RESERVES		
I. Share capital	3,230,000.00	3,230
II. Capital reserves		
1. Unappropriated	362,637.44	363
III. Revenue reserve		
1. Legal reserve	154,100.00	154
2. Other reserves (free reserves)	847,090.22	863
	1,001,190.22	1,017
IV. Net profit for the year		
including profit brought forward EUR 1,649,775.88		
(previous year: kEUR 2,426)	1,423,218.27	1,649
	6,017,045.93	6,259
B. SPECIAL ITEM FOR INVESTMENT SUBSIDIES FROM PUBLIC FUNDS	1,627,042.00	1,789
C. PROVISIONS		
1. Provisions for severance payments	3,247,861.14	3,290
2. Provisions for pensions	3,589,100.00	4,673
3. Other provisions	5,936,959.17	5,974
	12,773,920.31	13,937
D. CREDITORS		
1. Amounts owed to credit institutions	1,327,226.46	1,947
2. Payments received on account of orders	13,019,853.11	12,546
3. Trade creditors	4,990,026.50	942
4. Amounts owed to affiliated undertakings	54,970.11	52
5. Amounts owed to undertakings with which the company is linked by virtue of participating interests	2,450.00	18
6. Other creditors		
including tax EUR 80,962.80 (previous year: kEUR 79)		
and social security EUR 1,124,680.35		
(previous year: kEUR 1,045)	4,833,057.79	2,880
	24,227,583.97	18,385
E. ACCRUALS AND DEFERRED INCOME	1,884,502.85	1,875
F. TRUST LIABILITIES	980,428.23	701
	47,510,523.29	42,947
Contingent liabilities	92,219.24	162

*(kEUR = EUR thousand)

Profit and Loss Account

for 2010/2011

1. Turnover
2. Changes in work in progress
3. Project related other income
4. Contribution to current expenses
5. Work performed for own purposes and capitalised
6. Other operating income
 - a) Income from the disposal of fixed assets excluding financial assets
 - b) Income from the reversal of provisions
 - c) Others
7. Expenditure for materials and services
 - a) Materials
 - b) Services
8. Staff costs
 - a) Wages and salaries
 - b) Severance payments and contributions to employee welfare fund
 - c) Pension payments
 - d) Statutory social security and payroll-related taxes and contributions
 - e) Other social expenses
9. Depreciation of tangible fixed assets and amortisation of intangible fixed assets
10. Other operating charges
 - a) Taxes, unless included in taxes on income
 - b) Others
- 11. Subtotal of items 1 to 10 (operating profit/loss)**
12. Income from other investments held as fixed assets
13. Other interest receivable and similar income
14. Income from sale of financial assets and current asset investments
15. Charges arising from financial assets and current asset investments, including
 - a) write-offs EUR 12,870.00 (previous year: kEUR 0)
 - b) expenses arising from affiliated undertakings EUR 199,940.22 (previous year: kEUR 224)
16. Interest payable and similar charges
- 17. Subtotal of items 12 to 16 (financial profit/loss)**
- 18. Profit/loss on ordinary activities**
19. Taxes on income
- 20. Profit/loss for the year**
21. Reversal of revenue reserves
 - a) other reserve (free reserves)
22. Profit brought forward from the previous year
- 23. Net profit for the year**

2010/11	2009/10
EUR	kEUR*
11,429,532.23	10,193
2,281,174.69	1,786
11,921,622.06	11,311
8,113,230.96	8,279
42,827.28	16
21,330.88	3
1,161,147.52	1,162
3,765,982.96	3,480
4,948,461.36	4,645
-1,485,189.32	-1,148
-2,351,189.96	-2,269
-3,836,379.28	-3,417
-18,710,779.58	-18,077
-543,130.03	-421
-975,992.22	-548
-5,206,746.71	-5,132
-97,087.68	-70
-25,533,736.22	-24,248
-2,651,362.39	-2,475
-42,521.76	-33
-6,908,142.07	-7,007
-6,950,663.83	-7,040
-235,293.14	-950
114,509.46	171
8,957.67	32
173,301.53	247
-278,353.51	-249
-23,349.62	-34
-4,934.47	167
-240,227.61	-782
-1,750.00	-2
-241,977.61	-784
15,420.00	8
1,649,775.88	2,426
1,423,218.27	1,649

*(kEUR = EUR thousand)

NOTES to the accounts for the financial year 2010/2011

ACCOUNTING AND VALUATION PRINCIPLES

General principles

The accounts of JOANNEUM RESEARCH Forschungsgesellschaft mbH have been prepared in accordance with the provisions of the Austrian Corporate Code (UGB) as amended and in compliance with Generally Accepted Accounting Principles and the general objective of presenting a true and fair view of the company's assets, financial and earnings position. The accounts have been prepared according to the principle of completeness. The valuation of the individual assets and liabilities is based on the unit account method of valuation and the going concern principle. According to the principle of conservatism only the profits realised at the balance sheet date are shown. All recognisable risks and contingent obligations were taken into account. Comparison values in brackets, unless otherwise indicated.

