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Annual Report



Aalto University

Aalto University Annual Report 2012

March 2013

Aalto University

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Aalto University *in brief*

Aalto University is a foundation-based university where science and art meet business and technology. The university has set itself the ambitious goal of becoming a world-class university by 2020. In addition to high-quality teaching, research, and artistic activities, the university also aims to make a valuable contribution to society generally.

Aalto has

- 6 schools
- approx. 20 000 students¹
- approx. 80 000 alumni
- approx. 370 professors
- €421 million of funding, expenditure of €424 million

Main campus at Otaniemi

Aalto University is based at three campuses in Espoo and Helsinki.

The university's main campus will be built at Otaniemi, and bachelor-level teaching will transfer there from the Arabia and Töölö campuses on a phased basis from autumn 2013 onwards.

An architectural design competition was launched in spring 2012 to design an attractive and dynamic centre for the university's main campus at Otaniemi. Six proposals from the 189 submitted were selected to go forward to the second phase of the competition, which began in January 2013. The winning entry will be announced in autumn 2013.

Aalto University's *six* schools

School of Arts, Design and Architecture

- User driven design and art
- Art & design, science and business
- Heritage based forerunning
- Sense based skills and knowledge

- Internationally acclaimed track record in the arts
- Creating new innovative environments
- Experience-driven engagement
- Strong background in the Finnish tradition of arts, design and architecture

- Media Centre LUME

School of Business

- Strategic management & marketing in the global context
- Microeconomics
- Behavioral finance & corporate governance
- Decision-making

- Extensive high-level cooperation
- Leading international partners
- Triple Crown accreditation

School of Chemical Technology

- Sustainable use and processing of natural resources
- New materials
- Energy technologies

- Broad range of fields
- Combining know-how in the natural sciences with expertise in bioscience and engineering

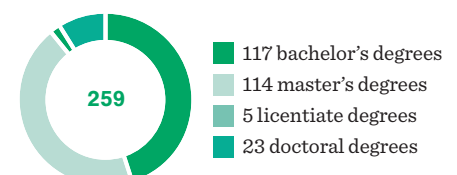
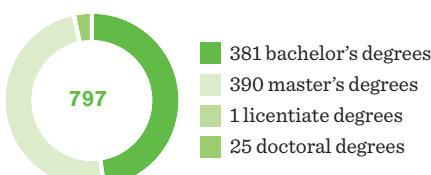
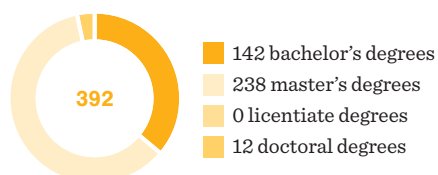
- Bioeconomy infrastructure

Focus areas

Strengths

Major infrastructure

Graduates 2012



¹ Total number of students

Underpinned by sustainability

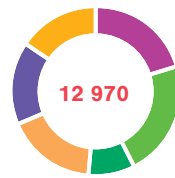
Aalto University was the first university in Finland to join the International Sustainable Campus Network (ISCN), an initiative created to promote sustainability at universities and campuses worldwide, at the end of 2012.

The Nordic Sustainable Campus Network, founded by Aalto University, fosters the development of expertise and reputation in the sustainability field across the Nordic region.

Key achievements in 2012

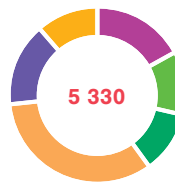
- Active recruitment under the tenure track system
- Bachelor-degree reform
- Launch of the campus project
- 2 700 articles in scientific publications
- over 30 international art awards
- 215 innovation proposals, support for 10 start-ups

Students²



- 1 990 School of Arts, Design and Architecture
- 2 887 School of Business
- 1 147 School of Chemical Technology
- 2 061 School of Electrical Engineering
- 2 061 School of Engineering
- 2 233 School of Science

Faculty and staff³



- 515 School of Arts, Design and Architecture
- 550 School of Business
- 527 School of Chemical Technology
- 711 School of Electrical Engineering
- 783 School of Engineering
- 1 533 School of Science

Focus areas

School of Electrical Engineering

- Energy
- Health and wellbeing
- Environment
- Information and communication technology
- Micro- and nanotechnology

School of Engineering

- Arctic technology
- Mechanics and material technology
- Multidisciplinary energy technologies
- Sustainable built environment
- Systems design and production

School of Science

- Computing and modelling
- Materials physics
- Energy sciences
- ITC, software and media
- Neuroscience and technology
- Creating and transforming technology-based entrepreneurship

Strengths

- Expert in high technology and systems
- Intertwined research fields
- Energy and sustainable development in focus
- International research environment

- Application-oriented systems know-how
- Tradition of experimental research
- Societal interaction and impact, and expertise in engineering

- World-class research in a number of areas
- Degree programmes attracting the best students in science and technology nationally
- Cooperation with companies and supporting entrepreneurship

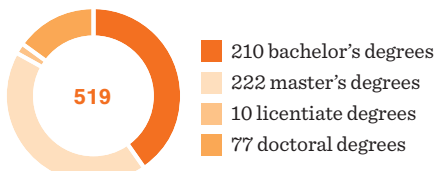
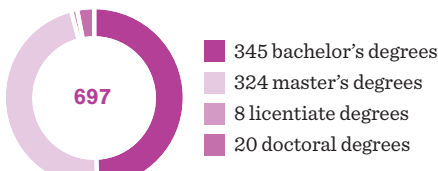
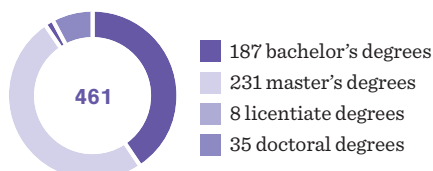
Major infrastructure

- Micronova: Aalto Nanofab
- Metsähovi Radio Observatory

- Multifunctional marine technology basin

- Cryohall
- Nanomicroscopy Center
- Neuroimaging
- Science-IT

Graduates 2012



² Full-time equivalent (FTE)

³ Total number of faculty and staff 31 December 2012

Dear readers,

2012 was a year of many changes for Aalto University. I am happy to say, however, that all of our major change projects progressed on-schedule and to plan.

One of the biggest achievements of Aalto University's early development has been the creation of our tenure track career system. As of the end of 2012, we succeeded in recruiting 95 professors through the system, which has performed excellently and is one of the most progressive in Europe. Its success is clear evidence of the ability of the system – and the ability of Aalto University as a whole – to attract the best academic and scientific talent to the university from Finland and around the world.

In line with its goals, Aalto University is rapidly becoming an increasingly international university. A third of our new professors are from outside Finland and the number of overseas students is also steadily increasing.

Work on reforming our degree structure is progressing. The new bachelor's degree programmes will be launched in autumn 2013 and will be followed by updated master's and doctoral programmes. In addition to updating the content of these programmes, we are also continually developing new teaching methods and learning environments. As part of this, we have prioritised the importance of ensuring that students are full members of the Aalto community.

The university launched an energy efficiency programme in 2012 and this will be extended in 2013. The theme Aalto University chose for World Design Capital Helsinki 2012, Living+, will be continued in 2013 within the framework of a research programme focused on creating people-driven living environments. A major bioeconomy initiative is also being planned. All university-level research programmes at Aalto University are based on extensive cooperation, and their themes are selected to ensure that they address society's current challenges and needs as closely as possible.

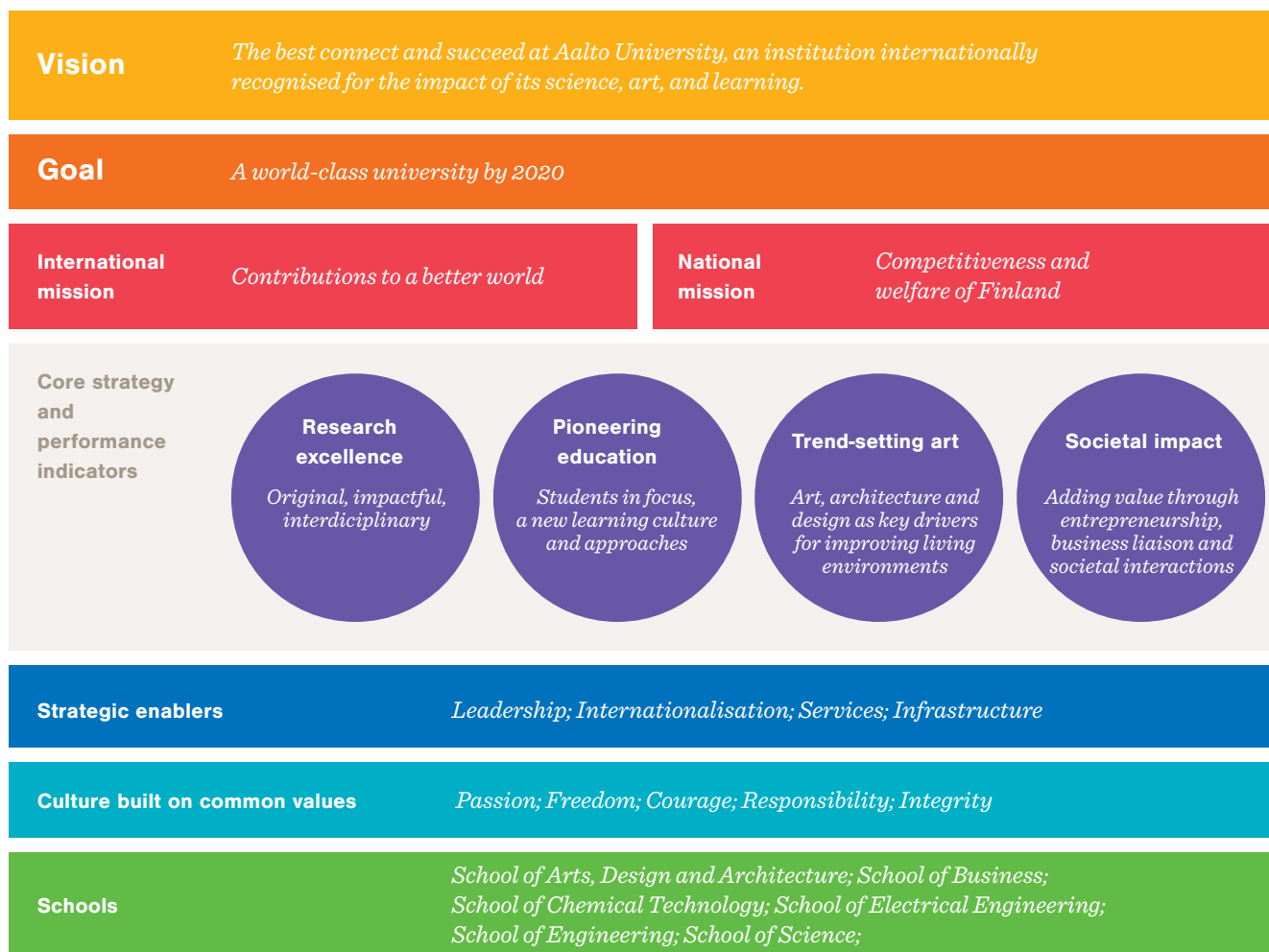
One of the most eagerly anticipated moments of 2013 will be the announcement of the results of the architectural design competition for the area around Otaniemi's future metro station. The new building will be the home of many of the activities of the School of Arts, Design and Architecture. The campus project represents a major investment by the university and will call for a lot more work, but it will also open up many new opportunities. The goal is to create an attractive, multidisciplinary, and international campus that promotes many different aspects of learning and interaction.

