AT&S

Half-Year Financial Report

2009/2010

Key Figures

(If not otherwise stated, all figures in EUR 1,000)	IFRS H1 2009/10 before non-recurring items[1]	H1 2009/10 after non-recurring items[1]	H1 2008/09	H1 2007/08
CONSOLIDATED INCOME STATEMENT				
Revenues		171,287	234,225	241,698
thereof produced in Asia		65.0%	58.1%	53.1%
thereof produced in Europe		35.0%	41.9%	46.9%
EBITDA	12,942	(5,138)	41,258	38,562
EBITDA margin	7.6%	(3.0%)	17.6%	16.0%
EBIT	(8,764)	(45,297)	20,570	22,194
EBIT margin	(5.1%)	(26.4%)	8.8%	9.2%
Net income	(13,389)	(49,922)	18,595	21,621
Shareholders' interest in net income	(13,153)	(49,686)	18,624	22,021
Cash earnings	8,553	(9,527)	39,312	38,389
CONSOLIDATED BALANCE SHEET (AS OF 30 SEPTEMBER)				
Total assets		459,589	544,323	506,869
Total equity		173,513	259,904	224,081
Shareholders' equity		173,023	259,402	223,537
Net debt[2]		165,556	161,300	135,957
Net gearing[2]		95.4%	62.1%	60.7%
Net working capital		66,330	103,496	82,657
Net working capital per revenues		19.4%	22.1%	17.1%
Equity ratio		37.8%	47.7%	44.2%
CONSOLIDATED CASH FLOW STATEMENT				
Net cash generated from operating activities (OCF)		21,130	19,004	27,454
CAPEX – ytd, net		10,490	29,460	59,817
CAPEX – qtd, net		3,896	17,732	34,061
GENERAL INFORMATION				
Payroll (incl. leased personnel), end of period		5,644	6,594	6,334
Payroll (incl. leased personnel), average		5,476	6,489	6,077
KEY STOCK FIGURES				
Earnings per share (EUR)	(0.56)	(2.13)	0.80	0.94
Cash earnings per share (EUR)	0.37	(0.41)	1.69	1.64
Market capitalisation, end of period[3]		156,028	179,584	427,056
Market capitalisation per shareholders' equity		89.9%	69.1%	190.6%
Weighted average number of shares outstanding		23,322,588	23,322,588	23,426,015
KEY FINANCIAL FIGURES				
ROE[4]	(12.6%)	(29.7%)	15.3%	19.4%
ROS	(7.8%)	(29.1%)	7.9%	8.9%
ROCE[5]	(4.0%)	(13.5%)	9.6%	12.2%

[1] The non-recurring items particularly cover restructuring at Leoben-Hinterberg plant.
[2] Calculation of net debt has been simplified to ensure more transparency to investors and analysts.
Calculation: financial liabilities – cash and cash equivalents – financial assets
[3] Calculated: share price at end of period x weighted average number of shares outstanding; value for H1 2007/08 based on closing price at the Frankfurter Wertpapierbörse
[4] Calculation upon average equity; results except non-recurring items annualised
[5] Calculation upon average equity and average net debt; results except non-recurring items annualised

Highlights

- Results for second quarter show definite upwards trend.
- Restructuring and new strategic alignment of Leoben-Hinterberg plant successfully completed.
- Cost base significantly reduced by restructuring and cost reduction programme.
- Focus on high-end segment of mobile devices market bearing fruit.
- Management Board Chairman not to extend appointment on expiry on 30 June 2010.
- First-quarter operating losses (excluding non-recurring items) may possibly be made good by the end of the financial year 2009/10.

Statement of the Management Board

Dear shareholders,

While sales in July of EUR 25.5m continued to be in line with the poor results for the first quarter, the middle of August saw rapid growth in customer demand. Sales for August climbed to EUR 27.7m. In September all works were once again operating nearly at full capacity, and sales jumped to EUR 34.8m. Indeed, demand was so strong that some orders had to be turned away because of lack of capacity. The second quarter's sales were 6% higher than in the first quarter.

While volume production in Shanghai picked up speed for seasonal reasons, the Leoben-Hinterberg plant also registered significant volumes of new orders. All volume production was transferred from here to Asia during the last 12 months, and current production capacity is now focused on European business exclusively. At 85,000 m² of printed circuit board area annually, this capacity has more than doubled over the same period, even though analysis shows that total production in the European printed circuit board industry will shrink by more than half in 2009. From the first to the second quarter, sales in AT&S's Industrial and Automotive businesses, which are primarily serviced from Europe, increased by EUR 8.7m (41%) and EUR 1.4m (17%) respectively.

Restructuring the Leoben-Hinterberg plant and other cost reduction programmes have substantially reduced the Group's cost base. Even though sales in the second quarter were higher by EUR 4.8m, production costs were EUR 8.0m lower than in the first quarter, resulting in an operating profit of EUR 4.8m and consolidated net income of EUR 2.3m (compared with EUR -50.1m and EUR -52.2m respectively in the first quarter).

Results of ordinary business activities

Restructuring measures in the first three months of 2009/10 generated one-time costs amounting in total to EUR 38.3m. The strenuous efforts of the sales and marketing organisation to compensate as far as possible for the disappearance of volume business with orders from the European market, combined with continuing market rationalisation and an improvement in the economic climate meant that capacity in Leoben-Hinterberg needed to be reduced less than originally planned. Some EUR 1.7m of the one-time expenses originally provided were no longer required, reducing the total cost of the measures to EUR 36.5m.