Fixed assets

Intangible assets

Intangible assets are valued at acquisition cost plus incidental acquisition cost, less the cash discounts taken and scheduled depreciation calculated according to the straight-line method of depreciation. The useful economic lives of the assets are based on a period of 3 to 5 years (20–33 %).

Tangible assets

Tangible assets are valued at acquisition cost plus incidental acquisition cost, less the cash discounts taken and scheduled depreciation. Public subsidies on fixed assets are shown on the liabilities side as investment subsidies from public funds. Consumption of these investment subsidies is analogous to scheduled depreciation of tangible assets. Scheduled depreciation is calculated according to the straight-line method on the basis of the following depreciation rates and useful economic lives:

	Useful economic life (years)	Depreciation rate (%)
Buildings, including buildings on non-owned land	10–33	3–10
Machinery, scientific instruments and electronic data processing equipment	3–10	10–33
Other fixtures and fittings, tools and equipment	4–10	10–25

The full annual rate of depreciation is applied to assets added during the first half of the business year, and one-half the annual depreciation is charged for assets added during the second six months.

Low-value assets as defined in Sec. 13 of the Austrian Income Tax Act (EStG) 1988 – with acquisition costs of up to EUR 400 – are capitalised and fully written off in the year of acquisition. In the asset development they are shown as additions and disposals.

Financial assets

Shares in affiliated undertakings and participating interests are accounted for at acquisition cost, less depreciation, if necessary, to allow for any decline in economic usefulness.

Investments held as fixed assets are accounted for at the lower of acquisition cost or going-concern value as of the balance sheet date.

In the period under review non-scheduled write-offs were made in the financial assets; there have been no write-ups.

*(kEUR = EUR thousand)

Current assets

Stocks

Consumables are valued at acquisition cost in accordance with the principle of the lower of cost or market.

Work in progress related to contract research is calculated on the basis of the prepared operational account. Project costs are allocated to cost units and direct cost statements. Valuation is performed individually at acquisition or production cost within the meaning of § 203 UGB (Austrian Corporate Code). Production costs include allocable costs, prorated overhead cost of production which can be capitalised, and parts of the social expenses within the meaning of § 203 (3) UGB, penultimate sentence. Interest paid and research risk are not taken into account.

For contingent losses or anticipated costs for services already invoiced, deductions are made from semi-finished goods, or reserves are established. Any obligations under guarantees related to contract research are also taken into account by the establishment of a liability reserve. For contracts whose execution exceeds a period of twelve months, administrative overheads are capitalised on a pro-rata basis.

Debtors and other assets

Debtors and other assets are stated at their nominal value, unless the lower value is shown in the case of recognisable risks. A lump-sum valuation adjustment of 2 % of the net amount receivable was made to account for credit risks.

Provisions

Provisions for severance payments are calculated in accordance with financial principles based on a discount rate of 4 % (previous year: 4 %) and a retirement age of 65 years, using the entry age normal method. Increases specified in the collective agreement, guaranteed biennial incremental increases and escalator clauses were taken into account by allowing for a 3 % wage increase (previous year: 3 %). Based on the previous years, a deduction of 6 % (previous year: 6 %) was taken into account for employees eligible for severance payments.

Provisions for pensions are calculated on the basis of actuarial provision requirements using the Pagler & Pagler calculation tables and taking a 5 % discount rate (previous year: 5 %) into account.

The item **other provisions** covers all recognisable risks and contingent obligations. Only the provisions prescribed by law have been set up.

Creditors

Creditors are stated at the redemption price according to the principle of conservatism.

Foreign currency translation

Accounts payable and receivable are valued at the average foreign exchange rate of the date of creation or in accordance with the strict higher or lower of cost or market principle as at the balance sheet date.

NOTES TO THE BALANCE SHEET

ASSETS

FIXED ASSETS

With regard to the development of the individual items of fixed assets and breakdown of annual depreciation, reference is made to the fixed-asset movement schedule (Appendix to Notes). At the balance sheet date the fixed assets amounted to kEUR 14,992.3 (previous year: kEUR 10,885.8). Capital investment of the 2010/11 financial year totalled kEUR 9,150.8 (previous year: kEUR 2,717.0), and current write-offs amounted to kEUR 2,660.1 (previous year: kEUR 2,475.0). In the business year 2010/11 the disposals at historical acquisition cost amounted to kEUR 3,178.6 (previous year: kEUR 5,973.2).