I would like to warmly thank all the faculty and staff of Aalto University for their excellent and pioneering work during our third year of operations. I would also like to thank those funding our work, our partners, and our other stakeholders for their positive contribution. I hope that we will continue to work closely and successfully together during 2013!



Tuula Teeri
President

Vision and goals



Stronger scientific *research*

High-quality, long-term research that makes a valuable contribution to society lies at the heart of Aalto University's activities. We are committed to continually strengthening our position as an internationally respected university for excellence across a wide range of fields.

The tenure track system introduced in 2010 has been Aalto University's most important new initiative. The long-term career development and solid funding foundation that it offers creates a very good basis for high-quality research. The system offers even young researchers a clear and well-supported career path towards professor-level positions.

95 of the 199 tenure track position allocated to focus areas were filled by the end of 2012. Of all appointed tenure track professors, 30 % are from outside Finland, and 20 % of them are women. The tenure track attracted international attention also in 2012: 73% (67%) of applicants were non-Finnish.

International experts make an important contribution

Aalto University's schools defined their own research focus areas during 2012, with the help of Scientific Advisory Boards (SABs) and the Scientific and Artistic Advisory Board (SAAB). Made up of international experts, these boards met for the first time in spring 2012 to evaluate the activities of Aalto University's schools on the basis of the Research Assessment Exercise recommendations in 2009. Boards produced

recommendations and proposals on the future direction and development of each school's research and teaching.

A joint programme to strengthen energy research

One of Aalto University's goals is to offer solutions to some of the major challenges facing society by working with a wide range of partners. The Aalto Energy Efficiency Programme, funded by the university, was launched in 2012 to support this work and strengthen the university's energy-related research and create the basis for long-term multidisciplinary research, training, and innovation in the field.

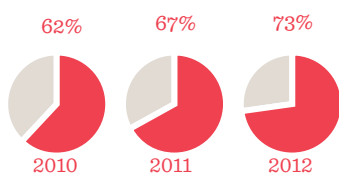
Three four-year projects were selected for inclusion in the programme in spring 2012 and have been allocated total funding of close to €6 million. A second round of funding was announced towards the end of 2012, and the following projects will be selected from the next 40 submissions.

The programme will continue until 2019, with an approx. €4 million annual budget, and will complement other forms of funding available to researchers.

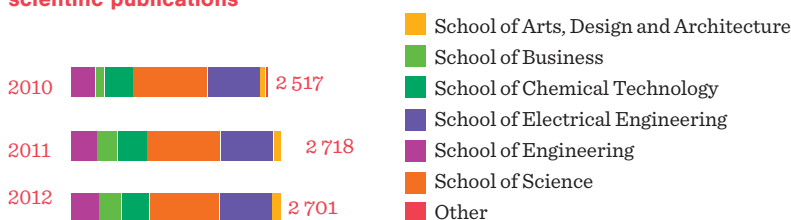
A clearer division of responsibilities between Finnish universities of technology

Universities that provide technology education and conduct research in technology in Finland continued their joint discussions on profiling their roles and responsibilities during 2012. These discussions are aimed at strengthening the independent identity of each university to enable them to compete in the increasingly competitive international marketplace, while at the same time ensure that research and teaching in areas of technology that are important for Finland continues with a minimum of unnecessary overlap.

Proportion of international tenure track applicants



Number of referee articles in scientific publications



Figures in parenthesis refer to 2011 unless otherwise mentioned.



More than 20 inter-university working groups, working under a team of coordinating professors, compiled comprehensive comparisons of activities in their main fields in autumn 2012. These reports will give research teams and university administrations an additional perspective for their decisions on areas such as focus, tenure track, and infrastructure. The collaboration opportunities between bachelor's degree programmes, as well as any unnecessary overlap in master's degree programmes and new ways of collaboration, will be discussed in 2013.

New funding model will promote improved quality

The details of Aalto University's internal funding model were clarified during 2012 and the updated model was used when allocating funding for 2013. The broader range of basic teaching provided to students from other schools within the university, together with major research and teaching infrastructure, were among the new elements incorporated into the model.

The university's key research and teaching infrastructure was reviewed during 2012, and projects with a minimum duration of at least five years were created for the eight infrastructure areas identified. The results of these projects – together with the inter-school cooperation, user experience, costs, and revenue they generate – will be monitored in the same way as research projects are. 2013 will act as a trial year and will be used to monitor the ability of each area to serve all users across the university in particular.

The aim of the new funding model is to enhance continuity, predictability, and transparency when allocating internal resources. The model is also intended to promote an improvement in the quality of research and teaching and support the overall development of the university's six schools.

National and internationally respected research

As of the end of 2012, Aalto University was home to:

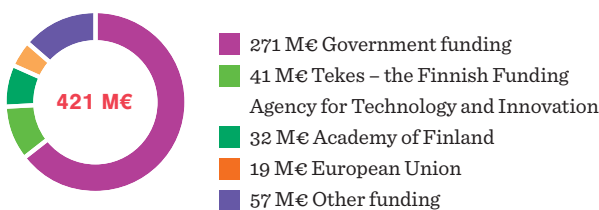
- Two Academians of Finland
- Five of the Centres of Excellence in Research named by the Academy of Finland. Aalto University is also a participant in two centre coordinated by others.

Recognising its excellence in the research field, Aalto University had 2012:

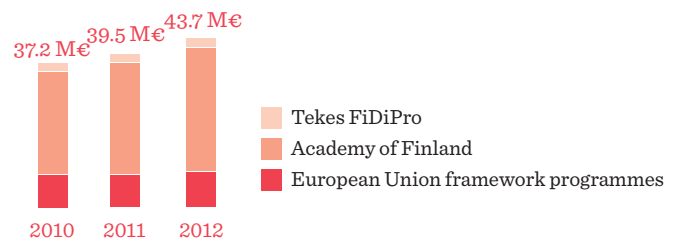
- 12 European Research Council (ERC) research grants
- 7 professors appointed by the Academy of Finland
- 37 research fellows appointed by the Academy of Finland
- 15 Finland Distinguished Professor Program professors and fellows

Aalto is the only Finnish university to be included in Leiden University's list of Europe's top 100 top universities by publication impact. 10.9% Aalto University's publications are amongst the top 10% of the most cited publications in their academic field. ■

Funding



Competitive research funding



Quality teaching

The goal is to train responsible, independently minded specialists able to see the big picture.

Teaching at Aalto University is based on high-quality research and a comprehensive understanding of how research results can be used to benefit society.

Aalto University educates:

- business, arts, and engineering students studying for bachelor's degrees
- architecture, landscape architecture, engineering, business, and arts students studying for master's degrees, and
- engineering, business, and arts students studying for doctorates.

A total of 19 993 (19 737) students studying for a degree attended the university in 2012. The number of full-time equivalent degree students was 12 970 (12 782). Foreign students numbered approx. 2 900 (2 600), of whom 73% (73%) were studying for a full degree.

Working together to develop teaching at Aalto

Research, teaching, and artistic activities are developed together at Aalto University. The aim is that all teachers should carry out research and that all researchers should also teach. Students and stakeholders take an active part in developing the teaching programme, which results in an enthusiastic, international community that promotes and prioritises cooperation and leverages cross-disciplinary expertise and lifelong learning.

Feedback from the Teaching Evaluation Exercise (TEE) carried out in 2011 was used in developing the university's degree programmes and teaching work in 2012. Reforming the content and teaching methods of Aalto University's degrees, target-based teaching, work aimed at improving the pedagogical skills of teaching staff, and highlighting

the importance of teaching skills in recruitment – together with the development of an open teaching evaluation environment – were highlighted as areas for ongoing development.

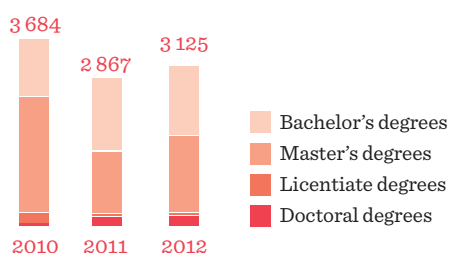
New undergraduate degree system to be introduced in 2013

Aalto University's bachelor's and master's degree programmes will be clearly separated, in line with the two-tier Bologna model. Future skill needs, studying and working internationally, and learning-driven teaching methods are being prioritised in reforming the curriculum. Digital resources will be made greater use of in the future, which will open up the way for things such as open-access teaching materials and courses. Studying will be increasingly based on flexible personal study plans and giving students the opportunity to move between different disciplines.

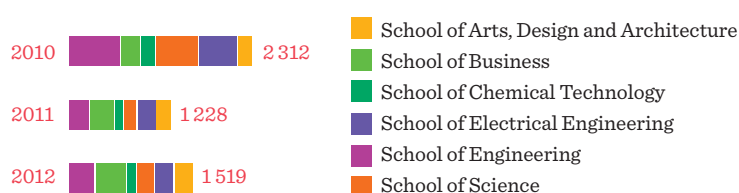
The bachelor's degree reform will see each university school largely adopt a single common bachelor programme. The new programmes will be more broadly based than before and give students more room for following their own personal study paths. This will give students greater choice and will bring multidisciplinary studies and studies related to other disciplines into their degree work. Particular attention will be given to how new students are introduced to life at the university and how they progress during their first year at the university.

In terms of student numbers, the emphasis will gradually shift to master's programmes, and reform related to these has already started. The number of master's programmes will be reduced. As the university become more international in nature, the amount of teaching carried out in English as part of master's studies will increase. An international dimension will also be integrated in teaching content, and international student exchanges will be included in all programmes to a greater extent than before. ■

Degrees completed



Doctoral degrees



Figures in parenthesis refer to 2011 unless otherwise mentioned.

A greater international dimension to the arts

Aalto University's artistic activities were extensive at home and abroad during 2012 and focused on the School of Arts, Design and Architecture, created by the merger of the School of Art and Design and the School of Engineering's Department of Architecture.

Artistic activities represent one of Aalto University's four core activities. The university took part in 95 (50) international artistic productions in 2012, including *La Pavillon de la Finlande à l'exposition universelle de 1900 à Paris*. This short film, produced by researchers and students at the school's Department of Media, transports viewers back in time to the Paris World Fair of 1900 and was shown as part of the major exhibition showcasing the work of the Finnish artist, Akseli Gallen-Kallela, at the Musée d'Orsay in spring 2012.

The university was awarded more than 30 international arts awards in 2012. Films produced at Aalto University were screened successfully at over 50 international film festivals, while art book publication activities were consolidated when the university acquired Musta Taide, a specialist publisher of photographic books, in autumn 2012.

Living+ brought together a diverse range of fields

Aalto University took part in World Design Capital Helsinki 2012 through the Living+ programme and its toolbox for designing better environments for people to live in. Aalto University's involvement was intended to promote better cooperation between the various actors involved and highlight debate on design expertise and the opportunities that design offers. The programme proved a success and its various projects brought students and teachers from a variety of fields closer to each other and strengthened Aalto University's common sense of purpose. A number of collaborative models were developed as a result, bringing together numerous players in the business world and public sector.

More than 30 projects were included in Aalto University's World Design Capital programme, of which some 25 continued into 2013. Virtually all the projects involve corporate or other partners. 140 events were organised and attracted some 180 000 visitors.

World Design Capital 2012 promoted Aalto University's media profile and media visibility in Finland and internationally, and the university will continue collaboration in the field with Cape Town, which has been chosen World Design Capital for 2014.