Our ordinary business activities for the first half of the financial year 2009/10, i.e., excluding one-time effects, produced the following results:

- Operating result:	EUR -8.8m, for an EBIT margin of -5.1%
- EBITDA:	EUR 12.9m, for an EBITDA margin of 7.6%
- Consolidated net loss:	EUR 13.4m
- Earnings per share:	EUR -0.56

Financing

A financing agreement for a total of EUR 37m was negotiated for a period of five years in April 2009 (of which roughly EUR 24m had been drawn down by 30 September 2009), further improving the term profile of borrowings. Since adequate lines of bank credit are available, we consider the Group's financial position to be very sound. The maturities of financial liabilities totalling EUR 192.6m were as follows:

< 1 year:	EUR 81.2m, of which export credits amounted to EUR 36.0m
1 – 2 years:	EUR 15.7m
2 – 3 years:	EUR 5.2m
3 – 4 years:	EUR 85.3m
4 – 5 years:	EUR 5.2m

Net debt as at 30 September 2009 came to EUR 165.6m, EUR 8.8m less than at the beginning of the financial year. Adverse exchange rate fluctuations resulted in a charge of EUR 25.1m, and this combined with the consolidated net loss in the first quarter resulted in a reduction in equity from EUR 252.7m as at 31 March 2009 to EUR 173.5m at the end of September 2009. Despite the reduction in net debt, this brought the gearing ratio to 95.4%. On the basis of cost saving measures already initiated and the expected improvement in the market environment, we are making every effort to ensure that the ratio returns to below the target 80% in the financial year 2010/11.

New strategy for Mobile Devices

The market for mobile telephones must increasingly be divided into a low cost segment and a high-technology, high-end segment (e.g., smartphones). In the low cost segment the aim is to achieve the lowest possible production costs also by using simpler and less expensive technologies; this is also true for the printed circuit boards. In the high-end segment, in contrast, increasingly complex applications and the desire for thinner, smaller devices mean that extremely rapid technological development is still to be expected.

In the light of its core competences, installed capacities and consequent current market positioning, AT&S will in future be concentrating even more strongly on this high-end segment. In this target market, where differentiation from our competitors is possible, we shall continue to pursue a strategy of growth.

Extending technological leadership

The soundness of AT&S's financial situation made it possible to continue driving research and development activities forward even during the economic crisis. With its NucleuS™ technology, AT&S has successfully developed a method for series production of individual printed circuit boards that makes optimal use of the production format and only connects them to their frames immediately before they are shipped out for assembly. This brings cost advantages and improvements in efficiency.

In thermal management, we have added HSMtec technology – developed by Häusermann – to the product range. The logic behind our collaboration with Häusermann is the growing need for efficient heat dissipation in printed circuit boards combined with micro-conductor and control electronics, as in high-power LEDs. AT&S's contribution to the collaborative venture is its skills and many years of experience in the production of large batches at the Leoben-Hinterberg plant.

Our progress in embedding technology for series production, i.e., the integration of active and passive components inside printed circuit boards, is very promising. We are working with the leading chip manufacturers on this challenge: we have produced the first prototypes, and the qualification process for series production is currently underway.

To support outstanding research achievements and to encourage young scientists at universities in Austria in their pursuit of excellence, in 2006 we created the EUR 2,000 AT&S Research Prize for applied physics. The prize winner in 2009 is Patrick Rauter from Johannes Kepler University in Linz, who in terahertz spectroscopy with semiconductors based on heterostructures on silicon and silicon-germanium has achieved major advances that are of relevance both to fundamental research and in practical applications.

Award for environmental management

AT&S attaches great importance to sustainable development and environmental protection. New production techniques and processes are being developed all the time to make it possible to use resources more economically. Just recently AT&S India has been successful in implementing an acid etchant recycling process for copper recovery systems.

Every year Elcina-Dun & Bradstreet awards prizes to electronics businesses in India for their outstanding achievements in the production and servicing of electronic hardware. This year AT&S India took two of the six awards – in environment management systems and exports.

Outlook

Our interpretation is that the first quarter marked the low point in the current financial year, and that with the second quarter a recovery has set in. From today's point of view it seems possible that we can succeed in making good the operating losses of the first quarter (excl. non-recurring items) in the course of the financial year 2009/10. Cost reduction programmes will continue to be pursued, and capital investments of around EUR 20m will be considerably lower than last year.

With best regards

Harald Sommerer	Steen E. Hansen	Heinz Moitzi
Chairman of the Management Board	Member of the Management Board	Member of the Management Board

Corporate Governance Information

Announced change in Management Board

Harald Sommerer, Chairman of AT&S's Management Board, has decided not to extend his appointment when it expires on 30 June 2010. The Executive Committee of the Supervisory Board has been informed of the decision in advance, so that there is ample time to search for a suitable successor and arrange for the smooth and orderly transfer of responsibilities. Harald Sommerer will continue to exercise his responsibilities as Chairman until the handover.

Changes in Supervisory Board

Erich Schwarzbichler, member of the Supervisory Board of AT&S AG since 30 September 1995, resigned his appointment in the 15th Annual General Meeting on 2 July 2009. In consideration of the criterion for independence established by the Supervisory Board that specifies that no member of the Supervisory Board may be a member of that body for more than 15 years, he wished to resign his appointment in 2009 to make way for a new external financial expert. At the time of his resignation, Erich Schwarzbichler was also chairman of the Audit Committee.

Gerhard Pichler, born on 30 May 1948, was elected as the new member of the Supervisory Board by the Annual General Meeting with 99.996% of the votes (0.004% abstentions and no dissenting voices). He is a certified accountant and tax adviser, and holds no other appointments as a member of supervisory boards of stock exchange listed companies. Gerhard Pichler has declared his independence for the purposes of C-Rule 53 of the Austrian Corporate Governance Code. He was subsequently appointed Chairman of the Audit Committee by the Supervisory Board.