Intangible assets include software and data transfer rights at a book value of kEUR 249.2 (previous year: kEUR 313.3). The additions of kEUR 150.1 (previous year: kEUR 145.0) result from the acquisition of licences and software.

Tangible assets amounted to kEUR 13,166.4 (previous year: kEUR 8,052.3) at the balance sheet date. The land value is kEUR 2,424.7 (previous year: kEUR 1,206.0). The value of buildings on company-owned and non-owned land totalling kEUR 5,162.4 (previous year: kEUR 2,244.8) includes an amount of kEUR 4,452.6 (previous year: kEUR 1,557.2) for buildings on company-owned land – with buildings accounting for kEUR 3,529.1 (previous year: kEUR 682.3) and structural adaptations for kEUR 923.5 (previous year: kEUR 874.9) – and investments in non-owned buildings amounting to kEUR 709.8 (previous year: kEUR 687.6). The additions, totalling kEUR 7,615.3 (previous year: kEUR 2,511.6) mainly refer to the purchase of modern scientific equipment for the research activities of the company, the extension of the data processing infrastructure and the acquisition of Palais Herberstein. The disposals at a historical acquisition cost of kEUR 587.9 (previous year: kEUR 5,405.9) mainly refer to the retirement or, to a lesser extent, the disposal of scientific

equipment, data processing systems and various office equipment. No write-offs to the going concern value were made.

The item **shares in affiliated undertakings** of kEUR 42.9 (previous year: kEUR 77.9) includes shares in NanoTecCenter Weiz Forschungsgesellschaft mbH, Weiz, worth kEUR 25.0 (previous year: kEUR 25.0), and shares in BioNano-Net Forschungsgesellschaft mbH, Graz, worth kEUR 17.9 (previous year: kEUR 17.9).

With a total of kEUR 171.8 (previous year: kEUR 141.2), the item **participating interests** includes shareholdings in the following companies (in alphabetical order):

- ▶ ACIB GmbH, Graz;
- ▶ BIOENERGY 2020+ GmbH, Graz;
- ▶ FH JOANNEUM Gesellschaft mbH, Graz;
- ▶ Holz.Bau.Forschungs GmbH, Graz;
- ▶ Human.technology Styria GmbH, Graz;
- ▶ HyCentA Research GmbH, Graz (until December 2010);
- ▶ Kompetenzzentrum – Das virtuelle Fahrzeug Forschungsgesellschaft mbH, Graz;
- ▶ Kompetenzzentrum für wissenschaftliche Anwendungen und Systeme Forschungs- und Entwicklungs GmbH, Graz;
- ▶ Materials Center Leoben Forschung GmbH, Leoben;
- ▶ Polymer Competence Center Leoben GmbH, Leoben;
- ▶ Research Center Pharmaceutical Engineering GmbH, Graz and
- ▶ WATERPOOL Competence Network GmbH, Graz.

At the balance sheet date the investments **held as fixed assets** amounted to kEUR 1,362.0 (previous year: kEUR 2,301.2). In the period under review non-scheduled write-offs in the amount of EUR 8,775.0 (previous year: kEUR 0.0) were made in the financial assets. The write-offs of other fixed assets result entirely from ordinary depreciation.

CURRENT ASSETS

Stocks

Consumables capitalised in the amount of kEUR 15.3 (previous year: kEUR 14.9) mainly included paper, ink ribbons, PC network cards, laser printer spare parts and various other office materials.

The item **work in progress** related to contract research includes work in progress and services not yet invoiced in the amount of kEUR 12,687.5 (previous year: kEUR 10,406.4); overhead costs of kEUR 3,007.8 (previous year: kEUR 2,532.3) are capitalised for contracts whose execution extends over a period of more than twelve months.

Payments on account for stocks amount to kEUR 94.8 (previous year: kEUR 106.0).

Debtors and other assets

	Debtors as at 30/06/2011 (30/06/2010)	of which amounts due and payable after more than one year	of which secured by bills of exchange	Capitalised accruals Sec. 225 (3) UGB	Flat-rate value adjustment
	EUR	EUR	EUR	EUR	EUR
Trade debtors	1,674,980.05 (1,354,016.72)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	30,300.00 (28,600.00)
Amounts owed by affiliated undertakings	8,949.25 (292,392.55)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Amounts owed by undertakings with which the company is linked by virtue of participating interests	0.00 (5,271.24)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Amounts owed from subsidies and project subsidies	5,320,076.38 (5,346,104.54)	0.00 (0.00)	0.00 (0.00)	5,320,076.38 (5,346,104.54)	0.00 (0.00)
Other debtors and assets	4,500,629.46 (5,509,011.16)	0.00 (0.00)	0.00 (0.00)	4,465,409.87 (5,460,021.78)	0.00 (0.00)
TOTAL	11,504,635.14 (12,506,796.21)	0.00 (0.00)	0.00 (0.00)	9,785,486.25 (10,806,126.32)	30,300.00 (28,600.00)

For potentially uncollectible receivables from **trade debtors**, valuation allowances were made in the amount of kEUR 129.3 (previous year: kEUR 142.5) and capitalised.

