

**AT&S AUSTRIA TECHNOLOGIE & SYSTEMTECHNIK
AKTIENGESELLSCHAFT**

ANNUAL FINANCIAL REPORT AS OF 31 MARCH 2011

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The consolidated financial statements, the financial statements and the Management Reports of AT&S Austria Technologie & Systemtechnik Aktiengesellschaft and the Auditor's Reports have been translated into English. In case of different interpretations the German original is valid.

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**Consolidated Financial Statements
as of 31 March 2011**

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**AT&S AUSTRIA TECHNOLOGIE & SYSTEMTECHNIK
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Consolidated Income Statement

(in EUR 1,000)		Financial year ended 31 March	
Note		2011	2010
Revenues	1	487,948	372,184
Cost of sales	2	(398,177)	(327,301)
Gross Profit		89,771	44,883
Selling costs	2	(24,934)	(18,819)
General administrative costs	2	(21,951)	(17,739)
Other operating result	4	6,322	2,646
Non-recurring items	5	(2,677)	(36,533)
Operating result		46,531	(25,562)
Financial income	6	6,282	2,956
Financial expense	6	(9,491)	(11,313)
Financial result		(3,209)	(8,357)
Profit before tax		43,322	(33,919)
Income tax expense	7	(8,290)	(3,698)
Profit/(loss) for the year		35,032	(37,617)
thereof owners of the parent company		35,168	(37,271)
thereof non-controlling interests		(136)	(346)
Earnings per share attributable to equity holders of the parent company (in EUR per share):	24		
- basic		1.51	(1.60)
- diluted		1.50	(1.59)

Consolidated Statement of Comprehensive Income

(in EUR 1,000)		Financial year ended 31 March	
		2011	2010
Profit/(loss) for the year		35,032	(37,617)
Currency translation differences		(10,777)	(1,841)
Fair value gains/(losses) of available-for-sale financial assets, net of tax		1	19
Fair value gains/(losses) of cash flow hedges, net of tax		304	(299)
Other comprehensive income for the year		(10,472)	(2,121)
Total comprehensive income for the year		24,560	(39,738)
thereof owners of the parent company		24,696	(39,392)
thereof non-controlling interests		(136)	(346)

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Consolidated Balance Sheet

31 March

(in EUR 1,000)

Note	2011	2010
ASSETS		
Non-current assets		
Property, plant and equipment	8 385,510	308,527
Intangible assets	9 2,543	2,037
Financial assets	13 121	99
Overfunded retirement benefits	17 590	620
Deferred tax assets	7 10,736	11,124
Other non-current assets	10 4,144	3,622
	403,644	326,029
Current assets		
Inventories	11 53,376	38,700
Trade and other receivables	12 99,899	90,976
Financial assets	13 13,912	14,214
Current income tax receivables	277	117
Cash and cash equivalents	14 4,227	13,354
	171,691	157,361
Total assets	575,335	483,390
EQUITY		
Share capital	22 44,475	45,680
Other reserves	23 (12,032)	(1,560)
Retained earnings	197,020	164,184
Equity attributable to owners of the parent company	229,463	208,304
Non-controlling interests	353	489
Total equity	229,816	208,793
LIABILITIES		
Non-current liabilities		
Financial liabilities	16 95,559	105,197
Provisions for employee benefits	17 12,210	11,369
Other provisions	18 11,967	12,769
Deferred tax liabilities	7 4,238	4,664
Other liabilities	15 2,109	1,618
	126,083	135,617
Current liabilities		
Trade and other payables	15 96,554	60,436
Financial liabilities	16 116,427	70,455
Current income tax payables	3,757	2,611
Other provisions	18 2,698	5,478
	219,436	138,980
Total liabilities	345,519	274,597
Total equity and liabilities	575,335	483,390

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Consolidated Statement of Cash Flows

(in EUR 1,000)	Financial year ended 31 March	
	2011	2010
Cash flows from operating activities		
Profit/(loss) of the year	35,032	(37,617)
Adjustments to reconcile profit for the year to cash generated from operations:		
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	49,416	60,042
Changes in non-current provisions	81	5,447
Income tax expense	8,290	3,698
Financial expense/(income)	3,209	8,357
(Gains)/losses from the sale of fixed assets	432	391
Release from government grants	(995)	(1,695)
Other non-cash expense/(income), net	1,010	(1,012)
Changes in working capital:		
- Inventories	(15,336)	8,361
- Trade and other receivables	(10,728)	10,149
- Trade and other payables	19,860	5,652
- Other provisions	(2,747)	2,255
Cash generated from operations	87,524	64,028
Interest paid	(8,354)	(7,453)
Interest and dividends received	453	728
Income tax paid	(8,916)	(10,300)
Net cash generated from operating activities	70,707	47,003
Cash flows from investing activities		
Capital expenditure for property, plant and equipment and intangible assets	(115,340)	(19,742)
Proceeds from sale of property, plant and equipment and intangible assets	194	237
Disposal of subsidiaries, net of cash disposed	--	174
Purchases of financial assets	(3,548)	(2,329)
Proceeds from sale of financial assets	2,023	3,406
Net cash used in investing activities	(116,671)	(18,254)
Cash flows from financing activities		
Proceeds from borrowings	72,600	44,183
Repayments of borrowings	(34,120)	(63,675)
Proceeds from government grants	797	899
Dividends paid	(2,332)	(4,198)
Net cash generated from/(used in) financing activities	36,945	(22,791)
Net increase/(decrease) in cash and cash equivalents	(9,019)	5,958
Cash and cash equivalents at beginning of the year	13,354	7,031
Exchange gains/(losses) on cash and cash equivalents	(108)	365
Cash and cash equivalents at end of the year	4,227	13,354

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Consolidated Statement of Changes in Equity

(in EUR 1,000)	Share capital	Other reserves	Retained earnings	Equity attributable to owners of the parent company	Non- controlling interests	Total equity
31 March 2009	45,680	561	205,999	252,240	494	252,734
Total comprehensive income for the year 2009/10	--	(2,121)	(37,271)	(39,392)	(346)	(39,738)
Dividend relating to 2008/09	--	--	(4,198)	(4,198)	--	(4,198)
Reclassifications of losses attributable to non-controlling interests	--	--	(346)	(346)	346	--
Changes in consolidated Group	--	--	--	--	(5)	(5)
31 March 2010	45,680	(1,560)	164,184	208,304	489	208,793
Total comprehensive income for the year 2010/11	--	(10,472)	35,168	24,696	(136)	24,560
Dividend relating to 2009/10	--	--	(2,332)	(2,332)	--	(2,332)
Changes in treasury shares, net of tax	(1,205)	--	--	(1,205)	--	(1,205)
31 March 2011	44,475	(12,032)	197,020	229,463	353	229,816

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

I. General Information

A. General

AT & S Austria Technologie & Systemtechnik Aktiengesellschaft (hereinafter referred to as “the Company”, and with its subsidiaries referred to as “the Group”) is incorporated in Austria. The Company is headquartered in Austria, Fabriksgasse 13, 8700 Leoben-Hinterberg.

The Group manufactures and sells printed circuit boards and provides related services primarily to the telecommunication, automotive and electronics industries. The products are produced and distributed in the European and Asian market directly to original equipment manufacturers (OEM) as well as to contract electronic manufacturers (CEM).

Since 20 May 2008 the Company has been listed in the Prime Market segment of the Vienna Stock Exchange, Austria, after a period of double listing on the previous Stock Exchange in Frankfurt am Main, has been traded exclusively at the Vienna Stock Exchange since 15 September 2008. Prior to the change in stock exchange, the Company had been listed at the Frankfurt Stock Exchange, Germany, since 16 July 1999.

According to § 245a of the Austrian Commercial Code (UGB) the consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS and IAS) and interpretations (IFRIC and SIC) as adopted by the European Union (EU), set by the International Accounting Standards Board (IASB).

B. Summary of significant accounting policies

The consolidated financial statements have been prepared under the historical cost principle, except for securities and derivative financial instruments, which are measured at their fair values.

a. Consolidation principles

The balance sheet date for all consolidated companies is 31 March 2011 with the following exception: Due to the legal situation in China the reporting year of AT&S (China) Company Limited corresponds to the calendar year (31 December 2010), its consolidation was performed on the basis of the interim financial statements as of 31 March 2011.

The consolidated financial statements have been approved for issue by the Board of Directors on 9 May 2011. The separate financial statements of the Company, which are included in the consolidation after reconciliation to the applicable accounting policies, will be presented for approval to the Supervisory Board on 8 June 2011. The separate financial statements of the Company can be modified by the Supervisory Board and – in case of presentation to the Annual General Meeting – by the Company’s equity holders. This could also affect the presentation of the consolidated financial statements.

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Subsidiaries

In addition to the Company itself, the consolidated financial statements comprise the following fully consolidated subsidiaries as of that date the Company had the power to govern the financial and operating policies of the subsidiary, regularly accompanied by a voting interest of more than 50%:

- AT&S India Private Limited, India (hereinafter referred to as AT&S India, share 100%)
- AT&S Verwaltungs GmbH & Co KG, Germany (share 100%)
- AT&S Deutschland GmbH, Germany (share 100%)
- C2C Technologie für Leiterplatten GmbH, Austria (share 100%)
- AT&S (China) Company Limited, China (hereinafter referred to as AT&S China, share 100%),
- DCC - Development Circuits & Components GmbH, Austria (share 100%)
- AT & S Klagenfurt Leiterplatten GmbH, Austria (share 77,32%)
- AT&S Asia Pacific Limited, Hong Kong (hereinafter referred to as AT&S Asia Pacific, share 100%)
- AT&S Japan K.K., Japan (share 100%)
- AT&S Korea Co., Ltd., South Korea (hereinafter referred to as AT&S Korea, share 98,76%)
- AT&S Americas LLC, USA (hereinafter referred to as AT&S Americas, share 100%)

The acquisition method of accounting is used to account for the acquisition of subsidiaries. The consideration transferred for the acquisition is the fair values of the assets transferred, the equity interests issued by the Group and the liabilities incurred or assumed at the date of the transaction. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. For each business combination, the acquirer shall measure any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets and, accordingly, recognize the full or proportional goodwill. If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

When the Group ceases to have control or significant influence over a company, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This means that a profit or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

Consolidation policies

All significant intercompany accounts and transactions have been eliminated so that the consolidated financial statements present the accounting information of the Group as if it were one single company.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Investments in subsidiaries are consolidated in accordance with IAS 27 “Consolidated and Separate Financial Statements”, Intercompany accounts receivable and payable as well as expenses and income are eliminated. Unless immaterial, intercompany results in non-current assets and inventories are eliminated. Uniform accounting and valuation methods are applied to all consolidated subsidiaries.

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

b. Segment reporting

An operating segment is a component of an entity that engages in business activities and whose operating results are reviewed regularly by the entity’s chief operating decision maker. Business activities involve earning revenue and incurring expenses, and these may also relate to business transactions with other operating segments of the entity. Discrete financial information is available for the individual operating segments. The chief operating decision maker of the Group is the Management Board of the Company.

According to the internal reporting by regional production sites, a distinction has to be made between the two operating segments, Europe and Asia. The Europe operating segment includes the activities of the production sites in Austria, and the Asia operating segment the activities of the production sites in China, India and South Korea. The operating segments also include the distribution activities attributable to the respective production sites.

c. Foreign currencies

The Group’s presentation currency is the euro (EUR). The functional currency of the foreign subsidiaries is the respective local currency.

Foreign subsidiaries

With the exception of equity positions (historical exchange rate), the balance sheets of AT&S India, AT&S China, AT&S Asia Pacific, AT&S Japan K.K., AT&S Korea and AT&S Americas are translated at the exchange rates on the balance sheet date. The income statements are translated at the average exchange rates of the reporting period. Translation adjustments are recognised in equity and not taken through profit or loss.

Foreign currency transactions

In the financial statements of each of the Group’s entities foreign currency items are translated at the exchange rates prevailing on the day of the transaction. Monetary items are translated at the respective exchange rate ruling at the balance sheet date; non-monetary items which were recognised according to the historical cost principle are carried at the rate of their initial recognition. Translation adjustments from monetary items, with the exception of “securities available for sale”, are taken through profit or loss. Translation differences from “securities available for sale” are recognised directly in equity and not in the income statement.

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d. Revenue recognition

Net sales

Net sales are recognised, net of sales taxes and discounts, according to the applicable Incoterms, when the title passes to the customer. Costs associated with product shipment and handling are classified as selling costs.

Interest income

Interest income is recognised on a pro rata temporis basis, taking into account the effective interest rate of the asset.

e. Income taxes

The income tax burden is based on the profit before income tax and accounts for deferred taxes.

The Group provides for income taxes using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date.

Temporary differences arise from the measurement of specific assets and liabilities, as well as tax loss carryforwards and amortisations of goodwill.

Deferred taxes on not yet realised profits/losses of available-for-sale securities and on profits/losses from cash flow hedging instruments that are recognised in equity are also recognised in equity.

In accordance with IFRS, deferred tax assets on loss carryforwards have to be recognised to the extent that it is probable that they will be utilised against future taxable profits.

Deferred taxes arising on temporary differences relating to participating interests in subsidiaries are recognised unless the temporary differences will not reverse in the foreseeable future.

f. Property, plant and equipment

Items of property, plant and equipment are measured at historical cost. Expenditure directly attributable to the acquisition and subsequent expenditure are capitalised, repairs and maintenance costs, however, are expensed as incurred. Borrowing costs directly attributable to the construction of an asset are expensed in the period in which they are incurred.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the acquisition or production costs of this asset. In these consolidated financial statements, no such borrowing costs have been capitalised.

From the time of their availability for use, the assets are depreciated on a straight-line basis over their expected useful lives. Depreciation is charged on a pro rata temporis basis. Land is not subject to depreciation.

The depreciation method is uniform for the Group and based on the following useful lives:

Plants and buildings	15 - 50 years
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Machinery and technical equipment	5 - 15 years
Tools, fixtures, furniture and office equipment	3 - 10 years

Depreciation periods and methods are reviewed annually at the end of the financial year.

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Expected costs for dismantling and removing assets are capitalised as part of acquisition costs and accounted for by a provision, provided that there is a legal or factual obligation against third parties and that a reasonable estimate can be made.

According to IAS 17 "Leases", leased assets for which the Group bears substantially all the risks and rewards of ownership are capitalised at their fair value or the lower present value of the minimum lease payments. Depreciation is effected over the useful life of the asset. If at the beginning of the lease it is not sufficiently certain that the title will pass to the lessee, the leased asset will be depreciated over the shorter of the two periods, the lease term or useful life. Financial obligations resulting from future lease payments are discounted and carried as liability. Current lease payments are split into repayment and financing costs.

Leased assets under all other lease agreements are classified as operating leases and attributed to the lessor. Lease payments are recognised as an expense.

Profits or losses resulting from the closure or retirement of non-current assets, which arise from the difference between the recoverable and the carrying amounts, are credited or charged to the income statement.

g. Intangible assets

Patents, trademarks and licenses

Expenditures on acquired patents, trademarks and licenses are capitalised at cost, including incidental acquisition expenses, and amortised on a straight-line basis over their useful lives, generally between 2 and 10 years. Amortisation terms and methods are reviewed annually at the end of the financial year.

Goodwill

Goodwill, which represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets acquired at the date of acquisition, is included in intangible assets at the date of acquisition (refer to a. Consolidation principles).

Research and development costs

Research costs are expensed as incurred and charged to cost of sales. Development expenditure is also expensed as incurred. An intangible asset arising from development shall be recognised if, and only if, an entity can demonstrate all of the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale.
- its intention to complete the intangible asset and use or sell it.
- its ability to use or sell the intangible asset.
- how the intangible asset will generate probable future economic benefits.
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

No capitalised development costs have been considered in these consolidated financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

h. Impairment losses and reversals of impairment losses of property, plant and equipment, intangible assets and non-current assets held for sale

The Group regularly reviews the carrying amounts of its property, plant and equipment and intangible assets for possible impairment. If the recoverable amount of an asset is below its carrying amount, an impairment loss amounting to the difference is recognised. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The value in use corresponds to the estimated future cash flows expected from the continued use of the asset and its disposal at the end of its useful life.

Goodwill is tested annually for impairment. If events during the financial year or changes in circumstances indicate that goodwill might be impaired, an impairment test will be carried out immediately. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Non-current assets are classified as held for sale and measured at the lower of their carrying amounts or fair values less costs to sell, if their carrying amount will be recovered by sale rather than by continuing use in the business.

If the reason for the impairment recognised in the past no longer exists, with the exception of goodwill, a reversal of impairment up to amortised cost is made.

i. Inventories

Inventories are stated at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less variable costs necessary to make the sale. Cost is determined by the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads, but excludes interest expense.

j. Trade and other receivables

Receivables are reported at nominal values, less any allowances for doubtful accounts. Foreign currency receivables are translated at the exchange rate prevailing at the balance sheet date. Risk management provides for all recognisable credit and country-specific risks.

k. Financial assets

The purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. The fair values recognised in the balance sheet generally correspond to market prices of financial assets. Except for financial assets "at fair value through profit or loss" they are recognised initially including transaction costs.

Financial assets are divided into categories explained below. The classification depends on the respective purpose of the financial asset and is reviewed annually.

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Financial assets at fair value through profit or loss

Financial instruments acquired primarily for the purpose of earning a profit from short-term fluctuations of prices or trader margins are classified as financial assets at fair value through profit or loss. At the time of their acquisition they are stated at cost, excluding transaction costs, in subsequent periods at their respective fair values. Realised and unrealised profits and losses are credited or charged to the income statement under "Financial result". This relates primarily to securities held for trading. Derivative financial instruments also fall into this category, unless hedge accounting is applied (refer to I. Derivative financial instruments).

Securities held to maturity

Securities held to maturity are recognised at amortised cost using the effective interest rate method. Any impairment is recognised in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. In the balance sheet the respective assets are recognised under the item "trade and other receivables".

Financial assets available for sale

Financial assets available for sale, on the one hand, relate to securities available for sale. Securities available for sale are instruments which management intends to sell as a reaction to or due to expected liquidity requirements or expected changes in interest rates, exchange rates or share prices. Their classification as non-current or current assets depends on the expected time to be held.

At the time of acquisition they are stated at cost, including transaction costs, in subsequent periods at their respective fair values. Unrealised profits and losses, net of tax, are recognised in equity and not taken through profit or loss until they are sold or considered as impaired.

Interest income and dividends from securities available for sale are included in the income statement under "Financial result".

When a security available for sale is sold, the accumulated unrealised profit or loss recognised in equity is included in "Financial result" in the reporting period.

When a security available for sale is considered impaired, the accumulated unrealised loss recognised in equity is charged to the income statement under "Financial result". An asset is impaired, if there are indications that the fair value is below its carrying amount. In particular, this is the case, if the decrease in fair value is of such extent that the acquisition cost is unlikely to be recovered in the foreseeable future. Recoverability is reviewed annually at the balance sheet date.

Furthermore, those financial assets are recognised under available-for-sale financial assets that have not been allocated to any of the other categories described. If the current fair value for listed equity instruments cannot be determined reliably, these financial assets will be measured at cost. Impairment losses, if any, are recognised in the income statement, and the respective impairment losses shall not be reversed.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

l. Derivative financial instruments

The Group enters into derivative financial instruments to hedge against foreign currency fluctuations related to transactions in foreign currencies – in particular the US dollar. These instruments mainly include forward contracts, foreign currency options and foreign exchange swap contracts and are entered into in order to protect the Group against exchange rate fluctuations – by fixing future exchange rates for foreign currency assets and liabilities.

Further the Group manages its interest rate risk by using interest rate swaps.

Value fluctuations of the hedged positions are compensated by corresponding value fluctuations of the derivatives. The Group does not hold any financial instruments for speculative purposes.

The first-time recognition at the conclusion of the contract and the subsequent measurement of derivative financial instruments is made at their fair values. “Hedge accounting” in accordance with IAS 39 “Financial Instruments: Recognition and Measurement”, according to which changes in fair values of hedging instruments are recognised in equity, is applied when there is an effective hedging relationship pursuant to IAS 39 for cash flow hedging instruments. The assessment of whether the derivative financial instruments used in the hedging relationship are highly effective in offsetting the changes in cash flows of the hedged item is documented at the inception of the hedging relationship and on an ongoing basis. When “hedge accounting” in equity is not applicable, unrealised gains/losses from derivative financial instruments are recognised in the income statement in the financial result.

m. Cash and cash equivalents

Cash and cash equivalents comprise cash, time deposits, deposits held at call with banks and short-term, highly liquid investments with an original maturity of up to three months or less (commercial papers and money market funds).

n. Non-controlling interests

Non-controlling interests include the following:

- 22.68% relate to the equity in AT & S Klagenfurt Leiterplatten GmbH
- 1.24% relate to the equity in AT&S Korea

The profit/loss for the year and other comprehensive income are attributed to the owners of the parent company and the non-controlling interests. The allocation to the non-controlling interests is made even if this results in a negative balance of the non-controlling interests.

o. Provisions

Provisions are recognised, if the Group has a legal or constructive obligation to third parties, which is based on past events, if it is probable that an outflow of resources will be required to settle this obligation and if the amount can be estimated reliably. The provisions are remeasured at each balance sheet date and adjusted accordingly.

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Non-current provisions are reported at the discounted amount to be paid at each balance sheet date, if the interest effect resulting from the discounting is material.

p. Employee benefits

Retirement benefit obligations

The Group operates various defined contribution and defined benefit pension schemes.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into an earmarked entity (fund). These contributions are charged to personnel expenses. No provision has to be set up, as there are no additional obligations beyond the fixed amounts.

For individual members of the Management Board and certain executive employees the Group has a defined benefit plan, under which the pension obligations are valued by qualified and independent actuaries at each balance sheet date. The Group's obligation is to fulfil the benefits committed to current and former members of the Board and executive employees as well as their dependents. The pension obligation calculated according to the projected unit credit method is reduced by the plan assets of the fund in case of a funded pension scheme. The present value of the pension liability is determined on the basis of years of service, expected compensations and pension adjustments.

To the extent that the plan assets do not cover the obligation, the net liability is accrued under retirement provisions. If the net assets exceed the pension obligation, the exceeding amount is capitalised under "Overfunded retirement benefits".

Personnel expenses reported in the respective financial year are based on expected values and include the acquired claims, the interest expense, the actuarial gains or losses using the corridor method as well as the investment results of the assets provided for coverage.

At each balance sheet date, due to the change in actuarial assumptions (turnover rate, current market interest rate of blue chip fixed-income corporate bonds, compensation level and actual returns on plan assets) adjustments in value result, referred to as actuarial gains or losses. These actuarial results are reported in accordance with IAS 19 "Employee Benefits" using the corridor method. Actuarial gains or losses exceeding the corridor (the higher of 10% of the present value of the obligation or the fair value of plan assets) are charged or credited to income over the expected average remaining working lives of the employees covered by the plan; those not exceeding the corridor are not recognised.

Termination benefits

Provisions for termination benefits have to be paid primarily on termination of employment by the employer or on the retirement of an employee according to labour regulations. At each balance sheet date the liabilities are remeasured by qualified and independent actuaries.

For employees who joined Austrian companies up to and including 2002 direct obligations of the company exist, which account for the major part of the Group's termination benefit obligations. In accordance with IAS 19 these liabilities are calculated using the projected unit credit method, taking into consideration the corridor method and represent termination benefit obligations not covered by plan assets. Actuarial gains or losses exceeding the corridor are charged or credited to income over the expected average remaining working lives of the employees covered by the plan. For employees who joined as of 1 January 2003 the termination benefit obligation is fulfilled by regular contributions to a staff provision fund ("Mitarbeitervorsorgekasse").

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These contributions are included in personnel expenses. The Group has no further payment obligations once the contributions have been paid.

For employees of the companies in India obligations for termination benefits are covered by life insurances. Furthermore, termination benefit obligations exist for employees in South Korea.

Staff costs recognised in the respective financial year are based on expected values and include entitlements acquired, interest expense and the actuarial results using the corridor method.

Other employee benefits

Other employee benefits include provisions for anniversary bonuses and relate to employees in Austria and China.

Anniversary bonuses are special lump-sum payments stipulated in the Collective Agreement which are dependent on compensation and years of service. Eligibility is determined by a certain uninterrupted number of service years. The respective liability is calculated in accordance with the projected unit credit method based on the same parameters used for termination benefits, however, without taking into consideration the corridor method. Staff costs recognised in the respective financial year include entitlements acquired, interest expense and the actuarial results. At each balance sheet date the liabilities are re-measured by qualified and independent actuaries.

q. Share-based payments

The Group operates share-based compensation plans which are settled alternatively in cash or in treasury shares, where the settlement option is chosen by the entitled employees. These stock option plans are accounted for in accordance with IFRS 2 “Share-based Payment”.

The share-based payments are structured in a way that both settlement alternatives have the same fair value. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. Liabilities arising from share-based payment transactions are recognised initially and at each balance sheet date until settlement at fair value using an option price model and are recognised in profit or loss. Reference is made to Note 15 “Trade and other payables”.

r. Liabilities

At their initial recognition liabilities are measured at fair value less transaction cost and in subsequent periods at amortised cost using the effective interest rate method. Foreign currency liabilities are translated at the middle exchange rate prevailing at the balance sheet date.

s. Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to assets are included in liabilities as deferred government grants; they

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are credited to the income statement on a straight-line basis over the expected lives of the related assets. Government grants relating to costs and property, plant and equipment are recognised in the income statement in the other operating result.

t. Contingent liabilities, contingent assets and other financial obligations

Contingent liabilities are not recognised in the balance sheet, but disclosed in the notes to the financial statements. They are not disclosed, if an outflow of resources with economic benefit is unlikely.

A contingent receivable is not recognised in the consolidated financial statements, but disclosed, if the inflow of an economic benefit is likely.

u. New accounting regulations

The IFRS already mandatory at the balance sheet date were adopted in the preparation of the consolidated financial statements. At the last balance sheet date, the IASB had already issued amendments to existing standards as well as new standards and interpretations, which are mandatory as of 2010/11. These regulations also have to be applied in the EU and relate to the following standards:

- IFRS 3 “Business combinations” and IAS 27 “Consolidated and separate financial statements” (Amendments: Recognition of costs of a business combination, option full goodwill method; clarifications on step-by-step acquisition and other revision)

A number of additional amendments to standards, as well as new and amended interpretations were published and adopted by the European Union. The effects of these regulations on the consolidated financial statements are not material and therefore not presented in detail.

The amendments are mandatory for reporting periods beginning on or after 1 July 2009 and 1 January 2010. Therefore, the Group will apply these new regulations as of the financial year 2010/11.

The amendments to be applied as of the financial year 2010/11 did not have a material impact on the consolidated financial statements.

