AT&S AUSTRIA TECHNOLOGIE & SYSTEMTECHNIK AKTIENGESELLSCHAFT

ANNUAL FINANCIAL REPORT AS OF 31 MARCH 2010

T A B L E O F C O N T E N T S

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.

AT&S AUSTRIA TECHNOLOGIE & SYSTEMTECHNIK AKTIENGESELLSCHAFT

CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2010

T A B L E O F C O N T E N T S

AT&S AUSTRIA TECHNOLOGIE & SYSTEMTECHNIK AKTIENGESELLSCHAFT

CONSOLIDATED INCOME STATEMENT

(in € 1,000)	Note	Financial year ended 31 March 2010	2009
Revenues	1	372,184	449,881
Cost of sales	2	(327,301)	(383,528)
Gross Profit		44,883	66,353
Selling costs	2	(18,819)	(22,427)
General and administrative costs	2	(17,739)	(21,236)
Other operating result	4	2,646	3,892
Non-recurring items	5	(36,533)	(27,642)
Operating result		(25,562)	(1,060)
Financial income	6	2,956	15,795
Financial expense	6	(11,313)	(14,530)
Financial result		(8,357)	1,265
Profit before tax		(33,919)	205
Income tax expense	7	(3,698)	(5,992)
Profit/(loss) for the year		**(37,617)**	**(5,787)**
thereof equity holders of the parent company		(37,271)	(5,376)
thereof minority interests		(346)	(411)
Earnings per share for profit attributable to equity holders of the parent company (in EUR per share):	25		
- basic		(1.60)	(0,23)
- diluted		(1.59)	(0,23)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in € 1,000)	Financial year ended 31 March 2010	2009
Profit/(loss) for the year	**(37,617)**	**(5,787)**
Currency translation differences	(1,841)	40,292
Fair value gains/(losses) of available-for-sale financial assets, net of tax	19	(17)
Fair value gains/(losses) of cash flow hedges, net of tax	(299)	--
Other comprehensive income for the year	**(2,121)**	**40,275**
Total comprehensive income for the year	**(39,738)**	**34,488**
thereof equity holders of the parent company	(39,392)	34,891
thereof minority interests	(346)	(403)

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CONSOLIDATED BALANCE SHEET

(in € 1,000)	Note	31 March 2010	31 March 2009
ASSETS			
Non-current assets			
Property, plant and equipment	8	308,527	349,853
Intangible assets	9	2,037	2,238
Financial assets	13	99	122
Overfunded retirement benefits	18	620	46
Deferred tax assets	7	11,124	9,962
Other non-current assets	10	3,622	3,066
		326,029	365,287
Current assets			
Inventories	11	38,700	46,998
Trade and other receivables	12	90,976	101,013
Financial assets	13	14,214	14,013
Non-current assets held for sale	14	--	2,151
Current income tax receivables		117	322
Cash and cash equivalents	15	13,354	7,031
		157,361	171,528
Total assets		**483,390**	**536,815**
EQUITY			
Share capital	23	45,680	45,680
Other reserves	24	(1,560)	561
Retained earnings		164,184	205,999
Equity attributable to equity holders of the parent company		208,304	252,240
Minority interests		489	494
Total equity		208,793	252,734
LIABILITIES			
Non-current liabilities			
Financial liabilities	17	105,197	97,060
Provisions for employee benefits	18	11,369	9,751
Other provisions	19	12,769	7,322
Deferred tax liabilities	7	4,664	9,845
Other liabilities	16	1,618	2,172
		135,617	126,150
Current liabilities			
Trade and other payables	16	60,436	53,022
Financial liabilities	17	70,455	98,485
Current income tax payables		2,611	3,449
Other provisions	19	5,478	2,975
		138,980	157,931
Total liabilities		274,597	284,081
Total equity and liabilities		**483,390**	**536,815**

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CONSOLIDATED CASH FLOW STATEMENT

(in € 1,000)	Financial year ended 31 March 2010	2009
Cash flows from operating activities		
Profit/(loss) of the year	(37,617)	(5,787)
Adjustments to reconcile profit for the year to cash generated from operations:		
Depreciation, amortisation and impairment less reversal of impairment of fixed assets and assets held for sale	60,042	53,436
Changes in non-current provisions	5,447	6,528
Income tax expense	3,698	5,992
Financial expense/(income)	8,357	(1,265)
(Gains)/losses from the sale of fixed assets	391	88
Release from government grants	(1,695)	(1,105)
Other non-cash expense/(income), net	(1,012)	1,303
Changes in working capital:		
- Inventories	8,361	8,210
- Trade and other receivables	10,149	(4,357)
- Trade and other payables	5,652	(18,459)
- Other provisions	2,255	1,251
Cash generated from operations	64,028	45,835
Interest paid	(7,453)	(5,243)
Interest and dividends received	728	966
Income tax paid	(10,300)	(2,825)
Net cash generated from operating activities	**47,003**	**38,733**
Cash flows from investing activities		
Capital expenditure for property, plant and equipment and intangible assets	(19,742)	(59,058)
Proceeds from sale of property, plant and equipment and intangible assets	237	256
Disposal of subsidiaries, net of cash disposed	174	--
Purchases of financial assets	(2,329)	(3)
Proceeds from sale of financial assets	3,406	3,085
Net cash used in investing activities	**(18,254)**	**(55,720)**
Cash flows from financing activities		
Proceeds from borrowings	44,183	118,546
Repayments of borrowings	(63,675)	(97,888)
Proceeds from government grants	899	1,645
Dividends paid	(4,198)	(7,930)
Net cash generated from/(used in) financing activities	**(22,791)**	**14,373**
Net increase/(decrease) in cash and cash equivalents	**5,958**	**(2,614)**
Cash and cash equivalents at beginning of the year	7,031	9,364
Exchange gains/(losses) on cash and cash equivalents	365	281
Cash and cash equivalents at end of the year	**13,354**	**7,031**

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in € 1,000)	Share capital	Other reserves	Retained earnings	**Equity attributable to equity holders of the parent company**	Minority interests	**Total equity**
31 March 2008	**45,658**	**(39,714)**	**219,817**	**225,761**	**530**	**226,291**
Total comprehensive income for the year	--	40,275	(5,376)	**34,899**	(403)	**34,496**
Stock option plan:						
- Value of employee services	22	--	--	**22**	--	**22**
Dividend relating to 2007/08	--	--	(7,930)	**(7,930)**	--	**(7,930)**
Minority interests through reclassifications of losses attributable to minority interests	--	--	(512)	**(512)**	367	**(145)**
31 March 2009	**45,680**	**561**	**205,999**	**252,240**	**494**	**252,734**
Total comprehensive income for the year	--	(2,121)	(37,271)	**(39,392)**	(346)	**(39,738)**
Dividend relating to 2008/09	--	--	(4,198)	**(4,198)**	--	**(4,198)**
Minority interests through reclassifications of losses attributable to minority interests	--	--	(346)	**(346)**	346	**--**
Changes in consolidated Group	--	--	--	**--**	(5)	**(5)**
31 March 2010	**45,680**	**(1,560)**	**164,184**	**208,304**	**489**	**208,793**

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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, A-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 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, Austria, Stock Exchange and, 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 in the Prime Standard segment of 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 2010 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 2009), its consolidation was performed on the basis of the interim financial statements as of 31 March 2010.

The consolidated financial statements have been approved for issue by the Board of Directors on 10 May 2010. 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 2010. 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.

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 purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of transaction, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interests. The excess of the cost of acquisition over the fair value of the Group’s share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Changes in consolidated Group
AT&S ECAD Technologies Private Limited, India, and its subsidiary AT&S ECAD Technologies Inc., USA were deconsolidated as of the beginning of June 2009.

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.

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 considers transactions with minorities as transactions with equity holders of the Group. When minority interests are acquired, the difference between the purchase price and the attributable share of net assets acquired in the subsidiary is deducted from equity. Gains or losses on the sale of minorities are also recognised in equity. When sales are made to minorities, the difference between the purchase price and the attributable share in net assets of the subsidiary sold is also recognised 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.

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.

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
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.

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 4 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 identifiable assets, liabilities and contingent liabilities of the acquired subsidiary at the date of acquisition, is included in intangible assets.

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.

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.

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 l. 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.

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. 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. Minority interests

Minority interests include the following:

- 22.68% in AT & S Klagenfurt Leiterplatten GmbH,
- 1.24% in AT&S Korea.

Losses from minority interests can exceed the share in equity of these companies attributable to these interests. The exceeding amount and any additional losses attributable to minority interests are offset against the majority interest in total equity, with the exception of the amount for which the minorities have a binding obligation to compensate for the losses.

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.

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 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 reported 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 (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"). 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 a stock option plan which is settled by the issue of treasury shares, as well as a stock option plan which is settled alternatively in cash or in treasury shares. These stock option plans are accounted for in accordance with IFRS 2 “Share-based Payment”.

The fair value of the work performed by employees in return for the stock options granted to them is recognised as expense. The Group accounts for a corresponding increase in equity, if the work performed is compensated by the issue of treasury shares. Reference is made to Note 23 “Share capital”. The Group accounts for an increase in liability, if it is settled alternatively in cash or in treasury shares. Reference is made to Note 16 “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 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 2009/10. These regulations also have to be applied in the EU and relate to the following standards:
- IFRS 8 “Operating segments” replaces IAS 14 “Segment reporting” (application of the “management approach”, under which segment information is presented on the same basis as that used for internal reporting purposes)
- IFRIC 13 “Customer loyalty programmes”
- IFRIC 14 “IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction”
- IFRS 1 “First time adoption of IFRS” and IAS 27 “Consolidated and separate financial statements” (Amendment: recognition of the carrying amounts of investments in subsidiaries in the separate IFRS financial statements of the parent company)
- IAS 1 “Presentation of financial statements” and “IAS 1 (2007)” replace the existing IAS 1
- IFRS 2 “Share-based payment” (Amendment: vesting conditions and cancellations)
- IAS 23 “Borrowing costs” (Amendment: mandatory capitalisation of borrowing costs for a qualifying asset)
- IAS 32 “Financial instruments: Presentation” and IAS 1 “Presentation of financial statements” (Amendment: Puttable financial instruments and obligations arising on liquidation)

Furthermore, under the annual improvements project of the IASB, a total of 20 standards were amended in May 2008, which were also adopted by the EU, but were not yet mandatory in the financial year 2008/09. These include the following amendments:
- IFRS 5 “Non-current assets held for sale and discontinued operations” and consequential amendment to IFRS 1 “First-time adoption of International Financial Reporting Standards” (Amendment: Plan to sell shares in a subsidiary that results in loss of control)
- IAS 23 “Borrowing costs” (Amendment: Components of borrowing costs)
- IAS 16 “Property, plant and equipment” (Amendment: Sale of assets held for rental and recoverable amount)
- IAS 19 “Employee benefits” (Amendment: Contingent liabilities)
- IAS 20 “Accounting for government grants and disclosure of government assistance” (Amendment: Accounting for below-market rate government loans)
- IAS 27 “Consolidated and separate financial statements” (Amendment: Measurement of subsidiaries held for sale in the separate financial statements of the parent company)
- IAS 28 “Investments in associates” (Amendment: Prohibition of reversal of impairment and goodwill as well as disclosures on investments in associates and joint ventures)
- IAS 29 “Financial reporting in hyperinflationary economies” (Amendment: Description of the measurement basis in financial statements)

- IAS 36 “Impairment of assets” (Amendment: Disclosures in the notes on the determination of the recoverable amount based on the fair value less cost to sell)
- IAS 38 “Intangible assets” (Amendment: Advertising and sales promotion as well as amortization method to be used)
- IAS 39 “Financial instruments: Recognition and Measurement” (Amendments: Reclassification of financial instruments, adjustment of the effective interest rate as well as hedging relationship and segment reporting)
- IAS 40 “Investment property” (Amendments: Property that is under construction or development for future use as investment property and the fair value cannot be measured reliably)
- IAS 41 “Agriculture” (Amendments: Calculation of the fair value and market interest rate in the discounting of future cash flows)

The amendments are mandatory for accounting periods beginning on or after 1 January 2009, with the exception of the amendment of IFRS 5 and IFRS 1 (mandatory for accounting periods beginning on or after 1 July 2009). Therefore, the Group applies these new regulations as of the financial year 2009/10, and will apply the amendments of IFRS 5 and IFRS 1 as of the financial year 2010/11.

The following amendments to standards under the IASB’s annual improvements project of May 2008 relate to changes in wording or editing, which have no or only insignificant effects on accounting. The Group applies these amendments and new regulations as of the financial year 2009/10:
- IFRS 7 “Financial instruments: Disclosures” (Amendment: Presentation of the financial result)
- IAS 8 “Accounting policies, changes in accounting estimates and errors” (Amendment: guidelines)
- IAS 10 “Events after the reporting period” (Amendment: Dividends approved after the balance sheet date, but before the financial statements were authorized for publication)
- IAS 18 “Revenue” (Amendment: Cost of floating a loan)
- IAS 20 “Accounting for government grants and disclosure of government assistance” (Amendment: Adjustment of terminology)
- IAS 29 “Financial reporting in hyperinflationary economies” (Amendment: Adjustment of terminology)
- IAS 34 “Interim financial reporting” (Amendment: Earnings per share)
- IAS 40 “Investment property” (Amendment: Adjustment of terminology)
- IAS 41 “Agriculture” (Amendment: Adjustment of terminology; modification of an example)

The amendments of the regulations to be applied as of the financial year 2009/10 did not have a material impact on the financial position and financial performance of the Group.

Particularly affected by the amendments is the presentation of the financial statements, which was adjusted according to the amended regulations of IAS 1 “Presentation of financial statements” and IFRS 8 “Operating segments”. In particular, the components of other comprehensive income, which previously was broken down in the consolidated statement of changes in equity, is now presented in the additional consolidated statement of comprehensive income. Furthermore, the amended regulations of IAS 1 require the separate disclosure of tax effects and the transfer made to the profit for the year relating to each component of other comprehensive income.

The first-time application of IFRS 8 “Operating segments” did not result in a change in segments, since the previously used primary segment reporting format was already based on the internal reporting.

The amendments of IFRS 7 “Financial instruments: Disclosures” require additional disclosures of financial instruments measured at fair value according to measurement hierarchies, additional disclosures on the liquidity risk and on net results of each category of financial instruments. The exemption to disclose prior year figures is used.

All other new regulations which are mandatory for the first time in the financial year 2009/10 had no or no significant 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 2009/10. 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:

- 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)

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

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.

Furthermore, amendments to standards, new standards and new and amended interpretations were published, but at the time the consolidated financial statements were prepared had not yet been adopted by the European Union. The effects of these regulations on the consolidated financial statements of the Company are not material and therefore not presented in detail.

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 2010 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 € 1,000)	Retirement benefits	Termination benefits
Increase of present value of obligation	777	636

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 2010:

(in € 1,000)	Retirement benefits	Termination benefits
Reduction present value of obligation	690	578

Reference is made to Note 18 "Provisions for employee benefits".

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

Deferred tax assets in the amount of EUR 39.0 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".

Other estimates and assumptions
Further estimates relate to impairments of non-current assets, the measurement of derivative financial instruments, the restructuring of the Leoben-Hinterberg plant, 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 19 "Other provisions".

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 87.3 million, EUR 27.5 million of which is accounted for by cash (equivalents) and securities held for trading and available-for-sale securities, and EUR 59.8 million by available unused credit facilities. Thus, the liquidity reserves increased by EUR 20.4 million year-on-year. In the past financial year, the secured credit lines in particular were raised from EUR 143.0 million to EUR 167.7 million, and thus the unused committed credit lines amount to EUR 37.3 million.

The Company is authorized, subject to the approval of the Supervisory Board, to issue up to 11,300,000 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 23 "Share capital".

The Group has a clearly positive operating cash flow. The net cash flow from operating activities for the financial year 2009/10 amounts to EUR 47.0 million (2008/09: EUR 38.7 million). In the past financial year, the free cash flow (balance of net cash generated from operating activities and investing activities) was also positive.