The item **amounts owed by affiliated undertakings** refers to trade debtors.

Amounts owed from subsidies and project subsidies refer to commitments made by public authorities. Since subsidy processing and thus also payment extend over a period of more than three months, an amount of kEUR 58.6 (previous year: kEUR 69.5) was discounted.

Other debtors and assets essentially include claims to the insurance company arising from insurance premium payments, receivables from the Graz-Stadt Tax Authority, accrued interest as well as various compensations and allowances.

Current asset investments

The current asset investments in the amount of kEUR 627.8 (previous year: kEUR 2,353.3) exclusively refer to a bank bond, which was acquired as a short-term investment.

Cash at bank and in hand

This item, which amounts to kEUR 6,341.8 (previous year: kEUR 5,773.4) comprises cash in hand in the amount of kEUR 11.6 (previous year: kEUR 8.0) and cash at bank in the amount of kEUR 6,330.3 (previous year: kEUR 5,765.4).

PREPAYMENTS AND ACCRUED INCOME

Prepayments and accrued income of kEUR 266.0 (previous year: kEUR 199.6) include payments made in the 2010/11 financial year, but allocable to the following year. This item mainly comprises prepayments for servicing costs, various subscriptions as well as membership fees, insurance premiums, travel expenses and congress fees.

TRUST ASSETS

The trust assets include cash at bank for projects with the European Commission in which JOANNEUM RESEARCH Forschungsgesellschaft mbH acts as a coordinator and manages payments for the project partners in a fiduciary capacity (see trust liabilities).

LIABILITIES

CAPITAL AND RESERVES

The **share capital** of the company remains at kEUR 3,230.0.

The loss for the year of kEUR 226.6 and the profit brought forward from the previous year (kEUR 1,649.8) result in a **net profit for the year** of kEUR 1,423.2.

INVESTMENT SUBSIDIES FROM PUBLIC FUNDS

During the period under review, **investment subsidies from public funds** have developed as follows:

	As at 1/7/2010	Additions	Consumption acc. to depreciation	Reversal	Transfer or correction	As at 30/6/2011
Tangible fixed assets	EUR	EUR	EUR	EUR	EUR	EUR
1. Buildings, including buildings on non-owned land	574,101.00	66,076.44	80,297.44	0.00	0.00	559,880.00
2. Machinery, scientific instruments and data processing equipment	1,167,417.30	249,901.12	395,742.42	0.00	0.00	1,021,576.00
3. Other fixtures and fittings, tools and equipment	4,270.00	141.12	1,675.12	0.00	0.00	2,736.00
Financial assets						
1. Shares in affiliated undertakings	42,850.00	0.00	0.00	0.00	0.00	42,850.00
Total	1,788,638.30	316,118.68	477,714.98	0.00	0.00	1,627,042.00

The addition mainly relates to the purchase of the roll-to-roll facility.

PROVISIONS

Of the **provisions for severance payments** kEUR 223.6 (previous year: kEUR 232.7) were used for severance payments and kEUR 78.1 (previous year: kEUR 34.5) were released. In order to meet the provision requirement of kEUR 3,247.9 (previous year: kEUR 3,289.6), an amount of kEUR 260.0 (previous year: kEUR 307.8) had to be appropriated.

Of the **provisions for pensions** an amount of kEUR 1,184.8 (previous year: kEUR 262.6) was used for pension payments. Provisions of kEUR 80.9 (previous year: kEUR 0.0) were released. In order to meet the actuarial provision requirement of kEUR 3,589.1 (previous year: kEUR 4,673.3), an amount of kEUR 181.5 (previous year: kEUR 571.2) had to be appropriated.

Other provisions mainly include provisions for vacation claims in the amount of kEUR 2,168.1 (previous year: kEUR 2,189.7), provisions for contingent refund claims by various funding institutions in the amount of kEUR 945.6 (previous year: kEUR 902.9), provisions for time off in lieu in the amount of kEUR 753.3 (previous year: kEUR 742.6) as well as provisions for contingent losses or costs arising from work in progress in the amount of kEUR 650.6 (previous year: kEUR 478.6).