The IASB issued additional standards and amendments to standards and interpretations that are not yet mandatory in the financial year 2010/11. The following standards and interpretations had been adopted by the EU by the time the consolidated financial statements were prepared and published in the official journal:

- IAS 24 “Related party disclosures” (Amends the definition of a related party and simplifies certain related party disclosure requirements for government-related entities)
- IFRIC 14 “IAS 19 – Prepayments of a minimum funding requirement” (amendment relevant where there is a minimum funding requirement and the company makes prepayments of contributions)
- IFRIC 19 “Extinguishing financial liabilities with equity instruments” (The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability).

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The amendments are mandatory for accounting periods beginning on or after 1 July 2010 and 1 January 2011. Therefore, the Group will apply these new regulations as of the financial year 2011/12, which will not have a material impact on the consolidated financial statements.

Furthermore, the following standard has already been published, but not yet adopted by the EU:

- IFRS 9 “Financial instruments” (This standard is the first step to replace Standard IAS 39 “Financial instruments: recognition and measurement” and changes the existing provisions on classification and measurement of financial assets).

The Standard will only be mandatory for reporting periods beginning on or after 1 January 2013. From today’s perspective, the Standard is not expected to have a material impact on the Group’s financial position and financial performance.

C. Critical accounting estimates and assumptions

The Group uses estimates and assumptions to determine the reported amounts of assets, liabilities, net sales and expenses, as well as the disclosure of commitments and contingent assets and liabilities. All estimates and assumptions are reviewed on a regular basis and are based on past experiences and additional factors, including expectations regarding future events that seem reasonable under given circumstances. In the future actual results may differ from these estimates, Management believes that the estimates are reasonable.

Projected benefit obligations

The present value of non-current employee benefits depends on various factors that are based on actuarial assumptions (refer to I.B.p. “Employee benefits”).

On 31 March 2011 a reduction of the discount rate (actuarial parameter) for the Austrian subsidiaries by 0.5% from 5.0% to 4.5% would affect the projected retirement and termination benefit obligations as follows:

(in EUR 1,000)	<u>Retirement benefits</u>	<u>Termination benefits</u>
Increase of present value of obligation	791	698

An increase in the interest rate (actuarial parameter) for the Austrian subsidiaries by 0.5% from 5.0% to 5.5% would have the following effects on the present value of retirement and termination benefits entitlements at 31 March 2011:

(in EUR 1,000)	<u>Retirement benefits</u>	<u>Termination benefits</u>
Reduction present value of obligation	704	637

Reference is made to Note 17 “Provisions for employee benefits”.

Measurement of deferred taxes and current income tax payables

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. A future change in tax rates would also have an impact on the deferred tax assets recognised at the balance sheet date.

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Particularly in the measurement of deferred taxes of AT&S China the extension of the tax rate granted to special high-technology companies is assumed. An increase to the general income tax rate would raise deferred tax assets by EUR 4.2 million at the balance sheet date and result in corresponding tax income from the measurement of deferred taxes.

Deferred tax assets in the amount of EUR 37.3 million were not recognised for tax loss carryforwards in the Group. The major part of these non-capitalised tax loss carryforwards may be carried forward for an unlimited period of time. If they were subsequently expected to be realised, these deferred tax assets would have to be recognised. Reference is made to Note 7 “Income taxes”.

Moreover, a different interpretation of tax laws by fiscal authorities could also lead to a change in income tax liabilities

Other estimates and assumptions

Further estimates relate to impairments of non-current assets and to provisions, among others from the restructuring of the Leoben-Hinterberg location in the past years, the measurement of derivative financial instruments, allowances for doubtful accounts and measurements of inventory. Reference is made to Note 4 “Other operating result”, Note 5 “Non-recurring items” Note 8 “Property, plant and equipment” and Note 18 “Other provisions”.

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II. Risk Report

Financial risks

Risk management of financial risks is carried out by a central treasury department (Group Treasury) under policies approved by the Management Board. Responsibilities, authorisations and limits are governed by internal guidelines. Group Treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operative units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investing excess liquidity.

The risk management of financial risks is incorporated in the group-wide risk management and thus part of the timely risk reporting to executive employees, Management and Supervisory Board.

Liquidity risk

At the balance sheet date, the Group has liquidity reserves in the amount of EUR 118.8 million, EUR 18.2 million of which is accounted for by cash (equivalents) and securities held for trading and available-for-sale securities, and EUR 100.6 million by available unused credit facilities. Thus, the liquidity reserves increased by EUR 31.5 million year-on-year. In the past financial year, the secured credit lines in particular were raised from EUR 167.7 million to EUR 243.7 million, and thus the unused committed credit lines amount to EUR 88.4 million.

The Company is authorized, subject to the approval of the Supervisory Board, to issue up to 12,950,000 new shares from authorized capital, as well as convertible bonds in a total nominal amount of up to TEUR 100,000, and to sell treasury shares (at the balance sheet date the Group holds 2,577,412 treasury shares). With respect to a detailed explanation of the options regarding capital measures, reference is made to Note 22 "Share capital".

The Group has a clearly positive operating cash flow. The net cash flow from operating activities for the financial year 2010/11 amounts to EUR 70.7 million (2009/10: EUR 47.0 million). Thus, most of the investments made in the past financial year could be financed from the operating cash flow.

With regard to liquidity risks, reference is also made to the detailed disclosures in Note 16 "Financial liabilities".

Financial market risks

Detailed information on market risks and derivative financial instruments is contained in Note I.B.1. "Summary of significant accounting policies: Derivative financial instruments" and in Note 19 "Derivative financial instruments". The Group uses derivative financial instruments, such as forward contracts, options and swaps, exclusively for hedging purposes.

Interest rate risk

Minor interest rate risks on the assets side of the balance sheet relate to investments in securities. Most of the other liquid resources are invested short-term and all securities are available for sale, Reference is made to Note 13 "Financial assets" and Note 14 "Cash and cash equivalents".

On the liabilities side, 83% of the borrowings are subject to fixed interest rates, taking into account interest rate hedging instruments, and most of the remaining variable interest rate loans (17%) have maturities of less than one year. Reference is made to Note 16 "Financial liabilities".

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Currency risk

Transaction, translation and economic risk are constantly monitored to guard against currency risk. Transaction risk is mostly internally managed by closing positions (netting), in some cases derivative financial instruments are used to hedge open positions.

Due to its Asian subsidiaries the Group is exposed to local currency risks. As a result of legal restrictions and the illiquidity of the currencies in question, local hedging transaction are possible only to a limited extent. Wherever required, the risk is transferred to Europe and hedged there.

Evaluation of financial market risks by sensitivity analyses

The Group applies sensitivity analyses to quantify the interest rate and currency risks. In so-called GAP analyses the potential change in profit/loss resulting from a 1% change in price (currency rate or interest rate) with regard to the foreign currency or interest net position is determined. Correlations between different risk elements are not accounted for in these analyses. The impact on profit/loss is determined taking into account income tax effects on the Group's profit/loss for the year after tax.

If the interest rates at the balance sheet date had been 100 basis points higher (or lower, respectively), based on the financing structure at the balance sheet date the profit/loss for the year would have been EUR 0.3 million (2009/10: EUR 0.3 million) lower (or higher, respectively), provided all other variables had remained constant. This would have mainly been due to higher (or lower, respectively) interest expenses for variable interest financial liabilities. Further components of equity would not be directly affected in this sensitivity analysis. The result of this interest rate sensitivity analysis is based on the assumption that the interest rates would deviate during an entire financial year by 100 basis points.

If the exchange rate of the euro against all other currencies had risen (or fallen, respectively) by 1% at the balance sheet date, the profit/loss for the year would have been EUR 0.4 million (2009/10: EUR 0.5 million) lower (or higher, respectively), provided all other variables had remained constant. This would have mainly been due to the measurement of non-euro denominated trade receivables and payables and financing balances as well as derivative financial instruments measured at fair value. On the other hand, non-euro denominated revenues and expenses would have corresponding effects on the Group's profit/loss for the year at such a change in exchange rate. Further components of equity would not be directly affected in the sense of this exchange rate sensitivity analysis.

If the exchange rate of the US dollar against all other currencies had risen (or fallen, respectively) by 1% at the balance sheet date, the profit/loss for the year would have been EUR 2.0 million (2009/10: EUR 1.1 million) higher (or lower, respectively), provided all other variables had remained constant. This would have mainly been due to the measurement of US dollar denominated trade receivables and payables and financing balances as well as derivative financial instruments measured at fair value. On the other hand, US dollar denominated revenues and expenses would have corresponding effects on the Group's profit/loss for the year at such a change in exchange rate. Further components of equity would not be directly affected in the sense of this exchange rate sensitivity analysis.

In the exchange rate sensitivity analysis the respective impact on the result is calculated on the basis of foreign currency net positions at the balance sheet date and the development of revenues and expenses expected according to budget for the next 12 months, taking into account derivative financial instruments. Thus, the disclosures of the impact on the Group's profit/loss

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for the year also include the effects on the result of the income and expenses expected for the next 12 months. In this context, funding within the Group between group companies is also accounted for.

Credit risk

In the context of its strong growth in the past few years, the Group has established strong and long-term relations with key customers, resulting in a certain concentration on the customer side. In order to guard against this potential risk, the Group encourages the further diversification in the customer, industry and product mix. In order to further increase the existing customer portfolio, the focus is on the acquisition of new customers and on the development of the distribution network to better correspond to market requirements. The anticipation and occurrence of the elimination of weak competitors in the manufacture of printed circuit boards in Europe even in the crisis provided the Group with opportunities to gain new customers in addition to market shares.

In the financial year 2010/11, a significant portion of the Group's revenue was accounted for indirectly by two multinational groups operating in the mobile devices segment. However, the receivables from these customers as of 31 March 2011 account for only 8% of total trade receivables (31 March 2010: 2%). As the Group primarily supplies to contract electronic manufacturers (CEM) of indirect customers, the receivables relate to a fairly large number of customers. The highest portion of receivables of a direct contract partner amounts to 16% of total trade receivables.

The monitoring of the credit risk is generally based on regular credit assessments and on taking out credit insurances for customers of the Group.

Reference is further made to the detailed disclosures in Note 12 "Trade and other receivables".

Capital risk management

The objectives of the Group with respect to capital management, on the one hand, include securing the going concern in order to be able to provide the equity holders with dividends and the other stakeholders with appropriate services, and on the other hand, maintaining an appropriate capital structure in order to optimise capital costs. To that end, the Group, as required, adjusts the dividend payments to equity holders, makes capital repayments to equity holders (redemption of treasury shares), issues new shares or changes its portfolio of assets.

As is customary in the industry, the Group monitors its capital based on net gearing, calculated from the ratio of net financial liabilities to equity. Net financial liabilities are calculated from financial liabilities less cash and cash equivalents as well as financial assets. The individual amounts for calculating the net financial liabilities and equity have to be taken directly from the consolidated balance sheet.

Unchanged on the prior year, basically the Group pursues the strategy of maintaining a net gearing of up to 80% in order to be able to borrow at reasonable cost, Net gearing as of 31 March 2011 amounted to 84% (31 March 2010: 71%) and thus is slightly above the target value, with this excess expected to be only temporary.

Technology risks

In the high-technology segment of HDI-Microvia printed circuit boards, the Group is one of the leading suppliers worldwide and is continuously strengthening this position. In order to prevent a possible displacement from the leading edge of technology, the Group places great emphasis on innovation and thus an intensive research and development. In the past financial year, the

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Group further increased the investments in research and development. In addition to a number of advancements in the high-technology segment of HDI printed circuit boards, numerous projects are pursued to develop and implement new production technologies in order to make the manufacture of printed circuit board more flexible and effective. Apart from that, research was also conducted with regard to new customer segments and new products, for instance in the area of photovoltaic. The research and development activities of the Group are often conducted by drawing on external partners. In addition to the consideration of customer requirements and ideas, cooperations are entered into on a project basis with research institutions, suppliers or other technology companies. Due to the active research and development work, the Group is able to identify technological developments early, make an impact and swiftly ensure the marketability of the products. In this context, it has to be noted that in the past fiscal year the Group was among the first manufacturers worldwide that succeeded in introducing a new technology for embedding active and passive electronic components (ECP[®] Technology) in series production in cooperation with an internationally leading semiconductor manufacturer. Furthermore, a cooperation was entered into with Panasonic, providing the Group with the opportunity to use the ALIVH[®] Technology (Any Layer Interstitial Via Hole Technology).

Marketing risks

Currently, the Group generates its revenue primarily in the areas mobile devices, automotive and industry. A reduction in the future volume growth in these three areas may have negative effects on the quantities produced and, subsequently, on the Group's profit/loss for the year. Particularly the area mobile devices with a share in total revenues of 56% (2009/10: 59%) has a relatively large leverage.

In the past fiscal year, the Group supplied approx. 600 customers, with the largest 5 customers indirectly accounting for 60% (2009/10: 55%) of total revenues. Even though the Group establishes business relations with new customers, it has to be assumed that the customer concentration will remain high in the near future. Thus, marketing risks arise particularly from declines in volumes sold to major customers. Significant declines in business at our major customers and deterioration of business relations with our main customers may eventually result in a reduction in sales volumes.

Apart from changes in quantity, price changes also have a direct effect on the Group's profit/loss for the year. The price level for printed circuit boards primarily depends on global demand and available production capacities. In particular, the demand for printed circuit boards of the high-end segment in the area of mobile devices, which had increased considerably in the past year and which are used in so-called smartphones, had a positive impact on the price level in the past year. A slowdown in this trend toward high-end mobile phones might have a negative impact on the profitability of the Group. Regarding the impact of the nuclear reactor disaster in Japan on consumer behaviour, the visibility is currently still low. However, changes may arise particularly in the areas industrial electronics and automotive.

Supply risks

Regarding supply, the Group is exposed to the supplier default risk. The Group purchases its raw materials mainly from suppliers in Asia. In order to minimise the risk of business interruptions due to supplier defaults, the Group cooperates only with suppliers who stand for high dependability, quality and innovation. Moreover, the Group tries to spread risks by cooperating with at least two suppliers for all key raw materials.

In addition to the supplier default risk, the Group is also exposed to the purchase price risk. The economic recovery results in a rise in demand for the Group's key raw materials – gold, copper and oil. The Group tries to anticipate as far as possible the price level of raw materials and to

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consider it in the product calculation. However, unexpected changes in raw material prices may have negative as well as positive effects on the Group's profit/loss for the year.

Risk management system

In the risk catalogue defined at the group level, the company-wide risk and opportunity management system contains additional risk categories, which most notably relate to strategic risks, environmental risks and operating as well as organizational risks. The risk catalogue, which represents a guideline for the corporate segments in the identification of risks, is dynamically adjusted to the changing situation of the Group. Main objective of the group-wide risk and opportunity management is the optimization of the overall risk position, while at the same time making use of opportunities arising. Regular reporting is made to the Executive and Supervisory Board of the Group.

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III. Segment Reporting

The segment information is presented in the following according to the internal reporting by regional production locations in Europe and Asia. Key performance figure is the operating result. Not allocated to the two segments are primarily general group management and financing activities. The respective reconciliation to the group figures also includes the corresponding consolidation.

Transfers and transactions between the segments are performed under market conditions as they would be applied to transactions with independent third parties. For segment reporting, measurement principles generally applicable to consolidated financial statements as outlined under I.B. "Accounting and measurement principles" are applied.

Financial year 2010/11:

(in EUR 1,000)	Europe	Asia	Not allocated and consoli- dation	Group
External sales	356,884	131,064	--	487,948
Intercompany sales	1	203,436	(203,437)	--
Total revenues	356,885	334,500	(203,437)	487,948
Inter-segment revenue	(203,436)	(1)	203,437	--
Segment revenue, net	153,449	334,499	--	487,948
Operating result	18,016	39,401	(10,886)	46,531
Financial result				(3,209)
Profit before income tax				43,322
Income tax expense				(8,290)
Profit for the year				<u>35,032</u>
Property, plant and equipment and intangible assets	24,728	363,621	(296)	388,053
Investments	6,530	126,696	130	133,356
Depreciation/amortisation	4,829	43,963	624	49,416
Non-recurring items	--	--	(2,677)	(2,677)

With regard to significant effects on the segment result, reference is made to Note 5 "Non-recurring items".

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Financial year 2009/10:

(in EUR 1,000)	Europe	Asia	Not allocated and consoli- dation	Group
External sales	264,247	107,937	--	372,184
Intercompany sales	20	141,895	(141,915)	--
Total revenues	264,267	249,832	(141,915)	372,184
Inter-segment revenue	(141,895)	(20)	141,915	--
Segment revenue, net	122,372	249,812	--	372,184
Operating result	(42,405)	22,445	(5,602)	(25,562)
Financial result				(8,357)
Profit before income tax				(33,919)
Income tax expense				(3,698)
Profit/(loss) for the year				<u>(37,617)</u>
Property, plant and equipment and intangible assets	23,394	287,308	(138)	310,564
Investments	2,255	19,050	(559)	20,746
Depreciation/amortisation	22,069	36,638	1,335	60,042
Non-recurring items	(36,533)	--	--	(36,533)

With regard to significant effects on the segment result, reference is made to Note 5 “Non-recurring items”.

Additional information

As additional information on segment reporting, a presentation is given to which industries and to which consumer countries the revenue is attributable.

Revenue broken down by industry is as follows:

(in EUR 1,000)	Financial year	
	2010/11	2009/10
Mobile Devices	271,386	221,346
Industrial	153,117	105,153
Automotive	61,115	41,841
Other	2,330	3,844
	<u>487,948</u>	<u>372,184</u>

The other segment mainly relates to the service segment (design, assembly and trading).

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Revenue broken down by region is as follows:

(in EUR 1,000)	Financial year	
	2010/11	2009/10
Austria	24,641	17,983
Germany	128,490	88,315
Hungary	41,086	39,752
Other Europe	33,897	29,917
Asia	131,317	125,432
Canada, USA, Mexico	123,710	69,004
Other	4,807	1,781
	<u>487,948</u>	<u>372,184</u>

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IV. Notes to the Consolidated Income Statement

1. Revenue

(in EUR 1,000)	Financial year	
	2010/11	2009/10
Main revenue	487,668	371,950
Incidental revenue	280	234
	487,948	372,184

2. Types of expenses

The expense types of cost of sales, selling expenses and general and administrative costs are as follows:

(in EUR 1,000)	Financial year	
	2010/11	2009/10
Cost of materials	194,644	144,594
Personnel expenses	100,898	84,715
Depreciation/amortisation	49,350	43,011
Purchased services incl. leased personnel	30,843	21,902
Energy	28,082	22,126
Maintenance (incl. spare parts)	26,495	18,879
Transportation costs	10,030	6,891
Rental and leasing expenses	5,072	4,861
Change in inventories	(13,469)	5,094
Other	13,117	11,786
	445,062	363,859

In the financial years 2010/11 and 2009/10, the item “other” mainly relates to travel expenses, insurance expenses, IT service costs as well as legal and consulting fees.

3. Research and development costs

The Group incurred research and development costs in the amount of TEUR 28,313 and TEUR 20,681 in the financial years 2010/11 and 2009/10, respectively. The above amounts represent only costs which can be directly allocated and which are recognised as expenses in cost of sales.

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4. Other operating result

(in EUR 1,000)	Financial year	
	2010/11	2009/10
Income from the reversal of government grants	146	758
Government grants for costs*)	11,263	1,844
Expenses/income from foreign exchange differences	(4,389)	(104)
Losses from the sale of non-current assets	(431)	(391)
Impairments of property, plant and equipment**)	(23)	(95)
Start-up losses***)	(1,718)	(295)
Miscellaneous other income	1,474	929
	<u>6,322</u>	<u>2,646</u>

*) The government grants for costs relate to export compensations as well as research and development awards

**) Reference is made to Note 8 "Property, plant and equipment".

***) The start-up losses in 2010/11 and 2009/10 are due to the construction of the second plant in India.

In the financial years 2010/11 and 2009/10, the item "miscellaneous other income" mainly relates to subsequent incoming receivables and the derecognition of other liabilities written off.

5. Non-recurring items

Non-recurring items include the following:

(in EUR 1,000)	Financial year	
	2010/11	2009/10
Impairments of intangible assets	--	(193)
Impairments of property, plant and equipment	(43)	(16,738)
Personnel expenses	(2,430)	(11,852)
Net costs arising from other contractual obligations	(204)	(7,750)
	<u>(2,677)</u>	<u>(36,533)</u>

The non-recurring items in the financial year 2010/11 include TEUR 1,952 staff costs in connection with the early termination of a managing director's contract and include expenses for severance pay, leaving indemnity, retirement entitlements and other claims. The other non-recurring expenses were incurred for the closure of the Vienna location.

The non-recurring items in the financial year 2009/10 include TEUR 3,278 staff costs for cost cutting programs carried out across the Group and the related reduction in the number of staff, particularly in the area of overhead costs. The other staff costs in the amount of TEUR 8,574 and the further expense items related to the restructuring of the Leoben-Hinterberg location. The volume production of the Leoben-Hinterberg location was completely shifted to Shanghai and the production capacities were adjusted according to the current and future utilization of the plant. In particular, production machines no longer required were written down, and some machines were transferred to Asian production sites. Staff costs result from an agreed social plan. Net costs from other contractual obligations mainly relate to vacancy costs for unused building

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spaces based on the non-cancellable property lease obligations. Reference is also made to Note 8 "Property, plant and equipment", Note 9 "Intangible assets" and Note 18 "Other provisions".

6. Financial result

(in EUR 1,000)	Financial year	
	2010/11	2009/10
Interest income from financial assets at fair value and available-for-sale securities	424	600
Other interest income	29	128
Gains from the sale of cash equivalents	2	3
Realised gains from derivative financial instruments, net	--	1,056
Gains from the measurement of derivative financial instruments at fair value, net	--	1,111
Gains from foreign exchange differences, net	5,827	--
Other financial income	--	58
Financial income	<u>6,282</u>	<u>2,956</u>
Interest expense on borrowings	(8,558)	(7,960)
Realised expenses from derivative financial instruments, net	(1,528)	--
Gains from the measurement of derivative financial instruments at fair value, net	1,184	--
Foreign exchange losses, net	--	(3,243)
Other financial expenses	(589)	(110)
Financial expenses	<u>(9,491)</u>	<u>(11,313)</u>
Financial result	<u>(3,209)</u>	<u>(8,357)</u>

7. Income taxes

The income tax expense is broken down as follows:

(in EUR 1,000)	Financial year	
	<u>2010/11</u>	<u>2009/10</u>
Current income taxes	8,748	9,798
Deferred taxes	<u>(458)</u>	<u>(6,100)</u>
Total tax expense	<u>8,290</u>	<u>3,698</u>

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The difference between the Group's actual tax expense and the theoretical amount that would arise using the Austrian statutory tax rate is as follows:

(in EUR 1,000)	Financial year	
	2010/11	2009/10
Tax expense (income) at standard Austrian rate	10,831	(5,064)
Effect of different tax rates in foreign countries	(5,514)	(824)
Non-creditable foreign withholding taxes	2,235	2,989
Effect of change in previously unrecognised tax losses and temporary differences	92	8,031
Effect of the change in tax rate	1,836	(1,107)
Effect of permanent differences	1,194	(435)
Effect of taxes from prior periods	(2,380)	114
Other tax effects, net	(4)	(6)
Total tax expense	8,290	3,698

Deferred tax assets and liabilities consist of the following:

(in EUR 1,000)	31 March	
	2011	2010
Deferred tax assets		
Tax loss carryforwards including taxable goodwill	4,316	2,342
Non-current assets	5,448	6,565
Inventories	1,777	1,168
Trade and other receivables	36	137
Retirement, termination benefit and other employee benefit obligations	837	731
Other non-current liabilities	--	906
Temporary differences arising from shares in subsidiaries	1,328	--
Unrealised losses on cash flow hedges, recognised in equity	--	100
Other	573	227
Deferred tax assets	14,315	12,176

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(in EUR 1,000)	31 March	
	2011	2010
Deferred tax liabilities		
Non-current assets	(2,097)	(703)
Provisions for retirement and termination benefits	(18)	--
Other provisions	(19)	--
Trade payables	(993)	--
Temporary differences arising from shares in subsidiaries	(4,235)	(4,490)
Unrealised gains from securities available for sale, recognised in equity and not taken through profit or loss	(17)	(19)
Unrealised losses on cash flow hedges, recognised in equity	(2)	--
Other	(436)	(504)
Deferred tax liabilities	<u>(7,817)</u>	<u>(5,716)</u>
Deferred tax assets, net	<u>6,498</u>	<u>6,460</u>

Deferred tax assets and liabilities are netted, if a legally enforceable right exists to set off the actual tax credits against the actual tax liabilities and if they are levied by the same tax authority. The offset amounts are as follows:

(in EUR 1,000)	31 March	
	2011	2010
Deferred tax assets:		
- non-current	8,168	8,237
- current	2,568	2,887
	<u>10,736</u>	<u>11,124</u>
Deferred tax liabilities:		
- non-current	(2)	(904)
- current	(4,236)	(3,760)
	<u>(4,238)</u>	<u>(4,664)</u>
Deferred tax assets, net	<u>6,498</u>	<u>6,460</u>

At 31 March 2011 the Group has tax loss carryforwards and taxable amortisation of goodwill amounting to a total of TEUR 164,255 (at 31 March 2010 TEUR 168,645). For loss carryforwards amounting to TEUR 150,188 (at 31 March 2010 TEUR 159,080) thereof no deferred tax assets were recognised in the amount of TEUR 37,294 (at 31 March 2010 TEUR 39,019), since it is unlikely that they could be realised in the foreseeable future. TEUR 2,490 (at 31 March 2010 TEUR 6,104) of which accounts for the measurement of treasury shares, which would result in the need to recognise deferred taxes in consolidated equity, not affecting net income.