Directors' Holdings & Dealings

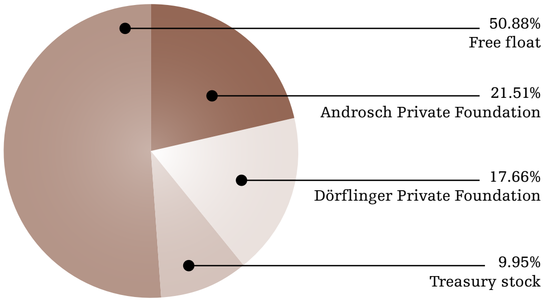
In the first half of the financial year 2009/10 there were no changes in the shareholdings of senior managers for the purposes of section 48d Austrian Stock Exchange Act (BörseG). Stock options held by members of the Management Board were as follows (Supervisory Board members do not receive stock options):

On leaving AT&S on 30 June 2010, Harald Sommerer is entitled for a period of one year to exercise all the options he holds at that point, after which they expire without compensation.

	Stock options currently outstanding per allocation date (1 April) of the years					
	2005	2006	2007	2008	2009	Total
Harald Sommerer	40,000	40,000	40,000	40,000	40,000	200,000
Steen E. Hansen	30,000	30,000	30,000	30,000	30,000	150,000
Heinz Moitzi	30,000	30,000	30,000	30,000	30,000	150,000
Exercise price	15.46	17.99	22.57	15.67	3.86	

AT&S Share

Shareholdings



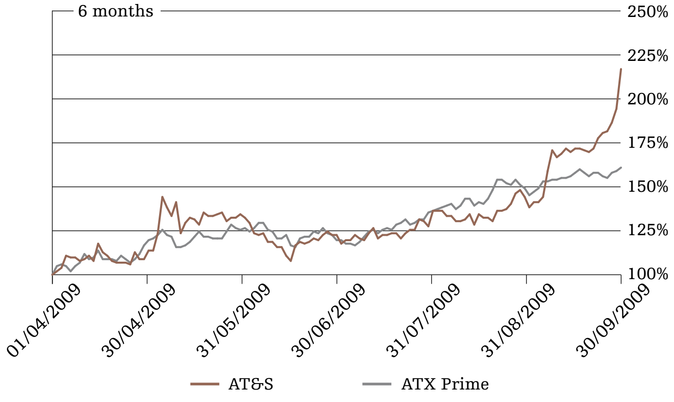
15th Annual General Meeting

This year's Annual General Meeting took place on 2 July 2009 at Leoben Congress Centre. All the resolutions, which were listed in advance on the AT&S website, were passed with more than 99% of the votes. More information can be obtained from the Financial Report for the First Quarter 2009/10, or from the Investors section of the Group's website, www.ats.net.

Share price

The market price of AT&S stock at the start of the quarter was EUR 3.67. Towards the end of July it passed the EUR 4 mark, and thereafter moved sideways. The stock began to climb again at the end of August, putting the EUR 5.00 mark behind it on 9 September, and even topping EUR 6.00 by the end of September. The intraday high of EUR 7.40 on 30 September marked its highest value in the calendar year 2009. While the ATX Prime put on 62% between 1 July and 30 September, AT&S climbed 119%.

AT&S against the ATX Prime



AT&S share performance overview (EUR)

	30 September 2009	30 September 2008
Earnings per share	-2.13	0.80
High	7.40	13.56
Low	2.99	7.40
Close	6.69	7.70

AT&S share

	Vienna Stock Exchange
Security ID number	969985
ISIN code	AT0000969985
Symbol	ATS
Reuters RIC	ATSV.VI
Bloomberg	ATS AV
Indexes	ATX Prime, WBI

Financial calendar

Quarter 3 2009/10	21 January 2010
Annual results 2009/10	11 May 2010
16th Annual General Meeting	7 July 2010

Investor Relations

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Interim Financial Report (IFRS)

Consolidated Income Statement

(in € 1,000)	1 July–30 September 2009	1 July–30 September 2008	1 April–30 September 2009	1 April–30 September 2008
Revenues	88,040	119,028	171,287	234,225
Cost of sales	(75,995)	(95,816)	(160,025)	(195,104)
Gross Profit	12,045	23,212	11,262	39,121
Selling costs	(4,540)	(5,825)	(9,170)	(11,549)
General and administrative costs	(4,760)	(5,772)	(9,433)	(11,148)
Other operating result	325	3,323	(1,423)	4,146
Non-recurring items	1,746	–	(36,533)	–
Operating result	4,816	14,938	(45,297)	20,570
Financial income	1,483	5,811	4,719	7,517
Financial expense	(4,179)	(5,711)	(10,495)	(7,777)
Financial result	(2,696)	100	(5,776)	(260)
Profit before tax	2,120	15,038	(51,073)	20,310
Income tax expense	146	(1,472)	1,151	(1,715)
Profit/(loss) for the period	**2,266**	**13,566**	**(49,922)**	**18,595**
thereof equity holders of the parent company	2,379	13,583	(49,686)	18,624
thereof minority interests	(113)	(17)	(236)	(29)
Earnings per share for profit attributable to equity holders of the parent company (in EUR per share):				
- basic	0.10	0.58	-2.13	0.80
- diluted	0.10	0.58	-2.13	0.80
Weighted average number of shares outstanding – basic (in thousands)	23,323	23,323	23,323	23,323
Weighted average number of shares outstanding – diluted (in thousands)	23,381	23,323	23,381	23,323