CREDITORS

	Creditors as at 30/6/2011 (30/6/2010)	Amounts becoming due and payable			Secured by collateral		Accrued liabilities Sec. 225 (6) UGB
		within one year	between 1 and 5 years	after more than 5 years	more than 1 year	security	
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Amounts owed to credit institutions	1,327,226.46 (1,947,354.29)	833,435.01 (1,334,230.87)	493,702.88 (503,909.63)	0.00 (109,213.79)	1,800,000.00 (1,800,000.00)	Mortgage (Mortgage)	0.00 (0.00)
Payments received on account of orders	13,019,853.11 (12,546,461.22)	13,019,853.11 (12,546,461.22)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	-- (--)	0.00 (0.00)
Trade creditors	4,990,026.50 (941,893.41)	4,990,026.50 (941,893.41)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	-- (--)	0.00 (0.00)
Amounts owed to affiliated undertakings	54,970.11 (52,513.56)	54,970.11 (52,513.56)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	-- (--)	0.00 (0.00)
Amounts owed to undertakings with which the company is linked by virtue of participating interests	2,450.00 (18,196.96)	2,450.00 (18,196.96)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	-- (--)	0.00 (0.00)
Other creditors	4,833,057.79 (2,879,605.18)	3,279,521.79 (1,391,398.18)	166,059.00 (100,730.00)	1,387,477.00 (1,387,477.00)	0.00 (0.00)	-- (--)	3,279,521.79 (1,373,798.18)
TOTAL	24,227,583.97 (18,386,024.62)	22,180,256.52 (16,284,694.20)	659,761.88 (604,639.63)	1,387,477.00 (1,496,690.79)	1,800,000.00 (1,800,000.00)		3,279,521.79 (1,373,798.18)

Amounts owed to credit institutions contain a loan of kEUR 615.0 (previous year: kEUR 735.2) for thermal refurbishment and a framework credit from the export fund in the amount of kEUR 712.2 (previous year: kEUR 712.2).

The **payments received on account of orders** to be written off from inventories amount to kEUR 9,873.0 (previous year: kEUR 10,147.8). As at the balance sheet date debts owed to **trade creditors** amount to kEUR 4,990.0 (previous year: kEUR 941.9), which mainly include domestic suppliers.

The profit participating loan of kEUR 1,387.5 (previous year: kEUR 1,387.5) granted by the Styrian Government on 1 November 2004 and loans of kEUR 166.1 (previous year: kEUR 118.3) granted by the Austrian Research Promotion Agency are shown under other creditors. This item also includes amounts payable to the Styrian health insurance fund and other required accruals and deferrals.

Other financial obligations

The agreement on the establishment and funding of NanoTecCenter Weiz Forschungsgesellschaft mbH concluded between JOANNEUM RESEARCH Forschungsgesellschaft mbH and Graz University of Technology on 28 February 2006 and the Financing Agreement dated 26 January 2009 between JOANNEUM RESEARCH Forschungsgesellschaft mbH and NanoTecCenter Weiz Forschungsgesellschaft mbH for the period between 1 July 2008 to 30 June 2011 result in financial obligations of kEUR 200.0 for the 2010/2011 financial year. There are no further obligations arising from the funding commitment.

The financial obligations arising from the use of tangible fixed assets not shown in the balance sheet amount to:

	for the next financial year	for the next five financial years
	EUR	EUR
Rent payments	639,797.00	2,945,136.00
Equipment rental	43,620.00	218,100.00
Leasing instalments	0.00	0.00
Total	683,417.00	3,163,236.00

ACCRUALS AND DEFERRED INCOME

Accruals and deferred income in the amount of kEUR 1,884.5 (previous year: kEUR 1,875.0) mainly comprise the basic subsidy granted by the Styrian Government.

TRUST LIABILITIES

The trust liabilities arise from projects with the European Commission in which JOANNEUM RESEARCH Forschungsgesellschaft mbH acts as a coordinator and manages payments for the project partners in a fiduciary capacity (see trust liabilities).

CONTINGENT LIABILITIES

(cf. Other Details, Contingent liabilities).

NOTES TO THE PROFIT AND LOSS ACCOUNT

The **turnover** of the financial year can be shown according to fields of activity and divided into domestic and foreign turnover as follows:

	2010/11	2009/10
	EUR	EUR
Domestic turnover:		
Research	7,766,756.71	7,622,434.91
Income under license agreements	164,837.18	169,124.01
Conference fees	2,504.54	3,140.89
Others	36,817.42	16,819.94
Total domestic turnover	7,970,915.85	7,811,519.75
Foreign turnover:		
Research	3,255,121.58	2,318,919.63
Income under license agreements	203,454.36	46,928.04
Conference fees	0.00	15,462.57
Others	40.44	330.86
Total foreign turnover	3,458,616.38	2,381,641.10
Total turnover	11,429,532.23	10,193,160.85

The expenses of kEUR 543.1 (previous year: kEUR 421.3) shown in item 8.b) include contributions to the employee welfare fund in the amount of kEUR 125.4 (previous year: kEUR 110.0) and severance payments of kEUR 417.7 (previous year: kEUR 311.3).