New developments in China

The university took a prominent role in *Radical Design Week*, which showcased Finnish design expertise in Shanghai, China in October 2012. NEXT Design, the exhibition based on thesis work by students, presented a cross-section of designers' vision of the future of design as part of the event. Architecture students and teachers from Aalto University also worked in Shanghai with colleagues from China's Tongji University, the Massachusetts Institute of Technology, and various corporate partners. Workshops were held as part of Radical Design Week on subjects such as the future of urban planning, user-driven innovation, and roof gardens.

Leveraging design to generate competitiveness

The Secretariat of the European Commission's European Design Innovation Initiative (EDII) – tasked with identifying how design can be used more effectively to generate economic growth, prosperity, and competitiveness – was based at Aalto University during 2012.

An important milestone was achieved in the secretariat's work in the autumn when a group of European design experts handed over a report entitled *Design for Growth and Prosperity* to the Vice Chairman of the European Commission, Antonio Tajani. The report contains a set of 21 recommendations, which the authors believe can put design at the centre of innovation in Europe. The recommendations will be reviewed by the Commission, with input from Aalto University during 2013. ■

Figures in parenthesis refer to 2011 unless otherwise mentioned.

Strong *interaction with society*

Aalto University makes an active contribution to society, both in Finland and internationally. Using our understanding of existing social needs and by anticipating future needs, we want to make our contribution count in building and developing society.

The goal of Aalto University's activities, in the shape of its cutting-edge research and teaching, is to help society respond to the major challenges that it is facing. In order to understand the scope of these challenges, Aalto University engages in continuous dialogue with a wide variety of stakeholders, including the business world and the public sector.

Promoting entrepreneurship

Aalto University is particularly proud of the wide range of proactive work that it does to promote entrepreneurship and the creation of new business. The Aalto Center for Entrepreneurship (ACE) offers a selection of innovation, commercialisation, and start-up services to the university's researchers and students in this area.

During 2012, the Aalto Center for Entrepreneurship:

- processed 215 innovation proposals
- filed 17 patent applications
- approved assistance 10 new companies set up by Aalto researchers and students, and
- transferred 14 innovations to four companies.

The Aalto Ventures Program, for its part, concentrates on teaching and supporting growth-related entrepreneurship. In addition to degree-based teaching, it provides complimentary research environment in close collaboration with Stanford University in the US.

A joint AppCampus was launched in 2012. This is a unique pre-seed funding programme created by Microsoft, Nokia and Aalto University to develop new mobile apps. The first AppCampus-funded applications were released towards the end of the year.

High-quality continuing education

Aalto University is one of Finland's most active universities in developing and testing the new adult education models introduced by a reform coordinated by the Ministry of Education and Culture. The total number of

students at the Open University was approx. 7 600. During 2012, the focus was on updating the range of non-degree courses on offer. Particular emphasis was given to energy, project management, the service economy, and sustainable business.

Aalto University Professional Development (Aalto PRO) organises the majority of Aalto University's wide range of non-degree programmes. Together with the Small Business Centre and the Urban Planning Research and Training Group, it held around 600 courses, which were attended by approx. 12 500 participants.

Aalto University Executive Education (Aalto EE) offers a range of high-quality executive development and management training, including the best Executive MBA programme in the Nordic region, and has 17 years of solid experience of the Asian market. Aalto EE was ranked the best in its field in a corporate image survey carried out by the market research company Taloustutkimus and was also rated the most important management training partner in a recent survey by Finland's leading business daily, Kauppalehti. Aalto EE trained around 3 600 people in 2012.

Exciting factory concept

Aalto University's new Design Factory, Media Factory, and Service Factory have generated a lot of interest both in Finland and internationally. They act as multidisciplinary platforms combining the expertise of the university's various schools in product development, the media, and services. A new Health Factory concept was developed during 2012.

Faculty members, researchers, and students from Aalto University work closely with companies and other organisations in these factories. Developing new teaching and learning approaches is one of their central goals. Research data generated as part of the factory projects is seamlessly incorporated into teaching.

The factory concept has also been exported, and design factories have been started up at Tongji University in China and Swinburne University of Technology in Australia. New cooperation agreements were signed in 2012 with the Catholic University of Chile in Santiago and the European Laboratory for Particle Physics (CERN) in Geneva.

Finland's first FabLab digital fabrication facility was opened by Aalto University's Media Factory based on a plan developed by the Massachusetts Institute of Technology's Media Lab. There are currently around 80 FabLabs worldwide. ■

Expertise and motivation are *essential for success*

Aalto University aims to be an inspiring place to work and offer an extensive range of interesting jobs and motivational career opportunities. The university's HR processes are designed to promote good management and high standards of research and teaching. Aalto University received the European Commission's HR Excellence in Research award in 2012, the first Finnish university to receive such recognition.

Faculty and staff with in-depth expertise and a high level of motivation are key to the university achieving its goals. Work continued on developing Aalto University's academic management processes in 2012 to further secure the university's dynamism as a workplace.

The tenure track career system was the main area of HR development in 2012 (see Page 8 for more details). A service career system was also introduced in almost all the university's service units, designed to enhance the skill sets of staff in these units and the overall development of Aalto University's service organisation.

The university has moved past its transition phase

The average job satisfaction indicator in the 2012 personnel survey remained virtually unchanged from 2011. Some small changes were seen, however, particularly in people's replies to the survey's open questions. Respondents said that they now find it easier to

concentrate on their main responsibilities, indicating that the university has moved past its initial phase in day-to-day operations.

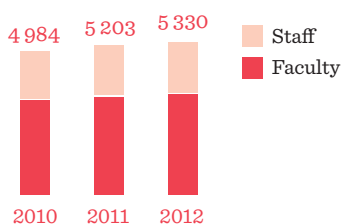
A number of follow-up discussion sessions to analyse the results of the survey were held in the autumn. The Academic Affairs Committee and the Board reviewed the feedback received from these sessions and decided to focus on the following development areas: clarifying Aalto University's management systems, increasing the transparency of the university's decision-making, involving staff more systematically in the drafting work preceding decision-making, and promoting changes in the university's personnel structure.

Growing number of non-Finnish staff

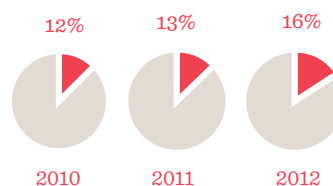
The international nature of Aalto University has grown rapidly. 30% of new professors now come from outside Finland. Successful international recruitment calls for HR services that take account of the needs of staff from abroad. The Aalto Family Programme, for example, is designed to support staff during their move to Finland, help them settle in, and make the most of their stay. Support services are provided at school and unit level to bring them as close as possible to the people who need them. ■



Faculty and staff



Proportion of non-Finnish staff



Long-term investment strategy underpins *independence*

The Aalto University Endowment is intended to provide additional funding for teaching and research. Interest income from the university's endowment and investments help underpin its financial independence and improve its potential to allocate resources to its strategic focus areas. The plan is for this income to cover 4-8% of the annual budget over the coming years.

The university's endowment primarily comprises private donations received during the establishment of the university between 2008 and 2011, capital received from the Finnish state, and funds transferred from three founding universities. The market value of the portfolio was €901 million as of the end of 2012.

Responsible investments

Aalto University's investments are guided by an investment strategy approved by the Board, which is ultimately responsible for investments. The university's CFO is responsible for managing investment in

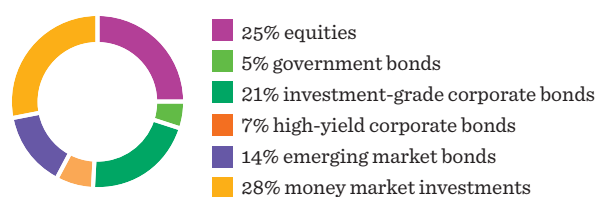
accordance with the investment strategy. The university also has an Investment Committee that advises the Board and the CFO on investment-related matters.

Aalto University's investments are managed on a long-term basis in line with the investment strategy, with an emphasis on effective risk management and ethical principles. The primary goal of investments during the university's early years is to secure the endowment and assets. Investments are made in a secure and profitable manner in accordance with the requirements of the Finnish Foundations Act. The investment portfolio is diversified across a range of different asset classes and geographical areas. All the external partners associated with the university's investment activities have signed the UN Principles for Responsible Investment.

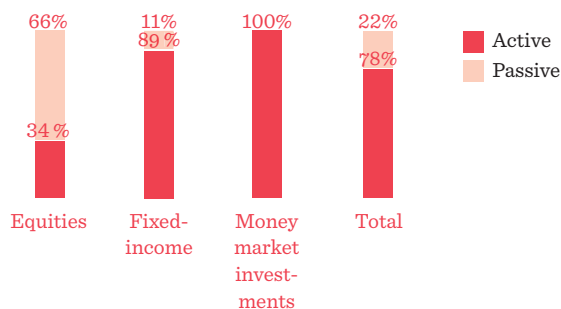
A quarter of investments in equities

The total return on the investment portfolio during 2012 was 9.7%, and the average annual return since the beginning of investment activities (31 May 2010) has been 4.5%. As of the end of 2012, 25% of the portfolio was held in equity investments and 75% in fixed-income and money market investments. The proportion of equity investment increased by approx. 6% during the year. Equities held by the university yielded a return of 14.7% during 2012, while its other holdings yielded a return of 8.6%. ■

Investment portfolio by allocation as of 31 December 2012



Active and passive investments as of 31 December 2012



Figures in parenthesis refer to 2011 unless otherwise mentioned.

Organization 1 January 2013

	School of Business	School of Arts, Design and Architecture	School of Engineering	School of Chemical Technology	School of Science	School of Electrical Engineering
Deputy President , Ilkka Niemelä (Research and Education)						
Vice Presidents , Hannu Seristö (Knowledge Networks), Martti Raevaara (Education)						
Services Marianna Bom (Finance), Jari Jokinen* (Policy and Foresight), Hanna-Leena Livio (HR), Hanna Maula (Communications)						
	Academic Affairs Committee	Academic Affairs Committee	Academic Affairs Committee	Academic Affairs Committee	Academic Affairs Committee	Academic Affairs Committee
	Dean Ingmar Björkman	Dean Helena Hyvönen	Dean Petri Varsta	Dean Outi Krause	Dean Kimmo Kaski	Dean Tuija Pulkkinen
	Tenured Professors Council					
	Academic Affairs Committee					
President Tuula Teeri						
Board	Anne Brunila (Vice Chair)	Saku Mantere Professor Hanken School of Economics	Anna Valtonen Rector, Umeå Institute of Design, Umeå University			
Matti Alahuhta (Chair) President & CEO of KONE Corporation	Bengt Holmström Professor Massachusetts Institute of Technology	Liqiu Meng Professor, Senior Vice President Technische Universität München	Colin Whitehouse Professor Independent Adviser			

*Secretary of the Board

Annual Board *Report* 2012
(Based on audited Finnish version)

The role of Aalto University

The purpose of the Aalto University Foundation, operating as Aalto University, is to promote free research and scientific and artistic erudition, provide higher education based on research, and educate students to serve their country and humanity. The university is an autonomous, multidisciplinary science and art community which operates in the fields of technology, economics, art and design, and in fields closely related to them. The university works in interaction with the rest of the society and the international scientific and artistic communities, and advances the impact of research and artistic activities on society.

The national mission of the university is to support Finland's success through the high-quality research and teaching, to make a positive contribution to building Finnish society, its economy, technology, art and design, internationalization and competitiveness, and to promote the welfare of humankind and the environment. The university respects the freedom of science, art, and education.

To ensure that Aalto University can meet its national mission and achieve its targets, respecting the funding commitments made when it was founded is seen as essential.