Statement of Comprehensive Income

(in € 1,000)	1 July–30 September 2009	1 July–30 September 2008	1 April–30 September 2009	1 April–30 September 2008
Profit/(loss) for the period	**2.266**	**13.566**	**(49.922)**	**18.595**
Currency translation differences	(8.988)	21.397	(25.065)	23.123
Fair value gains/(losses) of available-for-sale financial assets, net of tax	15	–	15	–
Fair value gains/(losses) of cash flow hedges, net of tax	(46)	–	(46)	–
Other comprehensive income for the period	**(9.019)**	**21.397**	**(25.096)**	**23.123**
Total comprehensive income for the period	**(6.753)**	**34.963**	**(75.018)**	**41.718**
thereof equity holders of the parent company	(6.640)	34.970	(74.782)	41.740
thereof minority interests	(113)	(7)	(236)	(22)

Consolidated Balance Sheet

(in € 1,000)	30 September 2009	31 March 2009
ASSETS		
Non-current assets		
Property, plant and equipment	290,084	349,853
Intangible assets	2,107	2,238
Financial assets	121	122
Overfunded retirement benefits	–	46
Deferred tax assets	10,838	9,962
Other non-current assets	3,058	3,066
	306,208	365,287
Current assets		
Inventories	37,442	46,998
Trade and other receivables	80,853	101,013
Financial assets	17,146	14,013
Non-current assets held for sale	2,151	2,151
Current income tax receivables	6,009	322
Cash and cash equivalents	9,780	7,031
	153,381	171,528
Total assets	**459,589**	**536,815**
EQUITY		
Share capital	45,680	45,680
Other reserves	(24,535)	561
Retained earnings	151,878	205,999
Equity attributable to equity holders of the parent company	173,023	252,240
Minority interests	490	494
Total equity	**173,513**	**252,734**
LIABILITIES		
Non-current liabilities		
Financial liabilities	111,088	97,060
Provisions for employee benefits	11,012	9,751
Other provisions	14,643	7,322
Deferred tax liabilities	8,754	9,845
Other liabilities	2,094	2,172
	147,591	126,150
Current liabilities		
Trade and other payables	51,967	53,022
Financial liabilities	81,515	98,485
Current income tax payables	1,900	3,449
Other provisions	3,103	2,975
	138,485	157,931
Total liabilities	**286,076**	**284,081**
Total equity and liabilities	**459,589**	**536,815**

Consolidated Cash Flow Statement

(in € 1,000)	1 April–30 September 2009	2008
Cash flows from operating activities		
Profit/(loss) for the period	(49,922)	18,595
Adjustments to reconcile profit for the period to cash generated from operations:		
Depreciation, amortisation and impairment less reversal of impairment of fixed assets and assets held for sale	40,159	20,689
Changes in non-current provisions	7,321	–
Income tax expense	(1,151)	1,715
Financial expense/(income)	5,776	260
(Gains)/losses from the sale of fixed assets	20	(110)
Release from government grants	(1,129)	(759)
Other non-cash expense/(income), net	8	1,001
Changes in working capital:		
- Inventories	7,571	(8,039)
- Trade and other receivables	17,552	(10,853)
- Trade and other payables	4,923	956
- Other provisions	177	(449)
Cash generated from operations	31,305	23,006
Interest paid	(1,307)	(2,810)
Interest and dividends received	44	171
Income tax paid	(8,912)	(1,363)
Net cash generated from operating activities	**21,130**	**19,004**
Cash flows from investing activities		
Capital expenditure for property, plant and equipment and intangible assets	(10,744)	(29,639)
Proceeds from sale of property, plant and equipment and intangible assets	254	179
Disposal of subsidiaries, net of cash disposed	174	–
Purchases of financial assets	(2,131)	(3)
Proceeds from sale of financial assets	474	3,015
Net cash used in investing activities	**(11,973)**	**(26,448)**
Cash flows from financing activities		
Proceeds from borrowings	38,380	80,465
Repayments of borrowings	(41,083)	(69,508)
Proceeds from government grants	715	1,454
Dividends paid	(4,198)	(7,930)
Net cash generated from/(used in) financing activities	**(6,186)**	**4,481**
Net increase/(decrease) in cash and cash equivalents	**2,971**	**(2,963)**
Cash and cash equivalents at beginning of the year	7,031	9,364
Exchange gains/(losses) on cash and cash equivalents	(222)	73
Cash and cash equivalents at end of period	**9,780**	**6,474**

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 period	–	23,071	18,669	**41,740**	(22)	**41,718**
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	–	–	(191)	**(191)**	(6)	**(197)**
30 September 2008	**45,680**	**(16,643)**	**230,365**	**259,402**	**502**	**259,904**
31 March 2009	**45,680**	**561**	**205,999**	**252,240**	**494**	**252,734**
Total comprehensive income for the period	–	(25,096)	(49,686)	**(74,782)**	(236)	**(75,018)**
Dividend relating to 2008/09	–	–	(4,198)	**(4,198)**	–	**(4,198)**
Minority interests through reclassifications of losses attributable to minority interests	–	–	(237)	**(237)**	237	–
Changes in consolidated Group	–	–	–	–	(5)	**(5)**
30 September 2009	**45,680**	**(24,535)**	**151,878**	**173,023**	**490**	**173,513**

Segment Report

1 April – 30 September 2009

(in € 1,000)	Europe	Asia	Others/ consolidation	Group
External sales	111,695	59,592	–	171,287
Intercompany sales	18	51,741	(51,759)	–
Total revenues	111,713	111,333	(51,759)	171,287
Non-recurring items	(36,533)	–	–	(36,533)
Operating result	(45,577)	3,707	(3,427)	(45,297)
Financial result				(5,776)
Profit before income tax				(51,073)
Income tax expense				1,151
Profit/(loss) for the period				**(49,922)**
Total assets	91,870	347,532	20,187	459,589
Total liabilities	60,323	35,157	190,596	286,076
Capital expenditures	1,676	4,708	677	7,061
Depreciation/amortisation of property, plant and equipment and intangible assets	21,400	18,080	679	40,159