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Deferred taxes (net) changed as follows:

(in EUR 1,000)	Financial year	
	2010/11	2009/10
Carrying amount at the beginning of the financial year	6,460	117
Currency translation differences	(318)	153
Income/(expense) recognised in the income statement	458	6,100
Income taxes recognised in equity	(102)	90
Carrying amount at the end of the financial year	<u>6,498</u>	<u>6,460</u>

Income taxes in connection with the components of other comprehensive income are as follows:

(in EUR 1,000)	Financial year					
	2010/11			2009/10		
	Income/ (expense) before taxes	Tax income/ (expense)	Income/ (expense) after taxes	Income/ (expense) before taxes	Tax income/ (expense)	Income/ (expense) after taxes
Currency translation differences	(10,777)	--	(10,777)	(1,841)	--	(1,841)
Fair value gains/(losses) of available-for-sale financial assets	1	--	1	29	(10)	19
Fair value gains/(losses) of cash flow hedges	406	(102)	304	(399)	100	(299)
Other comprehensive income	<u>(10,370)</u>	<u>(102)</u>	<u>(10,472)</u>	<u>(2,211)</u>	<u>90</u>	<u>(2,121)</u>

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V. Notes to the Consolidated Balance Sheet

8. Property, plant and equipment

(in EUR 1,000)	Land, plants and buildings	Machinery and technical equip- ment	Tools, fixtures, furniture and of- fice equipment	Prepayments and construc- tion in pro- gress	Total
Net carrying amount					
31 March 2010	54,053	239,343	4,303	10,828	308,527
Exchange differences	(602)	(4,018)	(50)	(1,153)	(5,823)
Additions	1,055	17,618	1,667	111,869	132,209
Disposals	(33)	(600)	11	--	(622)
Transfers	4,324	82,636	588	(87,548)	--
Impairment	(18)	(47)	(1)	--	(66)
Depreciation, current	(3,159)	(43,676)	(1,880)	--	(48,715)
Net carrying amount					
31 March 2011	55,620	291,256	4,638	33,996	385,510

At 31 March 2011

Gross carrying amount	75,425	652,418	21,287	33,996	783,126
Accumulated depreciation	(19,805)	(361,162)	(16,649)	--	(397,616)
Net carrying amount	55,620	291,256	4,638	33,996	385,510

(in EUR 1,000)	Land, plants and buildings	Machinery and technical equip- ment	Tools, fixtures, furniture and of- fice equipment	Prepayments and construc- tion in pro- gress	Total
Net carrying amount					
31 March 2009	51,651	276,910	5,708	15,584	349,853
Changes in the consoli- dated group	--	--	6	--	6
Exchange differences	(4)	(3,737)	29	(58)	(3,770)
Additions	883	4,425	515	14,261	20,084
Disposals	--	(604)	(24)	--	(628)
Transfers	4,448	16,252	410	(18,959)	2,151
Impairment	(91)	(16,169)	(573)	--	(16,833)
Depreciation, current	(2,834)	(37,734)	(1,768)	--	(42,336)
Net carrying amount					
31 March 2010	54,053	239,343	4,303	10,828	308,527

At 31 March 2010

Gross carrying amount	71,042	573,515	20,416	10,828	675,801
Accumulated depreciation	(16,989)	(334,172)	(16,113)	--	(367,274)
Net carrying amount	54,053	239,343	4,303	10,828	308,527

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The value of the land included in “land, plants and buildings” amounts to TEUR 1,484 (TEUR 1,513 at 31 March 2010).

Depreciation of the current financial year is recognised in cost of sales, selling costs, and general and administrative costs.

Impairment

Some items of property, plant and equipment, which fulfilled the criteria for impairment, were written down to their recoverable amount. The impairments in the financial year 2010/11 in the amount of TEUR 66 mainly relate to machines that are no longer needed, and the impairments in the financial year 2009/10 in the amount of TEUR 16,833 resulted almost exclusively from restructuring and cost cutting measures. The determination of these amounts was based on available estimates for the sale of these assets on market and arm’s length terms. Particularly with regard to the impairments of the prior financial year 2009/10, reference is made to Note 5 “Non-recurring items” and Note 4 “Other operating result”.

9. Intangible assets

(in EUR 1,000)	Industrial property and similar rights and assets, and licenses in such rights and assets	Goodwill	Other intan- gible assets	Total
Net carrying amount 31 March 2010	2.037	--	--	2.037
Exchange differences	(3)	--	--	(3)
Additions	1.147	--	--	1.147
Disposals	(3)	--	--	(3)
Amortisation, current	(635)	--	--	(635)
Net carrying amount 31 March 2011	2.543	--	--	2.543

At 31 March 2011

Gross carrying amount	14.255	5.947	--	20.202
Accumulated amortisation	(11.712)	(5.947)	--	(17.659)
Net carrying amount	2.543	--	--	2.543

(in EUR 1,000)	Industrial property and similar rights and assets, and licenses in such rights and assets	Goodwill	Other intan- gible assets	Total
Net carrying amount 31 March 2009	2,136	--	102	2,238
Changes in consolidated group	4	--	--	4
Exchange differences	5	--	--	5
Additions	663	--	--	663
Disposals	--	--	--	--
Transfers	102	--	(102)	--
Impairment	(193)	--	--	(193)
Amortisation, current	(680)	--	--	(680)

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Net carrying amount 31 March 2010	2,037	--	--	2,037
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At 31 March 2010

Gross carrying amount	13,180	6,046	--	19,226
Accumulated amortisation	(11,143)	(6,046)	--	(17,189)
Net carrying amount	2,037	--	--	2,037

Amortisation of the current financial year is charged to cost of sales, selling costs and general and administrative costs.

Impairments

The impairments in the prior financial year 2009/10 in the amount of TEUR 193 exclusively related to restructuring and cost cutting measures. The determination of intangible assets is based on available estimates for the sale of these assets under market and arm's length conditions. Reference is made to Note 5 "Non-recurring items".

10. Other non-current assets

	31 March	
	2011	2010
(in EUR 1,000)		
Prepayments	1,707	1,805
Deposits made	2,437	1,817
Carrying amount	4,144	3,622

The prepayments relate to long-term rent prepayments for the factory premises in China.

11. Inventories

	31 March	
	2011	2010
(in EUR 1,000)		
Raw materials and supplies	20,251	15,915
Work in progress	14,370	10,064
Finished goods	18,755	12,721
Carrying amount	53,376	38,700

The balance of write-downs of inventories recognised as expense amounts to TEUR 8,498 at 31 March 2011 (TEUR 6,521 at 31 March 2010).

In connection with various financing agreements, inventories in the amount of TEUR 40 (TEUR 87 at 31 March 2010) serve as collateral. Reference is made to Note 16 "Financial liabilities".

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12. Trade and other receivables

The carrying amounts of trade and other receivables are as follows:

(in EUR 1,000)	31 March	
	2011	2010
Trade receivables	71,001	70,703
VAT receivables	18,933	12,013
Other receivables from authorities	3,812	1,277
Prepayments	2,744	2,398
Energy tax refunds	1,761	4,407
Deposits	402	423
Insurance reimbursements	--	44
Other receivables	1,335	714
Impairments	(89)	(1,003)
	<u>99,899</u>	<u>90,976</u>

Other receivables mainly include prepaid expenses and deferred charges.

In connection with various financing agreements trade receivables amounting to TEUR 36,000 (TEUR 36,000 at 31 March 2010) serve as collateral. Reference is made to Note 16 "Financial liabilities".

The carrying amounts of trade and other receivables, taking into account impairments, approximate their respective fair values.

Maturity of receivables

All receivables at 31 March 2011 and 31 March 2010 have remaining maturities of less than one year.

Factoring

At the balance sheet date 31 March 2011 receivables in the amount of TEUR 15,765 (TEUR 7,511 at 31 March 2010) had been transferred to a bank under a genuine factoring arrangement and derecognised.

Development of overdue and write-downs of trade receivables

At 31 March 2011:

	Carrying amount	thereof: not impaired and not overdue or insured, resp.	thereof: not impaired and not insured and overdue for the following periods			
			less than 3 months	between 3 and 6 months	between 6 and 12 months	more than 12 months
Trade receivables	<u>71,001</u>	<u>66,726</u>	<u>4,118</u>	<u>22</u>	<u>46</u>	<u>--</u>

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At 31 March 2010:

	Carrying amount	thereof: not impaired and not overdue or insured, resp.	thereof: not impaired and not insured and overdue for the following periods			
			less than 3 months	between 3 and 6 months	between 6 and 12 months	more than 12 months
Trade receivables	70,703	65,077	4,300	169	32	122

There were no indications at the balance sheet date that trade receivables which are neither impaired nor overdue would not be paid.

Impairment of trade receivables changed as follows:

(in EUR 1,000)	Financial year	
	2010/11	2009/10
Impairment at the beginning of the financial year	1,003	979
Utilisation	(875)	(159)
Reversal	(37)	(10)
Addition	--	101
Exchange differences	(2)	92
Impairment at the end of the financial year	89	1,003

13. Financial assets

The carrying amounts of financial assets are as follows:

(in EUR 1,000)	31 March 2011	thereof non-current	thereof current
	Financial assets at fair value through profit or loss	13,877	25
Available-for-sale financial assets	156	96	60
	14,033	121	13,912

(in EUR 1,000)	31 March 2010	thereof non-current	thereof current
	Financial assets at fair value through profit or loss	14,153	--
Available-for-sale financial assets	160	99	61
	14,313	99	14,214

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Financial assets at fair value through profit or loss

The fair values of the financial assets at fair value through profit or loss correspond to their carrying amounts and are as follows:

(in EUR 1,000)	31 March	
	2011	2010
Bonds	13,851	13,986
Derivative financial instruments*)	26	167
	<u>13,877</u>	<u>14,153</u>

*) Reference is made to Note 19 "Derivative financial instruments".

All bonds held are denominated in euro.

Securities held to maturity

(in EUR 1,000)	31 March	
	2011	2010
Acquisition cost	1,000	1,000
Impairment	(1,000)	(1,000)
Carrying amount	<u>--</u>	<u>--</u>

Securities held to maturity are convertible bonds issued by Adcon Telemetry AG, Klosterneuburg. Due to ongoing insolvency proceedings relating to Adcon Telemetry AG, these convertible bonds were fully written off. The securities held to maturity are denominated in euro.

Available-for-sale financial assets

(in EUR 1,000)	31 March	
	2011	2010
Available-for-sale securities, at fair value	156	157
Other available-for-sale financial assets	--	3
Carrying amount	<u>156</u>	<u>160</u>

Available-for-sale securities, at fair value developed as follows:

(in EUR 1,000)	Financial year	
	2010/11	2009/10
Carrying amount at the beginning of the financial year	157	123
Disposals	--	(1)
Unrealised gains/(losses) from the current period, recognised in equity	1	29
Exchange differences	(2)	6
Carrying amount at the end of the financial year	<u>156</u>	<u>157</u>

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All available-for-sale securities are denominated in euro.

Other financial assets available for sale related to an investment and were measured at acquisition cost.

14. Cash and cash equivalents

(in EUR 1,000)	31 March	
	2011	2010
Bank balances and cash on hand	4,219	12,574
Time deposits	--	771
Restricted cash	8	9
Carrying amount	<u>4,227</u>	<u>13,354</u>

At 31 March 2011 restricted cash relates to AT&S India (at 31 March 2010 to AT&S India).

The reported carrying amounts correspond to the respective fair values.

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15. Trade and other payables

(in EUR 1,000)	31 March 2011	Remaining maturity		
		Less than 1 year	Between 1 and 5 years	More than 5 years
Trade payables	67,240	67,240	--	--
Government grants	590	146	444	--
Liabilities to fiscal authorities and other public taxing bodies	3,849	3,849	--	--
Social security payables	1,553	1,553	--	--
Liabilities from unconsumed vacations	3,761	3,761	--	--
Liabilities to employees	16,095	15,218	877	--
Other liabilities	5,575	4,787	788	--
Carrying amount	98,663	96,554	2,109	--

(in EUR 1,000)	31 March 2010	Remaining maturity		
		Less than 1 year	Between 1 and 5 years	More than 5 years
Trade payables	41,896	41,896	--	--
Government grants	787	146	641	--
Liabilities to fiscal authorities and other public taxing bodies	1,862	1,862	--	--
Social security payables	1,505	1,505	--	--
Liabilities from unconsumed vacations	3,394	3,394	--	--
Liabilities to employees	8,708	8,520	188	--
Other liabilities	3,902	3,113	789	--
Carrying amount	62,054	60,436	1,618	--

The carrying amounts of the reported liabilities approximate the respective fair values.

Government grants

Government grants mainly relate to grants for property, plant and equipment and are released to income according to the useful life of the related property, plant and equipment.

Furthermore, the Group has received grants for project costs for several research projects, which are recognised in income on a pro rata basis according to the costs incurred and the grant ratio, or the accrual amount is included in the liabilities, respectively.

Liabilities from stock options

At the Supervisory Board Meeting held on 8 November 2004 a stock option plan (2005-2008) was approved, which allows the Company to grant stock options to the Management Board and executive employees, which can be settled in cash or by issuing equity instruments.

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Each of these options entitles the holder to the right to either:

- purchase a share (equity-settled share-based payment transactions) or
- be settled in cash (cash-settled share-based payment transactions) at the remaining amount between exercise price and the closing rate of AT&S shares at the stock exchange with the main quotation of AT&S shares respectively at the date the option is exercised by the beneficiary.

The stock options may be granted between 1 April 2005 and 1 April 2008.

The exercise price is determined at the respective date of grant, representing the average AT&S share price over a period of six months prior to the date of grant plus 10%. The exercise price corresponds at least to the nominal value of a share of the Company.

Granted options vest gradually with 20% of the options after two years, 30% of the options after three years and 50% of the options after four years. Options not exercised can be exercised after the expiration of the subsequent waiting period. Options not exercised within five years after grant date forfeit without compensation.

In the 1st meeting of the nomination and compensation committee of the Supervisory Board on 17 March 2009 an additional stock option plan was approved, after it had been submitted for examination in the 55th Supervisory Board Meeting on 16 December 2008. This stock option plan 2009-2012 for the grant of stock options to be settled either in cash or equity instruments to members of the Management Board, managing directors and executive employees is consistent with the stock option plan 2005-2008. Each of these options entitles to either acquire shares or a cash settlement can be demanded, a mark-up of 10% is added to the average price of six months and the granted stock options may be exercised at staggered intervals, with 20% of the granted stock options exercisable after two years, 30% after three years and 50% after four years. Non-exercised stock options may be exercised after the subsequent waiting period has expired.

The stock options may be granted in the period between 1 April 2009 and 1 April 2012.

The stock options may be exercised in full or in part after completion of the vesting period, not however during a restricted period.

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The following table summarises information about all stock options granted until 31 March 2011.

	Date of grant 1 April 2010	Date of grant 1 April 2009	Date of grant 1 April 2008	Date of grant 1 April 2007
Exercise price (in EUR)	7,45	3,86	15,67	22,57
31 March 2009	--	--	137,000	129,000
Number of options granted	--	138,000	--	--
Number of options forfeited	--	--	--	--
Number of options exercised	--	--	--	--
Number of options expired	--	3,000	5,000	5,000
31 March 2010	--	135,000	132,000	124,000
Number of options granted	135,000	--	--	--
Number of options forfeited	--	--	--	--
Number of options exercised	--	70,000	--	--
Number of options expired	--	--	40,000	40,000
31 March 2011	135,000	65,000	92,000	84,000
Remaining contract period of stock options granted	4 years	3 years	2 years	1 year
Fair value of granted stock options at the balance sheet date (in EUR 1,000)				
31 March 2010	--	638	61	8
31 March 2011	1,161	753	119	6

In contrast to the stated contract terms and according to the stock option plan, the stock options of Steen E. Hansen vest at the retirement date on 31 January 2011 and are exercisable until 31 January 2012 at the latest.

Reference is made to Note 27 "Related party transactions".

These stock options are measured at fair value at the respective balance sheet date, using the Monte Carlo method and based on model assumptions and valuation parameters stated below. These may differ from the values realised on the market for all stock options granted as of 1 April 2007, 1 April 2008, 1 April 2009 and 1 April 2010:

Risk-free interest rate	1.51 – 2.15%
Volatility	32.09 – 52.71%
Dividend per share	0.41
Weighted average terms of granted stock options	3.6 years

The calculation of the volatility is based on the daily share prices as of 1 October 2006 and 1 April 2009, respectively up to the balance sheet date.

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The fair value of the stock options granted is recognised as expense over their term. The related accrual item is included in the liabilities to employees.

Other liabilities

Other liabilities mainly include debtors with credit balances, accrued legal, audit and consulting fees, as well as other accruals.

16. Financial liabilities

(in EUR 1,000)	31 March 2011	Remaining maturity			Interest rate in %
		Less than 1 year	Between 1 and 5 years	More than 5 years	
Bonds	83,514	3,713	79,801	--	5.5
Export loans	36,000	36,000	--	--	1.45
Loans from state authorities:					
- Public authorities	403	163	240	--	2.0-2.5
Other bank borrowings	92,015	76,515	15,500	--	1.93-5.0
Derivative financial instruments*)	54	36	18	--	
Carrying amount	211,986	116,427	95,559	--	

(in EUR 1,000)	31 March 2010	Remaining maturity			Interest rate in %
		Less than 1 year	Between 1 and 5 years	More than 5 years	
Bonds	83,418	3,713	79,705	--	5.5
Export loans	36,000	36,000	--	--	1.3
Loans from state authorities:					
- Public authorities	430	177	253	--	2.0-2.5
Other bank borrowings	54,019	29,179	24,840	--	1.2-6.0
Derivative financial instruments*)	1,785	1,386	399	--	
Carrying amount	175,652	70,455	105,197	--	

*) Reference is made to Note 19 "Derivative financial instruments".

The bonds with a total nominal value of EUR 80 million were placed by the Company on the Third Market of the Vienna Stock Exchange on 27 May 2008 with a maturity of five years. The bond is divided into amounts of EUR 50,000 and is exempt from the prospectus requirement pursuant to § 3 (1) 9 KMG (Austrian Capital Market Act). The annual fixed interest in the amount of 5.50% of the nominal value is payable subsequently on 27 May of each year. The bondholders do not have an ordinary cancellation right. An extraordinary cancellation right has been agreed in case of the following events occurring at the Company or one of its main subsidiaries:

- Cessation of payments or announcement of insolvency or over-indebtedness,
- Bankruptcy or other insolvency proceedings (exception: court settlement) or liquidation,

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- Significant deterioration of the financial position and performance due to the discontinuation of the major part of operations, sale of major parts of assets or non-arm's length transactions with related parties
- Change of control as stipulated in the Austrian Takeover Act, if this significantly affects the ability to meet the bond obligations.

Other bank borrowings include long-term financing, in addition to the current liquidity needs. For the plant in South Korea and the expansion in India, long-term financing was raised in the financial year 2009/10 and additionally used in the fiscal year 2010/11, which has to be repaid in semi-annual instalments until 31 March 2014. The variable interest was fully hedged by an interest rate swap. The main contract terms are as follows:

- Maintaining the 98.76% investment in AT&S Korea and the 100% investment in AT&S India,
- No encumbrances on the investments.

Funds raised for the expansion of the plant in China (on the basis of a G4 guarantee of the Republic of Austria) were repaid according to the repayment schedule with the last semi-annual instalment on 31 March 2011.

The contractually agreed (undiscounted) interest and redemption payments on the financial liabilities at 31 March 2011, taking into account interest rate hedges, are as follows in the next financial years:

(in EUR 1,000)	Bonds	Export loans	Loans from state authorities	Other bank borrowings	Derivative financial instruments
2011/12					
Redemption	--	36,000	163	76,515	36
Fixed interest	4,400	--	6	1,794	--
Variable interest	--	529	--	--	--
2012/13					
Redemption	--	--	161	6,200	--
Fixed interest	4,400	--	5	628	--
Variable interest	--	--	--	--	--
2013/14					
Redemption	80,000	--	79	9,300	18
Fixed interest	687	--	1	314	--
Variable interest	--	--	--	--	--

No significant deviations from the agreed interest and capital payments are expected regarding term or amount.

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At the prior-year balance sheet date 31 March 2010 the contractually agreed (undiscounted) interest and redemption payments of the financial liabilities, taking into account interest rate hedges, were as follows for the next financial years:

(in EUR 1,000)	Export loans	Loans from state authorities	Other bank borrowings	Liabilities from finance leases	Derivative financial instruments
2010/11					
Redemption	--	36,000	177	29,179	1,386
Fixed interest	4,461	--	9	564	--
Variable interest	--	475	--	849	--
2011/12					
Redemption	--	--	162	9,340	--
Fixed interest	4,461	--	3	650	--
Variable interest	--	--	--	--	--
2012/13					
Redemption	--	--	91	6,200	--
Fixed interest	4,461	--	2	423	--
Variable interest	--	--	--	--	--
2013/14					
Redemption	80,000	--	--	9,300	--
Fixed interest	697	--	--	212	--
Variable interest	--	--	--	--	--

The bonds, export loans, loans from state authorities and bank borrowings in part carry interest rates that differ from market interest rates. For this reason differences between their fair values and carrying amounts can arise.

(in EUR 1,000)	Carrying amounts 31 March		Fair values 31 March	
	2011	2010	2011	2010
Bonds	83,514	83,418	83,083	89,029
Export loans	36,000	36,000	36,000	36,000
Loans from state authorities	403	430	398	433
Other bank borrowings	92,015	54,019	92,996	55,789
Derivative financial instruments	54	1,785	54	1,785
	<u>211,986</u>	<u>175,652</u>	<u>212,531</u>	<u>183,036</u>

The determination of the fair values is based on the current effective interest rates on loans and bonds with similar maturities that would be available to the Group.

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The carrying amounts of financial liabilities according to currencies are as follows:

(in EUR 1,000)	31 March	
	2011	2010
Euro	197,328	174,473
US dollar	8,576	399
Chinese renminbi yuan	5,368	366
Indian rupee	714	414
	211,986	175,652

Bank borrowings are secured as follows:

- By inventories and trade receivables amounting to TEUR 36,040 (at 31 March 2010: TEUR 36,087). Reference is made to Note 11 “Inventories” and Note 12 “Trade and other receivables”;
- By assignment of rights from the hedge against political risk for the location in China amounting to TEUR 0 at 31 March 2011 (at 31 March 2010: TEUR 14,000), as well as for the site in South Korea amounting to TEUR 3,139 (at 31 March 2010: TEUR 3,139).

Lines of credit of financing liabilities, including bonds, are as follows at 31 March 2011:

(in EUR 1,000)	Credit lines	Used
Export credit lines - committed	36,000	36,000
Other credit lines - committed	243,650	155,258
Credit lines - uncommitted	32,843	20,674
	312,493	211,932

Leases

Total future minimum lease payments recognised in from non-cancellable operating leases and rental expenses are as follows:

(in EUR 1,000)	31 March	
	2011	2010
Not later than 1 year	2,939	3,078
Between 1 and 5 years	7,664	7,796
Later than 5 years	8,437	11,236
Total minimum lease payments	19,040	22,110

The Group entered into various operating lease agreements for the rental of office space, properties and production facilities, as well as factory and office equipment and technical equipment.

The obligations from operating leases are affected by a sale and lease back transaction concluded in the financial year 2006/07 for the properties and buildings in Leoben-Hinterberg and Fehring, Austria, with non-cancellable lease period until December 2021. The stated amounts also include TEUR 9,484 at 31 March 2011 (at 31 March 2010: TEUR 10,016) attributable to minimum lease payments from the operating lease for no longer used building spaces in Leoben-Hinterberg, which has already been included in the balance sheet as other provisions. Reference is made to Note 18 “Other provisions”.

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The payments recognised as expense for non-cancellable lease and rental expenses are as follows:

(in EUR 1,000)	Financial year	
	2010/11	2009/10
Leasing and rental expenses	3,171	3,359

17. Provisions for employee benefits

The provisions for employee benefits relate to pension, termination and other employee benefits.

Defined Contribution Plans

The majority of the Group's employees in Austria and part of its employees in India are covered by defined contribution plans that have been transferred to a pension fund. For employees in Austria, the pension plans are supplemented by a death and endowment insurance. Employer contributions are determined on the basis of a certain percentage of current salary and the Company's profit for the year. Contributions under these plans amounted to TEUR 496 in the financial year 2010/11 and to TEUR 147 in the financial year 2009/10.

Defined Benefit Plans

The Group operates non-contributory defined benefit plans for individual members of the management board and other executive employees. The board members' and other executive employees' plans are funded and unfunded.

Retirement benefits of board members and executive employees are based on their salaries and years of service.

Funded termination benefits

The employees in India are entitled to termination benefits upon retirement or, under certain circumstances, upon leaving the company, the amount of which depends on years of service and compensation level. The termination benefits range between half of a monthly salary per year of service and a fixed maximum. The obligations are covered by a life insurance.

Unfunded termination benefits

Employees in Austria, South Korea and China are entitled to receive termination benefits, which are based upon years of service and compensation levels and are generally payable upon retirement and, under certain circumstances, upon leaving the company. In Austria the termination benefits range from 2 to 12 months of final monthly salary depending on years of service, in South Korea and China a fixed amount is paid depending also on years of service.

For employees who joined on or after 1 January 2003, regular contributions are paid to a staff provision fund ("Mitarbeitervorsorgekasse") without any further obligations on part of the Group. The contributions amounted to TEUR 254 for the financial year 2010/11 and to TEUR 239 for the financial year 2009/10.

Other benefit obligations

The employees of the companies in Austria and in China are entitled to anniversary bonuses for long-term service, in Austria the eligibility to and amount of which are stipulated in the Collective Agreement.

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Expenses for (defined benefit) retirement, termination and other employee benefits consist of the following:

(in EUR 1,000)	Retirement benefits		Termination benefits		Other employee benefits	
	Financial year		Financial year		Financial year	
	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10
Current service cost	127	191	895	1,115	701	706
Interest expense	461	466	470	555	82	113
Past service cost	--	--	115	--	--	--
Settlements	29	--	175	3,069	--	--
Expected return on plan assets	(451)	(291)	(15)	(13)	--	--
Actuarial losses/(gains)	(32)	101	19	182	466	(23)
Total expenses	134	467	1,659	4,908	1,249	796

Expenses for retirement, termination and other employee benefits are recognised in cost of sales, selling costs and general and administrative costs. The settlements in the financial year 2010/11 and 2009/10 are included in non-recurring items.