With regard to liquidity risks, reference is also made to the detailed disclosures in Note 17 "Financial liabilities".

Market risks

Detailed information on market risks and derivative financial instruments is contained in Note I.B.l,. "Summary of significant accounting policies: Derivative financial instruments" and in Note 20 "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 15 "Cash and cash equivalents".

On the liabilities side, 79% 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 (21%) have maturities of less than one year. Reference is made to Note 17 "Financial liabilities".

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 Market Risks by VAR and sensitivity analyses
The Group applies the value at risk concept (VAR) to quantify the interest rate and currency risks. VAR is a measure for the market price risk and shows the highest possible loss that can occur over a certain period of time, taking into account the correlations between different risk elements.

In addition, by a so-called GAP analysis the potential 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 this analysis.

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 annual result of the Group would have been EUR 0.3 million (2008/09: EUR 0.5 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. The impact of this interest rate sensitivity analysis is based on the assumption that the interest rates would deviate during the 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 annual result of the Group would have been EUR 0.5 million (2008/09: EUR 0.6 million) lower (or higher, respectively), provided all other variables had remained constant. This would have mainly been due to the measurement of trade receivables denominated in US dollars and derivative financial instruments at fair value. 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 annual result of the Group would have been EUR 2.0 million (2008/09: EUR 1.7 million) higher (or lower, respectively), provided all other variables had remained constant. This would have mainly been due to the measurement of trade receivables denominated in US dollars, as well as trade payables and derivative financial instruments at fair value. 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 net cash flows expected according to budget for the next 12 months, taking into account derivative financial instruments. Thus, the disclosures of the effect on the consolidated profit for the year also include the effects on the result of the net cash flows for the next 12 months. Funding within the Group between group companies and exchange rate related differences from the translation of financial statements into the group currency are not 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 and, apart from the Mobile Devices segment, increasingly focuses on the areas Industrial and Automotive. 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 provides the Group with opportunities to gain new customers in addition to market shares. With plants in Europe and Asia and a service and distribution network spanning four continents, the Group is able to react to customer demands as well as to current customer developments in a swift and flexible manner.

In the financial year 2009/10, a significant portion of the Group's revenue was accounted for indirectly by two multinational groups operating in the mobile devices segment. The receivables from these customers as of 31 March 2010 account for only 2% of total trade receivables (31 March 2009: 35%). As the Group primarily supplies to contract electronic manufacturers (CEM) of indirect customers, the receivables relate to a fairly large number of customers. So the highest portion of receivables of a direct contract partner amounts to 17% 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 in the Group.

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

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, economically difficult financial year, the Group invested even more in research and development than in the previous years. 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. The research project Hermes in the area of Embedded Component Packaging Technology has to be noted in this context. 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.

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 2010 amounted to 71% (31 March 2009: 69%).

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, market and supply 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.

III. SEGMENT REPORTING

The segment information is presented in the following according to the internal reporting by regional production locations in Europe and Asia. Thus, the segment reporting is consistent with the previously primary segment reporting format of geographic segmentation.

Transfers and transactions between the segments are performed under market conditions, as they would be applied to transactions with independent third parties.

Financial year 2009/10:

(in € 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
Non-recurring items	(36,533)	--	--	(36,533)
Segment result/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				(37,617)
Total assets	111,611	374,069	(2,290)	483,390
Liabilities	69,758	46,265	158,574	274,597
Capital expenditures	2,255	19,050	(559)	20,746
Depreciation/amortisation of property, plant and equipment and intangible assets	22,069	36,638	1,335	60,042

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

Financial year 2008/09:

(in € 1,000)	Europe	Asia	Not allocated and consolidation	Group
External sales	335,299	114,582	--	449,881
Intercompany sales	--	159,938	(159,938)	--
Total revenues	335,299	274,520	(159,938)	449,881
Non-recurring items	(21,996)	(5,646)	--	(27,642)
Segment result/Operating result	(28,645)	42,844	(15,259)	(1,060)
Financial result				1,265
Profit before income tax				205
Income tax expense				(5,992)
Profit for the year				(5,787)
Total assets	134,333	391,862	10,620	536,815
Liabilities	60,253	34,199	189,629	284,081
Capital expenditures	9,191	39,375	725	49,291
Depreciation/amortisation of property, plant and equipment and intangible assets	13,563	38,747	1,126	53,436

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.

Revenues broken down by industries is as follows:

	Financial year	
(in € 1,000)	2009/10	2008/09
Mobile Devices	221,346	287,538
Industrial	105,153	107,001
Automotive	41,841	41,298
Other	3,844	14,044
	372,184	449,881

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

Revenue broken down by country is as follows:

	Financial year	
(in € 1,000)	2009/10	2008/09
Austria	17,983	20,038
Germany	88,315	92,169
Hungary	39,752	52,149
Other EU	29,917	34,113
Asia	125,432	175,060
Canada, USA	64,809	70,476
Other	5,976	5,876
	372,184	449,881

IV. NOTES TO THE CONSOLIDATED INCOME STATEMENT

1. Revenue

(in € 1,000)	Financial year 2009/10	2008/09
Main revenue	371,950	449,666
Incidental revenue	234	215
	372,184	449,881

2. Types of expenses

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

(in € 1,000)	Financial year 2009/10	2008/09
Cost of materials	144,594	172,571
Personnel expenses	84,715	105,839
Depreciation/amortisation	43,011	44,192
Energy	22,126	21,813
Purchased services incl. leased personnel	21,902	24,489
Maintenance (incl. spare parts)	18,879	22,072
Transportation costs	6,891	7,689
Change in inventories	5,094	7,395
Rental and leasing expenses	4,861	6,221
Other	11,786	14,910
	363,859	427,191

In the financial years 2009/10 and 2008/09, the item “other” mainly relates to insurance expenses, legal and consulting fees, IT service costs as well as travel expenses.

3. Research and development costs

The Group incurred research and development costs in the amount of TEUR 20,681 and TEUR 8,590 in the financial years 2009/10 and 2008/09, respectively. The above amounts represent only costs which can be directly allocated and which are recognised as expenses in cost of sales. In addition to the expansion of related activities, the increase over the prior year is mainly due to a more detailed and thus more comprehensive separate recognition of development activities.

4. Other operating result

(in € 1,000)	Financial year 2009/10	Financial year 2008/09
Income from the reversal of government grants	758	843
Government grants for costs*)	1,844	992
Expenses/income from foreign exchange differences	(104)	1,639
Losses from the sale of non-current assets	(391)	(89)
Impairments/reversals of impairments of property, plant and equipment**)	(95)	1
Start-up losses***)	(295)	(380)
Miscellaneous other income	929	886
	2,646	3,892

*) 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 2009/10 and 2008/09 are due to the construction of the second plant in India.

In the financial years 2009/10 und 2008/09, 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 € 1,000)	Financial year 2009/10	Financial year 2008/09
Impairments of goodwill	--	(5,426)
Impairments of other intangible assets	(193)	(108)
Impairments of property, plant and equipment	(16,738)	(3,706)
Losses from the disposal of assets	--	(13)
Personnel expenses	(11,852)	(8,866)
Net costs arising from other contractual obligations	(7,750)	(9,605)
Income from the reversal of provisions for restructuring	--	82
	(36,533)	(27,642)

Impairments of goodwill
Impairments of goodwill in the previous financial year 2008/09 relate to the write-off of the goodwill of AT&S Korea. Reference is made to Note 9 “Intangible assets”.

Restructuring Leoben-Hinterberg
In connection with the restructurings of the production location in Leoben-Hinterberg, Austria, non-recurring expenses in the amount of TEUR 33,255 and TEUR 20,971 arose for the financial years 2009/10 and 2008/09, respectively. The related expense items are as follows:

	Financial year	
(in € 1,000)	2009/10	2008/09
Impairments of intangible assets	(193)	(12)
Impairments of property, plant and equipment	(16,738)	(3,582)
Personnel expenses	(8,574)	(7,788)
Net costs arising from other contractual obligations	(7,750)	(9,589)
	(33,255)	(20,971)

The restructuring of the Leoben-Hinterberg location in the financial year 2009/10 results from comprehensive measures to increase the efficiency of the Austrian plants, which were decided at the end of the first quarter of the financial year. 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, with some machines being transferred to Asian production sites. Personnel expenses result from an agreed social plan. Net costs from other contractual obligations mainly relate to already incurred and, most notably, future vacancy costs for additional unused building spaces based on the non-cancellable property lease obligations, as well as other contractual obligations to be recognised as expenses. Reference is also made to Note 8 “Property, plant and equipment”, Note 9 “Intangible assets” and Note 19 “Other provisions”.

The restructuring of the Leoben-Hinterberg location in the previous financial year 2008/09 included the adjustment of production capacities to the expected utilization of the plant from the perspective at the time. The impairments of property, plant and equipment related to the production machines that were no longer required. Personnel expenses resulted from the social plan agreed in the financial year 2008/09. Net costs from other contractual obligations mainly related to vacancy costs based on the non-cancellable property lease obligations, as well as other contractual obligations to be recognised in the income statement. Reference is made also to Note 8 “Property, plant and equipment”, Note 9 “Intangible assets” and Note 19 “Other provisions”.

Other non-recurring expenses
Other non-recurring personnel expenses in the amount of TEUR 3,278 and TEUR 1,078 in the financial years 2009/10 and 2008/09, respectively, result from cost cutting programs carried out across the Group and the related reduction in the number of staff, particularly in the area of overhead costs. In the previous financial year 2008/09, non-current assets were also affected by the cost cutting program. Reference is made to Note 8 “Property, plant and equipment” and Note 9 “Intangible assets”.

6. Financial result

(in € 1,000)	Financial year 2009/10	2008/09
Interest income from financial assets at fair value and available-for-sale securities	600	706
Other interest income	128	260
Gains from the sale of cash equivalents	3	8
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	--	14,764
Other financial income	58	57
Financial income	2,956	15,795
Interest expense on borrowings	(7,960)	(8,764)
Interest expense from finance leases	--	(76)
Realised income from derivative financial instruments, net	--	2,755
Losses from the measurement of derivative financial instruments at fair value, net	--	(8,029)
Foreign exchange losses, net	(3,243)	--
Other financial expenses	(110)	(416)
Financial expenses	(11,313)	(14,530)
Financial result	(8,357)	1,265

7. Income taxes

The income tax expense is broken down as follows:

(in € 1,000)	Financial year 2009/10	2008/09
Current income taxes	9,798	3,367
Deferred taxes	(6,100)	2,625
Total tax expense	3,698	5,992

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:

	Financial year	
(in € 1,000)	2009/10	2008/09
Expected tax expense at standard Austrian rate	(5,064)	51
Effect of different tax rates in foreign countries	(824)	(11,527)
Non-creditable foreign withholding taxes	2,989	4,292
Effect of change in previously unrecognised tax losses and temporary differences	8,031	16,475
Effect of the change in tax rate	(1,107)	(1,268)
Effect of permanent differences	(435)	(1,821)
Effect of taxes from prior periods	114	(235)
Other tax effects, net	(6)	25
Total tax expense	3,698	5,992

Deferred tax assets and liabilities consist of the following:

	31 March	
(in € 1,000)	2010	2009
Deferred tax assets		
Tax loss carryforwards including taxable goodwill	2,342	3,459
Non-current assets	6,565	5,625
Inventories	1,168	1,264
Trade receivables	137	129
Retirement, termination benefit and other employee benefit obligations	731	972
Other non-current liabilities	906	48
Temporary differences arising from shares in subsidiaries	--	1,705
Losses not yet realised from cash flow hedging instruments, recognised in equity	100	--
Other	227	12
Deferred tax assets	12,176	13,214

Deferred tax liabilities		
Non-current assets	(703)	(2,662)
Unrealised gains from securities available for sale, recognised in equity and not taken through profit or loss	(19)	(8)
Provisions for termination benefits	--	(692)
Foreign currency valuation	--	(2,364)
Temporary differences arising from shares in subsidiaries	(4,490)	(4,589)
Other taxable temporary differences	--	(2,725)
Other	(504)	(57)
Deferred tax liabilities	(5,716)	(13,097)
Deferred tax assets, net	6,460	117

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:

	31 March	
(in € 1,000)	2010	2009
Deferred tax assets:		
- non-current	8,237	7,876
- current	2,887	2,086
	11,124	9,962
Deferred tax liabilities:		
- non-current	(904)	(6,740)
- current	(3,760)	(3,105)
	(4,664)	(9,845)
Deferred tax assets, net	6,460	117

At 31 March 2010 the Group has tax loss carryforwards and taxable goodwill amounting to a total of TEUR 168,645 (at 31 March 2009 TEUR 135,308). For loss carryforwards amounting to TEUR 159,080 (at 31 March 2009 TEUR 120,673) thereof no deferred tax assets were recognised in the amount of TEUR 39,019 (at 31 March 2009 TEUR 29,588), since it is unlikely that they could be realised in the foreseeable future. TEUR 6,104 (at 31 March 2009 TEUR 9,519 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.

Deferred taxes (net) changed as follows:

	Financial year	
(in € 1,000)	2009/10	2008/09
Carrying amount at the beginning of the financial year	117	2,111
Currency translation differences	153	622
Income/(expense) recognised in the income statement	6,100	(2,625)
Income taxes recognised in equity	90	9
Carrying amount at the end of the financial year	6,460	117

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

	Financial year					
	2009/10			2008/09		
(in € 1,000)	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	(1,841)	--	(1,841)	40,292	--	40,292
Fair value gains/(losses) of available-for-sale financial assets	29	(10)	19	(26)	9	(17)
Fair value gains/(losses) of cash flow hedges	(399)	100	(299)	--	--	--
Other comprehensive income	(2,211)	90	(2,121)	40,266	9	40,275

V. NOTES TO THE CONSOLIDATED BALANCE SHEET

8. Property, plant and equipment

(in € 1,000)	Land, plants and buildings	Machinery and technical equipment	Tools, fixtures, furniture and office equipment	Prepayments and construction in progress	Total
Net carrying amount 31 March 2009	51,651	276,910	5,708	15,584	349,853
Changes in the consolidated 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

(in € 1,000)	Land, plants and buildings	Machinery and technical equipment	Tools, fixtures, furniture and office equipment	Prepayments and construction in progress	Total
Net carrying amount 31 March 2008	45,002	225,630	5,685	21,433	297,750
Exchange differences	8,097	38,970	320	3,552	50,939
Additions	1,247	13,184	2,233	32,011	48,675
Disposals	(3)	(238)	(93)	--	(334)
Transfers	--	41,355	57	(41,412)	--
Impairment	--	(3,264)	(442)	--	(3,706)
Reversals of impairment	--	1	--	--	1
Depreciation, current	(2,692)	(38,728)	(2,052)	--	(43,472)
Net carrying amount 31 March 2009	51,651	276,910	5,708	15,584	349,853

At 31 March 2009

Gross carrying amount					
Accumulated depreciation	61,261	591,115	21,607	15,584	689,567
Net carrying amount	(9,610)	(314,205)	(15,899)	--	(339,714)

The value of the land included in land, plants and buildings amounts to TEUR 1,513 (TEUR 1,280 as at 31 March 2009).

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

Transfers
The balance of transfers in the amount of TEUR 2,151 in the financial year 2009/10 relates to the reclassification of the non-current asset held for sale as of 31 March 2009. Reference is made to Note 14 “Non-current assets held for sale”.

Impairment
For some property, plant and equipment, which fulfilled the criteria for impairment, an impairment to their recoverable amount had to be recognised. The impairments in the financial year 2009/10 in the amount of TEUR 16,833 and the impairment in the financial year 2008/09 in the amount of TEUR 3,706 relate almost exclusively to restructuring and cost saving measures. The determination of this amount was based on available estimates for the sale of these assets under market conditions and arm’s length transactions. Reference is made to Note 5 “Non-recurring items” and Note 4 “Other operating result”.

Collateralisation
In connection with the collateralisation of various financing agreements property, plant and equipment in the amount of TEUR 0 (TEUR 1,772 at 31 March 2009) was mortgaged.