1 April – 30 September 2008

(in € 1,000)	Europe	Asia	Others/ consolidation	Group
External sales	176,432	57,793	–	234,225
Intercompany sales	–	78,362	(78,362)	–
Total revenues	176,432	136,155	(78,362)	234,225
Operating result	1,671	28,022	(9,123)	20,570
Financial result				(260)
Profit before income tax				20,310
Income tax expense				(1,715)
Profit/(loss) for the period				**18,595**
Total assets	150,869	391,736	1,718	544,323
Total liabilities	50,121	62,574	171,724	284,419
Capital expenditures	4,915	17,526	779	23,220
Depreciation/amortisation of property, plant and equipment and intangible assets	5,170	14,986	533	20,689

Additional information

By segment, the Group's revenues are broken down as follows:

	1 April–30 September	
(in € 1,000)	2009	2008
Mobile Devices	99,372	144,984
Industrial	51,259	57,891
Automotive	18,227	24,987
Other	2,430	6,363
	171,287	**234,225**

Revenue broken down by country is as follows:

	1 April–30 September	
(in € 1,000)	2009	2008
Austria	7,776	10,626
Germany	38,910	56,274
Hungary	16,620	25,363
Other European countries	13,638	17,008
Asia	68,381	86,060
Canada, USA	24,524	32,592
Other	1,438	6,302
	171,287	**234,225**

Explanatory Notes to the Interim Financial Report

General

Accounting and valuation policies

The interim report for the six months ended 30 September 2009 has been prepared in accordance with the standards (IFRS and IAS) of the International Accounting Standards Board (IASB), including IAS 34, and interpretations (IFRIC and SIC) as adopted by the European Union.

The consolidated interim financial statements do not include all the information contained in the consolidated annual financial statements, and should be read in conjunction with the consolidated annual statements for the year ended 31 March 2009.

There are no differences in accounting and valuation policies compared with those applied in the financial year ended 31 March 2009. The presentation of the financial statements has been adapted to reflect the amended provisions of IAS 1, Presentation of Financial Statements, and IFRS 8, Business Segments, which the Group must apply as of the financial year 2009/10. The major change is that the details of other profits and losses that were previously shown in the statement of changes in equity are now shown in the additional comprehensive income statement. The segment report reflects the internal reporting by regional production locations in Europe and Asia and therefore corresponds to the previous primary segment report.

The consolidated interim statements for the six months ended 30 September 2009 are unaudited and have not been the subject of external audit review.

Changes in consolidated Group

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 for the Group.

Notes to the income statement

Revenues

Revenues in the first half of the financial year 2009/10 compared with the same period last year were down by EUR 62.9m to EUR 171.3m. This 26.9% fall is attributable to significantly reduced sales volumes and the continuing pressure on prices, while the US dollar exchange rate was on average higher than in the same period last year. Sales also fell significantly in service business (assembly, trading and design). On a quarterly basis, revenues in the second quarter were 6% better than in the first quarter. The corresponding quarterly improvement last year was 3%.

From a geographical and segment point of view, the decline in production in the first half of the financial year was especially marked in Europe. In the process of transferring the production of HDI printed circuit boards to China, production capacities in Leoben-Hinterberg were adjusted, initially as part of the first restructuring measures introduced in the third quarter of 2008/09, and subsequently in a second set of measures at the end of the first quarter of the present financial year. The share of sales generated by the production facilities in Asia in the first half-year amounted to some 65%, and for second quarter to nearly 70% of the Group's total revenues.

Gross profit

Compared with the first half of the last financial year, the gross profit margin in the first half of the financial year 2009/10 declined from 16.7% to 6.6%; with the markedly lower revenues, gross profit dropped by EUR 27.9m.

The decline in the gross profit margin was the result of capacity under-utilisation in production facilities both in Austria and in Asia, with proportionately higher fixed costs as a consequence. Especially in the first quarter, the Leoben-Hinterberg plant posted a significant gross loss. In the second quarter, the capacity adjustments meant that capacity utilisation improved considerably, so that the gross profit margin for the Group as a whole came out at 13.7% compared with 19.5% in the same period last year and a gross loss of 0.9% in the first quarter this year.

Non-recurring items

Towards the end of the first quarter of the financial year 2009/10 a comprehensive set of measures to enhance the efficiency of the Austrian facilities was introduced, mainly affecting Leoben-Hinterberg. Volume production in Leoben-Hinterberg was transferred to Shanghai in its entirety, and production capacities were correspondingly reduced. Non-recurring items consist exclusively of restructuring costs, and comprise staff costs resulting from an agreed social plan for the adjustment of personnel capacities, additional depreciation for plant and machinery no longer needed, and additions to provisions for long-term contractual property leasing obligations.

As a result of the sharp increase in long-term orders from the European market, the required downsizing of the facilities at Leoben-Hinterberg has turned out to be less drastic than originally envisaged. The positive contribution made by non-recurring items in the second quarter of this financial year reflects the now reduced personnel expenses as a result of lower staff reductions.

Operating result

In addition to the significant drop in gross margin, operating results for the first half of the financial year were materially impacted by the non-recurring expenses charged in the first quarter – in comparison with last year's EUR 20.6m operating profit, there was an operating loss of EUR 45.3m. Selling costs and general administrative costs were lower than last year, because of lower transport costs as a result of reduced sales, and in particular as a result of staff costs being reduced by groupwide savings measures.

Other operating results mainly reflect fluctuations in the exchange rate of the US dollar against the euro: in the first half-year, there were substantial exchange losses.

The segment results showed a significant drop compared with the same period last year, both in Europe and in Asia. The adjusted segment EBIT before non-recurring items, the relevant measure of segment performance, fell from a profit of EUR 1.7m to a loss of EUR 9.0m for Europe, and for Asia earnings slid from EUR 28.0m to EUR 3.7m. Results for Europe were additionally burdened with restructuring expenses.