Amounts accrued in the **balance sheet** are:

(in EUR 1,000)	31 March	
	2011	2010
(Overfunded) retirement benefits	(590)	(620)
Underfunded retirement benefits	1,038	1,021
Underfunded termination benefits	8,834	8,233
Other employee benefits	2,338	2,115
Provisions for employee benefits	12,210	11,369
Accrued retirement, termination and other employee benefits, net	11,620	10,749

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Retirement benefits and termination benefits in the balance sheet are as follows:

(in EUR 1,000)	Retirement benefits		Termination benefits	
	31 March		31 March	
	2011	2010	2011	2010
Present value of funded obligations	9,145	8,662	628	437
Fair value of plan assets	(9,891)	(8,480)	(574)	(194)
Funded status				
funded obligations	(746)	182	54	243
Present value of unfunded obligations	985	968	10,236	9,085
Unrealised actuarial gains/(losses)	209	(749)	(1,455)	(1,095)
Unrecognised past service costs	--	--	(1)	--
Provisions/(receivables) in the balance sheet, net	448	401	8,834	8,233
thereof receivables (overfunded benefits)	(590)	(620)	--	--
thereof provisions (underfunded benefits)	1,038	1,021	8,834	8,233

The present value of projected retirement benefit obligations, the movement in plan assets and funded status are as follows:

(in EUR 1,000)	Funded retirement benefits		Unfunded retirement benefits	
	Financial year		Financial year	
	2010/11	2009/10	2010/11	2009/10
Present value of retirement benefit obligation				
Present value at beginning of year	8,662	8,381	968	900
Current service cost	127	191	--	--
Interest expense	413	419	48	47
Actuarial losses/(gains)	69	(174)	(31)	21
Past service cost	29	--	--	--
Benefits paid	(155)	(155)	--	--
Present value at end of year	9,145	8,662	985	968
Fair value of plan assets				
Fair value at beginning of year	8,480	6,769		
Contributions to plan assets	87	973		
Expected return on plan assets	451	291		
Actuarial gains/(losses)	1,028	602		
Benefits paid	(155)	(155)		
Fair value at end of year	9,891	8,480		
Funded status				
funded retirement benefits	(746)	182		

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Plan assets held to cover the pension obligations have been transferred to pension funds. The diversification of the portfolio is as follows:

(in %)	31 March	
	2011	2010
Debt securities	32 %	31 %
Equity securities	44 %	38 %
Real estate	7 %	7 %
Cash and cash equivalents	17 %	24 %
	<u>100 %</u>	<u>100 %</u>

The aggregate movement in funded and unfunded termination benefits is as follows:

(in EUR 1,000)	Funded termination benefits		Unfunded termination benefits	
	Financial year		Financial year	
	2010/11	2009/10	2010/11	2009/10
Present value of termination benefit obligation				
Present value at beginning of year	437	392	9,085	10,653
Changes in consolidated group	--	(22)	--	--
Exchange differences	(26)	41	(8)	81
Current service cost	45	30	850	1,085
Interest cost	45	29	425	526
Actuarial losses/(gains)	27	(11)	374	(3,019)
Past service cost	116	--	--	--
Settlements	--	--	175	3,069
Benefits paid	(16)	(22)	(665)	(3,310)
Present value at end of year	<u>628</u>	<u>437</u>	<u>10,236</u>	<u>9,085</u>
Fair value of plan assets				
Fair value at beginning of year	194	184		
Changes in consolidated group	--	(15)		
Exchange differences	(26)	18		
Contributions to plan assets	384	16		
Expected return on plan assets	15	13		
Actuarial gains/(losses)	23	--		
Benefits paid	(16)	(22)		
Fair value at end of year	<u>574</u>	<u>194</u>		
Funded status				
funded termination benefits	<u>54</u>	<u>243</u>		

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The aggregate movement in other employee benefits (anniversary bonuses) is as follows:

(in EUR 1,000)	Financial year	
	2010/11	2009/10
Present value at beginning of year	2.115	2.244
Exchange differences	(2)	(24)
Service cost	700	706
Interest expense	82	113
Actuarial losses/(gains)	466	(23)
Benefits paid	(1.023)	(901)
Present value at end of year	2.338	2.115

The following actuarial parameters were used for the measurement at the balance sheet date:

	Retirement benefits		Termination benefits		Other employee benefits (anniversary bonuses)	
	31 March		31 March		31 March	
	2011	2010	2011	2010	2011	2010
Discount rate	5%	5%	5-8.35%	5-8.25%	3.25-5%	2-5%
Expected return on plan assets	5.31%	5.55%	8%	8%	--	--
Expected rate of compensation increase	2.25%	2.25%	3-7.75%	3-7%	3-10%	3-10%
Expected rate of pension increase	2%	2%	--	--	--	--
Retirement age	58-65	58-65	individual according to 2003 pension reform	individual according to 2003 pension reform	--	--

18. Other provisions

(in EUR 1,000)	Total	Restructuring		
		Warranty	Leoben	Others
Carrying amount 31 March 2010	18,247	901	13,657	3,689
Utilisation	(4,644)	(202)	(888)	(3,554)
Reversal	(358)	(203)	--	(155)
Addition	1,340	445	--	895
Interest effect	114	--	114	--
Exchange differences	(34)	(14)	--	(20)
Carrying amount 31 March 2011	14,665	927	12,883	855

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(in EUR 1,000)	Total	Warranty	Closure Augsburg plant	Restructuring Leoben	Others
Carrying amount					
31 March 2009	10,297	1,265	39	8,533	460
Utilisation	(2,048)	(535)	(39)	(1,015)	(459)
Reversal	(79)	(78)	--	--	(1)
Addition	9,762	248	--	6,072	3,442
Interest effect	67	--	--	67	--
Exchange differences	248	1	--	--	247
Carrying amount					
31 March 2010	18,247	901	--	13,657	3,689

(in EUR 1,000)	31 March	
	2011	2010
thereof non-current	11,967	12,769
thereof current	2,698	5,478
Carrying amount	14,665	18,247

Warranty provision

The provision for warranties relates to the costs for expected complaints about products still under warranty. The accrued amount is the best estimate of these costs based on past experience and actual facts, which due to the uncertainty as to amount and timing are not yet recognised as liabilities.

Provision for the restructuring Leoben-Hinterberg

This provision for costs from contractual obligations relates to future vacancy costs for no longer used building space based on the non-cancellable property lease obligations. The provision was recognised in the amount of the present value of the expenses expected to be incurred largely in the long term.

Others

Sundry other provisions relate to provisions for other short-term onerous contracts.

19. Derivative financial instruments

The derivative financial instruments mainly relate to forward currency contracts, currency swaps and interest rate swaps. Hedged items are primarily trade receivables and payables, as well as payments in connection with loans.

The carrying amounts of the Group's derivative financial instruments correspond to their fair values. The fair value corresponds to the amount that would be incurred or earned, if the transaction was settled at the balance sheet date.

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The fair values of the derivative financial instruments are as follows:

(in EUR 1,000)	31 March 2011		31 March 2010	
	Assets	Liabilities	Assets	Liabilities
Forward contracts at fair value	--	--	--	254
Currency swaps at fair value	1	36	167	1,132
Currency options at fair value	--	--	--	--
Interest rate swaps at fair value	25	18	--	399
Total fair values	26	54	167	1,785

Net of current portion:

Forward contracts at fair value	--	--	--	254
Currency swaps at fair value	1	36	167	1,132
Current portion	1	36	167	1,386
Non-current portion	25	18	--	399

The nominal amounts and the fair values of derivative financial instruments relating to hedges against exchange rate fluctuations are as follows at balance sheet date, presented by currency:

Currency	31 March 2011		31 March 2010	
	Nominal amount (in 1,000 local currency)	Fair value (in EUR 1,000)	Nominal amount (in 1,000 local currency)	Fair value (in EUR 1,000)
US dollar	7,040	(35)	35,301	(1,219)

The nominal amounts and the fair values of derivative financial instruments relating to hedges against interest rate fluctuations are as follows at balance sheet date, presented by currency:

Currency	31 March 2011		31 March 2010	
	Nominal amount (in 1,000 local currency)	Fair value (in EUR 1,000)	Nominal amount (in 1,000 local currency)	Fair value (in EUR 1,000)
Euro	21,700	7	23,600	(399)

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The remaining terms of derivative financial instruments are as follows at balance sheet date:

(in months)	31 March	
	2011	2010
Forward contracts	--	4
Currency swaps	1	7
Currency options	--	--
Interest rate swaps	36	48

At 31 March 2011, the fixed interest rates for interest rate swaps are 2.34% and 1.84%, the variable interest rate is based on the 6-month EURIBOR.

20. Additional disclosures on financial instruments

Carrying amounts and amounts stated by measurement category

The carrying amounts and amounts stated of financial instruments included in several balance sheet items by measurement category are as follows at the balance sheet date:

(in EUR 1,000)	Fair values through profit or loss	Fair values in equity	Amortised cost	Carrying amounts
31 March 2011				
Assets				
Non-current assets				
Financial assets	25	96	--	121
Current assets				
Trade and other receivables	--	--	72,247	72,247
Financial assets	13,852	60	--	13,912
Cash and cash equivalents	--	--	4,227	4,227
Liabilities				
Non-current liabilities				
Financial liabilities	18	--	95,541	95,559
Current liabilities				
Trade and other payables	--	--	82,192	82,192
Financial liabilities	36	--	116,391	116,427

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(in EUR 1,000) 31 March 2010	Fair values through profit or loss	Fair values in equity	Amortised cost	Carrying amounts
Assets				
Non-current assets				
Financial assets	--	97	2	99
Current assets				
Trade and other receivables	--	--	70,845	70,845
Financial assets	14,153	61	--	14,214
Cash and cash equivalents	--	--	13,354	13,354
Liabilities				
Non-current liabilities				
Financial liabilities	--	--	105,197	105,197
Current liabilities				
Trade and other payables	--	--	50,235	50,235
Financial liabilities	1,785	--	68,670	70,455

Valuation hierarchies of financial instruments measured at fair value

Three valuation hierarchies have to be distinguished in the valuation of financial instruments measured at fair value.

- Level 1: The fair values are determined based on quoted market prices in an active market for identical financial instruments.
- Level 2: If there are no quoted market prices in an active market, fair value is established by using a valuation technique that makes maximum use of market inputs.
- Level 3: In this case, valuation methods to establish the fair value are also based on non-market data.

The allocation of financial instruments measured at fair value to the three measurement hierarchies are as follows at the balance sheet date:

(in EUR 1,000) 31 March 2011	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss				
Bonds	13,851	--	--	13,851
Derivative financial instruments	--	26	--	26
Financial assets available for sale	156	--	--	156
Financial liabilities				
Derivative financial instruments	--	54	--	54

(in TEUR) 31 March 2010	Level 1	Level 2	Level 3	Total
Financial assets				

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Financial assets at fair value through profit or loss				
Bonds	13,986	--	--	13,986
Derivative financial instruments	--	167	--	167
Financial assets available for sale	157	--	3	160
Financial liabilities				
Derivative financial instruments	--	1,785	--	1,785

Net results relating to financial instruments by measurement category

Net gains and net losses relating to financial assets and liabilities by measurement category are as follows:

(in EUR 1,000)	Financial year	
	2010/11	2009/10
Loans and receivables	(6,896)	(538)
Financial assets at fair value through profit or loss	(59)	3,305
Financial assets available for sale	5	1
Financial liabilities at amortised cost	(2,731)	(11,203)
	<u>(9,681)</u>	<u>(8,435)</u>

The net results relating to financial instruments include dividend income, interest income and expenses, foreign exchange gains and losses, realised income and losses on the disposal and sale, as well as income and expenses recognised in the income statement from the measurement of financial instruments.

Of the total net result (net expense) from financial instruments TEUR -6,927 (2009/10: TEUR -669 net expense) is included in the operating result and TEUR -2,754 (2009/10: TEUR -7,766 net expense) in the financial result.

21. Contingent liabilities and other financial commitments

Regarding non-cancellable leasing and rental agreements, reference is made to Note 16 "Financial liabilities". At 31 March 2011 the Group has other financial commitments amounting to TEUR 46,642 (TEUR 25,774 at 31 March 2010) in connection with contractually binding investment projects. Furthermore, at the balance sheet date the Group has contingent liabilities to customs authorities and from bank guarantees in the amount of TEUR 83 (TEUR 9 at 31 March 2010). Other guarantees or contingencies relating to the ordinary business operations do not exist at the balance sheet date.

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22. Share capital

	Out- standing shares (in 1,000 shares)	Registered capital (in EUR 1,000)	Share pre- mium (in EUR 1,000)	Treasury shares, net of tax (in EUR 1,000)	Share capital (in EUR 1,000)
31 March 2009	23,323	28,490	63,542	(46,352)	45,680
31 March 2010	23,323	28,490	63,542	(46,352)	45,680
Change in treasury shares, net of tax	--	--	--	(1,205)	(1,205)
31 March 2011	23,323	28,490	63,542	(47,557)	44,475

Registered capital

At 31 March 2011 the registered capital in the amount of TEUR 28,490 is made up of 25,900,000 no-par value shares with a notional value of EUR 1.10 per share.

Outstanding shares

The number of shares issued amounts to 25,900,000. At the balance sheet date 31 March 2011 2,577,412 treasury shares were held by the Group, 23,322,588 shares were outstanding.

Authorised share capital

By a resolution passed at the 16th Annual General Meeting on 7 July 2010 the Management Board was authorised to increase the share capital by a nominal amount of up to TEUR 14,245 until 6 July 2015, if required, in several tranches upon approval by the Supervisory Board by issuing up to 12,950,000 no-par value bearer shares paid for in cash or contribution in kind, partially or entirely excluding the existing shareholders' subscription rights, and to set the detailed issue conditions in agreement with the Supervisory Board. The Supervisory Board is authorised to adopt changes to the articles of association that are due to the issuance of shares from the authorised capital.

Convertible bonds

A resolution passed at the 16th Annual General Meeting on 7 July 2010 authorised the Management Board upon approval by the Supervisory Board to issue convertible bonds in accordance with § 174 (2) AktG (Austrian Stock Corporation Act) at a maximum nominal value of TEUR 100,000 (in several tranches) until 6 July 2015, to set the issue conditions and the conversion ratio and to exclude the existing shareholders' subscription rights. This authorisation may be exercised as a whole or in parts.

Conditional capital increase

A resolution was passed at the 16th Annual General Meeting on 7 July 2010 to perform a conditional capital increase in accordance with § 160 (2) AktG (Austrian Stock Corporation Act) and to grant stock options and conversion rights to creditors of convertible bonds by a nominal amount of TEUR 14,245 by issuing up to 12,950,000 new common bearer shares. Furthermore, the Management Board was authorised to set the further details of the conditional capital increase. The Supervisory Board is authorised to adopt changes (due to the issuance of shares from the conditional capital increase) to the articles of association. The new issued shares resulting from the conditional capital increase carry the same dividend as the shares traded on the stock exchange at the date of the issue.

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Treasury shares

At the 16th Annual General Meeting on 7 July 2010, the Management Board in accordance with § 65 (1) 8 AktG (Austrian Stock Corporation Act) was once again authorised, if not yet exercised, to acquire treasury shares of up to 10% of the share capital within 30 months as of the date the resolution was passed (the purchase price per no-par value share to be acquired shall not be below EUR 1.10 and shall not exceed EUR 110) and to retract the treasury shares acquired without an additional shareholders' resolution, or to use them for the Group's stock option plan. The Supervisory Board is authorised to pass amendments to the articles of association, which result from the retraction of shares.

Since 15 May 2006, the Group has purchased a total of 2,632,432 treasury shares at the prevailing market price amounting to a total of TEUR 47,484. In the financial year 2010/11 shares were neither sold nor used for servicing the Company's stock option plan. At 31 March 2011 (unchanged to prior year) the Group still holds 2,577,412 treasury shares (9.95% of the share capital) with a total purchase price of TEUR 46,577. The change in treasury shares (net of tax) in the financial year 2010/11 exclusively relates to taxes attributable to this equity instrument.

At the 16th Annual General Meeting on 7 July 2010 the Management Board in accordance with § 65 (1b) AktG was authorised, for a period of five years as of the date the resolution was passed, i.e. up to and including 6 July 2015, upon approval by the Supervisory Board, to sell the purchased treasury shares also in a different way than through the stock exchange or public offer, in particular to service stock options, convertible bonds, as consideration for the acquisition of companies, investments or other assets, and for the sale by means of an accelerated book-building procedure. In doing so, the subscription rights of existing shareholders' may be excluded in accordance with §§ 169 to 179 AktG, and the authorisation exercised in its entirety or in several parts.

Dividend per share

In the financial year 2010/11 a dividend of EUR 0.10 was paid per share (in the financial year 2009/10 EUR 0.18).

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23. Other reserves

The reclassification amounts of other comprehensive income realised in the profit for the year and the movement in other reserves are as follows:

(in EUR 1,000)	Currency transla- tion differences	Financial assets available for sale	Hedging instruments for cash flow hedges	Other reserves
Carrying amount at 31 March 2009	537	24	--	561
Balance of unrealised chan- ges before reclassification, net of tax	(2,060)	19	(299)	(2,340)
Transfer of realised changes recognised in the profit for the year, net of tax	219	--	--	219
Carrying amount at 31 March 2010	(1,304)	43	(299)	(1,560)
Balance of unrealised chan- ges before reclassification, net of tax	(10,777)	1	238	(10,538)
Reclassification of realised changes recognised in the profit for the year, net of tax	--	--	66	66
Carrying amount at 31 March 2011	(12,081)	44	5	(12,032)

With regard to the presentation of income taxes attributable to the individual components of other comprehensive income, including reclassification amounts, reference is made to Note 7 "Income taxes".

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VI. Other Disclosures

24. Earnings per share

Earnings per share is calculated in accordance with IAS 33 “Earnings Per Share”.

Weighted average of outstanding shares

The number of shares issued is 25,900,000, At 31 March 2011 2,577,412 treasury shares were held, which were deducted in the calculation of earnings per share.

The weighted average number of outstanding shares for the basic earnings per share calculation amounted to 23.3 million in the financial year 2010/11 and to 23.3 million in the financial year 2009/10.

The weighted average number of outstanding shares for the diluted earnings per share calculation amounted to 23.4 million in the financial year 2010/11 and to 23.4 million in the financial year 2009/10.

The following table shows the composition of the diluted weighted average number of outstanding shares in the respective periods:

(in 1,000)	Financial year	
	2010/11	2009/10
Weighted average number of shares outstanding - basic	23,323	23,323
Diluting effect of options	121	71
Weighted average number of shares outstanding - diluted	<u>23,444</u>	<u>23,394</u>

Basic earnings per share

Basic earnings per share are calculated by dividing the profit for the period attributed to the equity holders of the Company by the weighted average number of outstanding ordinary shares of the same period.

	Financial year	
	2010/11	2009/10
Profit for the year (in EUR 1,000)	35,168	(37,271)
Weighted average number of outstanding shares - basic (in 1,000)	23,323	23,323
Basic earnings per share (in EUR)	1.51	(1.60)

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Diluted earnings per share

Diluted earnings per share are calculated by dividing the profit for the period attributed to the equity holders of the Company by the weighted average number of outstanding shares including the number of potentially outstanding ordinary shares of the respective period. Potentially outstanding ordinary shares comprise the additional shares to be issued for exercisable options and are included in diluted earnings per share under the assumption that these shares are diluted.

	Financial year	
	2010/11	2009/10
Profit for the year (in EUR 1,000)	35,168	(37,271)
Weighted average number of outstanding shares - diluted (in 1,000)	23,444	23,394
Diluted earnings per share (in EUR)	1.50	(1.59)

According to IAS 33 the treasury shares which are held to fulfil the stock option plan do not dilute the outstanding shares.

25. Proposal on profit distribution

According to the provisions of the Austrian Stock Corporation Act (“Aktengesetz”) the local financial statements of AT & S Austria Technologie & Systemtechnik Aktiengesellschaft as of 31 March 2011 prepared under Austrian GAAP serve as the basis for the distribution of dividends. These financial statements report retained earnings amounting to TEUR 24,755 at 31 March 2011 (TEUR 14,144 at 31 March 2010).

The distribution is subject to the approval of the General Meeting. The Management Board proposes to the General Meeting to distribute a dividend of EUR 0.36 per outstanding share from the retained earnings of TEUR 24,755, and to carry forward the remaining balance.

26. Material events after the balance sheet date

Establishment of AT&S (Chongqing) Company Limited

Already on 1 March 2011, an agreement was signed between the Group and the competent authority in Chongqing, Western China, on the purchase of usage rights relating to a property of approximately the same size as the plant in Shanghai. According to the respective resolutions and authorisations by the Management Board and Supervisory Board, the application for registration of AT&S (Chongqing) Company Limited was filed with the authority in China on 1 April 2011. The business license required for commencement of operations was obtained on 8 April 2011. The extension of the HDI plant in Chongqing will be carried out gradually, and the respective stage of expansion will be based on market demand and technological developments. First it is planned to construct buildings and infrastructure, for which an approximate EUR 50 million is estimated.

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Establishment of a business-unit structure

In April 2011 the Management Board, with the approval of the Supervisory Board, decided to develop the organisational structure in order to enhance flexibility in the Group and to better align operating processes with customer needs. For the purpose of strengthening market orientation, three business units – Mobile Devices, Industrial & Automotive Solutions and Embedded Component Packaging – shall be established. The new organisational structure is designed to allocate as many operating group functions as possible to the business units in order to align business processes with the specific needs of the individual business segments. Furthermore, by doing so, optimisations and efficiency increases are to be achieved in order to implement an organisational form in line with the growth strategy of the Group. From today's perspective, no restructuring expenses or other non-recurring expenses are expected to be incurred in connection with this organisational alignment. In the course of establishing the business unit structure it is planned, among other things, to adjust the internal reporting system, which will have a corresponding impact on external segment reporting.

27. Related party transactions

In connection with various projects the Group received services from consulting companies, which are held by the chairman of the Supervisory Board (AIC Androsch International Management Consulting GmbH, Vienna) as well as by Supervisory Board members (Dörflinger Management & Beteiligungs GmbH, Vienna, and Rechtsanwälte Riedl & Ringhofer, Vienna) respectively. The fees charged are as follows:

(in EUR 1,000)	Financial year	
	2010/11	2009/10
AIC Androsch International Management Consulting GmbH	411	365
Rechtsanwälte Riedl & Ringhofer	11	--
Dörflinger Management & Beteiligungs GmbH	2	10
	<u>424</u>	<u>375</u>

At the balance sheet date, there are no outstanding balances or obligations to the above-mentioned consulting companies.

Furthermore, in the past parts of the manufacturing processes outsourced by AT&S Korea were performed by related parties and amount to TEUR 0 in the financial year 2010/11 (2009/10: TEUR 7).

Members of the Management Board and the Supervisory Board

In the financial year 2010/11 and until the date of issuance of these consolidated financial statements the following persons served on the **Management Board**:

- Andreas Gerstenmayer (Chairman)
- Heinz Moitzi
- Steen Ejlskov Hansen (until 8 October 2010)
- Thomas Obendrauf (since 29 October 2010)

In the financial year 2010/11 the following persons were elected members of the **Supervisory Board**:

- Hannes Androsch (Chairman)

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- Willibald Dörflinger (Deputy Chairman)
- Karl Fink
- Albert Hochleitner
- Gerhard Pichler
- Georg Riedl

Delegated by the **Works Council**:

- Wolfgang Fleck
- Johann Fuchs
- Günther Wölfler

The number of granted stock options and personnel expenses from stock options granted are as follows:

	Number of granted stock options 31 March		Personnel expenses Financial year (in EUR 1,000)	
	2011	2010	2010/11	2009/10
	Andreas Gerstenmayer	40,000	--	112
Heinz Moitzi	120,000	120,000	297	61
Thomas Obendrauf	6,000	--	15	--
Steen Ejlskov Hansen	90,000	120,000	582	61
Harald Sommerer	--	160,000	216	178
Total Management Board	256,000	400,000	1,222	300
Total other executive employees	120,000	115,000	328	69
	<u>376,000</u>	<u>515,000</u>	<u>1,550</u>	<u>369</u>

The stock options of Steen E. Hansen vested at the retirement date (expiration of employment contract) on 31 January 2011 and are exercisable until 31 January 2012 at the latest. In addition, reference is made to the comments on the stock option programs under Note 15 "Trade and other payables".

Total remuneration to the members of the Management Board and executive employees attributable to the financial year:

(in EUR 1,000)	Financial year 2010/11			Financial year 2009/10		
	fixed	variable	total	fixed	variable	total
Andreas Gerstenmayer	393	299	692	58	--	58
Heinz Moitzi	308	236	544	314	--	314
Thomas Obendrauf	143	119	262	--	--	--
Steen Ejlskov Hansen	365	1,999	2,364	365	--	365
Harald Sommerer	--	394	394	457	423	880
Executive employees	3,166	1,135	4,301	2,917	--	2,917
		<u>8,557</u>				<u>4,534</u>

The variable compensation in the financial year 2010/11 of Steen E. Hansen includes primarily, and the variable compensation in the financial year 2009/10 of Harald Sommerer relates exclusively to contractual termination benefits and settlements of other claims in connection with the early termination of the management contracts. In addition, the variable compensation in the

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financial year 2010/11 of Steen E. Hansen and of Harald Sommerer includes the cash settlement for exercised stock options.

Expenses for termination benefits and retirement benefits for members of the Management Board and executive employees are as follows:

(in EUR 1,000)	Termination benefits		Retirement benefits	
	Financial year		Financial year	
	2010/11	2009/10	2010/11	2009/10
Management Board and executive employees	350	423	225	473

Total remuneration for services rendered personally by members of the Supervisory Board attributable to the financial year and proposed to the Annual General Meeting:

(in EUR 1,000)	Financial year 2010/11			Financial year 2009/10		
	fixed	variable	total	fixed	variable	total
Hannes Androsch	34	15	49	16	--	16
Willibald Dörflinger	27	7	34	9	--	9
Karl Fink	24	7	31	10	--	10
Albert Hochleitner	24	7	31	11	--	11
Gerhard Pichler	25	7	32	9	--	9
Georg Riedl	24	7	31	11	--	11
Erich Schwarzbichler	--	--	--	2	--	2
	158	50	208	68	--	68

Shareholdings of members of the Management Board and the Supervisory Board at 31 March 2011:

	Shares	Options	Total shares and options	% capital
Management Board members	1,672	256,000	257,672	1.00
Supervisory Board members:				
Hannes Androsch	445,853	--	445,853	1.72
Other members of the Supervisory Board	28,412	--	28,412	0.11
Total Supervisory Board members	474,265	--	474,265	1.83
Private foundations:				
Androsch Privatstiftung	5,570,666	--	5,570,666	21.51
Dörflinger Privatstiftung	4,574,688	--	4,574,688	17.66
Total private foundations	10,145,354	--	10,145,354	39.17
	10,621,291	256,000	10,877,291	42.00

28. Expenses for the group auditor

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The expenses of the financial year for the group auditor are as follows:

(in EUR 1,000)	Financial year	
	2010/11	2009/10
Audit of consolidated and separate financial statements	132	133
Other assurance services	11	13
Other services	9	14
	<u>152</u>	<u>160</u>

This item does not include expenses for other network members of the group auditor, e.g. for the audit of financial statements of subsidiaries or tax consulting services.

29. Number of staff

Average number of staff in the financial year:

	Financial year	
	2010/11	2009/10
Waged workers	5,643	4,345
Salaried employees	1,344	1,271
	<u>6,987</u>	<u>5,616</u>

The calculation of the number of staff includes an average of 3,624 leased personnel for the financial year 2010/11 and an average of 2,486 for the financial year 2009/10.

Leoben-Hinterberg, 9 May 2011

The Management Board

Andreas Gerstenmayer m.p.

Heinz Moitzi m.p.

Thomas Obendrauf m.p.