9. Intangible assets

(in € 1,000)	Industrial property and similar rights and assets, and licenses in such rights and assets	Goodwill	Other intangible 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)
Net carrying amount 31 March 2010	2,037	--	--	2,037

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

(in € 1,000)	Industrial property and similar rights and assets, and licenses in such rights and assets	Goodwill	Other intangible assets	Total
Net carrying amount 31 March 2008	2,331	5,910	106	8,347
Exchange differences	29	(484)	--	(455)
Additions	617	--	--	617
Disposals	(11)	--	--	(11)
Impairment	(108)	(5,426)	--	(5,534)
Amortisation, current	(722)	--	(4)	(726)
Net carrying amount 31 March 2009	2,136	--	102	2,238

At 31 March 2009				
Gross carrying amount	12,786	5,052	131	17,969
Accumulated amortisation	(10,650)	(5,052)	(29)	(15,731)
Net carrying amount	2,136	--	102	2,238

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

Impairments

The impairments in the financial year 2009/10 in the amount of TEUR 193 exclusively relate 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".

In the previous financial year 2008/09, the impairment test of AT&S Korea resulted in an impairment of total goodwill in the amount of TEUR 5,426. For the purpose of impairment testing, goodwill had been allocated to the cash generating unit AT&S Korea and to the Asia segment. The value in use was derived from future cash flows, which are based on a detailed budgeting adopted by the management. A detailed planning period of seven years was used for the determination of the value in use of AT&S Korea.

Other impairments in the financial year 2008/09 in the amount of TEUR 108 exclusively related to restructuring and cost saving measures.

10. Other non-current assets

	31 March	
(in € 1,000)	2010	2009
Prepayments	1,805	1,887
Deposits made	1,817	1,128
Other non-current receivables	--	51
Carrying amount	3,622	3,066

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

11. Inventories

	31 March	
(in € 1,000)	2010	2009
Raw materials and supplies	15,915	18,207
Work in progress	10,064	8,963
Finished goods	12,721	19,828
Carrying amount	38,700	46,998

The balance of write-downs of inventories recognised as expense amounts to TEUR 6,521 as of 31 March 2010 (TEUR 8,979 as of 31 March 2009).

In connection with various financing agreements, inventories in the amount of TEUR 87 (TEUR 0 at 31 March 2009) serve as collateral. Reference is made to Note 17 "Financial liabilities".

12. Trade and other receivables

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

	31 March	
(in € 1,000)	2010	2009
Trade receivables	70,703	86,001
VAT receivables	12,013	6,803
Energy tax refunds	4,407	3,511
Prepayments	2,398	2,327
Other receivables from authorities	1,277	138
Deposits	423	1,014
Insurance reimbursements	44	1,573
Other receivables	714	625
Impairments	(1,003)	(979)
	90,976	101,013

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 2009) serve as collateral. Reference is made to Note 17 “Financial liabilities”.

The carrying amounts of trade and other receivables approximately correspond to their respective fair values.

Maturity of receivables
All receivables at 31 March 2010 and 31 March 2009 have remaining maturities of less than one year.

Factoring
At the balance sheet date 31 March 2010 receivables in the amount of TEUR 7,511 (TEUR 6,072 at 31 March 2009) had been transferred to a bank under a genuine factoring arrangement and derecognised.

Development of periods overdue and write-downs

At 31 March 2010

	Carrying amount	thereof: not impaired and not overdue or insured,	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 and other receivables	90,976	86,353	4,300	169	32	122

At 31 March 2009

	Carrying amount	thereof: not impaired and not overdue or insured,	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 and other receivables	101,013	92,555	7,868	263	240	87

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

Impairment of trade and other receivables changed as follows:

	Financial year	
(in € 1,000)	2009/10	2008/09
Impairment at the beginning of the financial year	979	908
Utilisation	(159)	(81)
Reversal	(10)	(141)
Addition	101	358
Currency translation differences	92	(65)
Impairment at the end of the financial year	1,003	979

13. Financial assets

The carrying amounts of financial assets are as follows:

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

(in € 1,000)	31 March 2009	thereof non-current	thereof current
Financial assets at fair value through profit or loss	13,987	--	13,987
Available-for-sale financial assets	148	122	26
	14,135	122	14,013

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:

	31 March	
(in € 1,000)	2010	2009
Bonds	13,986	13,448
Derivative financial instruments*)	167	539
	14,153	13,987

*) Reference is made to Note 20 "Derivative financial instruments".

All bonds held are denominated in euro.

Securities held to maturity

	31 March	
(in € 1,000)	2010	2009
Acquisition cost	1,000	1,000
Impairment	(1,000)	(1,000)
Carrying amount	--	--

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

	31 March	
(in € 1,000)	2010	2009
Available-for-sale securities, at fair value	157	123
Other available-for-sale financial assets	3	25
Carrying amount	160	148

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

	Financial year	
(in € 1,000)	2009/10	2008/09
Carrying amount at the beginning of the financial year	123	171
Disposals	(1)	(19)
Unrealised gains/(losses) from the current period, recognised in equity	29	(26)
Currency translation differences	6	(3)
Carrying amount at the end of the financial year	157	123

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

Other financial assets available for sale relate to investments and are measured at acquisition cost.

14. Non-current assets held for sale

	Financial year	
(in € 1,000)	2009/10	2008/09
Carrying amount at the beginning of the financial year	--	2,151
Impairment	--	--
Carrying amount at the end of the financial year	--	2,151

A non-current asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The sale has to be highly probable and expected to be effected within one year.

In the financial year 2008/09, non-current assets held for sale related to the property and corporate building of AT&S Verwaltungs GmbH & Co KG, Germany. Ultimately, the sale negotiations did not lead to a concrete result in the financial year 2009/10, and due to the general economic situation it cannot be assumed that the sale will be effected within one year. Therefore, a transfer to property, plant and equipment as non-current asset was made in the financial year 2009/10. Reference is made to Note 8 “Property, plant and equipment”.

15. Cash and cash equivalents

	31 March	
(in € 1,000)	2010	2009
Bank balances and cash on hand	12,574	4,250
Time deposits	771	2,304
Restricted cash	9	477
Carrying amount	13,354	7,031

At 31 March 2010 restricted cash relates to AT&S India (at 31 March 2009 to AT&S India and AT&S China).

The reported carrying amounts correspond to the respective fair values.

16. Trade and other payables

(in € 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	--

(in € 1,000)	31 March 2009	Remaining maturity: Less than 1 year	Between 1 and 5 years	More than 5 years
Trade payables	32,826	32,826	--	--
Government grants	1,582	197	1,239	146
Liabilities to fiscal authorities and other public taxing bodies	2,610	2,610	--	--
Social security payables	1,789	1,789	--	--
Liabilities from unconsumed vacations	4,117	4,117	--	--
Liabilities to employees	7,987	7,987	--	--
Other liabilities	4,283	3,496	787	--
Carrying amount	55,194	53,022	2,026	146

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. The original terms to be fulfilled had already expired at the last balance sheet date.

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.

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.

The following table summarises information about all stock options granted until 31 March 2010.

	Date of grant 1 April 2009	Date of grant 1 April 2008	Date of grant 1 April 2007	Date of grant 1 April 2006
Exercise price (in €)	3.86	15.67	22.57	17.99
31 March 2008	--	--	129,000	128,000
Number of options granted	--	137,000	--	--
Number of options forfeited	--	--	--	--
Number of options exercised	--	--	--	--
Number of options expired	--	--	--	--
31 March 2009	--	137,000	129,000	128,000
Number of options granted	138,000	--	--	--
Number of options forfeited	--	--	--	--
Number of options exercised	--	--	--	--
Number of options expired	3,000	5,000	5,000	4,000
31 March 2010	135,000	132,000	124,000	124,000
Remaining contract period of stock options	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 2009	--	--	--	--
31 March 2010	638	61	8	4

In contrast to the stated contract terms, the stock options of Dr. Harald Sommerer vest at the retirement date on 31 January 2010 and are exercisable until 31 January 2011 at the latest.

Reference is made to Note 29 “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 2006, 1 April 2007, 1 April 2008 and 1 April 2009:

Risk-free interest rate	1.03 – 2.24%
Volatility	49.91-51.28%
Dividend per share	0.0
Weighted average terms of granted stock options	3.6 Jahre

Volatility is calculated on the daily share prices as of 1 October 2006 and 1 April 2009, respectively until the balance sheet date.

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 accrued legal, audit and consulting fees, debtors with credit balances, pension obligations and other accruals, as well as retained deposits.

17. Financial liabilities

		Remaining maturity			
(in € 1,000)	31 March 2010	Less than 1 year	Between 1 and 5 years	More than 5 years	Interest rate in %
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	--	

		Remaining maturity			
(in € 1,000)	31 March 2009	Less than 1 year	Between 1 and 5 years	More than 5 years	Interest rate in %
Export loans	83,374	3,764	79,610	--	5.5
Loans from state authorities:	36,000	36,000	--	--	3.0
- European Recovery Program					
- Public authorities	128	128	--	--	1.5
Other bank borrowings	340	29	311	--	2.0-2.5
Liabilities from finance leases	72,834	55,695	17,139	--	1.2-3.85
Derivative financial instruments*)	2,869	2,869	--	--	
Carrying amount	195,545	98,485	97,060	--	

*) Reference is made to Note 20 “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 no 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,
- 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 mainly relate to the financing of the plants in China, South Korea and India, 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, 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.

In particular for the expansion of the plant in China once funds were raised (on the basis of a G4 guarantee of the Republic of Austria), which have to be repaid according to the repayment schedule in semi-annual instalments until 31 March 2011. Interest for the residual term is mainly fixed and in part variable. The main contract terms are as follows:

- maintain the 100% share in AT&S China,
- existence of the G4 guarantee,
- not assume encumbrances with regard to the investments.

The contractually agreed (undiscounted) interest and redemption payments of the financial liabilities at 31 March 2010 are as follows in the next financial years:

(in € 1,000)	Bonds	Export loans	Loans from state authorities	Other bank borrowings	Derivative financial instruments
2010/11					
Redemption	--	36,000	177	29,179	1,386
Fixed interest	4,461	--	9	564	--
Variable interest	--	--	--	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	--	--	--	--	--

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

At the prior-year balance sheet date 31 March 2009 the contractually agreed (undiscounted) interest and redemption payments of the financial liabilities were as follows for the next financial years:

(in € 1,000)	Export loans	Loans from state authorities	Other bank borrowings	Liabilities from finance leases	Derivative financial instruments
2009/10					
Redemption	--	36,000	157	55,695	2,869
Fixed interest	4,461	--	8	1,065	--
Variable interest	--	--	--	157	--
2010/11					
Redemption	--	--	177	14,000	--
Fixed interest	4,461	--	6	479	--
Variable interest	--	--	--	--	--
2011/12					
Redemption	--	--	94	3,139	--
Fixed interest	4,461	--	2	13	--
Variable interest	--	--	--	--	--
2012/13					
Redemption	--	--	40	--	--
Fixed interest	4,461	--	1	--	--
Variable interest	--	--	--	--	--
2013/14					
Redemption	80,000	--	--	--	--
Fixed interest	697	--	--	--	--
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.

	Carrying amounts 31 March		Estimated fair values 31 March	
(in € 1,000)	2010	2009	2010	2009
Bonds	83,418	83,374	89,029	77,932
Export loans	36,000	36,000	36,000	36,000
Loans from state authorities	430	468	433	469
Other bank borrowings	54,019	72,834	55,789	71,138
Derivative financial instruments	1,785	2,869	1,785	2,869
	175,652	195,545	183,036	188,408

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.

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

	31 March	
(in € 1,000)	2010	2009
Euro	174,473	193,712
Korean won	--	1,474
US dollar	399	27
Japanese yen	--	271
Chinese renminbi yuan	366	--
Indian rupee	414	61
	175,652	195,545

Bank borrowings are secured as follows:

- By property, plant and equipment amounting to TEUR 0 (at 31 March 2009: TEUR 1,772). Reference is made to Note 8 “Property, plant and equipment”;
- By inventories and trade receivables amounting to TEUR 36,087 (at 31 March 2009: TEUR 36,000). 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 14,000 at 31 March 2010 (at 31 March 2009: TEUR 35,500), as well as for the site in South Korea amounting to TEUR 3,139 (at 31 March 2009: TEUR 3,139).

Lines of credit of financing liabilities at 31 March 2010 are as follows:

(in € 1,000)	Credit lines	Used
Export credit lines - committed	36,000	36,000
Other credit lines - committed	167,693	130,366
Credit lines - uncommitted	30,000	7,500
	233,693	173,866

Leases

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

	31 March	
(in € 1,000)	2010	2009
Not later than 1 year	3,078	3,541
Between 1 and 5 years	7,796	10,090
Later than 5 years	11,236	16,510
Total minimum lease payments	22,110	30,141

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 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 19 “Other provisions”.

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

	Financial year	
(in € 1,000)	2009/10	2008/09
Leasing and rental expenses	3,359	4,023

18. 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 were supplemented by death and endowment insurance in the financial year 2009/10. 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 147 in the financial year 2009/10 and to TEUR 450 in the financial year 2008/09.

Defined Benefit Plans
The Group operates non-contributory defined benefit plans for the board members 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, 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 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 for the financial year 2009/10 amounted to TEUR 239 and for the financial year 2008/09 to TEUR 358.

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

These benefits are calculated similarly to the method used for termination benefits, based on the same parameters, however, without taking the corridor method into consideration.

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

	Retirement benefits		Termination benefits		Other employee benefits	
	Financial year		Financial year		Financial year	
(in € 1,000)	2009/10	2008/09	2009/10	2008/09	2009/10	2008/09
Current service cost	191	188	1,115	1,267	706	259
Interest expense	466	433	555	626	113	96
Past service cost	--	195	--	--	--	--
Settlements	--		3,069		--	--
Expected return on plan assets	(291)	(395)	(13)	(13)	--	--
Actuarial losses/(gains)	101	32	182	159	(23)	(129)
Total expenses	467	453	4,908	2,039	796	226

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 2009/10 are included in the non-recurring items.

