



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

ANNUAL FINANCIAL REPORT AS OF 31 MARCH 2012

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

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**CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2012**

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The consolidated financial statements of AT&S Austria Technologie & Systemtechnik Aktiengesellschaft as of 31 March 2012 prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and with section 245a (2) of the Austrian Commercial Code (UGB) have been translated into English. In case of different interpretations the German original is valid.

**AT&S AUSTRIA TECHNOLOGIE & SYSTEMTECHNIK
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CONSOLIDATED INCOME STATEMENT

(in EUR 1,000)	Note	Financial year ended 31 March	
		2012	2011
Revenues	1	514,180	487,948
Cost of sales	2	(430,682)	(398,177)
Gross Profit		83,498	89,771
Selling costs	2	(25,590)	(24,934)
General and administrative costs	2	(21,632)	(21,951)
Other operating result	4	5,863	6,322
Non-recurring items	5	-	(2,677)
Operating result		42,139	46,531
Financial income	6	2,690	6,282
Financial expense	6	(12,577)	(9,491)
Financial result		(9,887)	(3,209)
Profit before tax		32,252	43,322
Income tax expense	7	(5,738)	(8,290)
Profit for the year		26,514	35,032
thereof owners of the parent company		26,550	35,168
thereof non-controlling interests		(36)	(136)
Earnings per share for profit attributable to equity holders of the parent company (in EUR per share):	24		
- basic		1.14	1.51
- diluted		1.14	1.50

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in EUR 1,000)	Financial year ended 31 March	
	2012	2011
Profit for the year	26,514	35,032
Currency translation differences	34,764	(10,777)
Fair value gains/(losses) of available-for-sale financial assets, net of tax	(13)	1
Fair value gains/(losses) of cash flow hedges, net of tax	(162)	304
Other comprehensive income for the year	34,589	(10,472)
Total comprehensive income for the year	61,103	24,560
thereof owners of the parent company	61,137	24,696
thereof non-controlling interests	(34)	(136)

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CONSOLIDATED BALANCE SHEET

(in EUR 1,000)	Note	31 March	
		2012	2011
ASSETS			
Non-current assets			
Property, plant and equipment	8	454,466	385,510
Intangible assets	9	2,451	2,543
Financial assets	13	96	121
Overfunded retirement benefits	17	581	590
Deferred tax assets	7	16,819	10,736
Other non-current assets	10	8,730	4,144
		483,143	403,644
Current assets			
Inventories	11	64,909	53,376
Trade and other receivables	12	115,483	99,899
Financial assets	13	768	13,912
Current income tax receivables		617	277
Cash and cash equivalents	14	29,729	4,227
		211,506	171,691
Total assets		694,649	575,335
EQUITY			
Share capital	22	45,535	44,475
Other reserves	23	22,555	(12,032)
Retained earnings		215,075	197,020
Equity attributable to owners of the parent company		283,165	229,463
Non-controlling interests		(55)	353
Total equity		283,110	229,816
LIABILITIES			
Non-current liabilities			
Financial liabilities	16	188,729	95,559
Provisions for employee benefits	17	13,895	12,210
Other provisions	18	11,422	11,967
Deferred tax liabilities	7	5,701	4,238
Other liabilities	15	3,641	2,109
		223,388	126,083
Current liabilities			
Trade and other payables	15	98,037	96,554
Financial liabilities	16	84,399	116,427
Current income tax payables		3,551	3,757
Other provisions	18	2,164	2,698
		188,151	219,436
Total liabilities		411,539	345,519
Total equity and liabilities		694,649	575,335

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CONSOLIDATED STATEMENT OF CASH FLOWS