Activities during 2012

2012 was Aalto University's third year of operations. The university continued the implementation of its strategy aimed at becoming a world-class university by 2020. The main priorities during the year were recruitment under the tenure track academic career system, reform of the bachelor's degree programmes, and the introduction of a new internal funding model. By the end of the year, a total of 199 new tenure track positions had been opened, of which 95 had been filled. 30% of the positions were filled by international recruits and 21% by women.

The index-linked increase in the government funding to Finland's universities was frozen for 2013, a decision that will have a major impact on the country's universities. Despite the cuts, Aalto University is committed to continuing to implement its strategy in 2013. Determined implementation of the tenure track career system will be central to achieving the university's academic goals.

Research

A total of some 2 700 (2 700) referee articles were published at the university, in line with the figure for 2011. The university's publication impact is expected to develop positively, both quantitatively and qualitatively, as the university progresses in implementing its strategy. Aalto University received a significant amount of external competitive research funding in 2012 totalling €32 million (€29 million) from the Academy of Finland and €19 million (€17 million) from European Union research funding programmes. External research funding is expected to remain at a similar level in 2013, despite the more difficult economic situation.

Seven (9) national centres of excellence were based at Aalto University during 2012, funded on the basis of earlier funding decisions. As of the end of the year, two (2) Academicians of Science worked at the university. The quality of research carried out in the university is also reflected in the fact that the university has 12 (8) recipients of research grants from the European Research Council (ERC), seven (5) Academy professors, 37 (38) Academy researchers, and 15 (16) Finland Distinguished Professor Programme (FiDiPro) professors and fellows.

Teaching

The number of full-time equivalent degree students increased slightly in 2012, to 12 970 (12 782). The total number of degree students was 19 993 (19 737). 1 382 (1 441) students completed a bachelor's degree, 1 519 (1 228) completed a master's degree, and 192 (166) a doctorate. A total of 465 782 (451 623) ECTS study credits were earned during the year, equivalent to an average of 33 study credits per degree student. Foreign students totalled approx. 2 900 (2 600), of whom 73% were studying for a full degree.

Aalto University's bachelor's degree programmes were reformed during 2012. In terms of student numbers, the emphasis will gradually shift to master's degrees. The bachelor's and master's degree programmes will be separated from each other in the future, in line with the two-tier Bologna model. The new bachelor's degrees will be introduced in autumn 2013.

Figures in parenthesis refer to 2011 unless otherwise mentioned.

Artistic Activities

Aalto University was awarded more than 30 (49) international arts awards in 2012. The university also took a prominent part in World Design Capital Helsinki 2012 through the Living+ programme focused on designing better environments for people to live in. Aalto University also served as the Secretariat for the European Commission's European Design Innovation Initiative (EDII). Its report, completed in 2012 and entitled *Design for Growth and Prosperity*, contained a set of concrete recommendations for leveraging design as a driver for innovation and growth.

Societal Impact

Reflecting Aalto University's impact on and contribution to society, the university received a total of €105 million (€108 million) in non-academic research funding in 2012. A joint AppCampus project was launched in collaboration with Nokia and Microsoft, which approved no less than 80 start-up funding grants; the first AppCampus-funded apps were launched at the end of the year.

The Aalto Center for Entrepreneurship (ACE) offers a selection of innovation, commercialisation, and start-up services to the university's researchers and students, and other stakeholders. ACE processed 215 (193) innovation proposals, transferred 14 (36) innovations to four (8) companies, filed 17 (45) patent applications, and supported the formation of 10 (20) new companies set up by Aalto University's researchers and students. In continuing education, a total of 600 courses were organised and attended by 12 500 students.

Aalto University's societal impact is expected to increase further in the future through its numerous national and international projects, and collaboration with the university's various stakeholders is also expected to become closer.

Governance

The main governing bodies of the university are the Board, the President, the Committee of Academic Affairs, and the Deans of the university's schools.

The Board consists of seven external members, including the chair and vice chair, and is responsible for decisions concerning the university's strategy, its annual operating plan and budget, and for approving the financial statements and the university's regulations. The Board also appoints the President, the Vice-Presidents, and staff reporting directly to the President. The Board ensures that

the university's operations are organised appropriately and that its assets are invested in a safe and productive way. The Board had four meetings during the year and additional email-based meetings.

The composition of the Board changed during 2012. The Committee of Academic Affairs elected Professor **Liqiu Meng** and Professor **Colin Whitehouse** as new members. Professors **Marja Makarow** and **Patrick Aebischer** left the Board.

The President is responsible for leading the university's operations in accordance with the duties set out in the Finnish Universities Act and orders and instructions provided by the Board. The President is responsible for managing the university in a financially efficient manner.

The Committee of Academic Affairs is a common organ as defined by the Finnish Universities Act and is responsible for matters such as curricula, degree requirements, the principles used for admitting students, and for establishing the bodies necessary to govern the university's research and teaching. In addition, it appoints the Nomination Committee and the members of the Board based on proposals made by the Nomination Committee.

The Nomination Committee consists of five members, of which two represent the university's private founders.

The university is organised internally into six schools and shared service units. Led by their deans, the university's schools consist of departments, led by department heads. The university's schools are responsible for teaching and research in their respective disciplines and are academically independent within the framework established by the university's strategy, guidelines, and annual operating plan and budget. The university's shared service units are organised in a matrix where joint service processes are defined centrally for the university, while services are produced locally in academic units.

The university and its subsidiaries form the Aalto University Group. The university's subsidiaries are Aalto University Properties Oy (66.7% holding), Aalto-Holding Oy (100% holding), and the property company, Kiinteistöosakeyhtiö Helsingin Pohjoinen Hesperiankatu 23A (50% holding). The Board and the President are responsible for the governance of the Aalto University Group. The President appoints the university's representatives to the annual meetings of subsidiaries, in which the Board members of these companies are elected. The boards of subsidiaries elect their CEOs, who are responsible for the operations of these companies.

Figures in parenthesis refer to 2011 unless otherwise mentioned.

Faculty and staff

The university employed an average of 5 253 (5 094) faculty and staff during 2012, 67% (66%) of whom were employed in teaching and research positions and 33% (34%) in other positions. 23% (23%) of personnel were doctoral students and 14% (15%) undergraduate students.

37% (38%) of personnel held a permanent employment contract and 79% (79%) worked full-time. Women accounted for 38% (39%) of personnel. 14% (13%) of personnel will reach the age of 65 within the next 10 years. Approx. 16% (13%) of personnel were non-Finnish.

As of the end of 2012, the university had 366 (346) professors, of whom 143 (132) had fixed-term contracts. 18% (16%) of professors were women. Approx. 45% (45%) of professors will reach the age of 65 within the next 10 years.

The average number of personnel employed by the Aalto University Group during 2012 was 5 337 (5 169), and personnel costs totalled €272 million (€252 million), of which the university accounted for €267 million (€248 million). Management compensation in the Group totalled €911 000 (€991 000), of which €229 000 (€214 000) was paid to the university President, a total of €126 000 (€126 000) to the members of the university Board and €556 000 (€650 000) to members of the boards and CEO's of the subsidiary companies.

Campus and infrastructure

Following extensive discussions within the university, the Board decided in June 2011 to locate the university's main campus in Otaniemi, Espoo. All teaching for the university's Bachelor's Degree Programs will shift to the Otaniemi campus on a phased basis beginning in 2013. The activities of the School of Arts, Design and Architecture will transfer to Otaniemi from 2015 onwards. As a result, the Aalto University Group will have major investment needs to new buildings over the coming years, in addition to renovation investments related to existing buildings.

The campus investment programme progressed during 2012 with the completion of the Open Innovation House, a joint facility for ICT companies and university research units. The renovation of Otakaari 1 continued according to the plan.

The university had three campuses and other facilities totalling 324 000 m² (319 000 m²) in 2012, of which the Otaniemi campus accounted for 240 000 m², the Töölö campus for 31 000 m², the Arabia campus for 43 000 m², and other sites for 10 000 m². Premises-related costs totalled €66 million (€62 million).

Endowment

The Aalto University endowment is intended to enhance the university's financial independence and support the implement of its strategy. The endowment portfolio had a market value of €901 million (€819 million) as of the end of the year and the annual return was 9.7% (-0.7%). As of the end of 2012, 25% of the portfolio was held in equities and 75% in fixed-income and money market investments. The implementation of the university's investment strategy will continue to prioritise securing the endowment capital during 2013.

Sustainable development

Aalto University operates responsibly and develops its activities in accordance with the principles of sustainable development. Aalto University was the first university in Finland to adopt the International Sustainable Campus Network (ISCN) system as the basis for setting its targets and reporting in the area of sustainability from 2012 onwards. The ISCN reporting model is specifically designed for universities and its criteria are largely based on Global Reporting Initiative (GRI) guidelines.

Operating environment and risks

The main risks associated with the university's operating environment are linked to cuts in the public sector finance and the impact that these might have on the university sector. Uncertainty in the financial markets can also have a negative impact on the returns generated by the university's investments and on the funding of the Aalto University Group's investment programme. In addition, strategy implementation-related risks are associated with the university's campus project.

Financial pressures affecting the public sector have a major impact on the environment in which Finland's universities operate. These pressures had a concrete impact on funding for 2013 when the index-based increase in the university funding was frozen, which has resulted in a drop in the total university funding in real-terms. In addition, the funding allocated to research and innovation in 2013 is expected to be lower than in 2012, which will affect the activities of organisations such as the Academy of Finland and Tekes and may have a negative impact on Finnish universities. Pressures on public-sector funding represent Aalto University's key strategic risk, and the likelihood of further negative impact from this risk remains elevated.

Figures in parenthesis refer to 2011 unless otherwise mentioned.

The development of the university's investment portfolio can contain financial risks associated with the uncertainty of the financial markets, which could have a negative impact on the university's long-term funding.

The targets set for the new campus call for a solid investment plan covering the next 15 years and an approx. 25% reduction in current spatial usage. Uncertainty in the financial markets could make funding the investment programme more difficult in the future and delay its implementation and have a negative impact on the university's ability to implement its teaching and research strategy. As the majority of the buildings at Otaniemi are of historical significance and protected by the National Board of Antiquities, it could prove impossible to achieve spatial efficiency targets in some areas, which could in turn increase the university's costs.

The principle underlying the university's property insurance cover is to insure key assets with a relatively high level of own risk and secure all assets that are essential and material for the university's operations. Aalto University also has liability insurance cover in respect of possible damage caused by its operations to third parties, as well as management liability insurance cover in respect of financial damage that might result from the actions of the university's management and the members of the Board and the boards of its subsidiaries.

Financial position in 2012

The operative income of the university (Pro Forma) during the 2012 financial year totalled €421 million, 0.5% down from the €423 million in 2011 (2010: €400 million). The main sources of income were government funding, which totalled €271 million (€272 million), and research grants totalling €118 million (€121 million). Grants mainly consisted of project funding from the Finnish Funding Agency for Technology and Innovation (Tekes), the Academy of Finland, and the European Union.

Total operative expenses were €424 million, an increase of 7% from 2011 (2011: €395 million, 2010: €374 million). The majority of operative expenses comprised personnel and facility expenses, of which the former accounted for 63% and the latter for 16%. Personnel costs increased by 8%, while facility costs increased by 6%, mainly because of index-linked increases under the university's rental agreements. An operative deficit of €4 million (surplus of €28 million) was recorded for the year.

Income from investment and financing activities was €30 million (€9 million), primarily from the reversal of investment impairments from previous financial years and from profits on sale of investments as a result of allocation changes during 2012. Impairments related to investment and financing activities totalled €0.4 million (€19 million). Investment and financing activities recorded a total surplus of €29 million (-€14 million). In accordance with Finnish Accounting Standards, unrealised gains are not shown as profit in the income statement.