Financial result

The financial income for the first half-year results in the main from the decline in the value of the US dollar against the euro compared with the end of the last financial year and the associated revaluation gains on exchange rate hedges. In the previous year the appreciation of a functional currency, the renminbi yuan (CNY), resulted in corresponding valuation adjustment income on the financing of the factory in China.

The increase in financial expense compared with last year is also attributable to exchange rate changes. The decline in value of a functional currency, the renminbi yuan (CNY), resulted in corresponding valuation adjustment expense on the financing of the factory in China. Despite the increase in net debt, favourable interest rates meant that interest expense is below the level of last year.

Income tax expense

Compared with the same period last year, the effective tax rate for the Group has fallen. The reduction on the basis of the consolidated results before tax is principally a consequence of the varying proportions of Group earnings contributed by individual companies with different tax rates, together with the effects of the various different tax regimes to which the Group is subject. For a large part of the tax loss carryforwards arising, no deferred tax assets have been recognised, since the likelihood of their being realisable in the foreseeable future is low.

Notes to the comprehensive income statement

Currency translation differences

The reduction in the foreign currency translation reserve in the current financial year (down EUR 25.1m) reflected almost exclusively the changes in exchange rates of the Group's functional currencies, the renminbi yuan (CNY) and Hong Kong dollar (HKD), against the Group reporting currency, the euro.

Notes to the balance sheet

Financial position

Net debt fell to EUR 165.6m, a decrease of EUR 8.8m compared with the position at the end of the last financial year. The drop in net working capital requirements was very considerable, even in relation to the lower volume of business, and current liabilities in particular were reduced. In addition, a long-term credit financing agreement made it possible to exchange shorter for longer-term debt, thus improving the financial structure. Despite the reduction of net debt, the net gearing ratio rose from 69% to 95%, as a result of the even steeper fall in the Group's equity. In comparison with the position at the end of the first half of 2008/09, net debt is EUR 4.3m higher.

The Group's consolidated equity fell by EUR 79.2m in the first half of the current financial year. The Group's earnings were severely affected by non-recurring items and by negative exchange translation differences, resulting in a negative total comprehensive income of EUR 75.0m. In the same period last year, consolidated equity grew by EUR 33.6m as a result of a positive total comprehensive income of EUR 41.7m.

Treasury shares

In the 14th Annual General Meeting of 3 July 2008 the Management Board was again authorised for a period of 30 months from the date of the resolution to acquire the Company's own shares up to a maximum amount of 10% of the share capital. The Management Board was also again authorised – for a period of five years and subject to the approval of the Supervisory Board – to dispose of treasury shares other than through the stock exchange or by means of a public offering, in particular for the purpose of conversion of convertible bonds or as consideration for acquisitions.

No further treasury shares were acquired under the share repurchase scheme in the first half of this financial year. At 30 September 2009 and taking into account the stock options exercised, the Group held the same number of treasury shares – 2,577,412 shares, or 9.95% of the issued share capital – as at 31 March 2009, with a total acquisition cost of EUR 46.6 million.

Notes to the cash flow statement

The net cash inflow from operating activities varied very little from that for the same period last year, particularly given the very different consolidated earnings for the Group: at EUR 21.1m, the cash flow was even slightly higher than the EUR 19.0m for the same period last year. One reason is that the decline of EUR 68.5m in consolidated net income in the period under review is largely attributable to non-cash expenses, consisting in the main of impairments of plant and machinery and additions to long-term provisions made necessary by the restructuring. Another factor was the marked reduction in the Group's working capital in the course of the first half of the financial year 2009/10. Current advance payments of tax, on the other hand, meant an additional outflow of funds.

Net cash used in investing activities amounted to EUR 12.0m (2008/09: EUR 26.4m). The reduction mainly reflected the lower level of investments compared with the same period last year. Payments for investments in the current financial year amount to EUR 10.7m, and apart from replacement investments were largely in connection with the construction of a second production facility at the Indian site. Last year the bulk of the investment was in expansion of the factory in China.

The net financial outflow of EUR 6.2m in the first half of 2009/10 consists largely of the distribution of a dividend by the Company. The additional financial liabilities are principally related to the take-up of additional long-term financing and the repayment of largely short-term credit finance.

Other information

Dividends paid

As resolved in the Annual General Meeting of 2 July 2009, a dividend of EUR 0.18 per share amounting to EUR 4,198,000 out of retained earnings as at 31 March 2009 was paid in the first half of the current financial year.

Related party transactions

In the first half of the current financial year fees of EUR 182,000 payable to AIC Androsch International Management Consulting GmbH were incurred in connection with various projects.

In the same period expenditure for third-party manufacturing services provided by enterprises associated with the minority shareholders in AT&S Korea amounted to EUR 7,000.

Leoben-Hinterberg, 21 October 2009

The Management Board

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

Group Half-Year Management Report

Business developments and performance

Mobile Devices represents a high proportion of AT&S's total sales, so that the Group's business is naturally subject to seasonal variations. Typically, the first and fourth quarters of the financial year are periods of low capacity utilisation, with excellent utilisation in the second and third quarters. The current financial year is also affected by the strained global economic situation. As a result, sales in first quarter of the financial year 2009/10 were down by EUR 32.0m (27.7%) compared with the same period last year, and even in comparison with the already very weak fourth quarter of the financial year 2008/09 there was a reduction of EUR 15.3m (15.5%). In the second quarter, sales were 6% higher than in the first quarter despite the difficult market environment, with the growth trend most marked towards the end of the quarter.