(in EUR 1,000)	Financial year ended 31 March	
	2012	2011
Cash flows from operating activities		
Profit of the year	26,514	35,032
Adjustments to reconcile profit for the year to cash generated from operations:		
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	61,217	49,416
Changes in non-current provisions	1,020	81
Income tax expense	5,738	8,290
Financial expense	9,887	3,209
(Gains)/losses from the sale of fixed assets	(726)	432
Release from government grants	(657)	(995)
Other non-cash expense net	1,416	1,010
Changes in working capital:		
- Inventories	(8,992)	(15,336)
- Trade and other receivables	3,416	(10,728)
- Trade and other payables	7,690	19,860
- Other provisions	(518)	(2,747)
Cash generated from operations	106,005	87,524
Interest paid	(9,634)	(8,354)
Interest and dividends received	216	453
Income tax paid	(9,380)	(8,916)
Net cash generated from operating activities	87,207	70,707
Cash flows from investing activities		
Capital expenditure for property, plant and equipment and intangible assets	(113,228)	(115,340)
Proceeds from sale of property, plant and equipment and intangible assets	143	194
Acquisition of non-controlling interest	(473)	--
Purchases of financial assets	(2,193)	(3,548)
Proceeds from sale of financial assets	2,162	2,023
Net cash used in investing activities	(113,589)	(116,671)
Cash flows from financing activities		
Proceeds from long-term bonds	98,999	--
Changes in other borrowings	(42,330)	38,480
Proceeds from government grants	2,609	797
Dividends paid	(8,396)	(2,332)
Net cash generated from financing activities	50,882	36,945
Net increase/(decrease) in cash and cash equivalents	24,500	(9,019)
Cash and cash equivalents at beginning of the year	4,227	13,354
Exchange gains/(losses) on cash and cash equivalents	1,002	(108)
Cash and cash equivalents at end of the year	29,729	4,227

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in EUR 1,000)	Share capital	Other reserves	Retained earnings	Equity attributable to owners of the parent company	Non- controlling interests	Total equity
31 March 2010	45,680	(1,560)	164,184	208,304	489	208,793
Profit for the year	--	--	35,168	35,168	(136)	35,032
Other comprehensive income for the year	--	(10,472)	--	(10,472)	--	(10,472)
Total comprehensive income for the year 2010/11	--	(10,472)	35,168	24,696	(136)	24,560
Dividend relating to 2009/10	--	--	(2,332)	(2,332)	--	(2,332)
Changes in treasury shares, net of tax	(1,205)	--	--	(1,205)	--	(1,205)
31 March 2011	44,475	(12,032)	197,020	229,463	353	229,816
Profit for the year	--	--	26,550	26,550	(36)	26,514
Other comprehensive income for the year	--	34,587	--	34,587	2	34,589
Total comprehensive income for the year 2011/12	--	34,587	26,550	61,137	(34)	61,103
Dividend relating to 2010/11	--	--	(8,396)	(8,396)	--	(8,396)
Changes in treasury shares, net of tax	1,060	--	--	1,060	--	1,060
Acquisition of non-controlling interests	--	--	(99)	(99)	(374)	(473)
31 March 2012	45,535	22,555	215,075	283,165	(55)	283,110

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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 produced and distributed in the European and Asian market directly to original equipment manufacturers (OEM) as well as to contract electronic manufacturers (CEM).

Since 20 May 2008 the Company has been listed in the Prime Market segment of the Vienna, 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 at the Frankfurt Stock Exchange, Germany, since 16 July 1999.

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

B. Summary of significant accounting policies

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

a. Consolidation principles

The balance sheet date for all consolidated companies is 31 March 2012 with the following exceptions: Due to the legal situation in China the reporting year of AT&S (China) Company Limited and AT&S (Chongqing) Company Limited corresponds to the calendar year (31 December 2011), its consolidation was performed on the basis of the interim financial statements as of 31 March 2012.

The consolidated financial statements have been approved for issue by the Board of Directors on 9 May 2012. 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 31 May 2012. The separate financial statements of the Company can be modified by the Supervisory Board and – in case of presentation to the Annual General Meeting – by the Company’s equity holders. This could also affect the presentation of the consolidated financial statements.

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Subsidiaries

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

- AT&S India Private Limited, India (hereinafter referred to as AT&S India, share 100%)
- AT&S Verwaltungs GmbH & Co KG, Germany (share 100%)
- AT&S Deutschland GmbH, Germany (share 100%)
- C2C Technologie für Leiterplatten GmbH, Austria (share 100%)
- AT&S (China) Company Limited, China (hereinafter referred to as AT&S China, share 100%),
- DCC - Development Circuits & Components GmbH, Austria (share 100%)
- AT & S Klagenfurt Leiterplatten GmbH, Austria (share 100%)
- 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%)
- AT&S (Chongqing) Company Limited, China (hereinafter referred to as AT&S Chongqing, share 100%)
- AT&S (Taiwan) Co., Ltd., Taiwan (hereinafter referred to as AT&S Taiwan, share 100%)

In the fiscal 2011/12, the parent company acquired all non-controlling interests of 22.68% in AT & S Klagenfurt Leiterplatten GmbH and established the subsidiaries AT&S Chongqing and AT&S Taiwan.