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

	31 March	
(in € 1,000)	2010	2009
(Overfunded) retirement benefits	**(620)**	**(46)**
Underfunded retirement benefits	1,021	953
Underfunded termination benefits	8,233	6,554
Other employee benefits	2,115	2,244
Provisions for employee benefits	**11,369**	**9,751**
Accrued retirement, termination and other employee benefits, net	10,749	9,705

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

	Retirement benefits 31 March		Termination benefits 31 March	
(in € 1,000)	2010	2009	2010	2009
Present value of funded obligations	8,662	8,381	437	392
Fair value of plan assets	(8,480)	(6,769)	(194)	(184)
Funded status funded obligations	182	1,612	243	208
Present value of unfunded obligations	968	900	9,085	10,653
Unrealised actuarial gains/(losses)	(749)	(1,605)	(1,095)	(4,307)
Provisions/(receivables) in the balance sheet, net	401	907	8,233	6,554
thereof receivables (overfunded benefits)	(620)	(46)	--	--
thereof provisions (underfunded benefits)	1,021	953	8,233	6,554

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

	Funded retirement benefits Financial year		Unfunded retirement benefits Financial year	
(in € 1,000)	2009/10	2008/09	2009/10	2008/09
Present value of retirement benefit obligation				
Present value at beginning of year	8,381	7,811	900	825
Current service cost	191	188	--	--
Interest expense	419	390	47	43
Actuarial losses/(gains)	(174)	142	21	32
Benefits paid	(155)	(150)		--
Present value at end of year	8,662	8,381	968	900
Fair value of plan assets				
Fair value at beginning of year	6,769	8,042		
Contributions to plan assets	973	--		
Expected return on plan assets	291	395		
Actuarial gains/(losses)	602	(1,518)		
Benefits paid	(155)	(150)		
Fair value at end of year	8,480	6,769		
Funded status funded retirement benefits	812	1,612		

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

	31 March	
	2010	2009
Debt securities	31 %	47%
Equity securities	38 %	24%
Real estate	7 %	4%
Cash and cash equivalents	24 %	25%
	100 %	100%

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

	Funded termination benefits Financial year		Unfunded termination benefits Financial year	
(in € 1,000)	2009/10	2008/09	2009/10	2008/09
Present value of termination benefit obligation				
Present value at beginning of year	392	383	10,653	11,948
Changes in consolidated group	(22)	(25)	--	(64)
Exchange differences	41	--	81	--
Current service cost	30	37	1,085	1,230
Interest cost	29	29	526	598
Actuarial losses/(gains)	(11)	(18)	(3,019)	298
Settlements	--	--	3,069	--
Benefits paid	(22)	(14)	(3,310)	(3,357)
Present value at end of year	437	392	9,085	10,653
Fair value of plan assets				
Fair value at beginning of year	184	160		
Changes in consolidated group	(15)	--		
Exchange differences	18	(11)		
Contributions to plan assets	16	34		
Expected return on plan assets	13	13		
Actuarial gains/(losses)	--	2		
Benefits paid	(22)	(14)		
Fair value at end of year	194	184		
Funded status funded termination benefits	243	208		

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

	Financial year	
(in € 1,000)	2009/10	2008/09
Present value at beginning of year	2,244	1,969
Exchange differences	(24)	174
Service cost	706	259
Interest expense	113	96
Actuarial losses/(gains)	(23)	(129)
Benefits paid	(901)	(125)
Present value at end of year	2,115	2,244

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

	Retirement benefits 31 March		Termination benefits 31 March		Other employee benefits (anniversary bonuses) 31 March	
	2010	2009	2010	2009	2010	2009
Discount rate	5%	5.25%	5-8.25%	5.25-8%	2-5%	4-5.25%
Expected return on plan assets	5.55%	4.44%	8%	8%	--	--
Expected rate of compensation increase	2.25%	2.5%	3-7%	3.25-10%	3-10%	3.25-10%
Expected rate of pension increase	2%	2.25%	--	--	--	--
Retirement age (women/men)	58-65	58-65	Individual according to 2003 pension reform	Individual according to 2003 pension reform	--	--

19. Other provisions

(in € 1,000)	Total	Warranty	Closure Augsburg plant	Restructuring Leoben	Sundry
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

	31 March	
(in € 1,000)	2010	2009
thereof non-current	12,769	7,322
thereof current	5,478	2,975
Carrying amount	18,247	10,297

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. For an overall presentation of the restructurings of the Leoben-Hinterberg location, reference is made to Note 5 “Non-recurring items”.

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

20. 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.

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

	31 March 2010		31 March 2009	
(in € 1,000)	Assets	Liabilities	Assets	Liabilities
Forward contracts at fair value	--	254	131	--
Currency swaps at fair value	167	1,132	372	2,869
Currency options at fair value	--	--	3	--
Interest rate swaps at fair value	--	399	33	--
Total fair values	167	1,785	539	2,869
Net of current portion:				
Forward contracts at fair value		254	131	--
Currency swaps at fair value	167	1,132	372	2,869
Currency options at fair value	--	--	3	--
Interest rate swaps at fair value		--	33	--
Current portion	167	1,386	539	2,869
Non-current portion	--	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:

	31 March 2010		31 March 2009	
Currency	Nominal amount (in 1,000 local currency)	Fair value (in € 1,000)	Nominal amount (in 1,000 local currency)	Fair value (in € 1,000)
US dollar	35,301	(1,219)	67,158	(2,363)

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:

	31 March 2010		31 March 2009	
Currency	Nominal amount (in 1,000 local currency)	Fair value (in € 1,000)	Nominal amount (in 1,000 local currency)	Fair value (in € 1,000)
Euro	23,600	(399)	10,000	33

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

	31 March	
(in months)	2010	2009
Forward contracts	4	10
Currency swaps	7	10
Currency options	--	3
Interest rate swaps	48	15

At 31 March 2010, the fixed interest rate for interest rate swaps is 2.34%, the variable interest rate is based on the 6-month EURIBOR.

21. 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 € 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

(in € 1,000) **31 March 2009**	Fair values through profit or loss	Fair values in equity	Amortised cost	Carrying amounts
Assets				
Non-current assets				
Financial assets	--	97	25	122
Current assets				
Trade and other receivables	--	--	87,358	87,358
Financial assets	13,987	26	--	14,013
Cash and cash equivalents	--	--	7,031	7,031
Liabilities				
Non-current liabilities				
Financial liabilities	--	--	97,060	97,060
Current liabilities				
Trade and other payables	--	--	40,813	40,813
Financial liabilities	2,869	--	95,616	98,485

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 2010**	Level 1	Level 2	Level 3	Total
Financial assets				
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:

	Financial year	
(in EUR 1,000)	2009/10	2008/09
Loans and receivables	(538)	869
Financial assets at fair value through profit or loss	3,305	(4,515)
Financial assets available for sale	1	4
Financial liabilities at amortised cost	(11,203)	5,925
	(8,435)	2,283

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.

TEUR -7,766 net expense (2008/09: TEUR 1,682 net income) of the total net result from financial instruments is included in the financial result, and TEUR -669 (2008/09: TEUR 601 net income) in the operating result.

22. Contingent liabilities and other financial commitments

Regarding non-cancellable leasing and rental agreements, reference is made to Note 17 “Financial liabilities”. At 31 March 2010 the Group has other financial commitments amounting to TEUR 25,774 (TEUR 6,264 at 31 March 2009) 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 9 (TEUR 2 at 31 March 2009). Other guarantees or contingencies relating to the ordinary business operations do not exist at the balance sheet date.

23. Share capital

	Outstanding shares (in 1,000 shares)	Ordinary shares (in € 1,000)	Share premium (in € 1,000)	Stock options (in € 1,000)	Treasury shares, net of tax (in € 1,000)	**Share capital** (in € 1,000)
31 March 2008	**23,323**	**28,490**	**63,294**	**226**	**(46,352)**	**45,658**
Stock option plans:						
Value of services rendered	--	--	--	22	--	22
Change in stock options	--	--	248	(248)	--	--
31 March 2009	**23,323**	**28,490**	**63,542**	**--**	**(46,352)**	**45,680**
Stock option plans:						
Value of services rendered	--	--	--	--	--	--
Change in stock options	--	--	--	--	--	--
31 March 2010	**23,323**	**28,490**	**63,542**	**--**	**(46,352)**	**45,680**

Ordinary Shares
At 31 March 2010 the share 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 1.1 per share.

Outstanding shares
The number of shares issued amounts to 25,900,000. At the balance sheet date 31 March 2010 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 11th Annual General Meeting on 5 July 2005 the Management Board was authorised to increase the share capital by a nominal amount of up to TEUR 12,430 until 4 July 2010, if required, in several tranches upon approval by the Supervisory Board by issuing up to 11,300,000 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 11th Annual General Meeting on 5 July 2005 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 4 July 2010, to set the issue conditions and the conversion method and to exclude the existing shareholders' subscription rights.

Conditional capital increase
A resolution was passed at the 11th Annual General Meeting on 5 July 2005 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 12,430 by issuing up to 11,300,000 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 are fully entitled to dividends for the financial year in which they were issued.

Treasury shares
Most recently, at the 14th Annual General Meeting on 3 July 2008, the Management Board in accordance with § 65 (1) 8 AktG (Austrian Stock Corporation Act) was authorised 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 issue of shares from authorised capital.

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 2009/10 shares were neither sold nor used for servicing the Company's stock option plan. At 31 March 2010 the Group still holds 2,577,412 treasury shares (unchanged to prior year) (9.95% of the share capital) with a total purchase price of TEUR 46,577.

At the 14th Annual General Meeting on 3 July 2008 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 3 July 2013, upon approval by the Supervisory Board, to sell the purchased treasury shares also in a different way than via the stock exchange or by public offer, in particular to service convertible bonds as consideration for the acquisition of subsidiaries, investments, companies or businesses and in doing so – if required – exclude the existing shareholders' subscription rights in accordance with §§ 169 to 179 AktG; this authorisation can be exercised in its entirety or in several parts.

Dividend per share
In the financial year 2009/10 a dividend of EUR 0.18 was paid per share (in the financial year 2008/09 EUR 0.34).

Stock option plans settled by equity instruments
At the Supervisory Board Meeting held on 15 June 2000 a stock option plan 2000-2004 was approved, which allows the Company to grant stock options settled by equity instruments to the Management Board and executive employees. The stock options were granted over the period between 1 August 2000 and 1 April 2004. Granted options vested gradually, with 20% of the options after two years, 30% after three years, and 50% after four years. Options could only be exercised within a period of three months, beginning 1 July of the respective financial year. Thus, the deadline for exercising the options under the stock option plan 2000-2004 already ended in the past financial year 2008/09.

24. Other reserves

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

(in EUR 1,000)	Currency translation differences	Financial assets available for sale	Hedging instruments for cash flow hedges	**Other reserves**
Carrying amount as of 31 March 2008	**(39,755)**	**41**	**--**	**(39,714)**
Balance of unrealised changes before transfers, after taxes	40,292	(17)	--	40,275
Carrying amount as of 31 March 2009	**537**	**24**	**--**	**561**
Balance of unrealised changes before transfer, after taxes	(2,060)	19	(299)	(2,340)
Transfer of realised changes recognised in the profit for the year, after taxes	219	--	--	219
Carrying amount as of 31 March 2010	**(1,304)**	**43**	**(299)**	**(1,560)**

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

VI. OTHER DISCLOSURES

25. 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 2010 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 2009/10 and to 23.3 million in the financial year 2008/09.

The weighted average number of outstanding shares for the diluted earnings per share calculation amounted to 23.4 million in the financial year 2009/10 and to 23.3 million in the financial year 2008/09.

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

	Financial year	
(in 1,000)	2009/10	2008/09
Weighted average number of shares outstanding - basic	23,323	23,323
Diluting effect of options	71	--
Weighted average number of shares outstanding - diluted	23,394	23,323

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	
	2009/10	2008/09
Profit for the year (in € 1,000)	(37,271)	(5,376)
Weighted average number of outstanding shares - basic (in 1,000)	23,323	23,323
Basic earnings per share (in €)	(1.6)	(0.23)

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	
	2009/10	2008/09
Profit for the year (in € 1,000)	(37,271)	(5,376)
Weighted average number of outstanding shares - diluted (in 1,000)	23,394	23,323
Diluted earnings per share (in €)	(1.59)	(0.23)

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

26. Proposal on profit distribution

According to the provisions of the Austrian Stock Corporation Act (“Aktiengesetz”) the local financial statements of AT & S Austria Technologie & Systemtechnik Aktiengesellschaft as of 31 March 2010 prepared under Austrian GAAP serve as the basis for the distribution of dividends. These financial statements reported retained earnings amounting to TEUR 14,144 at 31 March 2010 (TEUR 45,615 at 31 March 2009).

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 0.10 per outstanding share from the retained earnings of TEUR 1,144, and to carry forward the remaining balance.

27. Disposals

Disposal of AT&S ECAD

AT&S ECAD Technologies Private Limited, India, and its subsidiary AT&S ECAD Technologies Inc., USA, were sold by contract of 20 April 2009 and deconsolidated as of the beginning of June 2009, when control passed to the purchaser. The sale and deconsolidation have had no material effects on the Group.

28. Material events after the balance sheet date

At the beginning of May 2010, the Management Board decided to make further adjustments in the administrative structure, after already having implemented group-wide cost cutting programs and the related reduction of staff. It is planned to partly combine international and regional structures and thus gain synergies. To that end, the decision was made to close down the Vienna location, where until now key group functions are performed in terms of headquarters, by the end of the calendar year 2010 and to transfer individual functions to other locations of the Company. As of this management decision, the function of headquarters is assigned to the domicile of the Company and production location Leoben-Hinterberg.

29. 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 member (Dörflinger Management und Beteiligungs GmbH, Vienna) respectively. The fees charged are as follows:

	Financial year	
(in € 1,000)	2009/10	2008/09
AIC Androsch International Management Consulting GmbH	365	366
Dörflinger Management & Beteiligungs GmbH	10	9
	375	375

Furthermore, certain manufacturing processes of AT&S Korea have been outsourced. Parts of these external manufacturing services were carried out by persons affiliated with minority shareholders, totalling TEUR 7 in the financial year 2009/10 (TEUR 432 in the financial year 2008/09). The outstanding liabilities as of 31 March 2010 amounted to TEUR 0 (31 March 2009: TEUR 25).

Members of the Management Board and the Supervisory Board

In the financial year 2009/10 and until the date of issuance of these consolidated financial statements the following persons served on the **Management Board**:

- Andreas Gerstenmayer (Chairman, since 1 February 2010)
- Harald Sommerer (Chairman, until 31 January 2010)
- Steen Ejlskov Hansen
- Heinz MoitziI

In the financial year 2009/10 the following persons were elected members of the **Supervisory Board**:

- Hannes Androsch (Chairman)
- Willibald Dörflinger (Deputy Chairman)
- Erich Schwarzbichler (until 2 July 2009)
- Gerhard Pichler (since 2 July 2009)
- Georg Riedl
- Albert Hochleitner
- Karl Fink

Delegated by the **Works Council**:

- Johann Fuchs
- Wolfgang Fleck
- Günther Wölfler (since 3 June 2009)
- Markus Schumy (until 31 March 2009)

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 € 1,000)	
	2010	2009	2009/10	2008/09
Harald Sommerer	160,000	160,000	178	10
Steen Ejlskov Hansen	120,000	120,000	61	8
Heinz Moitzi	120,000	120,000	61	16
Total Management Board	400,000	400,000	300	34
Total other executive employees	115,000	112,500	69	7
	515,000	512,500	369	41

Reference is made to Note 16 “Trade and other payables”.

The stock options of Mr. Harald Sommerer vested at the retirement date on 31 January 2010 and are exercisable until 31 January 2011 at the latest.

Total remuneration paid to the members of the Management Board and to executive employees:

	Financial year 2009/10			Financial year 2008/09		
(in € 1,000)	fixed	variable*	total	fixed	variable*	total
Andreas Gerstenmayer	58	--	58	--	--	--
Steen Ejlskov Hansen	365	--	365	457	--	457
Heinz Moitzi	314	--	314	366	--	366
Harald Sommerer	457	423	880	316	--	316
Executive employees	2,917	--	2,917	2,907	--	2,907
			4,534			4,046

* The variable remuneration of the Management Board relate to the contractual termination benefits and settlements of other entitlements in connection with the premature termination of the management contract.

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

	Termination benefits Financial year		Retirement benefits Financial year	
(in € 1,000)	2009/10	2008/09	2009/10	2008/09
Management Board and executive employees	423	109	473	476

Total remuneration and services rendered personally by members of the Supervisory Board:

	Financial year 2009/10			Financial year 2008/09		
(in € 1,000)	fixed	variable	total	fixed	variable	total
Hannes Androsch	16	--	16	18	--	18
Willibald Dörflinger	9	--	9	9	--	9
Erich Schwarzbichler	2	--	2	11	--	11
Georg Riedl	11	--	11	11	--	11
Albert Hochleitner	11	--	11	10	--	10
Karl Fink	10	--	10	11	--	11
Gerhard Pichler	9	--	9	--	--	--
	68	--	68	70	--	70

Shareholdings of members of the Management Board and the Supervisory Board as of 31 March 2010:

	Shares	Options	Total shares and options	% capital
Management Board members	3,672	240,000	243,672	0.95
Supervisory Board members:				
Hannes Androsch	445,853		445,853	1.72
Other members of the Supervisory Board	28,912		28,912	0.11
Total Supervisory Board members	474,765		474,765	1.83
Private foundations:				
Dörflinger Privatstiftung	4,574,688		4,574,688	17.66
Androsch Privatstiftung	5,570,666		5,570,666	21.51
Total private foundations	10,145,354		10,145,354	39.17
	10,623,791	240,000	10,863,791	41.95

30. Expenses for the group auditor

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

(in EUR 1,000)	Financial year 2009/10
Audit of consolidated and separate financial statements	133
Other assurance services	13
Tax consulting services	12
Other services	14
	172

This item does not include expenses for other network members of the group auditor for the audit of financial statements of subsidiaries.