The net surplus for the year was €29 million (2011: €14 million, 2010: €28 million), corresponding to 6% of total income (2011: 3%, 2010: 7%).

The university's balance sheet totalled €1 029 million as of the beginning of the year and €1 047 million as of the end of the year. Investments increased by €178 million from the €686 million recorded in 2011, to €864 million. All investments are valued at purchase value or market value, if the latter is lower. Cash and bank, consisting mainly of fixed-term deposits, decreased to €81 million (€244 million). Short-term receivables decreased by €6 million to €65 million.

Within equity, special-purpose funds were reduced by €2 million, as some of their capital was used in line with the rules of the funds in question. The university received donations during the year, which were used to set up a special purpose fund with separate assets to support the AppCampus project. This fund was valued at €3 million as of the end of 2012.

The university did not have any long-term liabilities as of the end of 2012. Short-term liabilities primarily consisted of advance payments and accrued payroll expenses and totalled €80 million (€94 million). The decrease was mainly the result of a decline in advance payments.

Cash flow from operations during 2012 totalled -€5 million (€314 million). Cash flow from investments totalled -€160 million (-€231 million), of which -€151 million was associated with investment activities and -€9 million with investments in property, plant, and equipment. Cash flow from financing was €3 million (€0 million). The university's total cash flow was -€161 million (€84 million).

Aalto University Group

The Aalto University Group recorded income totalling €470 million (2011: €444 million, 2010: €414 million) and expenses totalling €432 million (€424 million) in 2012, and a surplus for the financial year of €38 million (2011: €21 million, 2010: €38 million).

Figures in parenthesis refer to 2011 unless otherwise mentioned.

The Group balance sheet as of the end of the year totalled €1 304 million (€1 281 million). Within subsidiaries, the largest increase took place in the properties owned by Aalto University Properties Oy. The Group equity ratio at the end of the financial year was 80% (2011: 79%, 2010: 75%). Cash flow from the operations of the Aalto University Group totalled €12 million (€344 million) and cash flow from investments was -€200 million (-€265 million). Cash flow from financing was €2 million (€25 million). Total cash flow for the year was -€186 million (€104 million).

The largest subsidiary, Aalto University Properties Group, owns and manages the majority of the premises used by the university. The Group's turnover was €44 million in 2012 (€42 million) and it recorded a profit of €11 million (€10 million). Underutilisation of premises was approx. 2%, and around 4% of premises could not be used because of renovation work. The balance sheet of Aalto University Properties Group as of the end of the year was €336 million (€334 million).

Aalto Executive Education Group, owned by Aalto-Holding Oy, recorded a turnover of €12 million in 2012 (€10 million) and a profit for the year of €1 million (€0.5 million).

All Aalto University Group companies have prepared their own financial statements for the financial year.

Auditors

Jarmo Lohi (APA, CPFA), Tiina Lind (APA, CPFA) acted as the university's auditors, with Mikko Ryttilahti (APA, CPFA) and Ari Lehto (APA, CPFA) of Ernst&Young Oy as their deputies. The Board has elected the same auditors and deputy auditors to audit the university in 2013.

Major events after the financial year

No events of a material nature affecting the financial status of the Aalto University Group and its financial statements for 2012 took place between the end of the financial year and the preparation of the financial statements.

Outlook

Although the pressures on public funding remain elevated, Aalto University will continue implementing its strategy, and the tenure

track academic career system in particular, in 2013. As of the beginning of 2013, approx. 100 tenure slots were open. Publication impact is expected to develop positively and as the new bachelor's programs are implemented in 2013, the balance in education will start to shift to master's degrees. The university's faculty and staff are expected to continue becoming increasingly international. The university total funding is not expected to increase materially in 2013 and the operative income and expenses are expected to remain balanced. The equity ratio of the Aalto University Group is expected to remain at an excellent level.

Figures in parenthesis refer to 2011 unless otherwise mentioned.

Financial statements 2012
(Based on audited Finnish version)

Pro-Forma Report, €1 million

Not according to FAS

	2012	%	2011	%	2010	%
OPERATIVE INCOME						
Government funding	271	64 %	272	64 %	245	61 %
Tekes	41	10 %	43	10 %	42	11 %
Academy of Finland	32	8 %	29	7 %	27	7 %
European Union	19	5 %	17	4 %	12	3 %
Other public funding	12	3 %	9	2 %	11	3 %
Corporate	26	6 %	27	6 %	21	5 %
Other	19	4 %	21	5 %	37	9 %
Change in special purpose funds	0	0 %	3	1 %	4	1 %
TOTAL	421	100 %	423	100 %	400	100 %
OPERATIVE EXPENSES						
Personnel	267	63 %	248	63 %	236	63 %
Facilities	66	16 %	62	16 %	59	16 %
Service purchases	36	9 %	33	8 %	33	9 %
Depreciations	7	2 %	6	2 %	6	2 %
Other	48	11 %	46	12 %	39	10 %
TOTAL	424	100 %	395	100 %	374	100 %
OPERATIVE SURPLUS						
	-4		28		26	
Surplus / deficit from investment operations	29		-14		2	
Surplus / deficit from fundraising	4		0		0	
NET SURPLUS	29		14		28	

FOUNDATION INCOME STATEMENT, 1 000€

	Note	1.1. - 31.12.2012	1.1. - 31.12.2011
ORDINARY OPERATIONS			
Income			
Income from grants	2	117 829	121 409
Income from business activities	6	11 612	4 905
Other income		20 203	21 634
		149 644	147 949
Expenses			
Personnel expenses	4	266 789	247 532
Depreciation and amortization	7	7 151	6 388
Other expenses	5	150 453	140 883
		424 393	394 803
SURPLUS/DEFICIT FROM ORDINARY OPERATIONS		-274 749	-246 855
FUNDRAISING			
Income			
Donations		501	50 996
Other income		3 433	128 630
Transfer to capital reserves		0	-179 571
		3 934	56
Expenses			
Fundraising expenses		0	9
Fundraising total		3 934	47
SURPLUS/DEFICIT AFTER FUNDRAISING		-270 815	-246 808
INVESTMENT AND FINANCING ACTIVITIES			
Income			
Dividend income		3 450	1 573
Interest income		1 887	1 266
Profit on sale of investments		11 074	4 411
Reversal of investment impairment		11 654	43
Other income		1 777	1 408
		29 843	8 702
Expenses			
Loss on sale of investments		4	4 101
Investment impairment		402	18 787
Other expenses		134	148
		540	23 037
Investment and Financing activities total		29 303	-14 335
GENERAL GRANTS			
Universities Act based government grant		271 133	271 702
SURPLUS BEFORE APPROPRIATIONS AND TAX		29 621	10 559
APPROPRIATIONS			
Change in special purpose funds		2 365	3 190
Change in special purpose funds with separate assets		-2 560	0
Tax	8	178	19
SURPLUS OF THE FINANCIAL YEAR		29 247	13 731

FOUNDATION BALANCE SHEET, 1 000 €

ASSETS	Note	31.12.2012	31.12.2011
FIXED ASSETS			
Intangible assets	9		
Intangible assets		112	208
Other long-term expenditure		63	100
Advance payments		127	0
		302	308
Tangible assets	10		
Land and water areas		324	324
Buildings and constructions		34	43
Machinery and equipment		23 598	22 416
Other tangible assets		35	35
Advance payments and work in progress		1 690	1 211
		25 680	24 029
Investments	13		
Shares in Aalto group companies		102 305	101 927
Shares in associated companies		2 374	2 361
Shares in jointly owned companies		3 215	3 215
Other shareholdings	12, 14	755 641	577 845
Finnish Government bonds		340	340
		863 875	685 688
TOTAL FIXED ASSETS		889 858	710 025
CURRENT ASSETS			
Inventories			
Inventories		311	218
		311	218
Receivables			
Long-term receivables			
VAT compensation	16	7 037	3 863
Other receivables, associated companies		2 000	0
		9 037	3 863
Short-term receivables			
Accounts receivable		21 254	42 888
Accounts receivable, group companies		237	232
Other receivables		384	750
Prepaid expenses and accrued income	15	42 753	26 994
		64 628	70 864
Cash and bank		80 863	244 466
Special purpose funds with separate assets, cash and bank		2 610	0
Total current assets		157 449	319 411
TOTAL ASSETS		1 047 307	1 029 435
EQUITY AND LIABILITIES			
EQUITY	17		
Endowment capital		280 000	280 000
Operating equity		154 644	154 644
Capital reserve		412 477	412 477
Special purpose funds		37 028	39 392
Special purpose funds with separate assets		2 560	0
Surplus from previous years		51 293	35 001
Surplus of the financial year		29 247	13 731
Total equity		967 248	935 244
LIABILITIES			
Short-term liabilities			
Advance payments		28 731	42 884
Accounts payable		11 027	10 758
Liabilities to group companies		520	8
Liabilities to other associated companies		4	255
Other liabilities		15 924	18 735
Accrued expenses	18	23 803	21 551
Special purpose funds with separate assets, accrued expenses	18	50	0
Total short-term liabilities		80 059	94 191
Total liabilities		80 059	94 191
TOTAL EQUITY AND LIABILITIES		1 047 307	1 029 435

FOUNDATION CASH FLOW STATEMENT, 1 000€

	1.1. -31.12.2012	1.1. - 31.12.2011
CASH FLOW FROM OPERATIONS		
Surplus/Deficit from ordinary operations	-274 114	-246 937
Depreciation included in the above	7 151	6 388
Change in net working capital		
Change in inventories	-93	81
Change in short-term interest-free receivables	3 062	2 844
Change in short-term interest-free debts	-11 620	5 346
Total cash flow from ordinary operations	-275 615	-232 277
Cash flow from fundraising	689	274 892
Received general grants	271 133	271 702
Paid direct taxes	-178	-19
Special purpose funds with separate assets	-585	0
TOTAL CASH FLOW FROM OPERATIONS (A)	-4 556	314 297
CASH FLOW FROM INVESTMENTS		
Investments in tangible and intangible assets	-10 191	-8 117
Received investment grants	1 394	1 803
Proceeds from sales of tangible and intangible assets	0	82
Investments in financial assets	-304 185	-284 927
Proceeds from sales of financial assets	150 098	54 510
Other net proceeds from investment activities	5 203	6 008
Change in outstanding loans	-2 000	0
TOTAL CASH FLOW FROM INVESTMENTS (B)	-159 681	-230 640
CASH FLOW FROM FINANCING		
Special purpose funds with separate assets	3 245	0
TOTAL CASH FLOW FROM FINANCING (C)	3 245	0
CHANGE IN CASH AND BANK (A+B+C)	-160 993	83 657
Cash and bank beginning of year	244 466	160 809
Cash and bank end of year	80 863	244 466
Cash and bank, special purpose funds with separate assets beginning of year	0	0
Cash and bank, special purpose funds with separate assets end of year	2 610	0
CHANGE IN CASH AND BANK	-160 993	83 657