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.

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

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 non-controlling interests as transactions with equity holders of the Group. When non-controlling interests are acquired, the difference between the acquisition costs and the attributable share of net assets acquired in the subsidiary is deducted from equity. Gains or losses on the sale of non-controlling interests are 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, AT&S Americas, AT&S Chongqing, and AT&S Taiwan are translated at the exchange rates on the balance sheet date. The income statements are translated at the average exchange rates of the reporting period. Translation adjustments are recognised in equity and not taken through profit or loss.

Foreign currency transactions

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

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d. Revenue recognition

Revenue comprises the fair value of the consideration received or receivable in the course of the Company's ordinary activities for the grant of licenses, commercialization rights or license options, and for services performed in collaboration with, or on behalf of, licensees or partners, as well as grants from governmental and non-governmental organizations designated to remunerate approved scientific research activities. Revenue is recognised net of VAT, discounts and price reductions, and after elimination of intercompany sales. Revenue is realised as follows:

Revenue from product sales

Revenue from product sales is recognised when the risks and rewards associated with the goods sold are transferred to the buyer. This is usually the case when the ownership is transferred.

Interest and dividend income

Interest income is recognised on a pro rata temporis basis, taking into account the effective interest rate of the asset. Dividend income from financial assets is recognised in the income statement as when the Group's right to receive payments is established.

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.

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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	10 - 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 2 and 10 years. Amortisation terms and methods are reviewed annually at the end of the financial year.

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.

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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.

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Financial assets at fair value through profit or loss

Financial instruments acquired primarily for the purpose of earning a profit from short-term fluctuations of prices or trader margins are classified as financial assets at fair value through profit or loss. At the time of their acquisition they are stated at cost, excluding transaction costs, in subsequent periods at their respective fair values. Realised and unrealised profits and losses are credited or charged to the income statement under "Financial result". This relates primarily to securities held for trading. Derivative financial instruments also fall into this category, unless hedge accounting is applied (refer to 1. 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

l. Derivative financial instruments

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

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

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

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

m. Cash and cash equivalents

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

n. Non-controlling interests

Non-controlling interests include the following:

- 1.24% relates to the equity interest in AT&S Korea

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

o. Provisions

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

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

p. Employee benefits

Retirement benefit obligations

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

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

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

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

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

At each balance sheet date, due to the change in actuarial assumptions (turnover rate, current market interest rate of blue chip fixed-income corporate bonds, compensation level and actual returns on plan assets) adjustments in value result, referred to as actuarial gains or losses. These actuarial results are reported in accordance with IAS 19 "Employee Benefits" using the corridor method. Actuarial gains or losses exceeding the corridor (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 and China.

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.

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

r. Liabilities

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

s. Government grants

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

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

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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 2011/12. These regulations also have to be applied in the EU and relate to the following standards:

- IAS 24 “Related-party disclosures” Among others, the revised IAS 24 clarifies and simplifies the definition of a "related party". Moreover, it modifies certain related party disclosure requirements for government-related entities. The basic principle of reporting to related parties remains unchanged. The new IAS 24 was mandatory retroactively for financial years beginning on or after 1 January 2011. The new standard did not have an impact on the notes to the consolidated financial statements for the reporting year or the prior year.

The IASB issued additional standards and amendments to standards and interpretations that are not yet mandatory in the financial year 2011/12. Some of them have already been adopted by the European Union. The following standards and interpretations have already been published by the time these consolidated financial statements were prepared and are not yet mandatory; they have not been adopted early in the preparation of these consolidated financial statements:

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	Standard/Interpretation (Content of the regulation)	Effective date¹⁾	EU²⁾	Expected impact
IFRS 9	Financial instruments <i>(amends the classification and measurement of financial instruments)</i>	1/1/2015	No	Changes in fair values of financial instruments currently classified as “available-for-sale” by the Group will (in part) be recognised in profit or loss in the future.
IFRS 10	Consolidated financial statements <i>(amends the group of consolidated entities)</i>	1/1/2013	No	The new standard is not expected to have an impact on the consolidated financial statements.
IFRS 11	Joint arrangements <i>(amends the accounting of joint arrangements, such as e.g. joint ventures)</i>	1/1/2013	No	The new standard is not expected to have an impact on the consolidated financial statements.
IFRS 12	Disclosures of interests in other entities <i>(amends the disclosure requirements on subsidiaries, joint ventures and associates)</i>	1/1/2013	No	The impact on the consolidated financial statements is currently being assessed by the Group.
IFRS 13	Fair value measurement <i>(amends the determination of the fair value)</i>	1/1/2013	No	The new standard is not expected to have an impact on the consolidated financial statements.
IAS 1	Presentation of financial statements <i>(amends the presentation of other comprehensive income)</i>	1/7/2012	No	The impact on the consolidated financial statements is currently being assessed by the Group.
IAS 19	Employee benefits <i>(amends the recognition of actuarial effects and the disclosures)</i>	1/1/2013	Yes	The corridor method currently used by the Group will no longer be applicable; the actuarial effects not yet realised will then be recognised in full in liabilities. Additional effects are currently being assessed.

1) The Group intends to apply the new regulations for the first time in the financial year beginning subsequent to the effective date.

2) Status of adoption by the EU

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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 2012 a reduction of the discount rate (actuarial parameter) for the Austrian subsidiaries by 0.5% from 4.5% to 4.0% would affect the projected retirement and termination benefit obligations as follows:

(in EUR 1,000)	<u>Retirement benefits</u>	<u>Termination benefits</u>
Increase of present value of obligation	899	864

An increase in the interest rate (actuarial parameter) for the Austrian subsidiaries by 0.5% from 4.5% to 5.0% would have the following effects on the present value of retirement and termination benefits entitlements at 31 March 2012:

(in EUR 1,000)	<u>Retirement benefits</u>	<u>Termination benefits</u>
Reduction present value of obligation	800	788

Reference is made to Note 17 "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.

Deferred tax assets in the amount of EUR 41.7 million were not recognised for tax loss carryforwards in the Group of EUR 164.7 million. The major part of these non-capitalised tax loss carryforwards may be carried forward for an unlimited period of time. If they were subsequently expected to be realised, these deferred tax assets would have to be recognised. Reference is made to Note 7 "Income taxes".

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

Other estimates and assumptions

Further estimates relate to impairments of non-current assets and provision, as well as the measurement of derivative financial instruments, allowances for doubtful accounts and measurements of inventory. Reference is made to Note 4 "Other operating result", Note 8 "Property, plant and equipment" and Note 18 "Other provisions".

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

II. RISK REPORT

In the following, the financial risks, which comprise of the financing risk, the liquidity risk, the credit risk, the foreign exchange risk and the tax risk, are addressed. In the management report for the Group, further risk categories and the related processes and measures are outlined.

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.

Financing risk

The financing risk relates to securing the long-term funding of the Group and to fluctuations in the value of financial instruments.

On the asset side, the Group is exposed to low interest rate risks with regard to its securities portfolio. Other liquid funds are mainly invested short-term, and the entire securities portfolio is available for sale. Reference is made to Note 13 "Financial assets" and Note 14 "Cash and cash equivalents".

On the liabilities side, 85% 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 (15%) have maturities of less than one year. Reference is made to Note 16 "Financial liabilities".

Liquidity risk

In the Group, liquidity risk refers to the circumstance of insolvency. Therefore, sufficient liquidity shall be available at all times to be able to meet the current payment obligations on time.

At the balance sheet date, the Group has liquidity reserves in the amount of EUR 304.4 million, EUR 30.6 million of which is accounted for by cash (equivalents) and securities held for trading and available-for-sale securities, and EUR 273.8 million by available unused credit facilities. Thus, the liquidity reserves increased by EUR 185.6 million year-on-year, with EUR 31.5 million included in the current reserves, which relate to AT&S China and are subject to specific liquidity requirements. In the past financial year, the secured credit lines in particular were raised from EUR 243.7 million to EUR 486.7 million, and thus the unused committed credit lines amount to EUR 253.8 million.