OTHER DETAILS

Shares in affiliated undertakings and participating interests

As at the balance sheet date the company held a 51 % interest, corresponding to kEUR 17.9 (previous year: kEUR 17.9), in BioNanoNet Forschungsgesellschaft mbH, Graz. The annual accounts as of 30 October 2010 show capital and reserves in the amount of kEUR 55.9 (previous year: kEUR 46.6) and a profit for the year of kEUR 10.0 (previous year: kEUR 17.6).

The company also holds a 50 % interest, corresponding to kEUR 50.0 (previous year: kEUR 50.0), in NanoTecCenterWeiz Forschungsgesellschaft mbH, Weiz. Half of this contribution, i.e. kEUR 25.0, has been paid in. The annual accounts as of 30 June 2010 show capital and reserves in the amount of kEUR 280.1 (previous year: kEUR 254.3) and a profit for the year of kEUR 25.9 (previous year: kEUR 57.2).

All other shareholdings are below 20 %.

Personnel

As at the balance sheet date the company had 442 (previous year: 425) salaried employees. If the number of part-time employees is converted into full-time equivalents, this number is reduced to 377.9 (previous year: 367.1). The average number of employees amounted to 374.7 (previous year: 372.0), taking into account full-time equivalents for part-time employees.

No breakdown of management salaries and severance or pension payments according to § 239 (1) UGB is provided in compliance with the provisions of § 241 (4) UGB.

No loans or advance payments have been granted to the members of the Management Board or Supervisory Board, and no liability was assumed in favour of the above-mentioned persons. The total remuneration and reimbursement of expenses to the members of the Scientific Advisory Board and the Supervisory Board amounted to kEUR 56.0.

Contingent liabilities

Payment guarantees to the FACE Foundation (EUR 19,546.00) and the European Commission (EUR 71,076.28) as well as a rent deposit concerning oekopark Errichtungs GmbH (EUR 1,596.96) were entered at the bottom of the balance sheet in accordance with § 199 UGB.

Miscellaneous

Based on the objectives specified in Article 1 (3) of the Articles of Association the company operates exclusively on a non-profit basis.

According to a decision of the Styrian tax authority of 16 January 1995, file number GZ 29/31-10/94, donations to JOANNEUM RESEARCH Forschungsgesellschaft mbH are exempt from tax according to Sec. 4 (4) 5 e of the Income Tax Act (EstG) 1988 as amended by Art. I (4) a of the Tax Reform Act 1993.

The company incurred expenses of EUR 12,900.00 (previous year: EUR 12,500.00) for the auditing of the annual accounts. The auditor did not provide any other certification, tax consulting or general services during this or the previous financial year.

Graz, 31 August 2011

The Management
Hon.-Prof. Dr. Bernhard Pelzl

JOANNEUM RESEARCH

FIXED ASSET MOVEMENT SCHEDULE 2010/2011 (EUR)

DEVELOPMENT OF ASSETS	Acquisition/ production costs 1/7/2010	Additions	Disposals	Transfers	Acquisition/ production costs 30/6/2011	Depreciation (cumulative)	Book value 30/6/2011	Book value 30/6/2010	Depreciation of the business year
I. Intangible assets									
Software, data transfer and other rights	1,857,777.22	150,067.54	36,706.16	0.00	1,971,138.60	1,721,898.60	249,240.00	313,308.00	206,116.54
Total intangible assets	1,857,777.22	150,067.54	36,706.16	0.00	1,971,138.60	1,721,898.60	249,240.00	313,308.00	206,116.54
II. Tangible assets									
1. Land and similar rights, buildings, including buildings on non-owned land									
a) Land value	1,206,023.39	1,218,678.00	0.00	0.00	2,424,701.39	0.00	2,424,701.39	1,206,023.39	0.00
b) Building value	9,150,724.29	3,321,924.72	25,302.04	56,651.16	12,503,998.13	7,341,559.13	5,162,439.00	2,244,791.00	454,758.88
2. Machinery, scientific instruments and data processing equipment	17,340,006.24	2,433,063.60	360,694.30	286,274.59	19,698,650.13	15,006,390.12	4,692,260.01	3,725,202.01	1,729,816.19
3. Other fixtures and fittings, tools and equipment	2,680,137.32	550,151.04	136,287.67	0.00	3,094,000.69	2,252,521.69	841,479.00	513,740.00	214,689.04
4. Payments on account and tangible assets in course of construction	362,536.77	45,525.47	19,611.02	-342,925.75	45,525.47	0.00	45,525.47	362,536.77	0.00
5. Low-value assets	0.00	45,981.74	45,981.74	0.00	0.00	0.00	0.00	0.00	45,981.74
Total tangible assets	30,739,428.01	7,615,324.57	587,876.77	0.00	37,766,875.81	24,600,470.94	13,166,404.87	8,052,293.17	2,445,245.85
III. Financial assets									
1. Shares in affiliated undertakings	77,850.00	0.00	0.00	-35,000.00	42,850.00	0.00	42,850.00	77,850.00	0.00
2. Participating interests	175,163.25	0.00	4,375.00	35,000.00	205,788.25	33,999.00	171,789.25	141,164.25	0.00
3. Investments held as fixed assets	2,534,987.07	1,385,430.00	2,549,645.05	0.00	1,370,772.02	8,775.00	1,361,997.02	2,301,171.62	8,775.00
Total financial assets	2,788,000.32	1,385,430.00	2,554,020.05	0.00	1,619,410.27	42,774.00	1,576,636.27	2,520,185.87	8,775.00
TOTAL ASSETS	35,385,205.55	9,150,822.11	3,178,602.98	0.00	41,357,424.68	26,365,143.54	14,992,281.14	10,885,787.04	2,660,137.39