31. Number of staff

Average number of staff in the financial year:

	Financial year	
	2009/10	2008/09
Waged workers	4,345	4,931
Salaried employees	1,271	1,388
	5,616	**6,319**

The calculation of the number of staff includes an average of 2,486 temporary workers for the financial year 2009/10 and an average of 2,734for the financial year 2008/09.

Leoben-Hinterberg, 10 May 2010

The Management Board

Andreas Gerstenmayer
m.p.

Steen Ejlskov Hansen
m.p.

Heinz Moitzi
m.p.

Group Management Report 2009/10

1. Company profile

AT&S is one of the market leaders in the industry worldwide and the largest manufacturers of printed circuit boards in Europe and India. In addition to simple printed circuit boards, AT&S in particular offers highly complex electronic connecting elements, which as a result of the growing need for miniaturization on part of the customers account for a great portion of the product portfolio of AT&S. In this context, the HDI-Microvia technology is of particular importance, which is used mainly in mobile end devices such as mobile phones or PDAs.

Over time, mobile phones developed into multimedia devices with GPS, camera, TV and other supplementary functions. Thus, the mobile devices industry, 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 and aviation. 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, driven by the component manufacturers and the increased number of input/output channels required. Therefore, in addition to standard printed circuit boards, the HDI technology is used increasingly.

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.

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.

AT&S manufactures a broad range of printed circuit boards: 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. The service spectrum includes various technologies for the treatment of printed circuit boards using various base materials.

In addition to the development and manufacture of printed circuit boards for large and small series as well as prototypes, AT&S as comprehensive solution provider offers its customers in particular design services. Until the past financial year the offer had been complemented by the area of assembling services, and until the previous financial year 2008/09 by the area of trading (trade in printed circuit board of third-party manufacturers), with the respective activities being terminated due to too low profit prospects in relation to the related risks.

2. Business development and climate

The financial year 2009/10 of the AT&S Group was significantly affected by the effects of the economic crisis. The global printed circuit board production has declined by 15.8% to USD 40.6 billion year-on-year. 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.

The first quarter of the past financial year 2009/10 initially saw a sales decline of EUR 32.0 million or 27.7% over the comparison period of the previous financial year, and even compared to the already very weak fourth quarter of the previous financial year of EUR 15.3 million or 15.5%. At the beginning of June, the aggravated economic situation and the renewed intensified price pressure led to the decision to shift the volume production of the Leoben-Hinterberg location completely to Asia in order to sustain revenue. In the future, the Leoben-Hinterberg plant – as is already the case with the two other Austrian locations, Fehring and Klagenfurt – will exclusively manufacture small series and special short-term orders. Despite the difficult market environment, the quarterly revenue could be raised by 6% in the second quarter, and by an additional 15% in the third quarter. Revenue in the fourth quarter was down only less than 2% on the strong third quarter and already above the comparison period of the previous financial year. In this respect, the development of revenue during the year shows a clear upward trend.

For the entire financial year 2009/10, due to the overall economic situation and the global developments on the printed circuit board market over the previous year, revenue of the AT&S Group declined significantly year-on-year. The decline in revenue from EUR 449.9 million by EUR 77.7 million to EUR 372.2 million corresponds to a change of -17.3%.

From a geographical or segment perspective, the decline in production over the previous year was particularly significant in Europe. As a result of the general price pressure and the industry trend, the production capacities of AT&S were expanded in the past years and volume orders in the area of mobile devices were increasingly shifted to China. This development is necessary in order to be able to continue to produce competitively at the highest quality on the international markets. Thus, in the financial year 2009/10, 67% (in the previous year 61%) of revenue was already produced in Asia.

Mobile devices with revenues of EUR 221.3 million and a share in sales of 59 % (previous year 64%) is still by far the largest business segment of the AT&S Group. As expected, according to the strategy of AT&S to focus on the more profitable high-end segment, declines in revenue resulted particularly from customers focusing on the low-cost segment. Despite already noticeable gains in market shares in the high-technology area, the share in sales of mobile devices declined over the previous year.

The industrial segment, with a share in sales of almost 30%, is gaining ever more importance. With EUR 105.2 million, the prior-year sales figure could almost be reached. In the third largest business segment, automotive, the global automobile crisis was already felt in the previous year, and thus in the financial year 2009/10 prior-year sales could even be exceeded. The project-related sales in the service business declined sharply due to the termination of various activities in this area.

With regard to the breakdown of revenue by country, the long-term trend of shifting the industry to Asia is noticeable. Due to changes in the customer structure in the course of the financial year, however, revenue generated from manufacturers in Canada and the USA in particular gained further importance. Through the distribution company AT&S Americas, which was set up two years ago, the market can now be serviced close to the customer. Within Europe, shifts were also noticeable, with the share in sales to customers in Central Europe rising again.

AT&S AUSTRIA TECHNOLOGIE & SYSTEMTECHNIK AKTIENGESELLSCHAFT

GROUP MANAGEMENT REPORT

After the measures taken in the previous financial year, the focus of the Austrian production plants on the European niche business of small series and special short-term orders made another restructuring program necessary at the Leoben-Hinterberg location. The entire volume production of HDI printed circuit boards was shifted to China. Apart from the related non-recurring expenses, the restructuring measures also had a negative impact on the current production result.

The gross profit margin declined particularly due to the lower utilization of the production capacities in the AT&S Group and the related high prorated fixed costs year-on-year from 14.7% to 12.1%, and the gross profit declined from EUR 66.4 million to EUR 44.9 million. The decline in the gross profit margin is mainly due to the lower utilization in the first quarter of the plants in Austria and in Asia. As a result of the restructuring measures, the capacity utilization could be improved, and thus the gross profit margin in both the third and fourth quarter is above the respective prior-year figure.

Based on the lower gross result, the operating result is also affected by non-recurring expenses in the amount of EUR 36.5 million from the restructuring of the Leoben-Hinterberg location as well as group-wide measures to increase efficiency and cut costs, and shows a clearly negative value. The operating result adjusted for the non-recurring items is positive at EUR 11.0 million in the financial year 2009/10, compared to the adjusted prior-year figure of EUR 26.6 million. Consequently, the adjusted EBIT margin is 2.9% and thus 3 percentage points down on the prior-year figure calculated in the same way.

Looking at the segment results, a significant decline can be noticed year-on-year in Europe and, most notably, in Asia, with the Europe segment in particular having been affected in both years by restructuring expenses and the Asia segment in the previous year by a write-down of goodwill. The adjusted segment EBIT (operating result before non-recurring expenses) relevant for measuring the performance, decreased for Asia by EUR 26.1 million to EUR 22.4 million and increased slightly for Europe by EUR 0.8 million to EUR -5.9 million.

At the balance sheet date 31 March 2010, consolidated equity amounts to EUR 208.8 million and was down on the previous year by EUR 43.9 million due to the negative result for the year and the dividend payments. During the year, at mid-year, consolidated equity amounted to EUR 173.5 million, since up to then a significantly negative adjusted operating result was reported and the equity was reduced by EUR 25.1 million due to currency revaluations recognized directly in equity. The equity ratio at the balance sheet date of 43.2% represents a decline of around 3.8 percentage points year-on-year and continues to show a strong equity position.

In the financial year 2009/10, the net gearing of the AT&S Group declined by EUR 26.4 million to EUR 148.0 million. In particular, a clearly positive operating cash flow could be generated, and the free cash flow also shows a clearly positive value due to the high operating cash flow and the comparably low investments. Thus, despite the low equity, the gearing ratio is 70.9% and roughly corresponds to the prior-year figure of 69.1%. Regarding the financing structure, long-term debt increased in the financial year 2009/10. For details on the calculation method of the ratios and additional explanations, reference is made to the notes to the consolidated financial statements, Note “II. Risk report”.

Under the investing activities of AT&S, additions to property, plant and equipment and intangible assets totalled EUR 20.7 million in the financial year 2009/10. The investments primarily relate to the expansion in China and the construction of a second plant in India, but also equipment for new technologies and innovation projects in the Austrian plants.

GROUP MANAGEMENT REPORT

On an annual average, AT&S had 5,616 employees in the financial year 2009/10 and thus 703 persons less than on the prior-year average (2008/09: 6,319). As a result of the economic crisis, the entire Group, and thus each plant, had to make corresponding capacity adjustments also in the area of personnel in the past financial year. Whereas in China and India the fluctuations of employees was mainly sufficient to adjust the headcount to the reduced utilization level, and in China primarily leased workers are employed in the production, a social plan was agreed for the Leoben-Hinterberg location, and that of the previous year extended, which, apart from termination benefits and hardship payments, also included the establishment of a work foundation to finance the further training of laid-off staff. The Leoben-Hinterberg location was particularly affected by the relocation of the volume production to Asia.

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. Even in the crisis, the systematic training of selected groups of employees was a key success factor. In order to promote young talent, apprentices are trained in six 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. Up to and including the financial year 2009/10, the bonus system has been based on the key ratios “economic value added” and ROCE. Currently, the bonus system is being adapted to changed criteria.

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 2009/10. The plant in Korea has also been included and audited in accordance with OHSAS 18001 and ISO/TS 16949, so that now all AT&S locations worldwide are certified.

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 success of the numerous programs shows in the reduction of sick days by 66% over the previous year.

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 reduction or optimization of the resources and materials used is part of the AT&S management policy. Current projects involve the reduction of the energy demand for etching plants, improvements in the wastewater treatment and recycling of etching solutions and of printed circuit board scrap. The main raw materials used in the financial year 2009/10 included approx. 880 kg of gold, 1,600 tons of copper and 23 million pieces of laminates. The total energy demand, including oil and gas consumption, amounted to around 332 million kWh in the financial year 2009/10.

Regarding material events after the balance sheet date, reference is made to the disclosures in the notes to the consolidated financial statements, Note VI.28 “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, additional capacities were created at the wholly owned subsidiary AT&S (China) Company Limited already in the previous year and the third expansion stage was put into operation. Thus, in the entire financial year 2009/10 increased capacities were available in Shanghai and, furthermore, additional machines were installed to optimize the overall utilization and eliminate shortages. At the end of the financial year, it was decided to invest in an additional production line.

- Despite the overall situation and the special challenges in the past financial year, a stabilization is noticeable at the AT&S Korea location. After the successfully implemented measures of the previous years to improve the performance, the focus was shifted to optimizing the customer and cost structure in the financial year 2009/10. Due to the improved cost basis and financing structure, the plant result could be improved significantly over the previous year. The ongoing improvement of the customer structure shall ultimately result in the desired sustained revenue.

- At AT&S India, the second production plant is being established. At the beginning of the financial year 2009/10, at first the building with infrastructure and individual production units were completed to improve the performance of the existing plant. Due to the increased demand, the complete expansion of the second plant has been implemented since the end of the financial year, with the production planned to start in the autumn of 2010 and full operations expected to commence by the end of the financial year 2010/11.

4. Capital share structure and disclosures on shareholder rights

As of 31 March 2010, the share 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:

	Shares	% Capital	% Voting rights
Dörflinger Privatstiftung: Franz-Josefs-Kai 5 A-1010 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 are held. The authorization last granted on 3 July 2008 to the Management Board to repurchase up to 10% of the share capital of AT&S AG on the market within 30 months is thus valid until 2 January 2011. The treasury shares may be used to service the stock option plan of the Company or they may also be sold.

Until 4 July 2010, the Management Board is authorized, with the approval of the Supervisory Board, to increase the share capital by up to EUR 12,430,000 through the issue of up to 11,300,000 no-par value bearer shares, partially or entirely excluding the subscription rights of existing shareholders.

Until 4 July 2010, 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 share capital by up to EUR 12,430,000 through the issue of up to 11,300,000 new bearer shares.

For further details, reference is made to the disclosures in the notes to the consolidated financial statements, Note V.23. "Share capital".

5. Research and development

Within AT&S, the research and development (R&D) area is the driving force in the identification of new technological connection solutions. On the one hand, this includes the optimization of current processes and materials up to their implementation in production and, on the other hand, innovative technologies to revolutionize the manufacture of printed circuit boards are also identified and developed internally.

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 to advance the processes and products through experimental development and to integrate new processes in the existing production process, so that quantities suitable for mass production 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 embedded 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 2009/10 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 for further miniaturization or the development of new production processes to manufacture new products, as well as to replace existing processes by more cost-effective alternatives.

"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, massive process simplifications can

be achieved through the 2.5D™ technology. 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, potential applications of ink-jet printing as opposed to the current standard screen printing are researched.

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, under the 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 that is suitable for series production is worked upon in cooperation with ten other prominent companies from various stages of the value added chain.

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.

Total expenses for research & development amounted to EUR 20.7 million in the financial year 2009/10.

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 mobile phone market which is of great importance for AT&S, has to be divided increasingly into a low-cost segment and a high-technology high-end segment (e.g. for smart phones). In the entire mobile devices business, AT&S intends to consistently focus on the high-end segment and position itself as universal supplier of printed circuit boards for these customers. The market segment for smart phones itself was able to grow in the past crisis year. In addition to mobile phones, the mobile devices segment also includes a growing market for additional applications, such as game consoles, digital cameras and portable music players. In the entire mobile devices segment, after the crisis year 2009, analysts expect a growth of more than 7% for the following year.

After the slowdown in the past year, a strong growth of around 11% is expected also in the industrial market for the next financial year. The decline in sales of AT&S in this area in the past financial year turned out to be relatively small, due in part to the strong positioning in Europe. As a result of the market adjustment of printed circuit board manufacturers, AT&S is by far the largest supplier of printed circuit boards in Europe. Moreover, additional opportunities are seen in the industrial computer business and the medical segment.

In the automotive business, it is intended to generate additional growth in Europe through increased distribution activities. Furthermore, the challenge and opportunity exists to raise the now primarily European business to a global level.

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 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.

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, 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 now have also been established largely in the extended US dollar area. Apart from the effects on the financial result, currency fluctuations of the functional currencies in the Group against the reporting currency euro are recognized mainly in equity. Due to planned investments, the net gearing is expected to temporarily exceed the designated maximum value of 80% in the financial year 2010/11, with the target value of 80% expected to be reached again by the end of the financial year due to expected higher net cash inflows from operating activities.

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”.

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 responsibles 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 responsibles 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), valuation (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 responsibles).

The documentation of the internal controls (business processes, risks, control measures and responsibles) 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.

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 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.

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

Analyses assume that in the financial year 2010 global sales of the printed circuit board industry will rise by around 9%, measured in US dollar, in the course of which the market in Asia will probably grow the most in terms of production as well as demand, and business in Europe is expected to remain stable. According to analysts’ forecasts, sales figures of telephones in the high-end segment are even expected to grow by an average of 20%. A strong increase is also expected for the demand for highly complex printed circuit boards for other products in the mobile devices segment and in the industrial and automotive segments.

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 around EUR 80 million are planned for the financial year 2010/11. In China, around EUR 55 million is invested in the expansion of capabilities for volume production of HDI printed circuit boards. In India, planned investments required for the completion of the second plant amount to around EUR 10 million until the autumn of 2010. In order to strengthen the Leoben-Hinterberg location as technology centre of AT&S and for innovations at the Austrian locations, another EUR 10 million has been earmarked.

With the additional capacities, management expects revenues of around EUR 435 million for the financial year 2010/11, and thus an increase of around 17% over the past year. The profitability in the first half-year will still be affected by the capacity expansion. Furthermore, due to the great demand, some orders designated for the plant in India will temporarily, until the completion of the plant, still be manufactured in Leoben-Hinterberg. For the entire financial year 2010/11, an EBIT margin of more than 7% is expected.

Leoben-Hinterberg, 10 May 2010

The Management Board

Andreas Gerstenmayer m.p.

Steen Ejlskov Hansen m.p.

Heinz Moitzi m.p.