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GROUP MANAGEMENT REPORT

Group Management Report 2010/11

1. Company profile

AT&S is one of the market leaders worldwide and the largest manufacturer of printed circuit boards in Europe and India. The plant in Shanghai is the largest plant in China specializing in HDI technology. The product portfolio of AT&S includes single-sided, double-sided, multi-layer, HDI (High Density Interconnection, a multi-layer printed circuit board with extremely fine structures), flexible, rigid-flexible and semi-flexible types of printed circuit boards. The service spectrum includes various technologies for the treatment of printed circuit boards using various base materials.

Over time, mobile phones developed into multimedia devices with GPS, camera, TV and other supplementary functions. Thus, the mobile devices segment, apart from mobile phones, also includes digital cameras, music and video players, etc. Increasing demand for technologically complex components is also observed in the industrial segment, which in particular comprises industrial electronics, measurement and control technology, medical technology, aviation applications and industrial computers. Usually, in this area many small orders involving different technologies and specifications have to be processed. The complexity of printed circuit boards also rises in the automotive segment due to the ever more efficient electronics used in automobiles and the need for more highly integrated systems, among other things, to increase safety and information for the driver. In addition to standard printed circuit boards, HDI technology becomes more common. The trend towards miniaturization and more complex components generally characterizes the technological challenges for printed circuit board manufacturers.

From manufacturing plants in Europe and Asia as well as a distribution network spanning four continents, AT&S supplies internationally operating corporations. At the same time, AT&S also serves the demand from smaller companies and produces prototypes and small series. With its current production capacities, AT&S is able to service the volume production existing mainly in Asia, as well as the European niche business. The products are sold directly to original equipment manufacturers (OEM) and contract electronic manufacturers (CEM).

AT&S is also technologically one of the leading printed circuit board manufacturers. The excellent performance in the area of research and development is an important prerequisite for that. AT&S is working in networks of customers, suppliers and research institutions on the latest innovative techniques. In addition, the Company has profound long-term experience in the area of industrial large series production. The ongoing optimization of the business processes is one of the major core elements of the corporate strategy.

The core business of AT&S is the development and manufacture of printed circuit boards for large and small series as well as prototypes. The printed circuit board are designed and manufactured according to customer specifications. In order to provide customers with a comprehensive service range and to strengthen the own market position, AT&S also offers design services. With the embedding technology, AT&S will be able to offer also mounting and chip packaging services in the future.

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2. Business development and climate

In the past financial year 2010/11 the effects of the economic crisis could only be slightly felt. Compared to the prior year, the global circuit board production increased by approx. 24% to USD 51 billion, with the production in China experiencing an increase of almost 30% and in Europe of approx. 21%. Thus, the production volume in Europe, however, did not reach the level prior to the crisis. Due to the high share of sales of the mobile devices segment, the overall business of the AT&S Group is subject to seasonality, as a result of which the first and fourth quarter are usually characterized by a low utilization, and the second and third quarter of the financial year by a very good utilization.

Already in the first quarter of the financial year 2010/11 the upward trend after the economic crisis continued and, as a result, quarterly sales increased again by EUR 14.3 million or 14% over the fourth quarter of the previous financial year. This even means an increase of EUR 30.7 million or 37% over the comparison period of the previous year, reaching the sales level of before the crisis already in the first quarter. In the second quarter, sales increased by an additional 13% to EUR 128.7 million and reached a similar level also in the third quarter, and some customer deliveries had been shifted to the fourth quarter, recording even higher sales than the third quarter.

For the entire financial year 2010/11, revenue increased by EUR 115.8 million or 31% to EUR 487.9 million year-on-year. With this figure, the decline of the previous financial year was more than offset and even exceeded the record year 2007/08 before the crisis.

From a geographical or segment perspective, the increase in production over the previous year was particularly significant in Asia. As a result of the general price pressure and the industry trend, the production capacities of AT&S in Asia were expanded in the past years and volume orders in the area of mobile devices were increasingly shifted to China. After comprehensive restructuring measures in the previous financial year designed to secure sustained profitability, the volume production of the Leoben-Hinterberg location was completely shifted to Asia. In addition, the production capacities particularly in China and India were further increased. As a result, the Asian share of sement net sales in total sales is already 69% in the financial year 2010/11 (67% in the prior year). The Europe segment, not least due to market adjustments, also showed a significant improvement in production utilization. Regarding the increase in segment sales of 25% year-on-year, it has to be taken into account that the second restructuring phase in Leoben-Hinterberg took place towards the end of the first quarter of the previous financial year and thus only smaller production capacities have been available in Europe since then.

Mobile devices with revenues of EUR 271.4 million and a share in sales of 56% (prior year: 59%) is still by far the largest business segment of the AT&S Group. This equals an increase of 23% year-on-year. In line with AT&S's strategy to focus, among other things, on the more profitable high-end segment, declines in sales resulted particularly with customers focusing on the low-cost segment. However, as a result of further gains in market shares in the high-technology segment, the share in sales of mobile devices almost reached the prior-year figure.

The industrial segment, with a share in sales of almost 31%, is gaining ever more importance. At EUR 153.1 million, prior-year sales were exceeded significantly by EUR 48.0 million or 46%. The third largest business segment, automotive, with an increase of 46% year-on-year also records a strong growth. Project-related sales in the service business declined further due to the termination of various activities in this area and new business areas are still being developed.

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With regard to the breakdown of revenue by country, the long-term trend of shifting the industry from Europe to Asia is noticeable. Due to changes in the customer structure and particularly in product allocations of OEM and CEM, revenue generated from manufacturers in Canada, the USA and Mexico gained further importance. This development was noticed already in the previous financial year and thus the share in sales already amounts to 25% versus 19% in the previous year, whereas the share to Asia declined from 34% to 27%. Sales with European customers also showed a very positive development and increased proportionally year-on-year, in Germany even overproportionally in relation to the development of group sales.

Based on the significantly higher revenues, the gross profit of EUR 89.8 million doubled year-on-year and the gross profit margin increased from 12.1% to 18.4%. This positive margin development is due to the very good utilization of production capacities both in Austria and in Asia and the related degression effects on fixed costs. In the previous financial year, considerable overcapacities existed particularly in the first quarter and, as a result, the Leoben-Hinterberg location even recorded a negative gross profit.

Based on the higher gross result, the operating result is affected by lower non-recurring effects and thus improved from a negative prior-year figure of EUR -25.6 million by EUR 72.1 million to EUR 46.5 million. The operating result adjusted for non-recurring items of EUR 49.2 million in the financial year 2010/11 also shows a significant increase over the adjusted prior-year figure of EUR 11.0 million. The adjusted EBIT margin is 10.1% and with an increase of 7 percentage points more than tripled over the prior-year figure calculated in the same way.

Looking at the segment results, a significant increase can be noticed year-on-year both in Europe and in Asia, with the Europe segment in particular having been affected in particular by restructuring expenses in the previous year. The adjusted segment EBIT (operating result before non-recurring items) relevant for measuring the performance, increased for Asia by EUR 17.0 million to EUR 39.4 million and for Europe even by EUR 23.9 million to EUR 18.0 million.

At the balance sheet date 31 March 2011, consolidated equity amounts to EUR 229.8 million and increased EUR 21.0 million year-on-year. The increase is due in particular to the clearly positive profit for the year of EUR 35.0 million, with the currency translation differences in equity having an adverse effect on consolidated equity particularly in the last quarter of the past financial year. Despite the clearly positive profit for the year also in the fourth quarter, consolidated equity decreased compared to EUR 247.2 million at the end of the third quarter. The equity ratio of 40% at the balance sheet date equals a reduction of around 3 percentage points compared to the previous balance sheet date and continues to show a strong equity position.

In the financial year 2010/11, net debt of the AT&S Group increased by EUR 45.7 million to EUR 193.7 million and thus to a comparably small extent in relation to investment activities. Due to the high operating cash flow of 70.7 million, the major part of investment expenses of EUR 115.3 million could be funded through current operations. The remaining portion was covered by corresponding borrowings. According to the expansion phase, the gearing ratio amounts to 84% at the balance sheet date and thus exceeds the prior-year figure of 71%, with the currency translation differences in equity having an adverse effect on this ratio in the financial year 2010/11. For details on the calculation method of the ratios and additional explanations, reference is made to the notes to the consolidated financial statements, section "II. Risk report".

Under the investing activities of AT&S, additions to property, plant and equipment and intangible assets totalled EUR 133.4 million in the financial year 2010/11. The investments primarily relate to

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the completion of the existing plant in China and the construction of a second plant in India, but also equipment for new technologies and innovation projects in the Austrian plants.

On an annual average, AT&S had 6,987 employees (including leased personnel) in the financial year 2010/11 and thus 1,371 more than the prior-year average (2009/10: 5,616). The headcount increased mainly due to the expansion of the locations in China and India, but also at the Austrian locations the headcount increased again as a result of the better utilization. The shifting of the headquarters from Vienna to the Company's domicile, which was decided and implemented in the past financial year, was accompanied by a social plan. Regarding new joiners, the transfer of knowledge was accomplished through adequate handover and training phases.

Well trained and motivated staff is a key factor in keeping up with international competition. Therefore, AT&S pays special attention to training and education programs which are designed to promote intercultural skills in addition to professional competencies. In technical trainings, intercultural trainings and special management and executive development programmes AT&S staff is adequately prepared for current and future challenges. In order to promote young talent apprentices are trained in five different fields of specialization in Austria, and in India AT&S is heavily involved in a training program for industrial workers.

A transparent and performance-oriented compensation system promotes the entrepreneurial thinking and acting of staff. Since the financial year 2010/11, the bonus system has been based on the key ratios "cash earnings" and "ROCE" and thus has been revised over the previous years. The inclusion of the cash earnings ratio is also in line with AT&S's dividend policy of the previous years.

Sustained management and economical use of available resources are of the highest priority for AT&S. AT&S combines the three factors quality – environment – human being in an integrated management system. This uniform body of regulations is based on the international quality standard ISO 9001, ISO/TS 16949 (quality management of the automotive industry), the environmental standard ISO 14001, as well as on the standard OHSAS 18001 for the area of safety and health. Regular internal audits and inspections by independent third parties confirm the compliance with the management system for the financial year 2010/11. In addition to the already existing inclusion of all AT&S plants in the integrated management system, the manufacture of SMT (surface mount technology) in South Korea was certified according to ISO 9001 and ISO/TS 16949.

Of particular concern are the safety, health and performance of AT&S staff. Related activities conducted worldwide are in line with the safety and health management system OHSAS 18001. The long-term success of the numerous programs shows in the reduction of the accident rate by 43% over the year 2008.

With regard to environmental protection, it has to be noted that AT&S as one of the first printed circuit board manufacturers implemented the environmental management according to ISO 14001 already in the financial year 1996/97. Since AT&S takes environmental protection measures far beyond the statutory minimum requirements, AT&S is even regarded as a pioneer in environmental matters by certification authorities. So, for instance, AT&S China received the "Long-term Partnership Enterprise in Promoting Environmental Protection" award from the Shanghai Environmental Protection Bureau, and AT&S India received the Elcina-Dun&Bradstreet award in the category "Environment Management Systems".

The economical use of resources is a key goal in the continuous improvement of products, procedures and processes. Current projects involve the sustained annual reduction of CO₂ emissions per printed circuit board in all plants, a photovoltaic plant at the Leoben-Hinterberg location for electricity

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generation, innovative wastewater treatment plants at the Shanghai and Nanjangud locations as well as the introduction of new technologies for the regeneration of chemicals and recycling of printed circuit board scrap. The main raw materials used in the financial year 2010/11 included approx. 1,010 kg of gold (2009/10: 880 kg), 2,400 tons of copper (2009/10: 1,600 tons), 11.3 million m² of laminates (2009/10: 8.5 million m²) and approx. 47,300 tons of different chemicals (2009/10: 35,800 tons). The electricity demand in the financial year 2010/11 amounted to around 252 GWh (2009/10: 203 GWh).

Regarding material events after the balance sheet date, reference is made to the disclosures in the notes to the consolidated financial statements, Note 26 "Material events after the balance sheet date".

3. Subsidiaries and representative offices

- In order to meet the growing capacity demands and the shift of mass production in the highest technology segment, capacities were continuously created at the wholly owned subsidiary AT&S (China) Company Limited already in the previous financial years. Due to the increased demand, the expansion activities were accelerated in the financial year 2010/11 and in the third quarter the eleventh HDI production line was put into operation. Furthermore, the complete expansion of this location was started, which is scheduled to be concluded with the construction of two additional production lines by the second half of the following financial year 2011/12. As a result of the availability of additional capacities already in the financial year 2010/11, a significant increase in sales and profit was generated.
- At the AT&S Korea location, after a clear improvement in results in the previous financial year, the performance situation could be stabilized in the financial year 2010/11 despite declines in sales from local customers. After the successful implementation of comprehensive measures to improve the performance and cost structure, the customer structure in particular is currently being optimized. The increased focus of the plant on projects with European customers is expected to subsequently result in the desired sustainable income and an improvement in results already in the following financial year 2011/12.
- At AT&S India, the construction of the second plant was completed in the financial year 2010/11 and the expanded production was started. The capacity expansion, which was comprehensive in relation to the existing plant size, and the related production changes in addition to start-up losses also resulted in a reduction of the current profit. The currency development, which is unfavourable from a local perspective, also had a negative impact. A clear improvement in performance and profit is expected for the following financial year 2011/12.
- Chongqing, western China, was selected as the new production location towards the end of the financial year 2010/11. For further details, reference is made to the disclosures in the notes to the consolidated financial statements, Note 26 "Material events after the balance sheet date".

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4. Capital share structure and disclosures on shareholder rights

As of 31 March 2011, the registered capital of AT&S amounts to EUR 28,490,000 and is made up of 25,900,000 no-par value shares with a notional value of EUR 1.10 per share. The voting right at the annual general meeting is exercised according to no-par value shares, with one par-value share entitling to one vote. All shares are bearer shares.

Significant shareholdings in the group parent AT&S AG are as follows at the balance sheet date:

	<u>Shares</u>	<u>% Capital</u>	<u>% Voting rights</u>
Dörflinger Privatstiftung: Karl-Waldbrunner-Platz 1 A-1210 Vienna	4,574,688	17.66%	19.61%
Androsch Privatstiftung: Franz-Josefs-Kai 5 A-1010 Vienna	5,570,666	21.51%	23.89%

At the balance sheet date, 2,577,412 treasury shares (9.95% of the registered capital) are held. The authorization last granted on 7 July 2010 to the Management Board to repurchase up to 10% of the registered capital of AT&S AG on the market within 30 months is thus valid until 6 January 2013. The treasury shares may be used to service the stock option plan of the Company or they may also be sold.

Until 6 July 2015, the Management Board is authorized, with the approval of the Supervisory Board, to increase the registered capital by up to EUR 14,245,000 through the issue of up to 12,950,000 no-par value bearer shares, partially or entirely excluding the subscription rights of existing shareholders.

Until 6 July 2015, the Management Board is authorized, with the approval of the Supervisory Board, to issue convertible bonds of up to EUR 100,000,000, excluding the subscription rights of existing shareholders, if required. To grant subscription or exchange rights to the creditors of the convertible bond, the Management Board is authorized to increase the registered capital by up to EUR 14,245,000 through the issue of up to 12,950,000 new bearer shares.

For further details, reference is made to the disclosures in the notes to the consolidated financial statements, Note 22 "Share capital".

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5. Research and development

Within AT&S, research and development (R&D) is the driving force in the identification of new and development of applied technologies. Through sustained successes, AT&S managed to achieve the position of technology leader in the high-end printed circuit board manufacture.

AT&S has a two-step innovation process. In the research facilities of the also technological headquarters Leoben-Hinterberg, in addition for the HDI technology also at the Shanghai location, the developments in the areas of materials, processes and applications are conducted to the point where the basic feasibility of the technology is reached. This area of activity thus includes applied research and technology evaluation. Subsequently, it is up to the local department for technology development and implementation in the plants to advance the processes and products through experimental development and to integrate new processes in the existing production process so that an optimized output can be produced.

In order to maintain its position among the global technology leaders also in the future, AT&S is cooperating with numerous external partners. On the one hand, requirements and ideas for future products are communicated by customers, and on the other hand, AT&S derives new technologies from future applications, such as for instance the Embedding Component Packaging technology (ECP[®] technology). In addition to the own resources, cooperations are also entered into with research institutions or suppliers, if required.

The research activities in the financial year 2010/11 can be grouped into four project packages:

In the area “high-end HDI”, AT&S pursues a number of advancement projects, such as finer conductor track geometries and reduction of printed circuit board thickness for further miniaturization, furthermore the development of new production processes to manufacture new products, as well as to replace existing processes by more cost-effective alternatives. In order to open up new possibilities, among other things, a cooperation agreement was concluded with Panasonic in the past financial year to use the ALIVH[®] (Any Layer Interstitial Via Hole) technology.

Made in Austria” relates to a variety of projects to make the printed circuit board manufacture more flexible and effective, and thus also be able to competitively produce smaller volumes and more complex products in the Austrian plants. For instance, due to massive process simplifications, the 2.5D[™] technology represents a high-end solution for various requirements and was nominated also for the “Fast Forward Award” among the three best new technologies in Styria. The thermal management research project has the objective to discharge thermal energies from the printed circuit board also through the printed circuit board, in order to increase the performance and life span of the printed circuit board itself and of the components. Furthermore, the application of ink-jet printing as opposed to the current standard screen printing is examined already in first test phases.

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GROUP MANAGEMENT REPORT

The “embedded component packaging technology” is designed to embed the active and passive electronic components into the interior of the printed circuit board. Among other things, in a perennial Hermes research project, headed by AT&S and funded by the EU, an industry standard for the embedding of chips into the interior of the printed circuit board was and is successfully worked out in cooperation with ten other prominent companies. In the past financial year 2010/11, AT&S, as one of the first manufacturers worldwide, succeeded in making this technology ready for series production. High expectations are associated with this growth market and, therefore, a separate business segment was defined for this technology in the development of the organisational structure of AT&S.

In the project package “photovoltaics”, synergies of processes to manufacture printed circuit boards and the manufacture of photovoltaic panels are used to produce a technologically new product. In doing so, AT&S focuses on the development and production of energy-efficient, back-contacted photovoltaic panels in cooperation with the solar cell manufacturer Solland Solar, with AT&S mainly focussing on the engineering of the interconnection technology and the development and supply of the so-called back contact sheet.

Total expenses for research & development amounted to EUR 28.3 million in the financial year 2010/11 over EUR 20.7 million in the previous year. In relation to sales, this corresponds to a ratio of 5.8% or 5.6% in the previous year.

6. Material risks, uncertainties and opportunities

The risks, uncertainties and opportunities of AT&S are basically characterized by the global developments on the printed circuit board market. The material risks and uncertainties the AT&S Group specifically is faced with are explained in the notes to the consolidated financial statements under “II. Risk report”.

Regarding market and technology, it can be noted that the trend towards increased functionality of devices and the penetration of electronic systems into our daily lives continues. In the entire mobile devices segment, AT&S has already consistently focused on the high-end segment. In addition to smartphones and tablet PC, this segment also includes other products such as game consoles, digital cameras and portable music players and will continue to be regarded as growth driver in the coming years. With its capacities, manufacturing technologies and highest quality standards, AT&S is able to globally service the most renowned providers of these products worldwide. Uncertainties and opportunities depend on the market development itself as well as the extent to which the Company will be able to distinguish itself successfully from competitors.

The industrial market is characterised by various technology requirements from a variety of customers. Utmost flexibility and the ability to adjust very quickly to changing specifications and technologies constitute a basic requirement to be successful in this segment. The Austrian plants of AT&S in particular are very well prepared for these requirements to constantly advance technologies and projects with the customers. In India, the possibility exists to produce longer-term projects cost-effectively. These special plant focuses, complemented by AT&S Korea for the manufacture of flexible printed circuit boards, furthermore additional demand potentials, for instance in medical technology, present a comprehensive range of potential opportunities for AT&S.

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GROUP MANAGEMENT REPORT

In the automotive segment, further opportunities for growth arise for AT&S due to the growing electronic portion and the demand for higher integrated systems and the more complex, higher-quality printed circuit boards required for that. In one of the most successful years of the global automobile industry, AT&S in the reporting financial year managed to take the lead among printed circuit board suppliers also in this market. Current trend areas, such as security, information, environment and the general worldwide desire for increasing mobility, provide AT&S with further opportunities for growth also in this market.

The strong capitalization, the technological top position and the positioning of AT&S through the combination of locations in Austria and Asia are considered an advantage over competitors. The European and the American market can be serviced by swift production and short delivery terms of the Austrian plants as well as low-cost production capacities in Asia. For the global market, the Group has long years of experience in the HDI technology, and the plant in Shanghai is not only the largest plant of the AT&S Group, but actually the largest plant in China specializing in HDI technology. As a result of the current extension of the existing plants and the construction of an additional plant in China (Chongqing) and, accordingly, additional capacities, ample opportunities arise for sales and profit increases.

Regarding the use of financial instruments and the explanation of the financial risk management, reference is also made to the risk report in the notes to the consolidated financial statements. With regard to currency risks, from the group perspective, the impact on the operating result of AT&S was reduced by the fact that, in addition to the dependence of sales on the US dollar, the production capacities have also been established largely in the extended US dollar area. Apart from residual effects on the financial result, currency fluctuations of the functional currencies in the Group against the reporting currency euro are recognized mainly in equity. Not least due to the appreciation of the euro in the fourth quarter, the designated maximum value of net gearing of 80% was somewhat exceeded. After the current expansion phase, the target value of 80%, however, is expected to be reached or undercut again in the medium term.

7. Internal control system and risk management relating to accounting

AT&S has adopted a code of ethics and conduct which sets out how AT&S conducts its businesses in an ethical and socially responsible manner. These guidelines apply to all activities worldwide, with each employee being responsible to comply with this code without exception in the performance of his profession and the daily work. For certain regions, countries and functions, even stricter and more detailed regulations may apply.

The accounting-related internal control and risk management system is an integral part of the group-wide risk management system. According to the framework concept of COSO (The Committee of Sponsoring Organization of the Treadway Commission), under the concept of company-wide risk management, the risk management proper as well as the internal control system (ICS) are subsumed. The main criteria of the risk management, the internal control system and the internal audit in the AT&S Group are specified in a company-wide risk management and audit manual. Reference is also made to the disclosures in the notes to the consolidated financial statements under "II. Risk report".

**AT&S AUSTRIA TECHNOLOGIE & SYSTEMTECHNIK
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GROUP MANAGEMENT REPORT

In terms of organizational structure, a staff unit has been established directly with the Management Board, which coordinates or directs the risk management and internal control system across the Group, as well as the activities of the internal audit. According to the rules of procedure for the Management Board, the staff unit reports to the Chief Financial Officer (CFO). Special areas of responsibilities of the Supervisory Board's audit committee also include monitoring the effectiveness of the internal control system, the internal audit and the risk management system, as well as monitoring the accounting process. In addition to including the audit committee in the accounting process in the quarterly reporting, regular reporting is made to the audit committee on risk management and activities of the internal audit (risk and audit report). The audit committee in turn reports to the other members of the Supervisory Board.

The executives of AT&S as risk responsables are responsible for identifying, analyzing, controlling and monitoring risks in their respective area. In addition, the local management of the plants is responsible for the implementation of the risk management process in their areas of responsibility. Risk management coordinators in the group companies assist the group function in the collection and transmission of risk information. In terms of an efficient organization according to the company size, the organizational servicing of the internal control system is designed accordingly.

Based on business processes documented in the management manual, the related risks are described and assessed by the process responsables for each main and sub-process. In the risk assessment, basically all potentially negative factors that jeopardize the achievement of the objectives of an organization or a process have to be documented by the process owner. The control objectives for the financial reporting are derived from existing risks and allocated to the categories existence (only actually existing and approved business transactions are processed), occurrence/period accrual (representation of business transactions in the correct period or timely processing), completeness (business transactions, assets and liabilities are recognized completely), measurement (business transactions were calculated using appropriate measurement methods or correctly), rights & obligations (The company has economic ownership of assets and liabilities are actual obligations of the company), presentation & disclosure (disclosure in the financial statements and other reports), correctness of business transactions/data and access restriction (access to IT systems is restricted to process responsables).

The documentation of the internal controls (business processes, risks, control measures and responsables) is made principally in the form of control matrices, which are archived in a central management database. The accounting-related internal control system includes principles, procedures and measures to ensure the compliance of group accounting in terms of the control objectives described with financial reporting.

The processes of accounting and group accounting are documented in separate process instructions. Basis for the group reporting are the respective local accounts, which are transformed into a group-wide uniform reporting. The individual pre-accounting processes are as far as possible uniformly designed across the Group and are presented in a standardized documentation format. In addition to the group reporting, various local regulations have to be considered accordingly, resulting in additional requirements on the accounting processes.

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GROUP MANAGEMENT REPORT

The principles of group accounting and reporting are set out in the group-wide “Group Accounting Manual”. This manual regulates the significant accounting and reporting requirements across the Group in a uniform manner. In addition to the basic presentations on the accounting of individual business transactions and measurement guidelines based on IFRS, options applied uniformly across the Group are dealt with in particular. As for scheduling, a timetable is set up for the entire internal and external reporting which, apart from report deadlines, also includes the planned dates for the meetings of the Supervisory Board and audit committee, as well as press conferences.

At AT&S, the processes for group accounting and the preparation of the group management report are controlled by the Group Accounting/Group Finance department, which reports to the CFO. Laws, accounting standards and other announcements are continuously analyzed regarding the relevance and impact on the consolidated financial statements and other reporting requirements.

The collection, current entry and accounting of the business transactions is performed in the manufacturing group companies mainly through a uniform and central software solution of SAP. The individual business transactions and measurements can be entered in accordance with the group-uniform IFRS, as well as in accordance with local accounting regulations, in order to comply with these different requirements. At individual subsidiaries, in particular due to the smaller size, other software solutions are applied, which also comply with the group reporting requirements and local regulations. The central reporting software Oracle Enterprise Performance Management System is used for consolidation and group reporting. Automatic interfaces have been established for the transition of accounting data from the primary system to the group reporting software.

The internal financial reporting is made on a monthly basis, with the financial information of the subsidiaries being reviewed and analyzed at the group level by the Group Accounting department. The monthly budget/actual variance with corresponding comments on the plant results as well as the group result is reported internally to the executives of the Group and to the members of the Supervisory Board. At the end of the quarter, detailed reporting packages with all relevant accounting data on income statement, balance sheet, cash flow statement and the disclosures in the notes are submitted. These reporting packages form the basis for the external quarterly interim reporting and the annual reporting of the AT&S Group in accordance with IFRS.