GROUP INCOME STATEMENT, 1 000€

	Note	1.1. - 31.12.2012	1.1. - 31.12.2011
ORDINARY OPERATIONS			
Income			
Income from grants	2	117 944	121 409
Income from business activities		26 865	17 654
Other income		20 309	21 442
		165 118	160 506
Expenses			
Personnel expenses	4	272 175	251 749
Depreciation and amortization	7	17 136	17 863
Other expenses	5	130 061	120 378
		419 372	389 991
Profit/loss attributable to minority interests in associated companies		72	3
SURPLUS/DEFICIT FROM ORDINARY OPERATIONS		-254 181	-229 482
FUNDRAISING			
Income			
Donations and other income		3 934	179 627
Transfer to capital reserves		0	-179 571
		3 934	56
Expenses			
Fundraising expenses		0	9
Fundraising total		3 934	47
SURPLUS/DEFICIT AFTER FUNDRAISING		-250 248	-229 435
INVESTMENT AND FINANCING ACTIVITIES			
Income		30 224	8 966
Expenses		4 724	26 913
Investment and Financing activities total		25 500	-17 947
GENERAL GRANTS			
Universities Act based government grant		271 133	271 702
SURPLUS BEFORE APPROPRIATIONS, TAX AND MINORITY INTERESTS		46 385	24 320
APPROPRIATIONS			
Change in special purpose funds		2 365	3 190
Change in special purpose funds with separate assets		-2 560	0
Tax	8	4 778	3 656
Minority interests		-3 625	-3 284
SURPLUS OF THE FINANCIAL YEAR		37 786	20 570

GROUP BALANCE SHEET, 1 000€

	Note	31.12.2012	31.12.2011
ASSETS			
Fixed Assets			
Intangible assets	9	515	591
Tangible assets	10		
Land and water areas		29 308	28 966
Buildings and constructions		287 115	257 783
Machinery and equipment		37 926	33 909
Other tangible assets		418	402
Advance payments and work in progress		1 690	4 656
		356 456	325 716
Investments	13		
Shares in associated companies		2 577	2 492
Other shareholdings	12	755 907	578 111
Finnish government bonds		340	340
		758 824	580 943
TOTAL FIXED ASSETS		1 115 795	907 250
CURRENT ASSETS			
Inventories		339	243
Receivables			
Long-term receivables		8 037	3 863
Short-term receivables			
Accounts receivable		22 885	43 418
Other receivables		449	4 304
Prepaid expenses and accrued income	15	48 030	27 385
		71 363	75 107
Securities		15 467	26 935
Cash and bank		90 453	267 789
Special purpose funds with separate assets, cash and bank		2 610	0
Total current assets		188 270	373 938
TOTAL ASSETS		1 304 065	1 281 188
EQUITY AND LIABILITIES			
EQUITY			
	17		
Endowment capital		280 000	280 000
Operating equity		154 644	154 644
Capital reserve		412 477	412 477
Special purpose funds		37 028	39 392
Special purpose funds with separate assets		2 560	0
Surplus from previous years		66 591	46 118
Surplus of the financial year		37 786	20 570
TOTAL EQUITY		991 086	953 202
MINORITY INTERESTS		58 432	55 967
LIABILITIES			
Long-term			
Loans from financial institutions		151 906	154 066
Advance payments		411	0
Other long-term liabilities		2 000	2 000
TOTAL LONG-TERM LIABILITIES		154 317	156 066
Short-term			
Loans from financial institutions		5 535	3 609
Advance payments		30 985	44 727
Accounts payable		14 570	16 465
Accrued tax		6 616	5 484
Other short-term liabilities		17 147	20 924
Accrued expenses	18	25 327	24 745
Special purpose funds with separate assets, accrued expenses	18	50	0
Total short-term liabilities		100 231	115 954
TOTAL LIABILITIES		254 547	272 019
TOTAL EQUITY AND LIABILITIES		1 304 065	1 281 188

AALTO GROUP CASH FLOW STATEMENT, 1 000€

	1.1. - 31.12.2012	1.1. - 31.12.2011
CASH FLOW FROM OPERATIONS		
Surplus/Deficit from ordinary operations	-253 619	-229 588
Depreciation included in the above	17 136	17 863
Other adjustments	0	17
Change in net working capital		
Change in inventories	-96	75
Change in interest-free receivables	-430	2 734
Change in interest-free debts	-17 078	9 495
Total cash flow from ordinary operations	-254 086	-199 403
Cash flow from fundraising	689	274 892
Received general grants	271 133	271 702
Paid direct taxes	-5 424	-3 372
Special purpose funds with separate assets	-585	0
TOTAL CASH FLOW FROM OPERATIONS (A)	11 727	343 818
CASH FLOW FROM INVESTMENTS		
Investments in tangible and intangible assets	-49 195	-31 471
Received investment grants	1 394	1 803
Proceeds from sales of tangible and intangible assets	0	82
Investments in financial assets	-177 881	-285 651
Proceeds from sales of financial assets	0	52 616
Other net proceeds from investment activities	25 500	-1 808
Change in outstanding loans	0	-135
TOTAL CASH FLOW FROM INVESTMENTS (B)	-200 182	-264 564
CASH FLOW FROM FINANCING		
Changes in equity	-1 160	-2 092
Change in loans		
Withdrawed short-term loans	1 925	3 576
Paid long-term loans	-1 749	-33
Withdrawed long-term loans	0	23 554
Special purpose funds with separate assets	3 245	0
TOTAL CASH FLOW FROM FINANCING (C)	2 261	25 005
CHANGE IN CASH AND BANK (A+B+C)	-186 194	104 259
Cash and bank beginning of period	294 724	190 465
Cash and bank end of period	105 920	294 724
Cash and bank, special purpose funds with separate assets beginning of period	0	0
Cash and bank, special purpose funds with separate assets end of period	2 610	0
CHANGE IN CASH AND BANK	-186 194	104 259

Aalto University Foundation

Aalto University Foundation forms a group, domiciled in Helsinki.

The annual statements and financial reports of the Aalto University Foundation are available at Aalto University Foundation, Lämpömiehenkuja 2, 02150 Espoo, Finland.

Accounting principles

Aalto University Foundation's accounting complies with the principles laid down in the Finnish Accounting Act (1336/1997) and the Accounting Code for Universities (6/500/2010) issued by the Ministry of Education and Culture.

Valuation of fixed assets

Fixed assets have been valued at the original acquisition cost deducted by accumulated depreciation according to plan. Depreciation according to plan has been calculated from intangible assets according to straight-line depreciation and from tangible assets based on straight-line depreciation or declining depreciation. Minimum value for activating fixed asset to balance sheet is 10.000 euro.

Depreciation according to plan categories are:

Asset group	Depreciation method	Period
Intangible assets	Straight-line depreciation	4-10 years
Buildings	Straight-line depreciation	23-40 years
Longstanding teaching and research equipment, heavy machinery	Straight-line depreciation	15 years
Equipment, machinery and furniture	Straight-line depreciation or declining depreciation	4-5 years /25%

Valuation of inventories

Inventories are valued in the balance sheet at acquisition cost or at replacement cost or at probable selling price, whichever is the lowest.

Valuation of current assets

Financial assets are valued in the balance sheet at acquisition cost or net realizable value if lower.

Value added tax compensation receivables

According to the University Act the Ministry of Education and Culture shall compensate to the universities the value added tax included in the cost incurred by the universities in the provision of educational services and in procurement and facility rents relating to research other than commercial research. During the financial year the foundation has followed net procedure as regards to the VAT. The receivables relating to the VAT compensation from the MOE is recorded in long-term receivables and has been calculated according to the principles set in the Accounting Code for Universities.

Revenue recognition

The revenue from ordinary operations of the university is recognized as a percentage of completion using cost to cost method. The non-invoiced turnover of the subsidiaries involved in business transactions is recorded in the accounts according to estimated level of completion of the deliverable. The corresponding receivable is recorded in the accrued income. Received advance payments are recorded in the balance sheet as short-term debts. The revenue from educational programs is recorded as income in proportion of number of training days provided.

Business activities

Business activities are operations that according to tax authorities are subject to corporate income tax. In accounting all projects that fulfill the business activity characteristics defined by tax authorities have been classified as business activities.

Statutory pension

Statutory pension for employees born before January 1st, 1980 and transferred from the three earlier universities has been arranged through the State Treasury and for other employees in an external pension insurance company. Pension fees are expensed according to accrual basis.

Items in foreign currencies

Receivables and payables in foreign currencies have been translated into euro at the average exchange rate in force on the last day of the financial year.

Management compensation

The management compensation includes salaries and other compensation paid to the members of the Foundation Board of Trustees and the President and for the Board members and CEO's of the Group subsidiary companies.

Items relating to earlier financial years

A social expense debt accrued in 2010 (approx. 2.6M€) was recorded as an increase in Surplus from previous years.

Pro forma income statement

A Pro forma income statement is included in the Financial Statements. In order to give a better overview of the financials, Pro forma income statement does not follow the official income statement structure. Pro forma income statement is not audited.

Accounting principles and extent of the consolidated accounts

The Group consolidation is done according to the acquisition cost method. In addition to the parent organization Aalto University Foundation, the accounts of the subgroups Aalto Holding Oy and Aalto University Properties Oy have been consolidated.

In addition, the proportion of Aalto University Foundation's shareholding in the associated real estate company Kiinteistö Oy Helsingin Pohjoinen Hesperiankatu 23A (50.0%) and the associated housing company Asunto Oy Eteläinen Hesperiankatu 4 (26.98%) are consolidated in the group accounts.

Associated companies Otaverkko Oy (47.37%) and Otahalli Oy (25.0%) have not been consolidated in the group accounts as consolidation is not necessary to give true and fair view of the financial situation of the Aalto University Foundation group.

Internal business operations, internal receivables and liabilities, mutual ownership as well as internal dividends have been eliminated.

Goodwill's depreciation plan is five year straight-line.

The income statement of the foreign group company has been converted into euros with ECB's average exchange rate for the financial year. Balance sheet has been converted into euros with the exchange rates at the end of the financial year. Differences in exchange rates and elimination of shareholding caused by conversions are recorded in Surplus of the financial year.

NOTES TO INCOME STATEMENT, 1 000€

1. TOTAL INCOME AND EXPENSES	Foundation 2012	Foundation 2011	Group 2012	Group 2011
Total income	454 553	431 598	470 285	444 424
Total expenses	425 306	417 868	432 499	423 853
	29 247	13 731	37 786	20 570

2. GRANT INCOME	Foundation 2012	Foundation 2011	Group 2012	Group 2011
Tekes grants	41 033	43 447	41 148	43 447
Academy of Finland grants	32 319	29 204	32 319	29 204
European Union grants	19 435	17 281	19 435	17 281
Other grants	25 042	31 477	25 042	31 477
Total	117 829	121 409	117 944	121 409

3. INCOME STATEMENT BY FIELD OF OPERATION

	Foundation 2012	Foundation 2011
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Education

Income		
Income from grants	11 412	12 590
Income from business activities	528	215
Other income	10 223	8 268
	22 164	21 073
Expenses		
Personnel expenses	40 036	36 000
Depreciation	850	805
Other expenses	13 606	12 894
Share of common expenses	71 044	61 761
	125 535	111 460
Education total	-103 371	-90 386

Research

Income		
Income from grants	104 916	107 440
Income from business activities	10 281	4 105
Other income	9 276	12 703
	124 473	124 248
Expenses		
Personnel expenses	96 861	95 048
Depreciation	2 686	2 002
Other expenses	27 175	26 599
Share of common expenses	165 215	153 658
	291 936	277 307
Research total	-167 463	-153 059

Artistic activities

Income		
Income from grants	159	197
Income from business activities	192	0
Other income	79	196
	431	393
Expenses		
Personnel expenses	523	348
Depreciation	15	11
Other expenses	457	319
Share of common expenses	1 297	843
	2 292	1 521
Artistic activities total	-1 861	-1 129

Societal impact

Income		
Income from grants	1 342	1 182
Income from business activities	610	586
Other income	625	466
	2 576	2 235
Expenses		
Personnel expenses	1 252	1 173
Depreciation	30	33
Other expenses	727	808
Share of common expenses	2 620	2 502
	4 630	4 515
Societal impact total	-2 054	-2 281