Auditors' Opinion

We have audited the enclosed financial statements of JOANNEUM RESEARCH Forschungsgesellschaft mbH, Graz, for the financial year from 1 July 2010 to 30 June 2011 based on the accounting records. These financial statements include the balance sheet as at 30 June 2011, the profit and loss account for the financial year ended on 30 June 2011 and the notes.

Responsibility of the legal representatives for the financial statements and the accounts

The legal representatives of the company are responsible for the content and compilation of the annual financial statements, presenting a true and fair view of the assets, financial position and earnings of the company in accordance with Austrian corporate law. This responsibility includes the design, implementation and maintenance of an internal control system, to the extent that this is necessary for the preparation of the financial statements, and to present as true a picture as possible of the company's assets, financial position and earnings so that these financial statements are free from material misrepresentations, whether due to intentional or unintentional mistakes. This also includes choosing and applying suitable accounting and valuation methods and making estimates that appear appropriate under the existing circumstances.

Responsibility of the auditor and a description of the type and scope of the statutory audit

Our responsibility lies in the submission of an audit opinion on these financial statements on the basis of our examination. Our audit was conducted in accordance with the applicable Austrian legal regulations and fundamental auditing principles. These standards require that we plan and perform the audit in such a manner that we can form a reasonable opinion as to whether the financial statements are free of material misstatement.

An audit includes the implementation of auditing actions to obtain auditing proof in respect of the amounts and other details given in the financial statements. The choice of auditing actions is left to the obligatory discretion of the auditor, taking into account his/her assessment of the risk of material misstatements occurring, whether due to intended or unintended errors. In assessing this risk, the auditor takes into account the internal control system, insofar as it is important for compiling the annual financial statements and presenting a true and fair view of the assets, financial position and earnings of the company, in order to determine suitable auditing actions taking account of the framework conditions, not however to submit an auditing opinion about the effectiveness of the company's internal control system. The audit also includes an evaluation of the adequacy of the accounting and valuation methods applied and the essential estimates made by the legal representatives of the company as well as an assessment of the overall tenor of the financial statements.

We believe that we have obtained sufficient and suitable auditing proof, so that our audit provides a reasonable basis for our opinion.

Auditors' opinion

The results of our audit gave no reason for objection. On the basis of the knowledge gained during the audit, in our judgement the financial statements comply with the legal regulations and present a true and fair view of the assets and financial position of JOANNEUM RESEARCH Forschungsgesellschaft mbH as of 30 June 2011 and the company's earnings in the financial year from 1 July 2010 to 30 June 2011, in accordance with Austrian generally accepted accounting principles.

Statements on the Management Report

According to Austrian legal regulations, the management report is to be audited as to whether it is consistent with the financial statements and whether or not other details given in the management report give a misleading impression of the company's position. The auditors' opinion must also include a statement as to whether the management report is consistent with the financial statements.

In our opinion, the management report is consistent with the financial statements.

Graz, 31 August 2011

Deloitte Wirtschaftsprüfung Styria GmbH

Mag. Friedrich Möstl
Certified Public Accountant

Mag. Michael Karre
Certified Public Accountant

The financial statements including the auditors' opinion may only be published or disclosed in the version certified by us. The auditors' opinion only refers to the German version of the complete financial statements including the management report. Regarding alternative versions we refer to section 281 para 2 UGB.