The annual preparation of the budget is made by the Group Controlling department, which also reports to the Chief Financial Officer. Based on the quarterly results and current planning information, quarterly forecasts are drawn up during the year for the remaining financial year. The forecasts with comments on the budget comparison and presentations on the impact of opportunities and risks up to the end of the financial year are reported to the Supervisory Board. In addition to regular reporting, multiple-year planning, project-related financial information or calculations on investment projects are prepared and submitted to the Supervisory Board.

**AT&S AUSTRIA TECHNOLOGIE & SYSTEMTECHNIK
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GROUP MANAGEMENT REPORT

Monitoring the entire internal control system, and thus also with regard to the accounting system and financial reporting, is performed by the process-independent staff unit internal audit, which reports to the Chief Financial Officer. The scope of activities of the internal audit includes all functions and companies of the AT&S Group. Awarding audit contracts and dealing with the audit results are the responsibilities of the Management Board as a whole. The audit contracts are awarded by approval of the at least annually prepared audit plan or as a special assignment awarded by the Management Board. The audit plan and the results of the internal audits are reported to the audit committee of the Company.

8. Outlook

The increased use of electronic systems in our daily lives, the increase in the penetration rate of communication applications and the increased functionality of mobile end devices will result in a strong demand for high-quality printed circuit boards in the next financial year 2011/12. Due to the focus of AT&S on this high-end segment, management expects that AT&S will benefit more than proportionally from these developments. Overall, an annual increase in the Group's sales of 10% to 13% per year is assumed for the coming years, with the mobile devices segment expected to be the main growth driver.

In order to be able to meet the expected growth in the business segments of AT&S, the production capabilities in the AT&S Group are expanded and so investments of more than EUR 130 million are planned for the financial year 2011/12. The majority of the investment volume relates to the complete expansion of the existing plant in Shanghai and to the construction costs of the new plant in Chongqing attributable to the following financial year. In addition, investments are also planned for innovations at the Austrian locations.

With the additional capacities, management expects revenues of EUR 535 to 550 million for the financial year 2011/12, and thus an increase of around 10% or more over the past financial year. With regard to production costs, increase in raw material prices, wage costs and also depreciation according to the investments is currently expected. In turn, however, productivity gains and at some plants also performance improvements are expected, which leads to the assumption that the profit situation will remain at the currently high level despite the expected start-up costs for the new plant in Chongqing. Thus, for the entire financial year 2011/12, an EBIT margin of more than 9% is expected.

Leoben-Hinterberg, 9 May 2011

The Management Board:

Andreas Gerstenmayer m.p.

Heinz Moitzi m.p.

Thomas Obendrauf m.p.

**AT&S AUSTRIA TECHNOLOGIE & SYSTEMTECHNIK
AKTIENGESELLSCHAFT**

Auditor's Report

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of AT & S Austria Technologie & Systemtechnik Aktiengesellschaft, Leoben-Hinterberg, for the financial year from 1 April 2010 to 31 March 2011. These consolidated financial statements comprise the consolidated balance sheet as at 31 March 2011, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the financial year ending 31 March 2011, and the notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements and for the Accounting System

The Company's management is responsible for the group accounting and for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility and Description of Type and Scope of the Statutory Audit

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing, as well as in accordance with International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

**AT&S AUSTRIA TECHNOLOGIE & SYSTEMTECHNIK
AKTIENGESELLSCHAFT**

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of 31 March 2011 and of its financial performance and its cash flows for the financial year from 1 April 2010 to 31 March 2011 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

Comments on the Management Report for the Group

Pursuant to statutory provisions, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and whether the other disclosures in the management report for the Group do not give rise to a misstatement of the Group's financial position. The auditor's report also has to contain a statement as to whether the management report for the Group is consistent with the consolidated financial statements and whether the disclosures pursuant to Section 243a UGB are appropriate.

In our opinion, the management report for the Group is consistent with the consolidated financial statements. The disclosures pursuant to Section 243a UGB are appropriate.

Vienna, 9 May 2011

PwC Wirtschaftsprüfung GmbH
Wirtschaftsprüfungs- und
Steuerberatungsgesellschaft

signed:

Mag. Dr. Aslan Milla
Austrian Certified Public Accountant

We draw attention to the fact that the English translation of this auditor's report is presented for the convenience of the reader only and that the German wording is the only legally binding version.

**AT&S AUSTRIA TECHNOLOGIE & SYSTEMTECHNIK AKTIENGESELLSCHAFT
LEOBEN-HINTERBERG**

ANNUAL FINANCIAL REPORT AS OF 31 MARCH 2011

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**AT&S AUSTRIA TECHNOLOGIE & SYSTEMTECHNIK AKTIENGESELLSCHAFT
LEOBEN-HINTERBERG**

BALANCE SHEET AS OF 31 MARCH 2011

Assets	31 March 2011 EUR	31 March 2010 EUR	Equity and liabilities	31 March 2011 EUR	31 March 2010 EUR
A. Non-current assets			A. Equity		
I. Intangible assets			I. Share capital	28,490,000.00	28,490,000.00
Industrial property rights and similar rights, and licences thereto	2,331,910.39	1,758,989.25	II. Capital reserves		
II. Property, plant and equipment			Restricted	93,340,702.50	93,340,702.50
1. Land and buildings on land owned by others	167,382.55	235,847.23	III. Revenue reserves		
2. Machinery and technical equipment	13,923,086.82	13,052,520.97	1. Statutory reserve	2,849,000.00	2,849,000.00
3. Other assets, fixtures and furniture	1,598,767.64	1,556,371.50	2. Reserve for treasury shares	40,534,592.55	21,263,649.55
4. Prepayments	30,432.60	160,644.90	IV. Retained profit	24,754,662.80	14,143,889.47
III. Financial assets	15,719,669.61	15,005,384.60	<i>Retained profit at beginning of year</i>	<u>11,811,630.67</u>	<u>41,416,531.02</u>
1. Interests in Group enterprises	255,957,602.28	230,957,602.28		189,968,957.85	160,087,241.52
2. Loans to Group enterprises	43,407,127.36	49,306,446.05	B.		
3. Interests in associated companies	0,00	2,380.00	Grants from public funds	589,677.46	787,229.82
4. Securities held as non-current assets	92,003.81	92,003.81	C.		
5. Other loans and advances	1,919,616.52	1,386,737.35	Provisions		
	<u>301,376,349.97</u>	<u>281,745,169.49</u>	1. Provisions for severance benefits	8,242,509.34	7,474,919.13
B. Current assets	319,427,929.97	298,509,543.34	2. Provisions for pensions	984,609.00	968,021.92
I. Inventories			3. Provisions for taxes	775,541.00	363,521.02
1. Raw materials and supplies	5,183,408.33	3,907,928.07	4. Other provisions	<u>28,608,617.43</u>	<u>26,563,910.98</u>
2. Work in progress	3,079,460.79	2,760,919.31	D.	38,611,276.77	35,370,379.05
3. Finished goods and goods for resale	15,829,078.24	8,342,756.61	Liabilities		
	<u>24,091,947.36</u>	<u>15,011,603.99</u>	1. Loans	80,000,000.00	80,000,000.00
II. Receivables and other assets			2. Liabilities to banks	113,315,971.32	89,092,734.04
1. Trade receivables	47,370,242.26	46,285,148.11	3. Trade liabilities	9,259,015.23	7,748,230.96
2. Receivables from Group companies	29,213,449.97	14,549,380.76	4. Liabilities to Group enterprises	41,077,960.08	43,236,861.05
3. Other receivables and assets	6,546,805.89	7,927,232.57	5. Other liabilities	8,895,501.50	9,462,054.81
III. Securities and investments	83,130,498.12	68,761,761.44	<i>thereof taxes</i>	2,239,982.47	1,324,532.26
1. Other securities and investments	13,231,569.07	13,248,569.07	<i>thereof social security</i>	<u>1,076,975.52</u>	<u>1,063,071.14</u>
2. Treasury shares	40,534,592.55	21,263,649.55		252,548,448.13	229,539,880.86
	<u>53,766,161.62</u>	<u>34,512,218.62</u>			
IV. Cash and cash equivalents	462,816.80	8,119,343.56			
	<u>161,451,423.90</u>	<u>126,404,927.61</u>			
C. Accrued and deferred assets	839,006.34	870,260.30			
Total assets	<u>481,718,360.21</u>	<u>425,784,731.25</u>	Total equity and liabilities	<u>481,718,360.21</u>	<u>425,784,731.25</u>
			Contingent liabilities	24,290,063.58	9,127,646.63

**AT&S AUSTRIA TECHNOLOGIE & SYSTEMTECHNIK AKTIENGESELLSCHAFT
LEOBEN-HINTERBERG**

**INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2011**

	2010/11 EUR	2009/10 EUR
1. Revenues	360,408,221.56	267,112,022.69
2. Changes in inventories of work in progress and finished goods	724,241.61	-2,979,698.62
3. Own work capitalised	10,218.27	0.00
4. Other operating income		
a) Income from disposal of non-current assets excluding financial assets	153,511.55	1,532,639.03
b) Income from reversal of provisions	1,289,652.14	5,436,114.95
c) Other	31,530,172.33	24,901,877.01
5. Cost of materials and purchased services		
a) Materials	-264,050,092.26	-194,833,754.33
b) Purchased services	-14,012,987.65	-9,814,345.94
6. Staff costs		
a) Wages	-20,462,589.23	-17,984,649.32
b) Salaries	-29,635,026.79	-22,805,075.11
c) Expenses for severance benefits and employees' severance pay and pensions funds	-1,687,311.47	-1,865,067.58
d) Expenses for pensions	-512,119.71	-1,151,203.02
e) Expenses for social security contributions and other pay-related contributions and levies	-11,593,268.24	-11,743,334.42
f) Other staff benefits	-189,675.20	-186,373.56
7. Depreciation and amortisation		
a) Property, plant and equipment and intangible assets	-5,350,983.87	-5,908,528.44
b) less amortisation of investment grants	146,064.00	146,064.00
8. Other operating expenses		
a) Taxes, other than those disclosed under item 20	-165,817.80	-143,739.50
b) Other	-37,057,239.16	-29,194,043.22
9. Subtotal items 1 to 8 (operating result)	9,544,970.08	518,904.62
10. Income from investments	10,804,493.05	11,961,271.27
<i>thereof from Group enterprises</i>	<i>10,804,493.05</i>	<i>11,961,271.27</i>
11. Income from other securities and loans held as financial assets	2,042,368.23	2,527,347.64
<i>thereof from Group enterprises</i>	<i>2,037,304.23</i>	<i>2,527,347.64</i>
12. Other interest and similar income	518,780.81	607,470.72
<i>thereof from Group enterprises</i>	<i>92,319.52</i>	<i>0.00</i>
13. Income from disposal and write-up of financial assets and securities held as current assets	21,292,820.16	17,047,550.09
14. Expenses of financial assets and securities held as current assets		
<i>therof</i>	-559,515.99	-1,982,334.04
a) <i>Writedowns</i>	-17,000.00	-36,500.00
b) <i>Expenses of Group enterprises thereof writedowns</i>	-542,515.99	-1,945,834.04
	0.00	-1,579,735.00
15. Interest and similar expense	-10,184,442.39	-9,441,761.68
16. Subtotal items 10 to 15 (financial result)	23,914,503.87	20,719,544.00
17. Profit from ordinary activities	33,459,473.95	21,238,448.62
18. Extraordinary expenses	0.00	-33,262,558.98
19. Extraordinary loss	0.00	-33,262,558.98
20. Taxes on income	-1,245,498.82	-1,588,247.19
21. Profit/(loss) for year	32,213,975.13	-13,612,357.55
22. Valuation adjustment of reserve for treasury shares	-19,270,943.00	-13,660,284.00
23. Retained profit at beginning of year	11,811,630.67	41,416,531.02
24. Retained profit at end of year	24,754,662.80	14,143,889.47

**AT&S AUSTRIA TECHNOLOGIE & SYSTEMTECHNIK AKTIENGESELLSCHAFT
LEOBEN-HINTERBERG**

NOTES TO THE FINANCIAL STATEMENT AS OF 31 MARCH 2011

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NOTES TO THE FINANCIAL STATEMENT AS OF 31 MARCH 2011

1. GENERAL INFORMATION

The annual financial statements of AT & S Austria Technologie & Systemtechnik Aktiengesellschaft (hereafter AT&S for short) for the year ended 31 March 2011 have been prepared in accordance with the provisions of the Austrian Business Code (UGB), as amended. Generally accepted accounting practices and the general requirement to present as true and fair view of the assets, finances and earnings of the Company as possible have been complied with.

In particular, the going concern principle has been applied in the valuation of the Company's assets and liabilities, together with the principle of individual measurement. All recognisable risks and contingent losses have been recognised, in accordance with the principle of prudence. Only gains realised at balance sheet date have been recognised. There has been no change in the valuation policies applied.

Where appropriate, assets and liabilities have been disclosed as part of several different financial statement items.

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2. GROUP STRUCTURE

Since 31 March 1999 AT&S has fulfilled the function of parent company in the meaning of section 244 UGB.

In accordance with the provisions of section 245a UGB, consolidated financial statements in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS), supplemented by the explanations and notes required under company law are prepared, together with a consolidated management report.

AT&S is the ultimate parent company for the Group.

Advantage is taken of the exemptions provided under section 241(3) UGB.

Changes in the consolidated Group during the financial year were as follows:

- With the shareholders' resolution as of 30.11.2009 the interest in AT&S (China) Company Limited has been increased with EUR 25,000,000 up to EUR 136,893,000. In the financial year 2011 this increase has been converted from long-term loans, affiliated companies to investment in group enterprises..

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NOTES TO THE FINANCIAL STATEMENT AS OF 31 MARCH 2011

3. ACCOUNTING AND VALUATION POLICIES

3.1. Non-current assets

Property, plant and equipment and **intangible assets** are disclosed at cost of acquisition or construction, including incidental costs, net of depreciation and amortisation and impairment write downs.

Depreciation and amortisation is calculated on a straight-line basis, using the standard expected useful lives.

	Useful life
Intangible fixed assets	4-10 years
Buildings on land owned by others	12-50 years
Machinery and technical equipment	5-15 years
Other assets, fixtures and furniture	3-10 years

For additions during the first half of the year a full year's depreciation or amortisation is charged, for additions during the second half, half a year's depreciation or amortisation. For these purposes, the date of acquisition is the date on which the relevant assets are taken into service.

Low value assets are written off immediately, taking advantage of the option available under section 226(3) UGB.

Financial assets are valued at the lower of acquisition cost or market value at balance sheet date.

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3.2. Current assets

Raw materials and supplies are valued at the lower of cost and net realisable value. Spare parts are now valued at acquisition cost less a percentage general provision per asset class. In calculating acquisition cost, discounts and rebates, and shipping costs and customs duties are taken into account.

Work in progress and **finished goods** are valued at cost of production.

At 31 March 2011 work in progress and finished goods were valued on an absorption cost basis, in accordance with section 203(3) UGB.

Receivables and other assets are recognised at their nominal value. Specific provisions are made for recognisable risks of default.

Foreign currency receivables are valued using the lower of the rates of exchange ruling at the date of the original transactions and the rates at balance sheet date.

Securities held as current assets are valued at the lower of acquisition cost and market value at balance sheet date. Increases in value of securities held as current assets amounting to EUR 619,971.95 (2009/10: EUR 737,440.32) were not recognised, for tax reasons.

Treasury shares are valued at the lower of acquisition cost and market value at balance sheet date. In 2010/11 an increase in value of EUR 19,270,943 was recognised.

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NOTES TO THE FINANCIAL STATEMENT AS OF 31 MARCH 2011

3.3. Provisions

Provisions for severance benefits are calculated in accordance with IFRS provisions (IAS 19) applying the corridor method and using an interest rate of 5% (2009/10: 5%) and pensionable ages in accordance with the provisions of the Pension Reform 2003, with appropriate discounts to reflect different rates of staff turnover at the various AT&S locations. The calculations also take into account Expert Opinions KFS/RL 2 and 3 of 5 May 2004 of the Institute of Business Management, Tax and Organisation of the Austrian Accountants Association. The defined benefit obligation (DBO) as at balance sheet date was EUR 9,697,148.

Provisions for pensions are calculated in accordance with IFRS provisions (IAS 19) applying the corridor method and using an interest rate of 5% (2009/10: 5%) and the AVÖ 2008-P mortality tables. Pensionable ages were determined in accordance with the provisions of the Pension Reform 2003. Pension obligations were in part transferred to APK Pensionskasse Aktiengesellschaft, Vienna, as of 31 December 1996, 31 December 2001, 31 March 2003, 31 March 2005, 31 March 2007 and 31 March 2008. The defined benefit obligation (DBO) as at balance sheet date was EUR 984,609.

Provisions for anniversary bonuses are calculated in accordance with IFRS provisions (IAS 19) on the basis of entitlements under the Collective Agreement, using an interest rate of 5% (2009/10: 5%) with appropriate discounts to reflect different rates of staff turnover at the various AT&S locations.

As required by the statutory regulations, **other provisions** adequately take into account all recognisable risks and contingent liabilities.

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NOTES TO THE FINANCIAL STATEMENT AS OF 31 MARCH 2011

3.4. Liabilities

Liabilities are recognised at the amounts repayable.

Foreign currency liabilities are valued using the higher of the rates of exchange ruling at the date of the original transactions and the rates at balance sheet date.

4. ANALYSIS AND EXPLANATION OF BALANCE SHEET ITEMS

4.1. Non-current assets

For changes in non-current assets see page 92. The value of the land in land and properties on land owned by others has been sold and there for the value is EUR 0.00 (2009/10: EUR 14 293.44).

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NOTES TO THE FINANCIAL STATEMENT AS OF 31 MARCH 2011

Non-current assets movement statement for the financial year 2010/11	Acquisition or constructin costs					Accumulated depreciation EUR	Carrying value 31.03.2011 EUR	Carrying value 31.03.2010 EUR	Depreciation and amortisaiont 2010/11 EUR
	Cost 01.04.2010 EUR	Additions EUR	Disposals EUR	Transfers EUR	Cost 31.03.2011 EUR				
	I. Intangible assets								
1. Industrial property rights and similar rights, and licenses thereto	11,952,585.40	1,101,325.24	19,826.67	0.00	13,034,083.97	10,702,173.58	2,331,910.39	1,758,989.25	525,263.95
Subtotal	11,952,585.40	1,101,325.24	19,826.67	0.00	13,034,083.97	10,702,173.58	2,331,910.39	1,758,989.25	525,263.95
II. Property, plant and equipment									
1. Land and properties on land owned by others	476,793.91	0.00	151,966.65	0.00	324,827.26	157,444.71	167,382.55	235,847.23	38,733.49
2. Machinery and technical equipment	193,735,238.78	4,807,766.41	10,497,897.20	160,644.90	188,205,752.89	174,282,666.07	13,923,086.82	13,052,520.97	4,033,574.44
3. Other assets, fixtures and furniture thereof low value assets	13,486,435.48	813,248.15 141,700.13	626,094.98 141,700.13	0.00	13,673,588.65	12,074,821.01	1,598,767.64	1,556,371.50	753,411.99 141,700.13
4. Prepayments	160,644.90	30,432.60	0.00	-160,644.90	30,432.60	0.00	30,432.60	160,644.90	0.00
Subtotal	207,859,113.07	5,651,447.16	11,275,958.83	0.00	202,234,601.40	186,514,931.79	15,719,669.61	15,005,384.60	4,825,719.92
III. Financial assets									
1. Interests in Group enterprises	320,943,567.95	0.00	0.00	25,000,000.00	345,943,567.95	89,985,965.67	255,957,602.28	230,957,602.28	0.00
2. Loans to Group enterprises	49,306,446.05	19,810,632.74	709,951.43	-25,000,000.00	43,407,127.36	0.00	43,407,127.36	49,306,446.05	0.00
3 Interests in associated enterprises	2,380.00	0.00	2,380.00	0.00	0.00	0.00	0.00	2,380.00	0.00
4. Securities held as non-current assets	92,003.81	0.00	0.00	0.00	92,003.81	0.00	92,003.81	92,003.81	0.00
5. Other loans and advances	1,386,737.35	532,879.17	0.00	0.00	1,919,616.52	0.00	1,919,616.52	1,386,737.35	0.00
Subtotal	371,731,135.16	20,343,511.91	712,331.43	0.00	391,362,315.64	89,985,965.67	301,376,349.97	281,745,169.49	0.00
Total	591,542,833.63	27,096,284.31	12,008,116.93	0.00	606,631,001.01	287,203,071.04	319,427,929.97	298,509,543.34	5,350,983.87

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4.2. Supplementary disclosures in accordance with section 238(2) UGB

	Carrying value 31 March 2011 EUR	Interest %	Share capital EUR	Profit/loss of last financial year	Carrying value 31 March 2010 EUR
Interests in Group enterprises					
AT&S Verwaltungs GmbH & Co KG, Germany	1,955,236.99	100	514,574.26	-153,973.92 ¹⁾	1,955,236.99
AT&S Deutschland GmbH, Nörvenich, Germany	1,053,000.00	100	221,338.05	-234,585.79 ¹⁾	1,053,000.00
AT&S India Private Limited, Nanjangud, India	10,898,516.89	100	5,887,942.35	-6,443,829.60 ¹⁾	10,898,516.89
AT&S (China) Company Limited, Shanghai, China	136,893,000.00	100	241,336,538.40	39,980,761.14 ¹⁾	111,893,000.0 0
AT & S Klagenfurt Leiterplatten GmbH, Klagenfurt, Austria	0.00	77.32	85,728.43	-543,257.67 ²⁾	0.00
DCC-Development Circuits & Components GmbH, Vienna, Austria	38,000.00	100	37,646.01	-1,204.71 ²⁾	38,000.00
AT&S Asia Pacific Limited, Hong Kong, China	77,875,865.92	100	79,724,247.98	3,585,133.26 ¹⁾	77,875,865.92
AT&S Korea Co., Ltd., Ansan City, South Korea	27,237,538.14	98.76	7,487,171.43	-1,634,597.83 ¹⁾	27,237,538.14
AT&S Americas, LLC, San Jose, USA	6,444.34	100	-23,193.52	-77,671.37 ¹⁾	6,444.34
Total	255,957,602.28				230,957,602.2 8

¹⁾ Financial statements for the year ended 31 March 2011 in accordance with IFRS.

²⁾ Financial statements for the year ended 31 March 2011 in accordance with UGB.

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4.3. Loans in accordance with section 227 UGB

Under *Loans to Group enterprises*, an amount of EUR 16,657,127.36 (2009/10: TEUR 10,506) is payable within a year.

4.4. Receivables and other assets

4.4.1. Supplementary disclosures in accordance with section 225(3) and section 226(5) UGB

	Carrying value at 31 March 2011 EUR	Residual maturity more than one year EUR
	<hr/>	<hr/>
Trade receivables	47,370,242.26	0.00
Receivables from Group enterprises	29,213,449.97	0.00
Other receivables and assets	6,546,805.89	0.00
Total	<hr/> 83,130,498.12 <hr/>	<hr/> 0.00 <hr/>
	Carrying value at 31 March 2010 EUR	Residual maturity more than one year EUR
	<hr/>	<hr/>
Trade receivables	46,285,148.11	0.00
Receivables from Group enterprises	14,549,380.76	0.00
Other receivables and assets	7,927,232.57	0.00
Total	<hr/> 68,761,761.44 <hr/>	<hr/> 0.00 <hr/>

The Company's receivables from Group enterprises comprise trade receivables of EUR 1,504,760.02(2009/10: EUR 3,785,999.60), other receivables of EUR 27,705,189.95 (2009/10: EUR 10,756,267.98) and receivables from tax transfers of EUR 3,500 (2009/10: EUR 7,113.18).

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4.4.2. Income receivable after balance sheet date

Other receivables and assets include the following material amounts only receivable after balance sheet date:

	31 March 2011	31 March 2010
	EUR	EUR
Energy tax refund	1,617,136.96	4,256,612.87
Research services	48,941.28	141,000.00
Age related part time working subsidy	95,005.86	168,740.66
Tax free premiums	1,815,122.25	1,829,205.96
Insurance refund	0.00	0.00
Refund green electricity	169,045.17	0.00
Discounts earned	679,678.51	0.00
Total	4,424,930.03	6,395,559.49

4.5. Equity

4.5.1. Share capital

In accordance with section 192(3) Austrian Companies Act(AktG), on 20 April 2006 the Management Board decided in virtue of the authorisation conferred by the 11th Annual General Meeting on 5 July 2005 and with approval of the Supervisory Board in circular resolution of 7 April 2006 to cancel 2,100,000 of the treasury shares acquired under section 65(1)(8) AktG by releasing a reserve pursuant to section 225(5) paragraph 2 UGB and reducing the share capital. The shares were cancelled on 3 May 2006. The share capital now amounts to EUR 28,490,000 and consists of 25,900,000 shares with a computed value of EUR 1.10 per share.

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NOTES TO THE FINANCIAL STATEMENT AS OF 31 MARCH 2011

4.5.1.1. Authorized Share capital

In the 16th Annual General Meeting on 7 July 2010 the Management Board was authorised up until 6 July 2015, to increase the share capital of the Company by up to EUR 14,245,000 by the issue of up to 12,950,000 no par value bearer shares, for contributions in cash or kind, in one or more tranches, and with partial or total restriction of existing shareholders' right to subscribe, and with the approval of the Supervisory Board to determine the detailed terms and conditions of issue (in particular, issue price, nature of contributions in kind, rights attaching to shares, exclusion of subscription rights, etc.). The Supervisory Board was authorised to approve by resolution changes in the articles of incorporation required by the issue of shares out of authorised capital.

In accordance with section 174(2) AktG, in the 16th Annual General Meeting of 7 July 2010 the Management Board was authorised up until 6 July 2015 and with the approval of the Supervisory Board to issue convertible loan stock up to a maximum of EUR 100,000,000, in one or more tranches, and to determine all terms and conditions of the issue and conversion of the loan stock, and to restrict shareholder subscription rights.

4.5.1.2. Conditional capital increase

In the 16th Annual General Meeting of 7 July 2010, the Management Board was authorised to increase the share capital of the Company by up to EUR 14,245,000 by the issue of up to 12,950,000 no par value bearer shares, in order to grant rights of subscription or conversion to the holders of the convertible loan stock, and was also authorised to determine the requirements under section 160(2) AktG and the other details of the conditional capital increase and their implementation, and with the approval of the Supervisory Board, to approve by resolution changes in the articles of incorporation required by the issue of shares out of authorised capital. New shares issued from the conditional capital increase have full dividend entitlement for the financial year in which they are issued.

4.5.2. Treasury shares / reserve for treasury shares

In the 16th Annual General Meeting of 7 July 2010, the Management Board was again authorised, in accordance with section 65(1)(8) AktG, within 30 months of the passing of the relevant resolution to acquire treasury shares in the Company up to a maximum of 10% of the share capital of the Company,

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for which purpose the price of the stock acquired may not be less than EUR 1.10 per share nor more than EUR 110 per share, and was further authorised to retire the treasury stock so acquired or use it to implement Company employee participation or stock option schemes.