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 2009 to 31 March 2010. These consolidated financial statements comprise the consolidated balance sheet as at 31 March 2010, 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 2010, 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, and with the legal provisions applicable in Austria. 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 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 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 2010 and of its financial performance and its cash flows for the financial year from 1 April 2009 to 31 March 2010 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, 10 May 2010

PwC Wirtschaftsprüfung GmbH
Wirtschaftsprüfungs- und
Steuerberatungsgesellschaft

signed:

Mag. Dr. Aslan Milla
Austrian Certified Public Accountant

Disclosure, publication and duplication of the financial statements together with the auditor's report according to Section 281 (2) UGB in a form not in accordance with statutory requirements and differing from the version audited by us is not permitted. Reference to our audit may not be made without prior written permission from us.

AT&S AUSTRIA TECHNOLOGIE & SYSTEMTECHNIK
AKTIENGESELLSCHAFT
LEOBEN-HINTERBERG

Annual Financial Report as of 31 March 2010

T A B L E O F C O N T E N T S

AT & S AUSTRIA TECHNOLOGIE & SYSTEMTECHNIK AKTIENGESELLSCHAFT
LEOBEN-HINTERBERG

Balance Sheet as at 31 March 2010

Assets	31 March 2010 EUR	31 March 2009 EUR
A. Non-current assets		
I. Intangible assets		
1. Industrial property rights and similar rights, and licences thereto	1.758.989,25	1.863.090,15
2. Prepayments	0,00	101.584,72
	1.758.989,25	1.964.674,87
II. Property, plant and equipment		
1. Land and buildings on land owned by others	235.847,23	353.315,91
2. Machinery and technical equipment	13.052.520,97	28.307.522,25
3. Other assets, fixtures and furniture	1.556.371,50	2.508.914,15
4. Prepayments	160.644,90	292.734,83
	15.005.384,60	31.462.487,14
III. Financial assets		
1. Interests in Group enterprises	230.957.602,28	232.537.337,28
2. Loans to Group enterprises	49.306.446,05	52.311.202,31
3. Interests in associated enterprises	2.380,00	24.880,00
4. Securities held as non-current assets	92.003,81	92.003,81
5. Other loans and advances	1.386.737,35	885.307,14
	281.745.169,49	285.850.730,54
	298.509.543,34	319.277.892,55
B. Current assets		
I. Inventories		
1. Raw materials and supplies	3.907.928,07	5.243.232,38
2. Work in progress	2.760.919,31	3.108.262,05
3. Finished goods and goods for resale	8.342.756,61	11.322.978,16
	15.011.603,99	19.674.472,59
II. Receivables and other assets		
1. Trade receivables	46.285.148,11	57.364.931,36
2. Receivables from Group enterprises	14.549.380,76	25.172.198,45
3. Other receivables and assets	7.927.232,57	8.672.789,54
	68.761.761,44	91.209.919,35
III. Securities and investments		
1. Other securities and investments	13.248.569,07	13.285.069,07
2. Treasury shares	21.263.649,55	7.603.365,55
	34.512.218,62	20.888.434,62
IV. Cash and cash equivalents	8.119.343,56	765.789,25
	126.404.927,61	132.538.615,81
C. Âccrued and deferred assets	870.260,30	1.049.734,93
Total assets	**425.784.731,25**	**452.866.243,29**

Equity and liabilities	31 March 2010 EUR	31 March 2009 EUR
A. Equity		
I. Share capital	28.490.000,00	28.490.000,00
II. Capital reserves		
Restricted	93.340.702,50	93.340.702,50
III. Revenue reserves		
1. Statutory reserve	2.849.000,00	2.849.000,00
2. Reserve for treasury shares	21.263.649,55	7.603.365,55
IV. Retained profit	14.143.889,47	45.614.596,86
Retained profit at beginning of year	*41.416.531,02*	*5.596.728,42*
	160.087.241,52	177.897.664,91
B. Grants from public funds	787.229,82	1.524.991,99
C. Provisions		
1. Provisions for severance benefits	7.474.919,13	5.838.456,01
2. Provisions for pensions	968.027,92	899.917,00
3. Provisions for taxes	363.521,02	641.871,49
4. Other provisions	26.563.910,98	26.104.201,32
	35.370.379,05	33.484.445,82
D. Liabilities		
1. Loans	80.000.000,00	80.000.000,00
2. Liabilities to banks	89.092.734,04	106.913.778,99
3. Trade liabilities	7.748.230,96	7.698.410,04
4. Liabilities to Group enterprises	43.236.861,05	34.846.309,05
5. Other liabilities	9.462.054,81	10.500.642,49
thereof taxes	*1.324.532,26*	*1.333.244,86*
thereof social security	*1.063.071,14*	*1.377.393,25*
	229.539.880,86	239.959.140,57
Total equity and liabilities	**425.784.731,25**	**452.866.243,29**
Contingent liabilities	9.127.646,63	1.861.147,10

AT & S AUSTRIA TECHNOLOGIE & SYSTEMTECHNIK AKTIENGESELLSCHAFT
LEOBEN-HINTERBERG
Income Statement
for the year ended 31 March 2010

	2009/10 EUR	2008/09 EUR
1. Revenues	267.112.022,69	339.556.133,39
2. Changes in inventories of work in progress and finished goods	-2.979.698,62	-2.220.112,95
3. Own work capitalised	0,00	36.722,70
4. Other operating income		
a) Income from disposal of non-current assets excluding financial assets	1.532.639,03	261.376,18
b) Income from reversal of provisions	5.436.114,95	164.757,33
c) Other	24.901.877,01	25.468.862,02
5. Cost of materials and purchased services		
a) Naterials	-194.833.754,33	-249.137.186,78
b) Purchased services	-9.814.345,94	-15.411.548,18
6. Staff costs		
a) Wages	-17.984.649,32	-28.113.406,33
b) Salaries	-22.805.075,11	-27.533.064,23
c) Expenses for severance benefits and employees' severance pay and pensions funds	-1.865.067,58	-1.919.107,45
d) Expenses for pensions	-1.151.203,02	-469.636,92
e) Expenses for social security contributions and other pay-related contributions and levies	-11.743.334,42	-15.468.480,39
f) Other staff benefits	-186.373,56	-219.668,29
7. Depreciation and amortisation		
a) Property, plant and equipment and intangible assets	-5.908.528,44	-9.432.757,75
b) less ammortisation of investment grants	146.064,00	112.371,35
8. Other operating expenses		
a) Taxes, other than those disclosed under item 20	-143.739,50	-166.527,87
b) Other	-29.194.043,22	-40.402.499,60
9. Subtotal items 1 to 8 (operating result)	**518.904,62**	**-24.893.773,77**
10. Income from investments	11.961.271,27	110.228.531,06
thereof from Group enterprises	*11.961.271,27*	*110.228.531,06*
11. Income from other securities and loans held as financial assets	2.527.347,64	2.336.118,34
thereof from Group enterprises	*2.527.347,64*	*2.332.953,34*
12. Other interest and similar income	607.470,72	847.740,45
13. Income from disposal and write-up of financial assets and securities held as current assets	17.047.550,09	6.069.752,36
14. Expenses of financial assets and securities held as current assets		
therof	-1.982.334,04	-31.753.854,25
a) Writedowns	*-36.500,00*	*-18.959.004,00*
b) Expenses of Group enterprises	*-1.945.834,04*	*-12.794.850,25*
thereof writedowns	*-1.579.735,00*	*-12.569.862,65*
15. Interest and similar expense		
a) Interest and similar expense	-9.441.761,68	-14.763.361,00
thereof from Group enterprises	*0,00*	*-22.516,67*
16. Subtotal items 10 to 15 (financial result)	**20.719.544,00**	**72.964.926,96**
17. Profit from ordinary activities	**21.238.448,62**	**48.071.153,19**
18. Extraordinary expenses	-33.262.558,98	-26.443.326,98
19. Extraordinary loss	**-33.262.558,98**	**-26.443.326,98**
20. Taxes on income	-1.588.247,19	-528.161,77
21. Profit/(loss) for year	**-13.612.357,55**	**21.099.664,44**
22. Valuation adjustment of reserve for treasury shares	-13.660.284,00	18.918.204,00
23. Retained profit at beginning of year	41.416.531,02	5.596.728,42
24. Retained profit at end of year	**14.143.889,47**	**45.614.596,86**

AT&S AUSTRIA TECHNOLOGIE & SYSTEMTECHNIK
AKTIENGESELLSCHAFT
LEOBEN-HINTERBERG

NOTES TO THE FINANCIAL STATEMENT AS OF 31 MARCH 2010

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AT&S AUSTRIA TECHNOLOGIE & SYSTEMTECHNIK
AKTIENGESELLSCHAFT
LEOBEN-HINTERBERG

NOTES TO THE FINANCIAL STATEMENT AS OF 31 MARCH 2010

AT&S AUSTRIA TECHNOLOGIE & SYSTEMTECHNIK AKTIENGESELLSCHAFT LEOBEN-HINTERBERG

NOTES TO THE FINANCIAL STATEMENT AS OF 31 MARCH 2010

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 2010 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.

AT&S AUSTRIA TECHNOLOGIE & SYSTEMTECHNIK AKTIENGESELLSCHAFT LEOBEN-HINTERBERG

NOTES TO THE FINANCIAL STATEMENT AS OF 31 MARCH 2010

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:

- Because of its continuing poor performance AT&S ECAD Technologies Private Limited, the Indian printed circuit board design firm, was sold to the US Sienna Group.

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 writedowns.

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.

3.2. Current assets

Raw materials and supplies are valued at the lower of cost and net realisable value. At the end of the previous year the inventory of raw materials and supplies included spare parts carried at a fixed valuation of EUR 1.525.187,44; in financial 2009/10 this basis of valuation was changed. 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 2010 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 737,440.32 (2008/09: EUR 163,150.51) were not recognised, for tax reasons.

Treasury shares are valued at the lower of acquisition cost and market value at balance sheet date. In 2009/10 an increase in value of EUR 13,660,284 was recognised.

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% (2008/09: 5.25%) 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 8,569,983.

Provisions for pensions are calculated in accordance with IFRS provisions (IAS 19) applying the corridor method and using an interest rate of 5% (2008/09: 5.25%) 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 968,027.

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% (2008/09: 5.25%) 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.

NOTES TO THE FINANCIAL STATEMENT AS OF 31 MARCH 2010

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 95. The value of the land in land and buildings amounted to EUR 14,293.44 (2008/09: EUR 14 293.44).

The interest in AT&S Deutschland GmbH has been written down by EUR 1,108,000.00. The carrying value of EUR 1,053,000.00 now corresponds to the value-in-use, as calculated on the basis of future cash flows.

A 100% provision of EUR 300.000.00 against the interest in AT&S Klagenfurt Leiterplatten GmbH has been made.

The interest in DCC - Development Circuits & Components GmbH has been written down by EUR 171,735.00 to reflect a distribution.

AT&S AUSTRIA TECHNOLOGIE & SYSTEMTECHNIK AKTIENGESELLSCHAFT
LEOBEN-HINTERBERG

NOTES TO THE FINANCIAL STATEMENT AS OF 31 MARCH 2010

Non-current assets movement statement
for the financial year 2009/10

	Acquisition or construction costs					Acculdepreciation			
	Cost 01.04.2009 EUR	Additions EUR	Disposals EUR	Transfers EUR	Cost 31.03.2010 EUR	Acculdepreciation and amortisation EUR	Carrying value 31.03.2010 EUR	Carrying value 31.03.2009 EUR	Depreciation and amortisation 2009/10 EUR
I. Intangible assets									
1. Industrial property rights									
and similar rights, and licences thereto	11.392.670,38	442.491,97	55.909,50	173.332,55	11.952.585,40	10.193.596,15	1.758.989,25	1.863.090,15	719.925,41
2. Prepayments	101.584,72			-101.584,72	0,00		0,00	101.584,72	
Subtotal	11.494.255,10	442.491,97	55.909,50	71.747,83	11.952.585,40	10.193.596,15	1.758.989,25	1.964.674,87	719.925,41
II. Property, plant and equipment									
1. Land and properties on land owned by others	475.869,74	924,17	0,00	0,00	476.793,91	240.946,68	235.847,23	353.315,91	118.392,85
2. Machinery and technical equipment	225.197.304,35	3.425.669,83	35.042.577,50	154.842,10	193.735.238,78	180.682.717,81	13.052.520,97	28.307.522,25	17.435.662,85
3. Other assets, fixtures and furniture	14.485.527,98	374.709,53	1.373.802,03	0,00	13.486.435,48	11.930.063,98	1.556.371,50	2.508.914,15	1.340.743,59
thereof low value assets		*70.836,91*	*70.836,91*						*70.836,91*
4. Prepayments	292.734,83	94.500,00	0,00	-226.589,93	160.644,90	0,00	160.644,90	292.734,83	0,00
Zwischensumme	240.451.436,90	3.895.803,53	36.416.379,53	-71.747,83	207.859.113,07	192.853.728,47	15.005.384,60	31.462.487,14	18.894.799,29
III. Financial assets									
1. Interests in Group enterprises	322.902.489,97	350.000,00	2.308.922,02	0,00	320.943.567,95	89.985.965,67	230.957.602,28	232.537.337,28	1.579.735,00
2. Loans to Group enterprises	52.311.202,31	7.060.426,21	10.065.182,47	0,00	49.306.446,05	0,00	49.306.446,05	52.311.202,31	0,00
3. Interests in associated enterprises	24.880,00	0,00	22.500,00	0,00	2.380,00	0,00	2.380,00	24.880,00	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	885.307,14	501.430,21	0,00	0,00	1.386.737,35	0,00	1.386.737,35	885.307,14	0,00
Subtotal	376.215.883,23	7.911.856,42	12.396.604,49	0,00	371.731.135,16	89.985.965,67	281.745.169,49	285.850.730,54	1.579.735,00
T o t a l	628.161.575,23	12.250.151,92	48.868.893,52	0,00	591.542.833,63	293.033.290,29	298.509.543,34	319.277.892,55	21.194.459,70

1) Thereof EUR 174.999,75 included in extraordinary expenses

2) Thereof EUR 13.531.196,51 included in extraordinary expenses

EUR 13.706.196,26

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

	Carrying value 31 March 2010 EUR	Interest %	Share capital EUR	Profit/loss of last financial year	Carrying value 31 March 2009 EUR
Interests in Group enterprises					
AT&S Verwaltungs GmbH & Co KG, Germany	1,955,236.99	100	668,548.00	-153,196.00 [1)]	1,955,236.99
AT&S Deutschland GmbH, Nörvenich, Germany	1,053,000.00	100	455,924.00	-95,197.00 [1)]	2,161,000.00
AT&S India Private Limited, Nanjangud, India	10,898,516.89	100	12,556,921.00	-1,281,266.00 [1)]	10,898,516.89
AT&S (China) Company Limited, Shanghai, China	111,893,000.00	100	192,429,192.00	8,516,932.00 [1)]	111,893,000.00
AT & S Klagenfurt Leiterplatten GmbH, Klagenfurt, Austria	0.00	77.32	628,986.10	-1,484,825.17 [2)]	300,000.00
DCC-Development Circuits & Components GmbH, Vienna. Austria	38,000.00	100	338,851.72	197,991.36 [2)]	209,735.00
AT&S Asia Pacific Limited, Hong Kong, China	77,875,865.92	100	80,294,909.00	2,850,217.00 [1)]	77,875,865.92
AT&S ECAD Technologies Private Limited, Bangalore, India	0.00	-	[3)]	[3)]	0.00
AT&S Korea Co., Ltd., Ansan City, South Korea	27,237,538.14	98.76	9,239,406.00	-1,193,915.00 [1)]	27,237,538.14
AT&S Americas, LLC, San Jose, USA	6,444.34	100	51,932.00	40,204.00 [1)]	6,444.34
Total	230,957,602.28				232,537,337.28
Interests in associated enterprises					
IS Industrie-Service Dienstleistungs GmbH in Liqu., Fohnsdorf, Austria	0.00	-	[4)]	[4)]	22,500.00
CEST Kompetenzzentrum für elektronische Oberflächentechnologie GmbH, Wiener Neustadt, Austria	2,380.00	6.80	[5)]	[5)]	2,380.00
Total	2,380.00				24,880.00

[1)] Financial statements for the year ended 31 March 2010 in accordance with IFRS.
[2)] Financial statements for the year ended 31 March 2010 in accordance with UGB.
[3)] Shares sold by Agreement dated 20 April 2009.
[4)] In liquidation.
[5)] No information

4.3. Loans in accordance with section 227 UGB

Under *Loans to Group enterprises*, an amount of EUR 10,506,446.05 (2008/09: EUR 83,000) 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 2010 EUR	Residual maturity more than one year EUR
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	68,761,761.44	0.00

	Carrying value at 31 March 2009 EUR	Residual maturity more than one year EUR
Trade receivables	57,364,931.36	0.00
Receivables from Group enterprises	25,172,198.45	0.00
Other receivables and assets	8,672,789.54	0.00
Total	91,209,919.35	0.00

The Company’s receivables from Group enterprises comprise trade receivables of EUR 3,785,999.60 (2008/09: EUR 2,190,556.95), other receivables of EUR 10,756,267.98 (2008/09: EUR 22,978,028.32) and receivables from tax transfers of EUR 7,113.18 (2008/09: EUR 3,613.18).