Common expenses

Personnel expenses	128 117	114 962
Depreciation	3 571	3 538
Other expenses	108 488	100 264
-transferred to fields of operations	-240 176	-218 764
Total common expenses	0	0

4. PERSONNEL EXPENSES	Foundation 2012	Foundation 2011	Group 2012	Group 2011
Salaries and other compensations	220 871	208 245	225 287	211 787
Pension expenses	37 352	34 874	38 136	35 424
Other social expenses	8 566	4 413	8 752	4 538
Total	266 789	247 532	272 175	251 749

5. OTHER EXPENSES	Foundation 2012	Foundation 2011	Group 2012	Group 2011
Materials and supplies	15 031	15 486	23 102	23 153
Rents and facility expenses	66 406	62 492	24 956	22 778
Travel expenses	13 602	12 287	13 903	12 366
Service purchases	36 192	32 601	43 364	38 171
Other expenses	19 222	18 017	25 130	23 910
Total	150 453	140 883	130 061	120 378

6. PROFIT AND LOSS STATEMENT FOR BUSINESS ACTIVITIES

Subject to corporate income tax

	Foundation 2012	Foundation 2011
NET SALES	11 612	4 906
Materials and services		
Materials and supplies	453	276
External services	758	442
	1 212	718
Personnel expenses		
Salaries and other compensations	2 915	1 797
Pension expenses	501	182
Other social expenses	864	16
	4 280	1 996
Depreciations	12	0
Other expenses	5 385	2 091
PROFIT BEFORE TAXES AND APPROPRIATIONS	723	101
Tax	178	26
NET PROFIT	546	74

7. DEPRECIATION AND AMORTIZATION	Foundation 2012	Foundation 2011	Group 2012	Group 2011
Depreciation according to plan				
Intangible assets	136	147	136	147
Other long-term expenditure	37	34	118	114
Buildings	9	0	8 812	8 325
Machinery and equipment	6 645	6 207	7 746	7 274
Additional depreciation	325	0	325	2 003
Total	7 151	6 388	17 136	17 863

8. TAX	Foundation 2012	Foundation 2011	Group 2012	Group 2011
Tax	178	19	3 641	2 328
Change in deferred tax	0	0	1 137	1 328
Total	178	19	4 778	3 656

NOTES TO BALANCE SHEET, 1 000€

9. INTANGIBLE ASSETS	Foundation 2012	Foundation 2011	Group 2012	Group 2011
Intellectual property rights				
Acquisition value 1.1.	490	456	492	458
Increases	40	52	40	52
Decreases	0	-17	0	-17
Acquisition value before depreciation 31.12.	530	490	532	492
Total depreciation 1.1.	-282	-135	-282	-135
Depreciation for the financial year	-136	-147	-136	-147
Total depreciation 31.12.	-418	-282	-418	-282
Book value 31.12.	112	208	114	210
Goodwill				
Acquisition value 1.1.	0	0	352	150
Increases	0	0	0	202
Acquisition value before depreciation 31.12.	0	0	352	352
Total depreciation 1.1.	0	0	-70	0
Depreciation for the financial year	0	0	-70	-70
Total depreciation 31.12.	0	0	-141	-70
Book value 31.12.	0	0	211	282
Other long-term expenditure				
Acquisition value 1.1.	202	138	202	138
Increases	127	87	127	87
Decreases	0	-23	0	-23
Acquisition value before depreciation 31.12.	329	202	329	202
Total depreciation 1.1.	-102	-68	-102	-68
Depreciation for the financial year	-37	-34	-37	-34
Total depreciation 31.12.	-139	-102	-139	-102
Book value 31.12.	190	100	190	100
TOTAL INTANGIBLE ASSETS	302	308	515	591

10. TANGIBLE ASSETS	Foundation 2012	Foundation 2011	Group 2012	Group 2011
Land and water areas				
Acquisition value 1.1.	324	324	28 966	29 104
Adjustments to previous accounting periods	0	0	0	-683
Increases	0	0	342	545
Acquisition value before depreciation 31.12.	324	324	29 308	28 966
Book value 31.12.	324	324	29 308	28 966
Buildings and constructions				
Acquisition value 1.1.	43	0	276 396	257 230
Adjustments to previous accounting periods	0	0	0	-510
Increases	0	43	38 144	19 684
Decreases	0	0	0	-9
Acquisition value before depreciation 31.12.	43	43	314 539	276 396
Total depreciation 1.1.	0	0	-18 613	-8 285
Depreciation for the financial year	-9	0	-8 812	-8 325
Additional depreciation	0	0	0	-2 003
Total depreciation 31.12.	-9	0	-27 425	-18 613
Book value 31.12.	34	43	287 115	257 783
Machinery and equipment				
Acquisition value 1.1.	34 261	25 455	48 992	39 637
Increases	8 264	10 874	12 201	11 425
Decreases	-24	-2 069	-26	-2 070
Acquisition value before depreciation 31.12.	42 502	34 261	61 168	48 992
Total depreciation 1.1.	-11 845	-5 638	-15 083	-7 810
Depreciation for the financial year*	-7 059	-6 207	-8 160	-7 274
Additional depreciation/write-off	0	0	-1	0
Foreign exchange difference	0	0	1	0
Total depreciation 31.12.	-18 904	-11 845	-23 242	-15 083
Book value 31.12.	23 598	22 416	37 925	33 909
*includes depreciations covered by investment grants approx. 414 000€				
Other tangible assets				
Acquisition value 1.1.	35	35	413	350
Adjustments to previous accounting periods	0	0	0	-13
Increases	0	0	27	75
Acquisition value before depreciation 31.12.	35	35	439	413
Total depreciation 1.1.	0	0	-10	0
Depreciation for the financial year	0	0	-11	-10
Total depreciation 31.12.	0	0	-21	-10
Book value 31.12.	35	35	418	402
Advance payments and work in progress				
Acquisition value 1.1.	1 211	2 041	4 656	2 412
Adjustments to previous accounting periods	0	0	0	-370
Increases	1 012	835	1 012	4 280
Decreases	-533	-1 665	-3 978	-1 665
Acquisition value before depreciation 31.12.	1 690	1 211	1 690	4 656
Book value 31.12.	1 690	1 211	1 690	4 656
TOTAL TANGIBLE ASSETS	25 680	24 029	356 456	325 716

11. INVESTMENT GRANTS	Foundation 2012	Foundation 2011
Academy of Finland	1 204	1 646
University of Helsinki	190	0
Other	0	157
Total	1 394	1 803

University records investment grants as a liability in the balance sheet.
Investment grants' refund liability at 31.12.2012 is approx. 2 766 000€.

12. VALUE OF INVESTMENTS	Foundation 2012	Foundation 2011	Group 2012	Group 2011
Market value	822 541	590 533	838 164	617 688
Book value	750 907	572 747	766 374	599 682
Difference	71 634	17 785	71 790	18 006

The value of investments is included in the balance sheet as Other shareholdings and Finnish Government bonds. In addition to the Value of investments Other shareholdings include also approx. 5 074 000€ worth of shares in housing companies and other shares that are related to university's ordinary operations.

13. INVESTMENTS	Foundation 2012	Foundation 2011	Group 2012	Group 2011
Shares in Aalto Group companies				
Book value 1.1.	101 927	108 005		
Increases	378	0		
Decreases	0	-6 079		
Book value 31.12.	102 305	101 927		
Shares in associated companies				
Book value 1.1.	2 361	2 334	2 492	2 334
Increases	16	27	88	158
Decreases	-4	0	-4	0
Book value 31.12.	2 374	2 361	2 577	2 492
Shares in jointly owned companies				
Book value 1.1.	3 215	3 215		
Increases	0	0		
Decreases	0	0		
Book value 31.12.	3 215	3 215		
Other shareholdings				
Book value 1.1.	577 845	361 165	578 111	361 431
Increases	302 510	281 756	302 510	281 756
Decreases	-124 714	-65 077	-124 714	-65 077
Book value 31.12.	755 641	577 845	755 907	578 111
Finnish Government bonds				
Book value 1.1.	340	340	340	340
Increases	0	0	0	0
Decreases	0	0	0	0
Book value 31.12.	340	340	340	340

14. INVESTMENTS

	Aquisition value	Market value	Book value
	31.12.	31.12.	31.12.
Axa Pan-European Enhanced Index	3 135	4 173	3 135
Bluebay Emerging Market Investment Grade Corporate Bond	37 700	40 246	37 700
Danske Invest Europe Enhanced Index	7 982	7 930	7 930
Danske Invest North America Enhanced Index	23 037	26 845	23 037
EVLI Likvidi	85 027	85 541	85 027
EVLI Suomi Pienyhtiöt	13 118	11 656	11 656
FIM Russia	6 510	6 160	6 160
ICECAPITAL Emerging Markets Stock Index	33 975	34 702	33 975
ICECAPITAL Euro Investment Grade Bond Index	42 358	48 772	42 358
ICECAPITAL European Stock Index	38 922	41 689	38 922
ICECAPITAL US Stock Index	27 000	31 476	27 000
Invesco Asia Consumer Demand Fund	8 500	8 205	8 205
Investec Emerging Markets Local Currency Debt	47 137	54 164	47 137
Muzinich Short Duration High Yield Fund	26 022	26 927	26 022
Nordea 1 - European High Yield Bond Fund	33 337	39 767	33 337
Nordea Corporate Bond	37 705	44 777	37 705
Nordea Kehittyvät korkomarkkinat	23 500	30 448	23 500
Nordea Pro Suomi	15 900	14 760	14 760
Nordea Valtionlaina AAA	24 122	28 064	24 122
OP-EMD Hard Currency Sovereign	32 874	41 858	32 874
OP-Eurooppa Osinkoyhtiöt	16 518	16 456	16 456
OP-korkotuotto II	17 797	19 112	17 797
OP-Likvidi	66 208	67 426	66 208
OP-Obligaatio Prima	15 831	16 882	15 831
OP-Yrityslaina	10 413	12 477	10 413
PineBridge Latin America Small&Mid Cap	7 302	7 633	7 302
Robeco Investment Grade Corporate Bonds	42 496	44 236	42 496
SEB Nordic Small Cap Fund	9 503	9 800	9 503
Suomen Valtio 4.7.2013 5,375 %	340	358	340
Fixed-term deposit and cash	78 700	78 723	78 300
Total	832 968	901 264	829 207

15. PREPAID EXPENSES AND ACCRUED INCOME

	Foundation 2012	Foundation 2011	Group 2012	Group 2011
Accrued interests	0	0	5	15
Accrued income	33 027	23 962	33 958	23 983
Other prepaid expenses and accrued income	9 726	3 032	14 067	3 386
Total	42 753	26 994	48 030	27 385

16. VAT COMPENSATION

	Foundation 2012	Foundation 2011
Gross expenses entitled to VAT compensation		
Expenses in income statement	125 499	120 351
Expenses activated into fixed assets	10 236	7 610
Total	135 735	127 962
VAT compensation		
VAT compensation, income statement	23 050	22 398
VAT compensation, fixed asset investments	1 870	1 423
Total VAT compensation	24 920	23 821
Received compensation payments from the Ministry of Education and Culture	-21 746	-20 254
VAT compensation receivable 1.1.	3 863	296
VAT compensation receivable 31.12.	7 037	3 863