In the 16th Annual General Meeting of 7 July 2010, the Management Board was also authorised, in accordance with section 65(1b) AktG, for a period of five years from the date of the resolution, that is until 6 July 2015 inclusively, with the approval of the Supervisory Board and without further resolution of the Annual General Meeting, to dispose of the treasury shares in the Company thus acquired otherwise than through the stock exchange or by public offer, and in particular for the purpose of settlement of exercised stock options of the Management board member, senior managers and employees, issued convertible bonds or as consideration for the acquisition of enterprises, businesses, parts of businesses or other assets, or of interests in enterprises, businesses, parts of businesses or other assets, and for these purposes – if required – to restrict shareholders' subscription rights pursuant to section 65(1b) in combination with sections 169 to 171 AktG. The powers so conferred may be exercised in whole or in part.

AT & S Austria Technologie & Systemtechnik Aktiengesellschaft held 2,577,412 treasury shares at balance sheet date.

Changes in treasury shares	Number of shares	Carrying value EUR	Percentage of share capital	
Balance 1 April 2010	2,577,412	21,263,649.55	9.95	
Write-up of treasury shares as at 31 March 2011		19,270,943.00		
Balance 31 March 2011	2,577,412	40,534,592.55	9.95	1)

- 1) The percentage of share capital is calculated on the basis of the number of no par value shares (25,900,000).

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4.6. Provisions

4.6.1. Other provisions

Other provisions were as follows:

	31 March 2011	31 March 2010
	EUR	EUR
Unused vacation	2,832,385.43	2,625,935.54
Other personnel expenses	5,506,835.27	31,097.68
Vacation and Christmas bonuses	1,760,089.98	1,749,024.00
Contingent liabilities	0.00	1,067,856.00
Anniversary bonuses	1,406,952.00	1,085,493.00
Potential losses on financial derivatives	53,732.62	1,785,759.06
Compensatory time off	790,436.19	547,409.13
Potential losses on pending transactions	528,139.00	807,920.20
Liabilities under warranties and damage claims	545,712.51	708,266.42
Legal and consulting expenses	254,692.90	185,392.87
Discounts payable	283,656.10	224,527.94
Share options	1,143,02.00	369,070.00
Restructuring Leoben-Hinterberg plant	12,882,614.54	15,028,422.62
Supervisory board commission	209,500.00	68,300.00
Other provisions (individually less than EUR 150,000)	410,850.89	279,436.52
Total	28,608,617.43	26,563,910.98

Contingent liabilities contain a provision for R&D risks and other obligations of uncertain amount.

Restructuring the Leoben-Hinterberg plant consists in the main of costs of future lease payments for unused production space.

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NOTES TO THE FINANCIAL STATEMENT AS OF 31 MARCH 2011

4.6.1.1. Stock Option Scheme 2005–2008

The expiry of the Stock Option Scheme 2000–2004 led the Supervisory Board in its meeting on 8 November 2004 to approve the Stock Option Scheme 2005–2008 (SOP 2005). Stock options may be allocated in the period between 1 April 2006 and 1 April 2008.

Each option entitles the holder

- to acquire an AT&S no par value share at the exercise price, or
- instead of acquiring shares, to a cash payment consisting of the difference between the exercise price and the closing price of the AT&S stock on the Frankfurt Stock Exchange or the stock exchange on which the stock is principally listed on the day the option is exercised by the option holder.

Under SOP 2005, on 1 April 2005 187,000 stock options were exercised at an exercise price of EUR 15.46, on 1 April 2006 148,000 stock options were exercised at an exercise price of EUR 17.99, on 1 April 2007 149,000 stock options were exercised at an exercise price of EUR 22.57 und on 1 April 2008 137,000 stock options were exercised at an exercise price of EUR 15.67. The Stock Option Scheme was for a limited period only: the last allocation was that of 1 April 2008.

Exercise price

The exercise price of the stock options is determined on the day of allocation, and is calculated as the average daily closing price of AT&S stock on the Frankfurt Stock Exchange or the stock exchange on which the stock is principally listed during the last six calendar months preceding the day of allocation, plus a premium of 10% of that average price. The applicable price will be the closing price in Xetra trading, or a comparable successor system. The exercise price per share will however be not less than the proportionate share of AT&S share capital.

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Exercise period

Allocated stock options can be exercised as follows:

- 20% of the allocated stock options can be exercised two years after allocation.
- 30% of the allocated stock options can be exercised three years after allocation.
- 50% of the allocated stock options can be exercised four years after allocation.

Stock options may not be exercised during black-out periods.

Conditions for exercise

Options may only be exercised by holders who at the time of exercise have a valid contract of appointment or employment with a company in the AT&S Group. Under certain conditions options may also be exercised for up to a year after the contract of appointment or employment comes to an end. Options cannot be assigned or pledged.

SOP 2005–2008	Willibald Dörflinger	Harald Sommerer	Thomas Obendrauf	Steen E. Hansen	Heinz Moitzi	Senior managers	Total
	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares
1 April 2005	40,000	40,000	1,500	30,000	30,000	45,500	187,000
Expired	-40,000	-40,000	-1,500	-30,000	-30,000	-43,500	-185,000
Exercised	0	0	0	0	0	-2,000	-2,000
1 April 2006	0	40,000	1,500	30,000	30,000	46,500	148,000
Expired	0	-40,000	-1,500	-30,000	-30,000	-46,500	-148,000
1 April 2007	0	40,000	1,500	30,000	30,000	47,500	149,000
Expired	0	-40,000	0	0	0	-25,000	-65,000
1 April 2008	0	40,000	1,500	30,000	30,000	35,500	137,000
Expired	0	-40,000	0	0	0	-5,000	-45,000
Total	0	0	3,000	60,000	60,000	53,000	176,000

Valuation of stock options at balance sheet date

The stock options are valued at fair value at balance sheet date using the Monte Carlo method, and the calculated fair value is recognised over the life of the option.

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Fair value of stock options allocated:

Allocation date	1.4.2007	1.4.2008
Fair value 31 March 2011	EUR 6,426	EUR 119,082

4.6.1.2. Stock Option Scheme 2009–2012

The expiry of the Stock Option Scheme 2005–2008 led the Supervisory Board in its meeting of 16 December 2008 to refer the Stock Option Scheme 2009–2012 (SOP 2009) to the Supervisory Board Nomination and Remuneration Committee for consideration in its first meeting on 17 March 2009. The Committee approved the Scheme. Stock options may be allocated in the period between 1 April 2009 and 1 April 2012.

Each option entitles the holder

- to acquire an AT&S no par value share at the exercise price, or
- instead of acquiring shares, to a cash payment consisting of the difference between the exercise price and the closing price of the AT&S share on the Vienna Stock Exchange or the stock exchange on which the stock is principally listed on the day the option is exercised by the option holder.

As part of SOP 2009, 138,000 stock options were allocated on April 1 2009 at an exercise price of EUR 3.86 per share and on April 1 2010 135,000 stock options were allocated at an exercise price of EUR 7.45.

Exercise price

The exercise price of the stock options is determined on the day of allocation, and is calculated as the average daily closing price of AT&S stock on the Vienna Stock Exchange or the stock exchange on which the stock is principally listed during the last six calendar months preceding the day of allocation, plus a premium of 10% of that average price. The applicable price will be the closing price in Xetra trading, or a comparable successor system. The exercise price per share will however be not less than the proportionate share of AT&S share capital.

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Exercise period

Allocated stock options can be exercised as follows:

- 20% of the allocated stock options can be exercised two years after allocation.
- 30% of the allocated stock options can be exercised three years after allocation.
- 50% of the allocated stock options can be exercised four years after allocation.

Stock options may not be exercised during black-out periods.

Conditions for exercise

Options may only be exercised by holders who at the time of exercise have a valid contract of appointment or employment with a company in the AT&S Group. Under certain conditions options may also be exercised for up to a year after the contract of appointment or employment comes to an end. Options cannot be assigned or pledged.

SOP 2009–2013	Andreas Gerstenmayer	Harald Sommerer	Thomas Obendrauf	Steen E. Hansen	Heinz Moitzi	Senior managers	Total
	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares
1 April 2009	0	40,000	1,500	30,000	30,000	36,500	138,000
Expired	0	-40,000	0	-30,000	0	-3,000	-73,000
1 April 2010	40,000	0	1,500	30,000	30,000	33,500	135,000
Expired	0	0	0	0	0	0	0
Total	40,000	40,000	3,000	30,000	60,000	67,000	200,000

The value in time of exertion of the exercised stock options 2010/11 was EUR 776,350.

Valuation of stock options at balance sheet date

The stock options are valued at fair value at balance sheet date using the Monte Carlo method, and the calculated fair value is recognised over the life of the option.

Fair value of stock options allocated

Allocation date	1.4.2009	1.4.2010
Fair value 31 March 2010	EUR 752,570	EUR 1,160,535

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NOTES TO THE FINANCIAL STATEMENT AS OF 31 MARCH 2011

4.7. Liabilities

4.7.1. Supplementary disclosures for liabilities

	Carrying value 31 March 2011 EUR	Maturities		
		Up to 1 year EUR	1 to 5 years EUR	More than 5 years EUR
Loans	80,000,000.00	0.00	80,000,000.00	0.00
Liabilities to banks	113,315,971.32	97,815,971.32	15,500,000.00	0.00
Trade payables	9,259,015.23	9,259,015.23	0.00	0.00
Liabilities to Group enterprises	41,077,960.08	41,077,960.08	0.00	0.00
Other liabilities	8,895,501.50	8,654,781.50	240,720.00	0.00
Total	252,548,448.13	156,807,728.13	95,740,720.00	0.00

	Carrying value 31 March 2010 EUR	Maturities		
		Up to 1 year EUR	1 to 5 years EUR	More than 5 years EUR
Loans	80,000,000.00	0.00	80,000,000.00	0.00
Liabilities to banks	89,092,734.04	64,253,339.74	24,839,394.30	0.00
Trade payables	7,748,230.96	7,748,230.96	0.00	0.00
Liabilities to Group enterprises	43,236,861.05	43,236,861.05	0.00	0.00
Other liabilities	9,462,054.81	9,208,054.81	253,350.00	0.00
Total	229,539,880.86	124,447,136.56	105,092,744.30	0.00

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Liabilities to Group enterprises comprise trade payables of EUR 18,167,772.67 (2009/10: EUR 22,894,195.87) and liabilities from financing of EUR 22,910,187.41 (2009/10: EUR 20,342,665.18).

4.7.2. Expenses payable after balance sheet date

Other liabilities include the following material amounts only payable after balance sheet date:

	31 March 2011 EUR	31 March 2010 EUR
Loan interest	3,712,876.71	3,712,876.71
Regional health insurance fund	1,076,975.52	1,063,071.14
Commissions	12,852.62	61,057.27
Tax office	859,064.96	574,159.10
Wages and salaries	328,923.78	1,286,125.61
Local authorities	100,876.20	86,282.62
Total	6,091,569.79	6,783,572.45

4.8. Secured liabilities

	Carrying value 31 March 2010 EUR	Secured amounts EUR
Amounts owed to banks	113,315,971.32	39,139,394.00
Previous year	89,092,734.04	53,139,394.00

Bank lending is secured on export receivables and by assignment of claims and entitlements under parent company loans to AT&S Korea Co., Ltd., Ansan City, South Korea.

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4.9. Contingent liabilities in accordance with section 199 UGB

	<u>31 March 2011</u> EUR	<u>Group enterprises</u> EUR
Guarantees	24,290,063.58	24,290,063.58
Previous year	9,127,646.63	9,127,646.63

4.9.1. AT&S India Private Limited

A guarantee agreement was concluded in financial 2002/03 between AT&S and Deutsche Bank AG, Bangalore, India, as follows:

- Assumption of liability for a working capital loan amounting to INR 180m (EUR 2.8m). The amount outstanding at balance sheet date was EUR 0.6m (2009/10: 0.3).

A guarantee agreement was concluded in financial 2003/04 between AT&S and Royal Bank of Scotland, Bangalore, India (formerly ABN AMRO), as follows:

- Assumption of liability for a working capital loan amounting to INR 100m (EUR 1.6m). There was an amount outstanding at balance sheet date of TEUR 2 (2009/10: TEUR 2,000).

4.9.2. AT&S (China) Company Limited

A guarantee agreement was concluded in financial 2006/07 between AT&S and China Construction Bank, Shanghai, China, as follows:

- Assumption of liability for a loan facility amounting to EUR 0m (2009/10: EUR 25m). The amount outstanding at balance sheet date was EUR 0 m (2009/10: EUR 8.5m).

An additional guarantee agreement was concluded in financial 2009/10 between AT&S and China Construction Bank, Shanghai, China, as follows:

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- Assumption of liability for a loan facility amounting to RMB 50m. The amount outstanding at balance sheet date was EUR 0 m. (2009/10: 0.4m)

In financial year 2010/11 an additional guarantee agreement was concluded between AT&S and China Construction Bank, Shanghai, China, as follows:

- Assumption of liability for a loan facility amounting to EUR 45m. The amount outstanding at balance sheet date was EUR 23.7 m. (2009/10: EUR 0m)

4.10. Obligations with respect to off-balance-sheet assets

	Next financial year EUR	In the following 5 financial years EUR
Obligations under sale-and-leaseback agreements	1,669,056.00	8,345,280.00
Previous year	1,651,513.00	8,257,570.00
Obligations under rental agreements	460,303.00	717,846.00
Previous year	609,655.00	903,502.00
Total	2,129,359.00	9,063,126.00
Previous year	2,261,169.00	9,161,072.00

4.11. Other financial obligations

At balance sheet date there were open purchase orders for additional and replacement capital investments amounting to EUR 1.4m (2009/10: EUR 1.6m).

4.12. Derivative financial instruments and off-balance-sheet transactions under section 237(8a)

UGB

AT&S uses derivative financial instruments as hedges against potential interest and exchange rate fluctuations and as partial hedges for existing and anticipated foreign currency liabilities and receivables. The currency-related derivatives as at 31 March 2011 mature within 1 year. The fair value corresponds to the market value and was EUR –27,892.24 at balance sheet date.

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	Nominal value 31. March 2011	Market value EUR 31. March 2011	Carrying value EUR 31. March 2011
Currency-related derivatives			
Swaps	USD 7,040,000.00	-35,056.79	-35,916.91
Interest-related derivatives			
Swaps	EUR 21,700,000.00	7,164.55	-17,815.71
Total		-27,892.24	-53,732.62

	Nominal value 31. March 2010	Market value EUR 31. March 2010	Carrying value EUR 31. March 2010
Currency-related derivatives			
Forward contracts	USD 7,083,000.00	-254,401.96	-254,401.96
Swaps	USD 28,218,337.50	-964,651.41	-1,132,072.39
Interest-related derivatives			
Swaps	EUR 23,600,000.00	-399,284.71	-399,284.71
Total		-1,618,338.08	-1,785,759.06

5. ANALYSIS AND EXPLANATION OF INCOME STATEMENT ITEMS

	2010/11 EUR	2009/10 EUR
1. Revenues		
Foreign	332,352,684.17	247,006,874.68
Domestic	28,055,537.39	20,105,148.01
	360,408,221.56	267,112,022.69
	2010/11 EUR	2009/10 EUR
2. Income from disposal of non-current assets excluding financial assets		
Disposals to Group enterprises	129,855.57	1,442,598.03
Disposal to others	23,655.98	90,041.00
	153,511.55	1,532,639.03

Proceeds from disposals of property, plant and equipment to Group enterprises are largely the result of the expansion of Asian subsidiaries.

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	2010/11	2009/10
	EUR	EUR
	<u> </u>	<u> </u>
3. Staff costs		
a) Expenses for severance benefits and employees' severance pay and pensions funds		
Management board members and senior managers	347,275.91	420,347.45
Other staff	<u>1,340,035.56</u>	<u>1,444,720.13</u>
	<u>1,687,311.47</u>	<u>1,865,067.58</u>

Expenses for severance benefits and employees' severance pay and pensions funds include expenses for severance benefits amounting to EUR 1,497,609.99 (2009/10: EUR 1,683,296.26).

	2010/11	2009/10
	EUR	EUR
	<u> </u>	<u> </u>
b) Expenses for pensions		
Management board members and senior managers	89,223.27	516,368.56
Other staff	<u>422,896.44</u>	<u>634,834.46</u>
	<u>512,119.71</u>	<u>1,151,203.02</u>

	2010/11	2009/10
	EUR	EUR
	<u> </u>	<u> </u>
3. Extraordinary expenses		
Unutilised production space	0.00	7,249,612.16
Depreciation of machinery	0.00	13,706,196.26
Social plan for staff including foundation	<u>0.00</u>	<u>12,306,750.56</u>
	<u>0.00</u>	<u>33,262,558.98</u>

This item 2009/10 represents the aggregate expenses of the second restructuring program at Leoben-Hinterberg.

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6. SUPPLEMENTARY DISCLOSURES IN ACCORDANCE WITH UGB

6.1. Deferred tax assets

No advantage has been taken of the option of recognising deferred tax assets on temporary differences between accounting profits and profits for tax purposes. The amount recognisable under section 198(10) UGB amounted to EUR 2,389,450 (2009/10: EUR 3,139,423).

6.2. Taxes on income

Under the Austrian Tax Reform Act 3005, BGBl. I 2004/57, since 1 January 2005 the rate of corporate income tax is 25%.

Pursuant to section 9(8) Austrian Corporate Income Tax Act (KStG), AT&S is the tax group parent in a tax group that consists of the following subsidiaries:

- AT & S Klagenfurt Leiterplatten GmbH
- DCC - Development Circuits & Components GmbH
- AT&S Korea Co., Ltd., Ansan City, South Korea

To compensate for the tax effects of aggregating results for tax purposes, the members of the tax group undertake to make appropriate tax transfers. The tax transfers take the form of a notional tax charge on the individual companies.

The tax group has a decreasing effect on taxes on income in the income statement of EUR 144,836.81.

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NOTES TO THE FINANCIAL STATEMENT AS OF 31 MARCH 2011

6.3. Managing bodies, staff

The average number of employees during financial 2010/2011 was:

	2010/11	2009/10
Non-salaried staff	685	711
Salaries staff	401	439
Total	1,086	1,150

Members of the Management and Supervisory Boards

Members of the **Management Board** during financial 2010/11 were:

- Andreas Gerstenmayer (Chairman since 1 February 2010)
- Steen Ejlskov Hansen (until 8 October 2010)
- Thomas Obendrauf (since 29 October 2010)
- Heinz Moitzi

Members of the **Supervisory Board** during financial 2010/11 were:

- Hannes Androsch (chairman)
- Willibald Dörflinger (First Deputy Chairman)
- Gerhard Pichler (Second Deputy Chairman from 2 July 2009)
- Georg Riedl
- Albert Hochleitner
- Karl Fink

Delegated by the **Works Council**:

- Johann Fuchs
- Wolfgang Fleck
- Günther Wölfler (from 3 June 2009)

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Total remuneration of Management Board members

	2010/11			2009/10		
	Fixed	Variable*	Total	Fixed	Variable*	Total
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Andreas Gerstenmayer	393	299	692	58	--	58
Harald Sommerer	--	394	394	457	423	880
Steen E. Hansen	365	1,999	2,364	365	--	365
Thomas Obendrauf	143	119	262	--	--	--
Heinz Moitzi	308	236	544	314	--	314
Total	1,209	3,047	4,256	1,194	423	1,617

The variable remuneration of the resigned Management Board members contained following payments in kind of stock options:

	2010/11	2009/10
	TEUR	TEUR
Dr. Harald Sommerer	394	0
Dkfm. Steen Ejlskov Hansen	382	0
	776	0

- The variable remuneration 2010/11 of Steen E. Hansen consisted mainly and the variable remuneration 2009/10 of Harald Sommerer exclusively of contractual severance payments and indemnification for other entitlements in connection with the premature termination of the Management Board appointment.

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NOTES TO THE FINANCIAL STATEMENT AS OF 31 MARCH 2011

The total number of stock options, net of expired options, held by the Management Board was as follows:

	31 March	
	2011	2010
Andreas Gerstenmayer	40,000	0
Harald Sommerer	0	160,000
Steen Ejlskov Hansen	90,000	120,000
Thomas Obendrauf	6,000	0
Heinz Moitzi	120,000	120,000
Total	<u>256,000</u>	<u>400,000</u>

The stock options held by Steen Ejlskov Hansen vested with the end of his appointment on 31 January 2011 and are exercisable until 31 January 2012.

As at 31 March 2011 the exercise price for options allocated to the Management Board as of 1 April 2007 was EUR 22.57 (61,500 shares) and for allocations as of 1 April 2008 EUR 15.67 (61,500 shares), below and higher than the EUR 15.835 market price at balance sheet date.

The exercise price of EUR 3.86 of the allocation as of 1 April 2009 (31,500 shares) and the exercise price of EUR 7.45 as of 1 April 2010 were lower than the value at balance sheet date (EUR 15.835).

The remuneration of Supervisory Board Members came to EUR 207,700 (2009/10: EUR 68,300).

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Shareholdings of members of the Management and Supervisory Boards as of 31.3.2011

	Shares		
	31.3.2011	31.3.2010	Change
Management Board			
Heinz Moitzi	1,672	1,672	0
Supervisory Board			
Hannes Androsch	445,853	445,853	0
Androsch Private Foundation	5,570,666	5,570,666	0
Dörflinger Private Foundation	4,574,688	4,574,688	0
Gerhard Pichler	19,118	19,118	0
Georg Riedl	9,290	9,290	0
Johann Fuchs	4	504	-500

Leoben-Hinterberg, 9 May 2011

The Management Board

Andreas Gerstenmayer m.p.

Heinz Moitzi m.p.

Thomas Obendrauf m.p.

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MANAGEMENT REPORT

Management Report 2010/11

1. Company profile

AT&S Austria Technologie & Systemtechnik Aktiengesellschaft (hereafter “AT&S” for short), which together with its subsidiaries constitutes the AT&S Group, is one of the leading enterprises in its sector worldwide, and by far the largest producer of printed circuit boards in Europe and India. The subsidiary in Shanghai operates the largest plant in China specializing in HDI technology. The product portfolio of AT&S includes single-sided, double-sided, multi-layer, HDI (High Density Interconnection, a multi-layer printed circuit board with extremely fine structures), flexible, rigid-flexible and semi-flexible types of printed circuit boards. The service spectrum includes various technologies for the treatment of printed circuit boards using various base materials.

With its global presence through subsidiaries in Asia, Europe and the U.S.A., AT&S supplies globally operating groups. At the same time, AT&S also serves the demand from smaller companies and produces prototypes and small series. The two production locations of AT&S are in Leoben-Hinterberg and in Fehring, the production locations of the subsidiaries in Klagenfurt, India, China and South Korea. With these production capacities, AT&S is able to service the volume production in Asia as well as the European niche business. The products are sold directly to original equipment manufacturers (OEM) and contract electronic manufacturers (CEM).

AT&S is also technologically one of the leading printed circuit board manufacturers. The excellent performance in the area of research and development is an important prerequisite for that. AT&S is working in networks of customers, suppliers and research institutions on the latest innovative techniques. The ongoing optimization of the business processes is one of the major core elements of the corporate strategy.

The core business of AT&S, including the subsidiaries, is the development and manufacture of printed circuit boards for large and small series as well as prototypes. The printed circuit boards are designed and manufactured according to customer specifications. In order to provide customers with a comprehensive service range and to strengthen the own market position, AT&S also offers design services. With the embedding technology, AT&S will be able to offer also mounting and chip packaging services in the future.

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MANAGEMENT REPORT

2. Business development and climate

In the past financial year 2010/11, the effects of the economic crisis could only be slightly felt. Compared to the prior year, the global circuit board production increased by approx. 24% to USD 51 billion, with the production in Europe experiencing an increase of approx. 21%. Thus, the production volume in Europe, however, did not reach the level prior to the crisis.

In the past financial year 2010/11, the revenue of AT&S increased by EUR 93.3 million or 35% to EUR 360.4 million over the prior year. Due to the transfer of the volume production to Asia, printed circuit boards manufactured in the Asian subsidiaries gained further importance for the revenue of the group parent AT&S and show an increase of around 40%. However, the quantities produced in Leoben-Hinterberg and in Fehring also increased sales significantly by around 30% each over the prior year.

In the financial year 2010/11, increased production volumes and the improved utilization of production capacities as well as the resulting lower prorated fixed costs had a positive impact on the operating result. The increase in the trading volume of the printed circuit boards produced in the subsidiaries resulted in corresponding additional earnings. In the past financial year 2010/11, the operating result was adversely affected by special personnel expenses in connection with the termination of a management contract and with the shutdown of the Vienna location and the resulting staff resignations. The operating profit could ultimately be improved significantly by EUR 9.0 million to EUR 9.5 million over the past financial year.

In the financial result, distributions of dividends by subsidiaries, particularly by AT&S (China) Company Limited, and the write-up of treasury shares due to increased market prices resulted in corresponding earnings in the financial year 2010/11. The net result from derivative financial instruments was positive in the past financial year. Interest and similar expenses increased only slightly in relation to the additional liabilities to banks due to low interest rates. The financial result shows a net income of EUR 23.9 million.

In the past financial year 2010/11, the Company generated a positive net income for the year of EUR 32.2 million. The previous financial year 2009/10 was still marked by the effects of the economic crisis, and at the beginning of June 2009 the decision was made to transfer the complete volume production of the Leoben-Hinterberg location to Asia to be able to generate a sustainable profit. The restructuring measures required as a result in the Leoben-Hinterberg plant led to extraordinary expenses in the prior year and thus to a net loss for the year.

The importance of the production locations of the Asian subsidiaries also shows in the asset and liability structure. The financial assets in affiliated companies in the form of investments and borrowings amount to 62% of the balance sheet total as of 31 March 2011 (in the prior year 65%).

At the balance sheet date 31 March 2011, equity amounts to EUR 190.0 million and increased over the prior year by EUR 29.9 million according to the clearly positive net income for the year less profits distributed in the financial year 2010/11. The equity ratio of 39.4% at the balance sheet date improved over the prior year figure (37.6%) and shows an excellent equity position.

In the financial year 2010/11, AT&S's net debt increased EUR 31.9 million to EUR 179.6 million, since the additional funding requirements for the capacity expansions of the subsidiaries in the form of borrowings or equity made available within the Group are met by AT&S and corresponding borrowings were raised for that purpose. Net debt is calculated from the bond and liabilities to banks less cash on hand and bank balances as well as other current securities and shares (excluding treasury shares). The net debt ratio, calculated from the relation of net debt to equity, increased from 92% in the prior year to 95%. Despite the increase in borrowings, the rise in the net debt ratio is relatively low as a result of the significant increase in equity.