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 2010 EUR	**31 March 2009** EUR
Energy tax refund	4,256,612.87	3,326,760.79
Research services	141,000.00	50,081.30
Age related part time working subsidy	168,740.66	165,507.90
Tax free premiums	1,829,205.96	480,612.93
Insurance refund	0.00	1,557,128.26
Total	6,395,559.49	5,580,091.18

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.

4.5.1.1. Authorized Share capital

In the 11th Annual General Meeting on 5 July 2005 the Management Board was authorised up until 4 July 2010, subject to the approval of the Supervisory Board, to increase the share capital of the Company by up to EUR 12,430,000 by the issue of up to 11,300,000 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 11th Annual General Meeting of 5 July 2005 The Management Board was authorised up until 4 July 2010 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 increases

In the 11th Annual General Meeting of 5 July 2005, the Management Board was authorised to increase the share capital of the Company by up to EUR 12,430,000 by the issue of up to 11,300,000 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 14th Annual General Meeting of 3 July 2008, 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, 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 14th Annual General Meeting of 3 July 2008, 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 3 July 2013 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 converting convertible loan stock 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 and replace the powers conferred by the authorisation in the Annual General Meeting of 3 July 2007 for the disposal of treasury shares.

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 January 2009	**2,577,412**	**7,603,365.55**	**9.95**	
Write-up of treasury shares as at 31 March 2010		13,660,284.00		
Balance 31 March 2010	**2,577,412**	**21,263,649.55**	**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).

4.6. Provisions

4.6.1. Other provisions

Other provisions were as follows:

	31 March 2010 EUR	**31 March 2009** EUR
Unused vacation	2,625,935.54	3,072,673.68
Other personnel expenses	31,097.68	303,717.41
Vacation and Christmas bonuses	1,749,024.00	2,092,106.01
Contingent liabilities	1,067,856.00	6,152,994.00
Anniversary bonuses	1,085,493.00	1,123,993.00
Potential losses on financial derivatives	1,785,759.06	2,869,488.14
Compensatory time off	547,409.13	234,359.77
Potential losses on pending transactions	807,920.20	291,397.20
Liabilities under warranties and damage claims	708,266.42	804,112.84
Legal and consulting expenses	185,392.87	223,011.39
Discounts payable	224,527.94	220,378.01
Share options	369,070.00	0.00
Restructuring Leoben-Hinterberg plant	15,028,422.62	8,532,787.87
Other provisions (individually less than EUR 125,000)	347,736.52	183,182.00
Total	26,563,910.98	26,104,201.32

Contingent liabilities contain a provision for R&D risks and other obligations of uncertain amount. During financial 2009/10 a large part of the development risks disappeared, and the provision was appropriately reduced.

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

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.

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	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
1 April 2005	40,000	40,000	30,000	30,000	47,000	187,000
Expired	-40,000	-40,000	-30,000	-30,000	-45,000	-185,000
Exercised	0	0	0	0	-2,000	-2,000
1 April 2006	0	40,000	30,000	30,000	48,000	148,000
Expired	0	0	0	0	-24,000	-24,000
1 April 2007	0	40,000	30,000	30,000	49,000	149,000
Expired	0	0	0	0	-25,000	-25,000
1 April 2008	0	40,000	30,000	30,000	37,000	137,000
Expired	0	0	0	0	-5,000	-5,000
Total	0	120,000	90,000	90,000	80,000	380,000

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.

Fair value of stock options allocated:

Allocation date	1.4.2006	1.4.2007	1.4.2008
Fair value 31 March 2010	EUR 3,616	EUR 7.800	EUR 61.264

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.

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.

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	Harald Sommerer	Steen E. Hansen	Heinz Moitzi	Senior managers	Total
	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares
1 April 2009	40,000	30,000	30,000	38,000	138,000
Expired	0	0	0	-3,000	-3,000
Total	40,000	30,000	30,000	35,000	135,000

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.

Fair value of stock options allocated

Allocation date	1.4.2009
Fair value 31 March 2010	EUR 637,680

4.7. Liabilities

4.7.1. Suplementary disclosures for liabilities

		Maturities		
	Carrying value 31 March 2010 EUR	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	9,208,704.81	253,350.00	0.00
Total	229,539,880.86	124,447,136.56	105,092,744.30	0.00

		Maturities		
	Carrying value 31 March 2009 EUR	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	106,913,778.99	89,774,384.99	17,139,394.00	0.00
Trade payables	7,698,410.04	7,698,410.04	0.00	0.00
Liabilities to Group enterprises	34,846,309.05	34,846,309.05	0.00	0.00
Other liabilities	10,500,642.49	10,189,742.49	310,900.00	0.00
Total	239,959,140.57	142,508,846.57	97,450,294.00	0.00

Liabilities to Group enterprises comprise trade payables of EUR 22,894,195.87 (2008/09: EUR 21,832,336.56) and liabilities from financing of EUR 20,342,665.18 (2008/09: EUR 13,013,972.49).

4.7.2. Expenses payable after balance sheet date

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

	31 March 2010 EUR	**31 March 2009** EUR
Loan interest	3,712,876.71	3,764,444.44
Regional health insurance fund	1,063,071.14	1,377,393.25
Commissions	61,057.27	99,921.73
Tax office	574,159.10	942,697.83
Wages and salaries	1,286,125.61	1,874,848.80
Local authorities	86,282.62	75,545.80
Total	6,783,572.45	8,134,851.85

4.8. Secured liabilities

	Carrying value 31 March 2010 EUR	**Secured amounts** EUR
Amounts owed to banks	89,092,734.04	53,139,394.00
Previous year	106,913,778.99	74,639,394.00

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

4.9. Contingent liabilities in accordance with section 199 UGB

	31 March 2010 EUR	**Group enterprises** EUR
Guarantees	9,127,646.63	9,127,646.63
Previous year	1,861,147.10	1,861,147.10

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 2.7m). The amount outstanding at balance sheet date was EUR 0.3m (2008/09: nil).

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 1.5m). There was no amount outstanding at balance sheet date (2008/09: nil).

4.9.2. C2C Technologie für Leiterplatten GmbH

There is a surety agreement between AT&S and Raiffeisenlandesbank Oberösterreich Aktiengesellschaft, Linz, under which AT&S has assumed liability for an ERP loan amounting to EUR 700,000. There was no loan outstanding at balance sheet date (2008/09: EUR 128,000).

4.9.3. 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 25m (2008/09: EUR 25m). The amount outstanding at balance sheet date was EUR 8.5m (2008/09: EUR 1.7m).

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

- Assumption of liability for a loan facility amounting to RMB 50m. The amount outstanding at balance sheet date was EUR 0.4m.

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	1,651,514.00	8,257,570.00
Previous year	2,120,831.00	10,604,155.00
Obligations under rental agreements	609,655.00	903,502.00
Previous year	627,629.00	933,458.00
Total	2,261,169.00	9,161,072.00
Previous year	2,748,460.00	11,537,613.00

4.11. Other financial obligations

At balance sheet date there were open purchase orders for additional and replacement capital investments amounting to EUR 1.6m (2008/09: EUR 1.5m).

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 2010 mature within 1 year. The fair value corresponds to the market value and was EUR –1,618,338,08 at balance sheet date.

	Nominal value 31. 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

	Nominal value 31. 31 March 2009	Market value EUR 31 March 2009	Carrying value EUR 31 March 2009
Currency-related derivatives			
Forward contracts	USD 8,000,000.00	131,686.98	0.00
Swaps	USD 51,157,750.00	-2,497,910.57	-2,869,488.14
Options	USD 10,500,000.00	3,286.13	0.00
Interest-related derivatives			
Swaps	EUR 10,000,000.00	32,524.09	0.00
Total		-2,330,413.37	-2,869,488.14

5. ANALYSIS AND EXPLANATION OF INCOME STATEMENT ITEMS

		2009/10 EUR	**2008/09** EUR
1.	**Revenues**		
	Foreign	247,006,874.68	316,387,372.44
	Domestic	20,105,148.01	23,168,760.95
		267,112,022.69	339,556,133.39

		2009/10 EUR	**2008/09** EUR
2.	**Income from disposal of non-current assets excluding financial assets**		
	Disposals to Group enterprises	1,442,598.03	159,692.43
	Disposal to others	90,041.00	101,683.75
		1,532,639.03	261,376.18

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

		2009/10 EUR	**2008/09** EUR
3.	**Staff costs**		
a)	**Expenses for severance benefits and employees' severance pay and pensions funds**		
	Management board members and senior managers	420,347.45	100,236.89
	Other staff	1,444,720.13	1,818,870.56
		1,865,067.58	1,919,107.45

Expenses for severance benefits and employees' severance pay and pensions funds include expenses for severance benefits amounting to EUR 1,683,296.26 (2008/09: EUR 1,681,837.32).

		2009/10 EUR	2008/09 EUR
b)	**Expenses for pensions**		
	Management board members and senior managers	516,368.56	17,938.03
	Other staff	634,834.46	451,698.89
		1,151,203.02	469,636.92

		2009/10 EUR	2008/09 EUR
3.	**Extraordinary expenses**		
	Unutilised production space	7,249,612.16	8,804,301.97
	Depreciation of machinery	13,706,196.26	2,423,909.35
	Social plan for staff including foundation	12,306,750.56	9,410,115.66
	Impairment writedown – AT&S Deutschland GmbH, Nörvenich, Germany	0.00	5,805,000.00
		33,262,558.98	**26,443,326.98**

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

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 3,139,423 (2008/09: EUR 3,465,305).

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.

Since there are no deferred tax assets, the tax group has no effect on taxes on income in the income statement. As tax parent, AT&S has charged the Austrian members of the tax group with corporate income tax amounting to EUR 3,500.

6.3. Managing bodies, staff

The average number of employees during financial 2009/2010 was:

	2009/10	**2008/09**
Non-salaried staff	711	1,081
Salaries staff	439	530
Total	1,150	1,611

Members of the Management and Supervisory Boards

Members of the **Management Board** during financial 2009/10 were:

- Harald Sommerer (Chairman until 31 January 2010)
- Andreas Gerstenmayer (Chairman since 1 February 2010)
- Steen Ejlskov Hansen
- Heinz Moitzi

Members of the **Supervisory Board** during financial 2009/10 were:

- Hannes Androsch (chairman)
- Willibald Dörflinger (First Deputy Chairman)
- Erich Schwarzbicher (Second Deputy Chairman until 2 July 2009)
- 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)
- Markus Schumy (until 31 March 2009)

Total remuneration of Management Board members

	2009/10			2008/09		
	Fixed	Variable*	Total	Fixed	Variable*	Total
	EUR ’000	EUR ’000	EUR ’000	EUR ’000	EUR ’000	EUR ’000
Andreas Gerstenmayer	58	--	58	--	--	--
Harald Sommerer	457	423	880	457	--	457
Steen E. Hansen	365	--	365	366	--	366
Heinz Moitzi	314	--	314	316	--	316
Total	**1,194**	**423**	**1,617**	**1,139**	**--**	**1,139**

- The variable remuneration of the Management Board consisted of contractual severance payments and indemnification for other entitlements in connection with the premature termination of the Management Board appointment.

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

	31 March	
	2010	2009
Harald Sommerer	160,000	160,000
Steen Ejlskov Hansen	120,000	120,000
Heinz Moitzi	120,000	120,000
Total	400,000	400,000

The stock options held by Harald Sommerer vested with the end of his appointment on 31 January 2010 and are exercisable until 31 January 2011.

As at 31 March 2010 the exercise price for options allocated to the Management Board as of 1 April 2006 was EUR 17.99 (100,000 shares), for allocations as of 1 April 2007 EUR 22,57 (100,000 shares) and for allocations as of 1 April 2008 EUR 15.67 (100,000 shares), all higher than the EUR 8,25 market price at balance sheet date.

The exercise price of EUR 3.86 of the allocation as of 1 April 2009 (100,000 shares) was lower than the value at balance sheet date (EUR 8.25).

The remuneration of Supervisory Board Members came to EUR 68,300 (2008/09: EUR 70,200).

Shareholdings of members of the Management and Supervisory Boards

	Shares		
	31.3.2010	31.3.2009	Change
Management Board			
Steen Ejlskov Hansen	2,000	2,000	0
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	1)	19,118
Georg Riedl	9,290	9,290	0
Johann Fuchs	504	4	500

[1] Not a member of the Supervisory Board as at 31 March 2009

Leoben-Hinterberg, 10 May 2010

The Management Board

Andreas Gerstenmayer m.p.

Steen Ejlskov Hansen m.p. Heinz Moitzi m.p.

MANAGEMENT REPORT 2009/10

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 is the largest producer of printed circuit boards in Europe and India by far.
In addition to simple printed circuit boards, AT&S in particular offers highly complex electronic connecting elements, which as a result of the growing need for miniaturization on part of the customers account for a great portion of the product portfolio of AT&S. In this context, the HDI-Microvia technology is of particular importance, which is used mainly in mobile end devices such as mobile phones or PDAs.

With its subsidiaries in Asia, Europe and the USA, AT&S is a global presence, and supplies multinationals doing business all round the world. AT&S also meets the needs of smaller companies, and manufactures prototypes and small batches. The production facilities of AT&S are in Leoben-Hinterberg and Fehring, while those of its subsidiaries are in Klagenfurt, India, China and South Korea. Its aggregate production capacity enables AT&S Group both to provide the volume production required in Asia and to serve the European niche markets.

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.

AT&S manufactures a broad range of printed circuit boards: 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. The service spectrum includes various technologies for the treatment of printed circuit boards using various base materials.

In addition to the development and manufacture of printed circuit boards for large and small series as well as prototypes, AT&S as comprehensive solution provider offers its customers in particular design services. Until the past financial year the offer had been complemented by the area of assembling services, and until the previous financial year 2008/09 by the area of trading (trade in printed circuit board of third-party manufacturers), with the respective activities being terminated due to too low profit prospects in relation to the related risks.

2. Business development and climate

For AT&S, the financial year 2009/10 was marked more than anything else by the effects of the economic crisis. Worldwide, production of printed circuit boards compared with the previous year dropped by 15.8%, to a total of USD 40.6bn. The deteriorating economic climate and the ever increasing pressure on prices led to the decision, in June 2009, to migrate the volume production of the Leoben-Hinterberg plant to Asia in its entirety, in order to be able to produce on a consistently profitable basis. Leoben-Hinterberg now concentrates exclusively on small batches and short-term special orders, just as the other Austrian sites in the AT&S Group, Fehring and Klagenfurt, already do.