The major part of sales – EUR 99.4m, or 58% – continued to be generated by Mobile Devices. As was to be expected, given AT&S's strategy of concentrating on the generally more profitable high-end segment, there were falls in sales particularly to customers concentrating on the low cost segment. In spite of the gains in market share at the high technology end of the spectrum, the overall share contributed by Mobile Devices has fallen compared with last year. Industrial business continues to gain in importance in the current economic climate, with a 30% share of sales already in the first half-year. In the second quarter, sales nearly reached the same level as a year earlier. The economic crisis is clearly being felt in the automobile industry: AT&S's Automotive sales were 27% down compared with the same period last year. In the second quarter, however, a 17% rise in sales signalled an upwards trend. Business in the services segment (design, assembly and trading) has declined sharply, not least because of the cessation of foundry services activities (trading). In the Group's target markets, the transfer of the industry to Asia is a continuing trend. Sales to customers in Asia already represent 40% of the Group's total sales.

In response to the overall pressure on prices internationally and the general relocation of the printed circuit board industry and its customers to Asia, AT&S's production capacities in Asia have been expanded, and Mobile Devices volume orders have increasingly been transferred to China. A major step in the relocation of production was taken towards the end of the third quarter of the financial year 2008/09. The increasingly gloomy economic outlook worldwide, the ever intensifying pressure on prices and the need to stabilise earnings in the long term led to the decision to transfer all volume production from the Leoben-Hinterberg plant to Asia. Leoben-Hinterberg will in future concentrate exclusively on small batches and short-term special orders, just as the other Austrian sites, Fehring and Klagenfurt, already do.

The initial decision at the beginning of June 2009 was therefore to implement a restructuring program involving a reduction in production capacity in Leoben-Hinterberg of nearly half. Subsequently, there was a strong upsurge in orders from European customers, not least as a result of market rationalisation, and in September the restructuring plan was adjusted to reflect the more lively demand and the better capacity utilisation to be expected – 20% more than in the original plan. The reduction in staff redundancies by 100 people resulted in a corresponding decrease in the charge against profits under non-recurring items.

In addition to the adjustment in production capacities at Leoben-Hinterberg, measures to increase efficiency and reduce costs are being implemented across the Group. The total restructuring costs of EUR 36.5m represent a major burden on operating results for the first half of the financial year 2009/10. Operating results for the first half-year adjusted for non-recurring items show an operating loss of EUR 8.8m. For the second quarter the adjusted operating results showed a respectable profit of EUR 3.1m, an improvement of EUR 14.9m in comparison with the first quarter.

For related party transactions, see under Other information in the Explanatory Notes.

Significant risks, uncertainties and opportunities

There were no material changes in the categories of risk exposure in the first half of the financial year 2009/10 compared with those described in detail in the notes to the 2008/09 consolidated financial statements under II. Risk Report. Uncertainties in the banking sector continue to make for tensions in credit markets generally. However, the effect of any additional surcharges by the banks is currently mitigated by the generally low level of interest rates. AT&S's liquidity risk and interest rate risk have been further reduced by taking up EUR 23.6m of an additional long-term credit agreement. In the first half-year there was also a significantly positive cash flow from operating activities despite the unfavourable earnings position. Currency futures and options continue to be used to protect against the effects of exchange rate risks on net US dollar exposures.

Free cash inflows (net cash flow from operating and investing activities) enabled net debt at the end of the half-year to be reduced in comparison with the position at the end of the last financial year. Reflecting the poor results for the half-year and the exchange translation losses, consolidated equity has however declined more steeply, so that at the end of the first half of the financial year 2009/10 the net gearing ratio was 95%, higher than the target ratio of 80%. This level of gearing is a short-term product of the current exceptional circumstances, and in the financial year 2010/11 it is planned to reduce it – back to below the overall target level of 80%. It should, however, be borne in mind that the exchange rate fluctuations of the functional currencies of AT&S's foreign subsidiaries against the Group's reporting currency can cause considerable fluctuations in consolidated equity.

With respect to the opportunities and risks attaching to developments in the external environment for the rest of the financial year 2009/10, it should at present be assumed that total sales of the printed circuit board industry will decline worldwide. AT&S's strategy of concentrating on the more profitable high-end market segment means that losses of market share are to be expected, especially with customers that are focused on the low cost segment. A policy of stronger growth in the high technology sector will be pursued. A shift in emphasis in customer and product portfolios is already noticeable, particularly in the second quarter of the current financial year, and is reflected in the increase of European business and the growing importance of the industrial sector.

Changes implemented in the current financial year include the restructuring in the Leoben-Hinterberg plant, the end of trading activities, the transfer of logistics from Nörvenich and its integration into Leoben-Hinterberg, and the sale of AT&S ECAD, the Indian design subsidiary. Concentrating on its core business and increasing efficiency will not only reduce the Group's business risks, but will also offer enhanced opportunities for sustainable increases in earnings.

As a complement to its core business of producing printed circuit boards, in the medium term AT&S continues to see opportunities for growth and diversification in the solar industry. In addition to its core research activities supporting printed circuit board production, such as the multi-year Hermes research project that it leads, AT&S is also conducting research into photovoltaics. Parallel to development activities, production of the first prototypes of components for photovoltaic modules at Leoben-Hinterberg will take place during the current financial year. The growth potential will be able to be estimated once the prototyping phase is completed.

Outlook

The successful implementation of restructuring should for the time being conclude the process of necessary strategic adjustment and ensure that AT&S is well positioned for the future. The three Austrian facilities will then be focused exclusively on the European market, the plant in India will support the European business with medium-sized batches of printed circuit boards produced at competitive prices, and the Korean facility will complete the product portfolio with its flexible and rigid-flexible circuit boards. And in Shanghai, the biggest HDI plant in China will continue to provide large volume production for the global market.