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In a multi-year comparison, the partial results of the cash flow statement show the following values (calculated pursuant to the expert opinion KFS/BW2 of the Austrian Chamber of Public Accountants):

	2010/11	2009/10	2008/09
	EUR '000	EUR '000	EUR '000
Net cash flow from operating activities	-3,189	29,050	25,826
Net cash flow from investing activities	-26,178	1,024	-37,361
Net cash flow from financing activities	21,693	-22,757	10,865

The negative net cash flow from operating activities reported in the financial year 2010/11 was mainly due to capital tied up in current assets. In addition to the rise in inventories due to the volume growth, the short-term receivables from affiliated companies increased in particular. In the previous years, the corresponding values were positive, among others, as a result of funds released from current assets and dividend payments received from subsidiaries.

In its investing activities, AT&S invested a total of EUR 6.8 million in intangible and tangible assets in the financial year 2010/11; in addition, the Company granted loans to subsidiaries in the amount of EUR 19.8 million to finance the plant expansions. These payments primarily resulted in the net cash flow from investing activities.

In the financial year 2010/11, the net cash flow from financing activities mainly includes bank borrowings to finance the investments made. In addition, profit was distributed.

In the financial year 2010/11, AT&S had an average of 1,209 employees, including temporary staff, and thus 41 persons more than in the prior year (2009/10: average of 1,168 employees). At the Leoben-Hinterberg location, the staff reduction due to the transfer of the volume production in the previous financial year could be largely compensated by the improved plant utilization and the development of new sectors in the financial year 2010/11. Moreover, as a result of the excellent plant utilization, additional staff was hired at the Fehring location. The relocation of the headquarters from Vienna to the Company's domicile in Leoben-Hinterberg, which was decided and implemented in the past financial year, was accompanied by a social plan. The knowledge transfer to new staff could be secured through corresponding handover and training phases.

Well trained and motivated staff is a key factor in keeping up with international competition. Therefore, AT&S pays special attention to training and education programs which are designed to promote intercultural skills in addition to professional competencies. In technical trainings, intercultural trainings and special management and executive development programmes, AT&S staff is adequately prepared for current and future challenges. In order to promote young talent, apprentices are trained in five different fields of specialization in Austria.

A transparent and performance-oriented compensation system promotes the entrepreneurial thinking and acting of staff. Since the financial year 2010/11 the bonus system has been based on the key ratios "cash earnings" and "ROCE", and thus has been revised over the previous years. The inclusion of the cash earnings ratio is also in line with AT&S's dividend policy of the previous years.

Sustained management and economical use of available resources are of the highest priority for AT&S. AT&S combines the three factors quality – environment – human being in an integrated management system. This uniform body of regulations is based on the international quality standard ISO 9001, ISO/TS 16949 (quality management of the automotive industry), the environmental standard ISO 14001, as well as on the standard OHSAS 18001 for the area of safety and health. Regular internal audits and inspections by independent third parties confirm the compliance with the management system for the financial year 2010/11.

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Of particular concern are the safety, health and performance of AT&S staff. Related activities conducted worldwide are in line with the safety and health management system OHSAS 18001. The long-term success of the numerous programs shows in the reduction of the accident rate in a multi-year comparison.

With regard to environmental protection, it has to be noted that AT&S as one of the first printed circuit board manufacturers implemented the environmental management according to ISO 14001 already in the financial year 1996/97. Since AT&S takes environmental protection measures far beyond the statutory minimum requirements, the Company is even regarded as a pioneer in environmental matters by certification authorities.

The economical use of resources is a key goal in the continuous improvement of products, procedures and processes. Current projects involve the sustained annual reduction of CO₂ emissions per printed circuit board, a photovoltaic plant at the Leoben-Hinterberg location for electricity generation, as well as the introduction of new technologies for the regeneration of chemicals and recycling of printed circuit board scrap. The main raw materials used in the financial year 2010/11 included approx. 179 kg of gold (2009/10: 177 kg), 420 tons of copper (2009/10: 385 tons), 2.1 million m² of laminates (2009/10: 1.6 million m²) and approx. 9,500 tons of different chemicals (2009/10: 7,200 tons) at the two production locations Leoben-Hinterberg and Fehring. The electricity demand in the financial year 2010/11 amounted to around 58 GWh (2009/10: 47 GWh).

3. Material events after the balance sheet date

Establishment of AT&S (Chongqing) Company Limited

Already on 1 March 2011, an agreement was signed between AT&S and the competent authority in Chongqing, Western China, on the purchase of usage rights relating to a property of approximately the same size as the plant in Shanghai. According to the respective resolutions and authorisations by the Management Board and Supervisory Board, the application for registration of AT&S (Chongqing) Company Limited was filed with the authority in China on 1 April 2011. The business license required for commencement of operations was obtained on 8 April 2011. The extension of the HDI plant in Chongqing will be carried out gradually, and the respective stage of expansion will be based on market demand and technological developments. First, it is planned to construct buildings and infrastructure, for which an approximate EUR 50 million is estimated.

Establishment of a business-unit structure

In April 2011, the Management Board, with the approval of the Supervisory Board, decided to develop the organisational structure in order to enhance flexibility in the entire AT&S Group and to better align operating processes with customer needs. For the purpose of strengthening market orientation, three business units – Mobile Devices, Industrial & Automotive Solutions and Embedded Component Packaging – shall be established. The new organisational structure is designed to allocate as many operating group functions as possible to the business units in order to align business processes with the specific needs of the individual business segments. Furthermore, by doing so, optimisations and efficiency increases are to be achieved in order to implement an organisational form in line with the growth strategy of the AT&S Group. From today's perspective, no restructuring expenses or other non-recurring expenses are expected to be incurred in connection with this organisational alignment.

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MANAGEMENT REPORT

4. Subsidiaries and representative offices

- In order to meet the growing capacity demands and the shift of mass production in the highest technology segment, capacities were continuously created at the wholly owned subsidiary AT&S (China) Company Limited already in the previous financial years. Due to the increased demand, the expansion activities were accelerated in the financial year 2010/11 and the eleventh HDI production line was put into operation. Furthermore, the complete expansion of this location was started, which is scheduled to be completed with the construction of two additional production lines by the second half of the following financial year 2011/12. As a result of the availability of additional capacities already in the financial year 2010/11, a significant increase in sales and profit was generated.
- At AT&S Korea Co., Ltd., after a clear improvement in results in the previous financial year, the performance situation could be stabilized in the financial year 2010/11 despite declines in sales from local customers. After the successful implementation of comprehensive measures to improve the performance and cost structure, the customer structure in particular is currently being optimized. The increased focus of the plant on projects with European customers is expected to subsequently result in the desired sustainable income and an improvement in results already in the following financial year 2011/12.
- At AT&S India Private Limited, the construction of the second plant was completed in the financial year 2010/11 and the expanded production was started. The capacity expansion, which was comprehensive in relation to the existing plant size, and the related production changes resulted in a reduction of the operating profit. The currency development, which is unfavourable from a local perspective, also had a negative impact on the profit for the year. A clear improvement in performance and profit is expected for the following financial year 2011/12.
- Towards the end of the financial year 2010/11, Chongqing, western China, was selected as location for a new subsidiary with a production plant. For further details, reference is made to the preceding section 3. "Material events after the balance sheet date".

5. Capital share structure and disclosures on shareholder rights

As of 31 March 2011, the registered capital of AT&S amounts to EUR 28,490,000 and is made up of 25,900,000 no-par value shares with a notional value of EUR 1.10 per share. The voting right at the annual general meeting is exercised according to no-par value shares, with one par-value share entitling to one vote. All shares are bearer shares.

Significant shareholdings in AT&S are as follows at the balance sheet date:

	<u>Shares</u>	<u>% capital</u>	<u>% voting rights</u>
Dörflinger Privatstiftung: Karl-Waldbrunner-Platz 1 A-1210 Vienna	4,574,688	17.66%	19.61%
Androsch Privatstiftung: Franz-Josefs-Kai 5 A-1010 Vienna	5,570,666	21.51%	23.89%

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At the balance sheet date, 2,577,412 treasury shares (9.95% of the registered capital) are held. The authorization last granted on 7 July 2010 to the Management Board to repurchase up to 10% of the registered capital of AT&S AG on the market within 30 months is thus valid until 6 January 2013. The treasury shares may be used to service the stock option plan of the Company or they may also be sold.

Until 6 July 2015, the Management Board is authorized, with the approval of the Supervisory Board, to increase the registered capital by up to EUR 14,245,000 through the issue of up to 12,950,000 no-par value bearer shares, partially or entirely excluding the subscription rights of existing shareholders.

Until 6 July 2015, the Management Board is authorized, with the approval of the Supervisory Board, to issue convertible bonds of up to EUR 100,000,000, excluding the subscription rights of existing shareholders, if required. To grant subscription or exchange rights to the creditors of the convertible bond, the Management Board is authorized to increase the registered capital by up to EUR 14,245,000 through the issue of up to 12,950,000 new bearer shares.

For further details, reference is made to the disclosures in section 4.5. "Equity" in the notes to the financial statements.

6. Research and development

Within AT&S, research and development (R&D) is the driving force in the identification of new and development of applied technologies. Through sustained successes, AT&S managed to achieve the position of technology leader in the high-end printed circuit board manufacture.

AT&S has a two-step innovation process. In the research facilities of the also technological headquarters Leoben-Hinterberg, the developments in the areas of materials, processes and applications are conducted to the point where the basic feasibility of the technology is reached. This area of activity thus includes applied research and technology evaluation. Subsequently, it is up to the local department for technology development and implementation in the plants of AT&S and its subsidiaries to advance the processes and products through experimental development and to integrate new processes in the existing production process so that an optimized output can be produced.

In order to maintain its position among the global technology leaders also in the future, AT&S is cooperating with numerous external partners. On the one hand, requirements and ideas for future products are communicated by customers, and on the other hand, AT&S derives new technologies from future applications, such as for instance the Embedding Component Packaging technology (ECP[®] technology). In addition to the own resources, cooperations are also entered into with research institutions or suppliers, if required.

The research activities in the financial year 2010/11 can be grouped into four project packages:

In the area "high-end HDI", AT&S pursues a number of advancement projects, such as finer conductor track geometries and reduction of printed circuit board thickness for further miniaturization, furthermore the development of new production processes to manufacture new products, as well as to replace existing processes by more cost-effective alternatives. In order to open up new possibilities, among other things, a cooperation agreement was concluded with Panasonic in the past financial year to use the ALIVH[®] (Any Layer Interstitial Via Hole) technology.

"Made in Austria" relates to a variety of projects to make the printed circuit board manufacture more flexible and effective, and thus also be able to competitively produce smaller volumes and more complex products in the Austrian plants. For instance, due to massive process simplifications, the 2.5D[™] technology represents a high-

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end solution for various requirements and was nominated also for the “Fast Forward Award” among the three best new technologies in Styria. The thermal management research project has the objective to discharge thermal energies from the printed circuit board also through the printed circuit board in order to increase the performance and life span of the printed circuit board itself and of the components. Furthermore, the application of ink-jet printing as opposed to the current standard screen printing is examined already in first test phases.

The “embedded component packaging technology” is designed to embed the active and passive electronic components into the interior of the printed circuit board. Among other things, in a perennial Hermes research project, headed by AT&S and funded by the EU, an industry standard for the embedding of chips into the interior of the printed circuit board was and is successfully worked out in cooperation with ten other prominent companies. In the past financial year 2010/11, AT&S as one of the first manufacturers worldwide succeeded in making this technology ready for series production. High expectations are associated with this growth market and, therefore, a separate business segment was defined for this technology in the development of the organisational structure of AT&S.

In the project package “photovoltaics”, synergies of processes to manufacture printed circuit boards and the manufacture of photovoltaic panels are used to produce a technologically new product. In doing so, AT&S focuses on the development and production of energy-efficient, back-contacted photovoltaic panels in cooperation with the solar cell manufacturer Solland Solar, with AT&S mainly focusing on the engineering of the interconnection technology and the development and supply of the so-called back contact sheet.

Total expenses for research & development amounted to approximately EUR 18 million in the financial year 2010/11 over EUR 14 million in the previous year.

7. Material risks, uncertainties and opportunities

The risks, uncertainties and opportunities of AT&S are basically characterized by the global developments on the printed circuit board market.

Regarding market and technology, it can be noted that the trend towards increased functionality of devices and the penetration of electronic systems into our daily lives continues. In the entire mobile devices segment, AT&S with its subsidiaries has already consistently focused on the high-end segment. In addition to smart-phones and tablet PC, this segment also includes other products such as game consoles, digital cameras and portable music players, and will continue to be regarded as growth driver in the coming years. With its capacities especially in China, manufacturing technologies and highest quality standards, AT&S is able to globally service the most renowned providers of these products worldwide. Uncertainties and opportunities depend on the market development itself as well as the extent to which the Company will be able to distinguish itself successfully from competitors.

The industrial market is characterised by various technology requirements from a variety of customers. Utmost flexibility and the ability to adjust very quickly to changing specifications and technologies constitute a basic requirement to be successful in this segment. The two plants of AT&S in particular are very well prepared for these requirements to constantly advance technologies and projects with the customers. Moreover, the possibility exists to produce longer-term projects cost-effectively in the subsidiary in India. These special plant focuses, complemented by the subsidiary Korea for the manufacture of flexible printed circuit boards, furthermore additional demand potentials, for instance in medical technology, present a comprehensive range of potential opportunities for AT&S.

In the automotive segment, further opportunities for growth arise for AT&S due to the growing electronic portion and the demand for higher integrated systems and the more complex, higher-quality printed circuit

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boards required for that. In one of the most successful years of the global automobile industry, AT&S with its subsidiaries in the reporting financial year managed to take the lead among printed circuit board suppliers also in this market. Current trend areas, such as security, information, environment and the general worldwide desire for increasing mobility, provide AT&S with further opportunities for growth also in this market.

The strong capitalization, the technological top position and the positioning of AT&S through the combination of locations available in the Group in Austria and Asia are considered an advantage over competitors. The European and the American market can be serviced by swift production and short delivery terms of the Austrian plants as well as low-cost production capacities in Asia. For the global market, the Group has long years of experience in the HDI technology, and the plant in Shanghai is not only the largest plant of the AT&S Group, but actually the largest plant in China specializing in HDI technology. As a result of the current extension of the Group's existing plants and the construction of an additional plant in China (Chongqing) and, accordingly, additional capacities, ample opportunities arise for sales and profit increases.

Financial risks

Risk management of financial risks is carried out by a central treasury department (Group Treasury) under policies approved by the Management Board. Responsibilities, authorisations and limits are governed by internal guidelines. Group Treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operative units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investing excess liquidity. The risk management of financial risks is incorporated in the group-wide risk management and thus part of the timely risk reporting to executive employees, Management and Supervisory Board.

Derivative financial instruments such as currency futures, options and swaps are used only for the purposes of hedging. For further details, see section 4.12. *Derivative financial instruments*.

Liquidity risks

At the balance sheet date, AT&S had liquidity reserves of EUR 49.8 million, of which EUR 13.7 million was cash and cash equivalents and other securities and investments, and EUR 36.1 million was in the form of available unutilised credit facilities.

The Company also has the option, subject to the approval of the Supervisory Board, of issuing up to 12,950,000 new shares from authorised capital, as well as convertible bonds up to a total nominal amount of EUR 100,000,000. It could also sell treasury shares (at the balance sheet date AT&S held 2,577,412 treasury shares).

Moreover, in a multi-year perspective, AT&S basically has a clearly positive net cash flow from operating activities. In addition to net cash inflows from operating activities, the Company has the option to annually distribute dividends particularly from the profitable subsidiary AT&S (China) Company Limited.

Financial market risks

Interest rate risk

There are minor interest rate risks on the assets side of the balance sheet in relation to investments in securities. Most of the other liquid resources are invested short-term, and all the securities in question are available for sale at any time.

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On the liabilities side, 82% of borrowings and liabilities to banks are – taking into account interest rate hedges – at fixed interest rates, and most of the variable interest rate loans (18%) have maturities of less than one year.

Currency risks

To guard against currency risk, all currency exposures are monitored on an ongoing basis. At AT&S, transactions are hedged primarily by netting and, where necessary, remaining open positions are hedged using derivative financial instruments.

In the financial year 2010/11, the impact of currency risks on the profit for the year declined due to the fact that as a result of the transfer of the volume production to Asia, sales in US dollar are now mainly received by AT&S in US dollar, and sales invoiced in euro are either produced in Austria or received in euro.

Evaluation of financial market risks by sensitivity analyses

AT&S applies sensitivity analyses to quantify the interest rate and currency risks. In so-called GAP analyses, the potential change in profit/loss resulting from a 1% change in price (currency rate or interest rate) with regard to the foreign currency or interest net position is determined. The sensitivity analyses are performed across the Group, and the impact on profit/loss is determined taking into account income tax effects on the profit for the year after tax.

Credit risk

In the context of its strong growth in the past few years, AT&S has established strong and long-term relations with key customers, resulting in a certain concentration on the customer side. In order to guard against this potential risk, AT&S encourages the further diversification in the customer, industry and product mix. In order to further increase the existing customer portfolio, the focus is on the acquisition of new customers and on the development of the distribution network to better correspond to market requirements. The anticipation and occurrence of the elimination of weak competitors in the manufacture of printed circuit boards in Europe even in the crisis provided AT&S with opportunities to gain new customers in addition to market shares.

In the financial year 2010/11, a significant portion of AT&S's revenue was accounted for indirectly by two multinational groups operating in the mobile devices segment. As AT&S primarily supplies to contract electronic manufacturers (CEM) of indirect customers, the receivables relate to a fairly large number of customers. Direct receivables from these customers as of 31 March 2011 account for only 9% of total trade receivables (31 March 2010: 3%). The highest portion of receivables of a direct contract partner amounts to 24% of total trade receivables.

The monitoring of the credit risk is generally based on regular credit assessments and on taking out credit insurances for individual customers.

8. Internal control system and risk management relating to accounting

AT&S has adopted a code of ethics and conduct which sets out how AT&S conducts its businesses in an ethical and socially responsible manner. These guidelines apply to all activities of the AT&S Group worldwide, with each employee being responsible to comply with this code without exception in the performance of his profession and the daily work.

The accounting-related internal control and risk management system is an integral part of the group-wide risk management system. According to the framework concept of COSO (The Committee of Sponsoring Organization of the Treadway Commission), under the concept of company-wide risk management, the risk management proper as well as the internal control system (ICS) are subsumed. The main criteria of the risk management, the

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internal control system and the internal audit at AT&S are specified in a group-wide risk management and audit manual.

In the risk catalogue defined at the group level, the risk and opportunity management system, in addition to financial risks, contains additional risk categories, which most notably relate to strategic risks, market and supply risks, environmental risks and operating as well as organisational risks. The risk catalogue, which represents a guideline for the corporate segments in the identification of risks, is dynamically adjusted to the changing situation of the Company. Main objective of the group-wide risk and opportunity management is the optimization of the overall risk position, while at the same time making use of opportunities arising. Regular reporting is made to the Executive and Supervisory Board.

In terms of organisational structure, a staff unit has been established directly with the Management Board, which coordinates or directs the risk management and internal control system across the Group, as well as the activities of the internal audit. According to the rules of procedure for the Management Board, the staff unit reports to the Chief Financial Officer (CFO). Special areas of responsibilities of the Supervisory Board's audit committee also include monitoring the effectiveness of the internal control system, the internal audit and the risk management system, as well as monitoring the accounting process. In addition to including the audit committee in the accounting process in the quarterly reporting, regular reporting is made to the audit committee on risk management and activities of the internal audit (risk and audit report). The audit committee in turn reports to the other members of the Supervisory Board.

The executives of AT&S as risk responsables are responsible for identifying, analyzing, controlling and monitoring risks in their respective area. In addition, the local management of the plants is responsible for the implementation of the risk management process in their areas of responsibility. Risk management coordinators at AT&S and its subsidiaries assist in the collection and transmission of risk information. In terms of an efficient organization according to the company size, the organisational servicing of the internal control system is designed accordingly.

Based on business processes documented in the management manual, the related risks are described and assessed by the process responsables for each main and sub-process. In the risk assessment, basically all potentially negative factors that jeopardize the achievement of the objectives of an organization or a process have to be documented by the process owner. The control objectives for the financial reporting are derived from existing risks and allocated to the categories existence (only actually existing and approved business transactions are processed), occurrence/period accrual (representation of business transactions in the correct period or timely processing), completeness (business transactions, assets and liabilities are recognized completely), measurement (business transactions were calculated using appropriate measurement methods or correctly), rights & obligations (the company has economic ownership of assets, and liabilities are actual obligations of the company), presentation & disclosure (disclosure in the financial statements and other reports), correctness of business transactions/data and access restriction (access to IT systems is restricted to process responsables).

The documentation of the internal controls (business processes, risks, control measures and responsables) is made principally in the form of control matrices, which are archived in a central management database. The accounting-related internal control system includes principles, procedures and measures to ensure the compliance of group accounting in terms of the control objectives described with financial reporting.

The accounting processes are documented in a separate set of procedures. As far as possible, these are uniform throughout the Group, and are documented in a standardized format. The specific Austrian regulations, however, result in additional accounting process requirements. The accounting and reporting fundamentals are documented in the process descriptions and also in detailed procedural instructions, and are also documented in the Group's Management Manual. There are also special-purpose tools to assist in valuation, accounting and organisational activities in connection with year-end accounting processes, which are regularly updated. The timetables are prepared in conformity with group requirements.

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At AT&S, the accounting processes and the preparation of the Management Report are controlled by the Austrian Accounting / Group Finance department, which reports to the CFO. Its corporate structure means that AT&S both controls production facilities directly and also has significant portfolio investments, so that it exercises holding company and group functions. The accounting and finance functions are therefore integrated organisationally. Laws, accounting standards and other regulations are analyzed on an ongoing basis for their relevance to and effect on the annual financial statements and other reporting requirements.

The collection, current entry and accounting of the business transactions is performed through a uniform and central software solution of SAP. The individual business transactions and measurements can be entered in accordance with the group-uniform IFRS, as well as in accordance with local accounting regulations, in order to comply with these different requirements.

Internal financial reporting is on a monthly basis and is an integral part of the group accounting process. The financial information is reviewed and analyzed by the Group Accounting unit, which is also part of Group Finance. The monthly budget/actual variances, together with appropriate explanations and comments on the performance of the individual plants and the Group as a whole are reported internally to the Management and the members of the Supervisory Board.

The annual budget is prepared by Controlling Austria in cooperation with the Group Controlling department, which also reports to the CFO. Based on the quarterly results and current planning information, quarterly forecasts are drawn up during the year for the remaining financial year. The forecasts with comments on the budget comparison and presentations on the impact of opportunities and risks up to the end of the financial year are reported to the Supervisory Board. In addition to regular reporting, multiple-year planning, project-related financial information or calculations on investment projects are prepared and submitted to the Supervisory Board.

Monitoring the entire internal control system, and thus also with regard to the accounting system and financial reporting, is performed by the process-independent staff unit internal audit, which reports to the Chief Financial Officer. The scope of activities of the internal audit includes all functions and companies of the AT&S Group, both AT&S itself and its subsidiaries. Awarding audit contracts and dealing with the audit results are the responsibilities of the Management Board as a whole. The audit contracts are awarded by approval of the at least annually prepared audit plan or as a special assignment awarded by the Management Board. The audit plan and the results of the internal audits are reported to the audit committee of the Company.

9. Outlook

The increased use of electronic systems in our daily lives, the increase in the penetration rate of communication applications and the increased functionality of mobile end devices will result in a strong demand for high-quality printed circuit boards in the next financial year 2011/12. Due to the focus of AT&S on this high-end segment, management expects that AT&S will benefit more than proportionally from these developments. Overall, an annual increase in the Group's sales of 10% to 13% per year is assumed for the coming years.

In order to be able to meet the expected growth in the business segments of AT&S, the production capabilities are expanded primarily in the subsidiaries of AT&S. For the following financial year 2011/12, investments of more than EUR 100 million are planned primarily for the complete expansion of the existing plant in Shanghai and for the construction costs of the new plant in Chongqing attributable to the following financial year. AT&S plans to invest more than EUR 10 million in the two production locations Leoben-Hinterberg and Fehring.

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With the additional capacities particularly in the subsidiaries and the related increases in trading volumes, management expects sales of around EUR 385 million for the financial year 2011/12 and thus a rise of 5 to 10% over the past financial year. A similar cost structure and hence a corresponding increase in the operating result is to be expected with regard to production costs and merchandise supplied by the subsidiaries. Based on potential profit distributions from the subsidiaries, the financial result is also expected to be clearly positive.

Leoben-Hinterberg, 9 May 2011

The Management Board:

Andreas Gerstenmayer m.p.

Heinz Moitzi m.p.

Thomas Obendrauf m.p.

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Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements, including the accounting system, of AT & S Austria Technologie & Systemtechnik Aktiengesellschaft, Leoben-Hinterberg, for the fiscal year from 1 April 2010 to 31 March 2011. These financial statements comprise the balance sheet as of 31 March 2011, the income statement for the fiscal year ended 31 March 2011, and the notes.

Management's Responsibility for the Financial Statements and for the Accounting System

The Company's management is responsible for the accounting system and for the preparation and fair presentation of these financial statements in accordance with Austrian Generally Accepted Accounting Principles. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility and Description of Type and Scope of the Statutory Audit

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing. Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the financial statements comply with legal requirements and give a true and fair view of the financial position of the Company as of 31 March 2011 and of its financial performance for the fiscal year from 1 April 2010 to 31 March 2011 in accordance with Austrian Generally Accepted Accounting Principles.

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Comments on the Management Report

Pursuant to statutory provisions, the management report is to be audited as to whether it is consistent with the financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report is consistent with the financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the management report is consistent with the financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, 9 May 2011

PwC Wirtschaftsprüfung GmbH
Wirtschaftsprüfungs- und
Steuerberatungsgesellschaft

signed:

Mag. Dr. Aslan Milla
Austrian Certified Public Accountant

We draw attention to the fact that the English translation of this auditor's report is presented for the convenience of the reader only and that the German wording is the only legally binding version.

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Statement of all Legal Representatives

We confirm to the best of our knowledge that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards and that the group management report gives a true and fair view of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties the group faces.

We confirm to the best of our knowledge that the separate financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company as required by the applicable accounting standards and that the management report gives a true and fair view of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties the company faces.

Leoben-Hinterberg, 9 May 2011

The Management Board

Andreas Gerstenmayer m.p.
Chairman

Heinz Moitzi m.p.
Chief Technical Officer

Thomas Obendrauf m.p.
Chief Financial Officer