The restructuring program contained extensive measures aimed at increasing the efficiency of the Austrian facilities, with special emphasis on adjusting production capacity in the Leoben-Hinterberg plant to match current and projected future demand. On the accounting side, the main consequences were that production machinery no longer required was written down and that – in the light of the obligations under non-cancellable property rental agreements – provisions were made for vacant property costs with respect to building space no longer used. A social plan was agreed for the necessary staff redundancies. The total costs of the restructuring measures have been recognized under extraordinary expenses.

AT&S's sales revenues for financial 2009/10 of EUR 267.1m were down by EUR 72.4m, or 21%, in comparison with the previous financial year. The drop of some 37% in the share of sales generated by volumes produced in Leoben-Hinterberg was particularly striking. Project-related sales in the services business also fell steeply as a result of discontinuing certain activities in this area. Declines in sales out of Fehring were relatively small. Printed circuit boards output in the Asian subsidiaries increased as a result of the transfer of volume production, and the Asian business is of ever growing importance to achieving the sales targets for the Group as a whole.

The low levels of production capacity utilization and the resulting proportionately high burden of fixed costs had a particularly negative impact on operating profits in the first half of financial 2009/10. The restructuring program in the Leoben-Hinterberg plant not only resulted in extraordinary expenses but also depressed ongoing operating results. The final outcome was that the comprehensive package of restructuring measures implemented during financial 2009/10 and the preceding financial year improved capacity utilization significantly, so that the considerable operating losses of the first half of financial 2009/10 were made good in the second half. Compared with 2008/09, which was marked by the onset of the economic crisis and poor capacity utilization, operating results improved by EUR 25.4m and were marginally profitable.

Distributions by subsidiaries, in particular AT&S (China) Company Limited, together with the write-up of treasury shares to reflect the recovery in market value meant that the financial results reflected corresponding profits. There was a net profit on financial derivatives for the year, so that the end result was a financial profit of EUR 20.7m.

The increasing importance of the Group's Asian subsidiaries' production facilities is also evident in the distribution of assets: financial assets in the form of shareholdings in and loans and advances to Group enterprises made up over 65% of the parent company's total assets as at 31 March 2010.

Equity at balance sheet date amounted to EUR 160.1m and was down by EUR 17.8m compared with the total a year earlier, reflecting the loss for financial 2009/10 and the dividend distribution made during the year. The equity ratio of 37.6% at 31 March 2010 was slightly lower than last year's 39.3% and represents a very satisfactory equity base.

AT&S's net debt at 31 March 2010 was reduced by EUR 25.1m to EUR 147.7m. Net debt is calculated as loans and amounts owed to banks less cash and cash equivalents and other securities and investments forming part of current assets (not including treasury shares). Net gearing, calculated as the ratio of net debt to equity has in consequence fallen from 97% at the end of last financial year to 92% at 31 March 2010. This is largely the result of the reduction of amounts owed to banks, made possible by the year's positive operating cash flow.

The comparative subtotals from the Cash Flow Statement (calculated in accordance with Expert Opinion KFS/BW2 of the Austrian Accountant Association) were as follows:

	2009/10	2008/09	2007/08
	EUR '000	EUR '000	EUR '000
Net cash flow from operating activities	29,050	25,826	7,944
Net cash flow from investing activities	1,024	-37,361	-58,850
Net cash flow from financing activities	-22,757	10,865	50,749

The further improvement in net cash flow from operating activities in financial 2009/is largely attributable to cash generated from operations, while last financial year the positive cash flow was mainly due to dividend payments by subsidiaries.

AT&S's capital investments (property, plant and equipment and intangible assets) in financial 2009/10 totalled EUR 4.3m, and in addition there were increases in loans to subsidiaries of EUR 7.1m. Repayments of loans and proceeds of asset disposals exceeded the payments, so that there was a net cash inflow from investing activities.

The net cash inflows from operating and investing activities during financial 2009/10 were sufficient to cover the dividend distribution and helped to reduce the amounts owed to banks.

During financial year 2009/10 AT&S employed an average of 1,150 people, 461 less than in the last financial year (2008/09: 1,611). The decrease is principally attributable to capacity reductions at the Leoben-Hinterberg plant. A social plan was agreed, which included severance payments and hardship compensation payments and a reemployment fund to finance continuing education programs for staff put out of work.

Well trained and motivated staff is a key factor in keeping up with international competition. Therefore, AT&S pays special attention to international training and education programs. Even in the crisis, the systematic training of selected groups of employees was a key success factor. In order to promote young talent, apprentices are trained in six different fields of specialization in Austria.

A transparent and performance-oriented compensation system promotes the entrepreneurial thinking and acting of staff. Up to and including the financial year 2009/10, the bonus system has been based on the key ratios “economic value added” and ROCE. Currently, the bonus system is being adapted to changed criteria.

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 2009/10.

Of particular concern are the safety, health and performance of AT&S staff. Related activities conducted are in line with the safety and health management system OHSAS 18001.

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 reduction or optimization of the resources and materials used is part of the AT&S management policy. Current projects involve the reduction of the energy demand for etching plants and recycling of etching solutions and of printed circuit board scrap. The main raw materials used in both production plants in the financial year 2009/10 included approx. 260 kg of gold, 385 tons of copper and 3,5 million pieces of laminates. The total energy demand, including oil and gas consumption, amounted to around 75 million kWh in the financial year 2009/10.

MANAGEMENT REPORT

3. Material events after the balance sheet date

At the beginning of May 2010, the Management Board decided to make further adjustments in the administrative structure, after already having implemented cost cutting programs and the related reduction of staff. It is planned to partly combine international and regional structures and thus gain synergies. To that end, the decision was made to close down the Vienna location, where until now key group functions are performed in terms of headquarters, by the end of the calendar year 2010 and to transfer individual functions to other locations of AT&S and its subsidiaries. As of this management decision, the function of headquarters for the AT&S Group is assigned to the domicile of the Company and production location Leoben-Hinterberg.

4. Subsidiaries and representative offices

- In order to meet the growing capacity demands and the shift of mass production in the highest technology segment, additional capacities were created at the wholly owned subsidiary AT&S (China) Company Limited already in the previous year and the third expansion stage was put into operation. Thus, in the entire financial year 2009/10 increased capacities were available in Shanghai and, furthermore, additional machines were installed to optimize the overall utilization and eliminate shortages. At the end of the financial year, it was decided to invest in an additional production line.

- Despite the overall situation and the special challenges in the past financial year, a stabilization is noticeable at the AT&S Korea Co., Ltd. After the successfully implemented measures of the previous years to improve the performance, the focus was shifted to optimizing the customer and cost structure in the financial year 2009/10. Due to the improved cost basis and financing structure, the annual result could be improved significantly over the previous year. The ongoing improvement of the customer structure shall ultimately result in the desired sustained revenue.

- At AT&S India Private Limited, the second production plant is being established. At the beginning of the financial year 2009/10, at first the building with infrastructure and individual production units were completed to improve the performance of the existing plant. Due to the increased demand, the complete expansion of the second plant has been implemented since the end of the financial year, with the production planned to start in the autumn of 2010 and full operations expected to commence by the end of the financial year 2010/11.

5. Capital share structure and disclosures on shareholder rights

As of 31 March 2010, the share 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 AT&S are as follows at the balance sheet date:

	Shares	% Capital	% Voting rights
Dörflinger Privatstiftung: Franz-Josefs-Kai 5 A-1010 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 are held. The authorization last granted on 3 July 2008 to the Management Board to repurchase up to 10% of the share capital of AT&S AG on the market within 30 months is thus valid until 2 January 2011. The treasury shares may be used to service the stock option plan of the Company or they may also be sold.

Until 4 July 2010, the Management Board is authorized, with the approval of the Supervisory Board, to increase the share capital by up to EUR 12,430,000 through the issue of up to 11,300,000 no-par value bearer shares, partially or entirely excluding the subscription rights of existing shareholders.

Until 4 July 2010, 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 share capital by up to EUR 12,430,000 through the issue of up to 11,300,000 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, the research and development (R&D) area is the driving force in the identification of new technological connection solutions. On the one hand, this includes the optimization of current processes and materials up to their implementation in production and, on the other hand, innovative technologies to revolutionize the manufacture of printed circuit boards are also identified and developed internally.

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 to advance the processes and products through experimental development and to integrate new processes in the existing production process, so that quantities suitable for mass production 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 embedded 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 2009/10 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 for further miniaturization or the development of new production processes to manufacture new products, as well as to replace existing processes by more cost-effective alternatives.

“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, massive process simplifications can be achieved through the 2.5D™ technology. 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, potential applications of ink-jet printing as opposed to the current standard screen printing are researched.

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, under the 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 that is suitable for series production is worked upon in cooperation with ten other prominent companies from various stages of the value added chain.

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.

Total expenses for research & development amounted to approx. EUR 14 million in the financial year 2009/10.

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 mobile devices segment which is of great importance for AT&S, has to be divided increasingly into a low-cost segment and a high-technology high-end segment (e.g. for smart phones). In the entire mobile devices business, AT&S intends to use its subsidiaries' production capacities to the full and expand them selectively. The aim is to focus more intensively on the high-end segment and position itself as universal supplier of printed circuit boards for these customers.

After the slowdown in the past year, a strong growth is expected also in the industrial market for the next financial year. The decline in sales of AT&S in this area in the past financial year turned out to be relatively small, due to the strong positioning in Europe. As a result of the market adjustment of printed circuit board manufacturers, AT&S is now indisputably the largest supplier of printed circuit boards in Europe and additional opportunities are seen in the industrial computer business and the medical segment.

In the automotive business, it is intended to generate additional growth in Europe through increased distribution activities. Furthermore, the challenge and opportunity exists to raise the now primarily European business to a global scale, by involving AT&S's subsidiaries more.

The strong capitalization, the technological top position and the positioning of AT&S through the combination of the Group's locations in Austria and Asia are considered an advantage over competitors. The European 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.

Financial risk

Financial risks are managed centrally by Group Treasury under policies approved by the Management Board. Responsibilities, authority and limits are governed by detailed internal guidelines. Group Treasury identifies, evaluates and hedges financial risks in close cooperation with AT&S's operational units. The Board provides guidelines for overall risk management, as well as for specific areas such as foreign exchange risk, interest rate risk and credit risk, and for the use of derivative financial instruments and other financial instruments, and for the investment of excess liquidity. The management of financial risks is incorporated into the groupwide risk management system and forms part of the day-to-day risk reporting to senior managers and the Management and Supervisory Boards.

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

Liquidity risk

At balance sheet date, AT&S had liquidity reserves of EUR 85.4m, of which EUR 21.4m was cash and cash equivalents and other securities and investments, and EUR 64.0m 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 11,300,000 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 balance sheet date AT&S held 2,577,412 treasury shares).

AT&S has significantly positive net operating cash flows. In addition to the net cash flows from operating activities, there is the option of arranging for annual distributions from subsidiaries, in particular the very profitable AT&S (China) Company Limited.

Market risk

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.

On the liabilities side, 78% 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 (22%) have maturities of less than one year.

Currency risk
To guard against currency risk, all currency exposures are monitored on an ongoing basis. Inside AT&S transactions are hedged in the first instance by netting, and where necessary remaining open positions are hedged using financial derivatives.

VAR assessment of market risk
AT&S uses the value at risk (VAR) method to quantify its interest rate and currency risks. VAR is a measure of market price risk that identifies the maximum potential loss in a given period, taking into account the correlation of the individual risk components.

In addition, gap analysis is used to calculate the potential loss on the net foreign exchange and interest positions that would result from a 1% movement in exchange or interest rates. Correlations between the various risk components are however not taken into account.

Credit risk
In the course of its rapid growth over the past years, AT&S has built up close long-term partnerships with key customers. This has led to a certain degree of concentration in its customer portfolio. AT&S has countered the risk this poses by continuing to diversify its customer, industry and product mix, and apart from telecommunications is now increasingly focusing on serving the automotive and industrial sectors. In order to broaden the existing customer portfolio, the focus is more and more on the acquisition of new customers and on developing the sales and distribution network to better correspond to market requirements.

A major part of AT&S's sales revenues in financial 2009/10 was accounted for – indirectly – by just two multinationals in the mobile devices business. However the receivables from these customers as of 31 March 2010 made up only 3% of all trade receivables (31 March 2009: 24%). As AT&S principally supplies contract electronic manufacturers (CEMs) working for its indirect customers, the receivables are comparatively broadly spread: the highest single direct contract partner amounts to 25% of total trade receivables.

Credit risk control is generally based on regular credit assessments and on credit insurance 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 internal control system and the internal audit in AT&S are specified in a group-wide risk management and audit manual.

In the group-level risk catalogue the risk and opportunity management system contains additional risk categories, over and above financial risk, principally strategic risks, market and procurement risks, environmental risks, and operational and organisational risks. The risk catalogue, which serves as a guideline for the different parts of the enterprise in the identification of risks, is continually adjusted to the changing situation of the Group. The main objective of groupwide risk and opportunity management is to optimize the overall risk exposure, while at the same time taking advantage of available opportunities. Regular reports are submitted to the Management and Supervisory Boards.

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.

MANAGEMENT REPORT

The executives of AT&S as risk responsibles are responsible for identifying, analyzing, controlling and monitoring risks in their respective area. In addition, the local plant management is responsible for the implementation of the risk management process in their areas of responsibility. Risk management coordinators in 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 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 responsibles 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), valuation (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 responsibles).

The documentation of the internal controls (business processes, risks, control measures and responsibles) 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 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 organizational activities in connection with yearend accounting processes, which are regularly updated. The timetables are prepared in conformity with Group requirements.

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 organizationally. 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

Analyses assume that in the financial year 2010 global sales of the printed circuit board industry will rise by around 9%, measured in US dollar, in the course of which the market in Asia will probably grow the most in terms of production as well as demand, and business in Europe is expected to remain stable. According to analysts' forecasts, sales figures of telephones in the high-end segment are even expected to grow by an average of 20%. A strong increase is also expected for the demand for highly complex printed circuit boards for other products in the mobile devices segment and in the industrial and automotive segments.

In order for AT&S to be able to meet expected demand in its various businesses, production capacities are being increased, mainly in its subsidiaries. For the financial year 2010/11, investments of around EUR 55m in AT&S (China) Company Limited are planned, in order to expand capacity for volume production of HDI printed circuit boards. Investment of some EUR 10m is foreseen, to complete the second plant at AT&S India Private Limited. Roughly another EUR 10m will be invested in strengthening Leoben-Hinterberg in its role as the AT&S technology centre, and in innovations at AT&S's Austrian facilities and its subsidiary, AT&S Klagenfurt Leiterplatten GmbH.

MANAGEMENT REPORT

With the additional capacities, Management is expecting sales revenues of around EUR 330m for the financial year 2010/11, an increase of about 24% compared with the previous financial year. The share of printed circuit boards produced by AT&S subsidiaries is expected to increase disproportionately, because the forecast increase in sales will be mainly a reflection of the volumes produced in Asia. Profitability in the first half of the financial year will continue to be depressed by orders intended for the plant in India, which until the plant is completed will temporarily still be produced in Leoben-Hinterberg. For the whole of the financial year 2010/11 the Company is expecting the operating results to be more or less at break-even, and including potential dividends from its subsidiaries a net profit is expected.

Leoben-Hinterberg, 10 May 2010

The Management Board

Andreas Gerstenmayer m.p.

Steen Ejlskov Hansen m.p.

Heinz Moitzi m.p.

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 April 1, 2009 to March 31, 2010. These financial statements comprise the balance sheet as of March 31, 2010, the income statement for the fiscal year ended March 31, 2010, 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 the 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; 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 March 31, 2010 and of its financial performance for the fiscal year from April 1, 2009 to March 31, 2010 in accordance with Austrian Generally Accepted Accounting Principles.

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, 10 May 2010

PwC Wirtschaftsprüfung GmbH
Wirtschaftsprüfungs- und
Steuerberatungsgesellschaft

signed:

Aslan Milla
Austrian Certified Public Accountant

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, 10. May 2010

The Management Board

Andreas Gerstenmayer
Chairman

Steen Ejlskov Hansen
Chief Financial Officer

Heinz Moitzi
Chief Technical Officer