The improvement in sales in the course of the first half of the financial year 2009/10 signals an upwards trend, and on the basis of existing orders and information about future requirements – especially for the third quarter – further increases in sales are expected. In the rest of the current financial year, however, sales are still expected to be below the levels of a year earlier, and total sales for the whole of the financial year 2009/10 will be significantly lower than for the last financial year.

The cost savings from adjusting production capacities are already clearly recognisable in the positive results achieved in the second quarter, and will also contribute to improving the results for the second half-year. The losses recognised in the first quarter, however, will mean that the Group's results for the year as a whole will be significantly less than they were last year. Provided the upward trend continues, it appears probable that the operating losses of the first quarter (net of non-recurring items), which have already been partly offset in the second quarter, can be entirely made good during the rest of the financial year. Conservative investment activity continues to be part of the plan, and over the financial year as a whole can be financed out of operating cash flow and thus not lead to an increase in net debt.

Leoben-Hinterberg, 21 October 2009

The Management Board

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

Statement of all Legal Representatives

We confirm to the best of our knowledge that the interim 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 important events that have occurred during the first six months of the financial year and their impact on the interim financial statements, of the principal risks and uncertainties for the remaining six months of the financial year and of the major related party transactions to be disclosed.

Leoben-Hinterberg, 21 October 2009

The Management Board

Harald Sommerer Chairman	Steen Ejlskov Hansen	Heinz Moitzi

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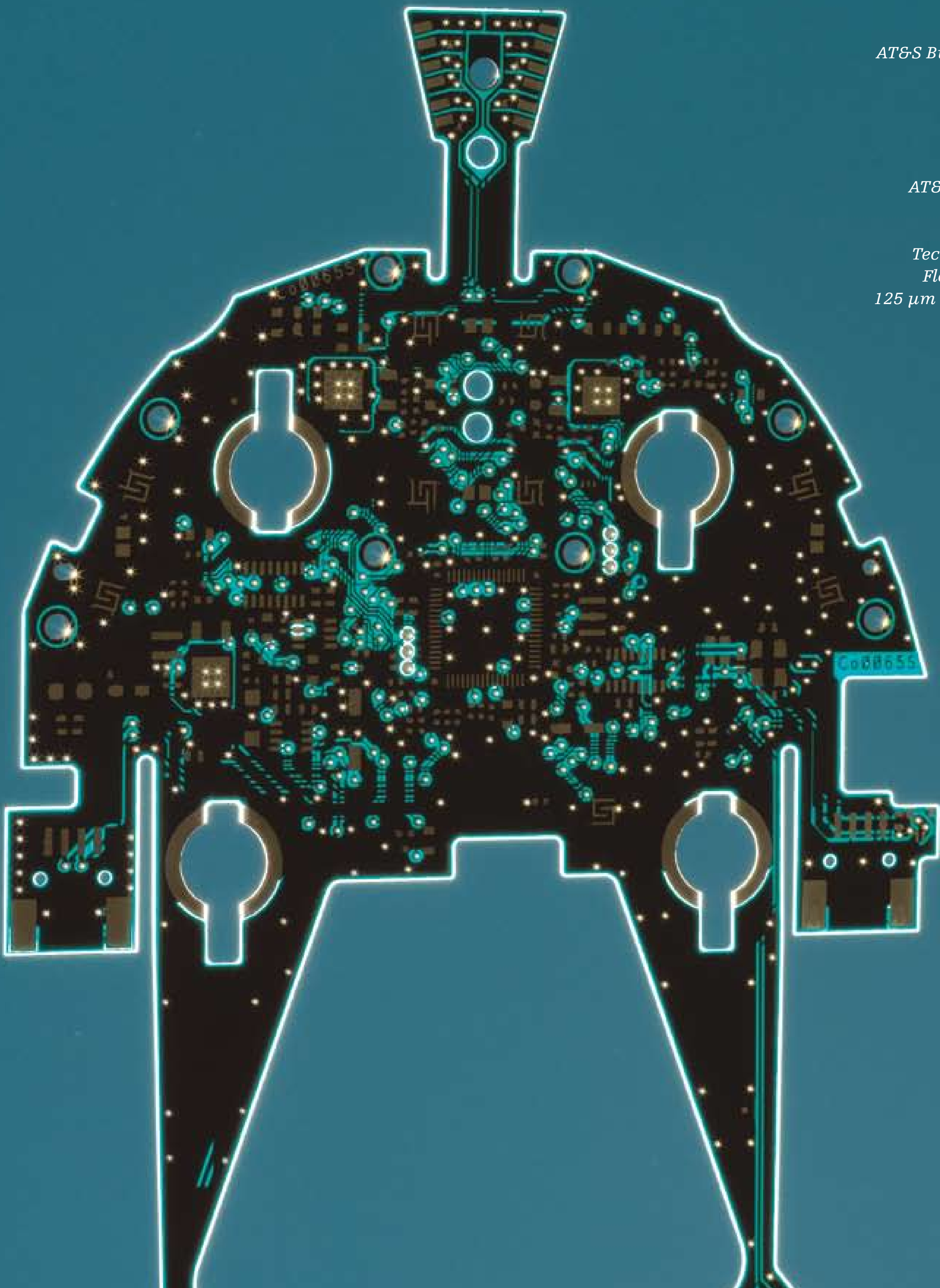

Market segment:
AT&S Business Unit Automotive

Application:
car interior lighting

Production site:
AT&S Plant Fehring, Austria

Technology / Base material:
Flexible PCB based on FR4,
125 µm base material thickness,
70/70 µm base copper

Design:
plated-through – 15 µm
within the drill

Solder resist:
2-comp. screen printing
with flexible qualities

Surface:
chemical Ni/Au

Outline:
routed

Conductive pattern:
electrical tested

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