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as of December 2011

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Institutes and Contacts

as of December 2011

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- ▶ MNS – Micro- and Nanostructuring
- ▶ LOT – Light and Optical Technologies
- ▶ LPT – Laser Processing
- ▶ SEN – Sensor Systems
- ▶ FOB – Functional Surfaces

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- ▶ BAM – Bioanalytics and Metabolomics
- ▶ NTN – Nanotoxicology and Nanomedicine
- ▶ EGW – eHealth and Health Sciences

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- ▶ MVA – Machine Vision Applications
- ▶ SPA – Space and Acoustics
- ▶ AVM – Audiovisual Media
- ▶ IIS – Intelligent Information Systems

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- ▶ LAB – Laboratory Centre for Isotope Hydrology and Environmental Analytics
- ▶ GPT – Geophysics and Geothermy
- ▶ ENG – Energy Research
- ▶ IWA – Industrial Water Management and Wastewater Technologies
- ▶ CTP – Plant Materials Sciences and Utilisation

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- ▶ TIP – Technology, Innovation and Policy Consulting
 - ▶ TFP – Technology, Foresight and Planning
 - ▶ STA – Statistical Applications
 - ▶ RRR – Regional Science, Risk and Resource Economics

Boards and Management

Members of the governing bodies in the 2010/11 financial year:

SCIENTIFIC ADVISORY BOARD

LABg. Univ.-Prof. DDr. Gerald SCHÖPFER
Chairman
Vice-Rector Univ.-Prof. DI Dr.
Hans Michael MUHR
Deputy Chairman

DI Dr. Peter EGGER
Dr. C.L. EKKERS
Univ.-Prof. Dr. Richard FOTTER
DI Dr. Günter GETZINGER
KR Mag. Dr. Karin SCHAUPP
Univ.-Prof. DI Dr. Wolfgang VON DER LINDEN
Rector Univ.-Prof.
DI Dr. Wolfhard WEGSCHEIDER
Univ.-Prof. Dr. Rudolf ZECHNER

SUPERVISORY BOARD

Univ.-Prof. Dr. Wolf RAUCH
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MANAGEMENT

Mag. Edmund MÜLLER (until 13/4/2011)
Hon.-Prof. Dr. Bernhard PELZL (until 31/8/2011)
Univ.-Prof. DI Dr. Wolfgang PRIBYL, MBA
(since 1/9/2011)

JOANNEUM RESEARCH Forschungsgesellschaft mbH

Executive Board

Research Units

MATERIALS Institute for Surface Technologies and Photonics	HEALTH Institute for Biomedicine and Health Sciences	DIGITAL Institute for Information and Communication Technologies	RESOURCES Institute for Water, Energy and Sustainability	POLICIES Centre for Economic and Innovation Research
Micro- and Nanostructuring	Biomedical Technology and Monitoring	Remote Sensing and Geoinformation	Water Resources Management	Technology, Innovation and Policy Consulting
Light and Optical Technologies	Bioanalytics and Metabolomics	Machine Vision Applications	Laboratory Centre for Isotope Hydrology and Environmental Analytics	Technology, Foresight and Planning
Laser Processing	Nanotoxicology and Nanomedicine	Space and Acoustics	Geophysics and Geothermy	Statistical Applications
Sensor Systems	eHealth and Health Sciences	Audiovisual Media	Energy Research	Regional Science, Risk and Resource Economics
Functional Surfaces		Intelligent Information Systems	Industrial Water Management and Wastewater Technologies	
			Plant Materials Sciences and Utilisation	

Corporate Departments

Strategic Planning
Innovationmanagement and -marketing
Future Lab
Public Relations
Finance and Controlling
IT-Services
Facility Management

Affiliated Companies

■ ACIB GmbH ²	■ FH JOANNEUM Gesellschaft mbH	■ Holz Blau Forschungs GmbH	■ NanoTecCenter Weiz Forschungsgesellschaft mbH
■ BIOENERGY 2020+ GmbH ¹	■ Human technology Styria GmbH	■ WATEROOL Competence Network GmbH	■ Polymer Competence Center Leoben GmbH ¹
■ BioNanoNet Forschungsgesellschaft mbH	■ Kompetenzzentrum für wissenbasierte Anwendungen und Systeme Forschungs- und Entwicklungs GmbH ¹	■ Materials Center Leoben Forschung GmbH ²	■ Research Center Pharmaceutical Engineering GmbH ¹

¹ K1 Centre

² K2 Centre

Key functions

Management

Univ.-Prof. DI Dr. Wolfgang Pribyl, MBA

Human Resources and Training

Legal

Assistants to the Management

Internal Auditing

Quality Management

Safety and Ergonomics

Finance and Controlling

Public Relations

Strategic Planning

Innovation Management and Marketing

Future Lab

Facility Management

IT Services