17. EQUITY

Equity	Foundation 2012	Foundation 2011	Group 2012	Group 2011
Endowment capital 1.1.	280 000	280 000	280 000	280 000
Endowment capital 31.12.	280 000	280 000	280 000	280 000
Capital reserve 1.1.	412 477	233 015	412 477	233 015
Increases, private donations	0	50 831	0	50 831
Increases, Governmental capitalization	0	128 630	0	128 630
Capital reserve 31.12.	412 477	412 477	412 477	412 477
Operating equity 1.1.	154 644	154 644	154 644	154 644
Operating equity 31.12.	154 644	154 644	154 644	154 644
Special purpose funds 1.1.	39 392	42 473	39 392	42 473
Annual return less expenses	-2 365	-3 081	-2 365	-3 081
Special purpose funds 31.12.	37 028	39 392	37 028	39 392
Special purpose fund with separate assets 1.1.	0	0	0	0
Annual return less expenses	2 560	0	2 560	0
Special purpose fund with separate assets 31.12.	2 560	0	2 560	0
Surplus from previous years 1.1.	48 731	35 001	66 689	46 130
Changes in income and expenses in previous accounting periods	2 561	0	-84	0
Foreign exchange difference	0	0	-13	-12
Surplus of the financial year	29 247	13 731	37 786	20 570
Surplus from current and previous years 31.12.	80 539	48 731	104 378	66 689
Total equity	967 248	935 244	991 086	953 202
Depreciation difference included in equity	0	0	19 775	15 502

SPECIAL PURPOSE FUNDS	Fund equity 1.1.2012	Special purpose fund's fixed annual return	Received donations	Fund usage during financial year	Fund equity 31.12.2012
Special purpose funds in economics					
Helsingin kauppakorkeakoulun stipendirahastot	14 627	366	25	-13	15 004
Matti Lehden nimikkorahasto	113	3	0	0	115
Helsingin kauppakorkeakoulun palvelutoimintarahasto	4 733	118	0	-75	4 776
Helsingin kauppakorkeakoulun yliopistorahasto	105	3	0	0	108
Special purpose funds in science and technology					
Professori E. J. Nyströmin rahasto	1 624	41	0	-7	1 658
Vuorineuvos Sundbergin laaturahasto	108	3	0	-5	105
Yritystoiminnan tukirahasto	1 239	31	0	0	1 270
Fabian Ahvenaisen rahasto	607	15	0	-8	615
Professori Hanneliuksen rahasto	28	1	0	0	28
Teräsbetoni Oy:n rahasto	73	2	0	-4	71
Insinöörien matka-apurahasto	98	2	0	-2	98
Oy Atlas Diesel Ab:n rahasto	86	2	0	-3	85
Arkkitehti Väinö Vähäkallion stipendirahasto	997	25	0	-24	998
Arkkitehti Annikki Paasikiven stipendirahasto	1 912	48	0	-47	1 913
Teknos Winter Oy:n rahasto	87	2	0	-2	87
Oiva Allan Pölkkyksen rahasto	96	2	0	0	98
Aleksander ja Lucie Lampénin rahasto	2 097	52	0	-35	2 114
Oy Strömberg Ab:n rahasto	41	1	0	0	41
Yhdistetty opiskelijarahasto	73	2	0	0	74
Kansallis-Osake-Pankin rahasto	95	2	0	-2	95
Julius Tallbergin rahasto	152	4	0	-3	152
Ernst Wirtzenin rahasto	145	4	0	-4	145
DI Marja-Terttu Tanttisen rahasto	14	0	0	0	13
RAPAL-apurahat	30	1	0	-5	26
Paloturvallisuustekniikan professuuri	0	0	500	0	500
Helsinki University of Technology university fund					
Mide	7 257	181	0	-2 974	4 465
Talotekniikan rahasto	246	6	0	-150	102
Maa- ja vesitekniikan tuki ry	651	16	0	-124	543
Puurakentaminen	88	2	0	-64	26
Alumnirahasto	16	0	0	0	16
Energiatekniikan professuuri	372	9	0	-188	194
Tuotantoteollisuuden professuuri	12	0	110	-106	17
Kaute	200	5	0	-96	109
Tapani Järvisen Ympäristötekniikan rahasto	97	2	0	-11	89
Puunjalostustekniikan Prof. Maloney	59	1	0	0	60
Special purpose funds in art and design					
Helmi-Grönlundin rahasto	385	10	0	0	395
Professori Nils Erik Wickbergin rahasto	779	19	0	-27	772
Arkkitehtien matka-apurahasto	48	1	0	-1	48
Special purpose funds total	39 392	984	635	-3 984	37 028
SPECIAL PURPOSE FUND WITH SEPARATE ASSETS					
AppCampus rahasto	0	3 245		-685	2 560
18. ACCRUED EXPENSES					
	Foundation 2012	Foundation 2011		Group 2012	Group 2011
Accrued salaries and wages	21 647	20 807		22 160	21 201
Accrued tax	167	16		452	2 235
Other accrued expenses	2 039	728		2 765	1 309
Total	23 853	21 551		25 377	24 745

OTHER NOTES, 1000€

19. LEASE CONTRACTS	Foundation 2012	Foundation 2011	Group 2012	Group 2011
Lease payments due within one year	522	732	577	778
Lease payments due later	799	794	878	890
Total	1 321	1 526	1 455	1 668

20. RENTAL AGREEMENTS (incl. VAT)	Foundation 2012	Foundation 2011	Group 2012	Group 2011
Rental agreement payments due within one year	70 554	64 400	20 094	18 426
Rental agreement payments due later	366 517	341 878	57 428	58 435
Total	437 070	406 278	77 522	76 861

Lease contract commitments to Aalto University Properties Oy due next accounting period 51 406 000€ and due later 319 074 000€. Rental agreement payments do not include possible contractual index increases.

21. DERIVATIVE CONTRACTS

Derivatives in the Aalto Group consist of commodity (electricity) and interest rate swap agreements as well as interest rate and currency exchange swaps. Commodity swap agreements provide protection against fluctuation of electricity prices. Swap agreements extend to years 2013-2017. Interest rate swaps will protect against interest rate fluctuation by swapping the variable interest rate of bank loans to fixed rate. The contracts existing at the end of the fiscal year provide approximately 83% protection rate of the total interest-bearing loan portfolio.

	Foundation 2012	Foundation 2011	Group 2012	Group 2011
Electricity derivatives				
Hedged amount (MWh)	0	0	137 976	114 024
Current value of contracts	0	0	-609	-545
Interest rate swap agreements				
Nominal value of contracts	0	0	188 331	126 000
Current value of contracts	0	0	-10 384	-5 595
Interest and exchange rate swap agreements				
Nominal value of contracts	0	0	107 174	109 000
Current value of contracts	0	0	4 684	-1 026

22. LIABILITIES WITH PROPERTY COLLATERALS

	Foundation 2012	Foundation 2011	Group 2012	Group 2011
Bank loans	0	0	152 691	152 349
Other loans	0	0	4 750	4 495
Total collateral loans	0	0	157 441	156 844
Total property collaterals	0	0	213 090	190 579

23. LIABILITIES WITH SHARES AS COLLATERALS

	Foundation 2012	Foundation 2011	Group 2012	Group 2011
Bank loans	0	0	40 250	42 000
Book value of shares deposited as collaterals	0	0	5 943	5 943

24. VAT REFUND LIABILITIES

Companies owned by the foundation have deducted VAT from their property investments and this involves liability to revise the deduction in case of alteration of use of the property. In 2009 the VAT refund liability relating to the property that was transferred from the Senate Properties was not transferred to the Group company (except Metallimiehenkuja 10 that was under renovation)

	Foundation 2012	Foundation 2011	Group 2012	Group 2011
VAT Refund liability 31.12.				
Completed projects (10 year revision period)	529	605	10 885	2 112
Work in progress	0	0	4 236	3 865
Total	529	605	15 121	5 977

Total VAT relating to the investments under revision liability

Completed projects (10 year revision period)	756	756	12 656	2 479
Work in progress	0	0	4 337	3 865
Total	756	756	16 993	6 344

25. LEGAL PROCEEDINGS AND OTHER COMPENSATION CLAIMS

The foundation has on 31.12.2012 in process altogether 4 dispute matters. The total estimated maximum risk in relation to these cases is 365 000€.

26. OTHER LONG-TERM LIABILITIES

Other long term debts

Group-company Aalto University Properties Oy has made an agreement with city of Espoo on land area usage. Agreement covers Otaniemi's city plan, which came into effect in July 2010. Contractual compensation of 640 000€ was paid in December 2012. Remaining compensation of 2 000 000€ will due after receiving the building permit, or latest at the end of 2015.

Covenants

Group-company Aalto University Properties Oy's collateral loans include covenants. Agreed terms cover for example company's ownership structure and financial solidity. Covenant terms are fulfilled and followed.

Income taxation

The tax authorities have deviated from Aalto University Properties Oy's tax declaration for years 2009 and 2010. According to the tax authorities company's taxable income for 2010 was 13 457 674.73€. Company has appealed to the administrative court, but the matter is still open. Income tax for the year 2010 is 3 498 955.43€, which company has paid in full. Out of the paid tax a total of 3 299 125.18€ is shown as tax receivable.

Share of loans relating to apartments

The foundation owns 27% of Asunto Oy Helsingin Eteläinen Hesperiankatu 4 housing company's shares, entitling to the use of 7 apartments. Foundation is responsible for respective share of housing company's loans, foundation's liability is 2.6 million euro.

	Foundation 2012	Foundation 2011	Group 2012	Group 2011
27. AUDITOR FEES				
Audit fees	99	80	165	137
Tax advisory fees	2	2	2	3
Other fees	4	21	13	28
Total	105	102	180	168

	Foundation 2012	Foundation 2011	Group 2012	Group 2011
28. AVERAGE PERSONNEL				
Teaching and research	3 496	3 384	3 496	3 384
Other personnel	1 757	1 710	1 841	1 785
Total	5 253	5 094	5 337	5 169

	Foundation 2012	Foundation 2011	Group 2012	Group 2011
29. MANAGEMENT COMPENSATION				
Includes members of boards, the President and CEO's of group companies.	355	340	911	991

30. SHARES IN OTHER COMPANIES

Company	Domicile	Shares owned by Foundation	Shares owned by group	Total equity	Surplus of the financial year
Aalto Holding Oy	Helsinki	100.00%	100.00%		(consolidated to group)
Aalto University Properties Oy	Espoo	66.67%	66.67%		(consolidated to group)
Asunto Oy Hgin Eteläinen Hesperiankatu 4 *	Helsinki	26.98%	26.98%		(consolidated to group)
Kiinteistö Oy Hgin Pohj. Hesperiankatu 23A	Helsinki	50.00%	50.00%		(consolidated to group)
Otahalli Oy	Espoo	25.00%	25.00%	614	164
Otaverkko Oy	Espoo	47.37%	47.37%	668	130

* Latest available financial statements cover 1.1. - 31.8.2012.

Signatures for Annual Report and Financial Statements

Espoo, 22 March 2013



Matti Alahuhta
Chair



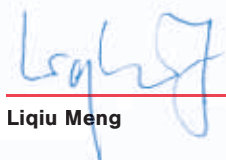
Anne Brunila
Vice Chair



Bengt Holmström



Saku Mantere



Liqiu Meng



Anna Valtonen



Colin Whitehouse

The auditor's note

Our auditor's report has been issued today.

Espoo, 22 March 2013



Jarmo Lohi
APA, CPFA



Tiina Lind
APA, CPFA

List of accounting records and storage methods

Journal	Electronic lists in Raindance system
General ledger	Electronic lists in Raindance system
Balance sheet book	Bound
Balance sheet specifications	Bound
Notes	Bound
Bank statements	Electronic lists in RONDO system
Accounts payable receipts	Electronic lists in RONDO system
Invoices	Electronic lists in RONDO system
Accounting memos	Electronic lists in RONDO system

Espoo, 22 March 2013