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

The Group has a clearly positive operating cash flow. The net cash flow from operating activities for the financial year 2011/12 amounts to EUR 87.2 million. In the past financial year, the free cash flow (balance of net cash generated from operating activities and investing activities) was also positive.

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Credit risk

In the Group, credit risk refers to the potential payment default by customers. The Group always managed to establish strong partnerships with its largest customers, most of which operate in the mobile devices segment, which is characterized by high volumes demanded. The five largest customers in terms of revenue together contributed approx. 58% to revenue. Two of these customers, operating in the mobile devices segment, each contributed more than 10% to total revenue. The share in trade receivables outstanding at the balance sheet date roughly corresponds to the shares in revenue of the individual customers. The credit risk is kept at a minimum, on the one hand, by regular billing of delivered products and, on the other hand, by credit assessments and credit insurances. In case of identifiable financial difficulties, deliveries would only be made against advance payment.

Reference is made to the detailed disclosures in Note 12 “Trade and other receivables”.

Foreign exchange 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. Moreover, the Group attempts to bring about a natural hedge of receivables and payables.

Sensitivity analyses are performed to assess the foreign currency risk, with – all else being equal – the effects of percentage changes of foreign exchange rates being simulated against each other.

Tax risk

The Company operates globally and thus is subject to different tax systems. As long as the prerequisites for the establishment of a provision or a liability are not met, tax risks, i.e. national and international ones, are subsumed under financial risks and monitored accordingly. The main tax risks currently relate to the plants in India and China.

Financial market risks

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

Evaluation of financial market risks by sensitivity analyses

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

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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 0.4 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 through this sensitivity analysis. The result of this interest rate sensitivity analysis is based on the assumption that the interest rates would deviate during an entire financial year by 100 basis points.

A change in the euro exchange rate of 1% against all other currencies used in the Group would have had an impact on the result in the amount of EUR 0.1 million. This effect would have been due to the measurement of trade receivables and payables as well as other balance sheet items to be measured through profit or loss. This statement is based on the assumption that there were no other changes.

All else being equal, a change in the US dollar of 1% against the euro would have had an impact on the result in the amount of EUR 0.8 million. This would have been due, on the one hand, to the measurement of trade receivables and payables denominated in US dollar as well as financial balances and derivative financial instruments measured at fair value.

Furthermore, reference is made to the detailed disclosures in Note 12 "Trade and other receivables".

Capital risk management

The objectives of the Group with respect to capital management, on the one hand, include securing the going concern in order to be able to provide the equity holders with dividends and the other stakeholders with appropriate services, and on the other hand, maintaining an appropriate capital structure in order to optimise capital costs. Therefore, the amount of the dividend payments is adjusted to the respective requirements, capital is repaid to equity owners (withdrawal of treasury shares), new shares are issued or the portfolio of other assets is changed.

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, the Group basically pursues the strategy to keep the gearing ratio under 80% in the medium and long-term, with short-term excesses being accepted. Net gearing as of 31 March 2012 amounted to 85.7% and is thus above the prior year level.

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III. SEGMENT REPORTING

The segment information is presented in the following according to the internal reporting by regional production locations in Europe and Asia. 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 2011/12:

(in EUR 1,000)	Europe	Asia	Not allocated and consolidation	Group
External sales	326,159	188,021	--	514,180
Intercompany sales	53	170,593	(170,646)	--
Total revenues	326,212	358,614	(170,646)	514,180
Inter-segment revenue	(170,593)	(53)	170,646	--
Segment revenue, net	155,619	358,561		514,180
Operating result	17,554	29,528	(4,943)	42,139
Financial result				(9,887)
Profit before income tax				32,252
Income tax expense				(5,738)
Profit for the year				26,514
Total assets	120,964	574,799	(1,114)	694,649
Investments	8,252	93,146	71	101,469
Depreciation/amortisation	5,156	55,700	361	61,217
Non-recurring items	--	--	--	--

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Financial year 2010/11:

(in EUR 1,000)	Europe	Asia	Not allocated and consolidation	Group
External sales	356,884	131,064	--	487,948
Intercompany sales	1	203,436	(203,437)	--
Total revenues	356,885	334,500	(203,437)	487,948
Inter-segment revenue	(203,436)	(1)	203,437	--
Segment revenue, net	153,449	334,499	--	487,948
Operating result	18,016	39,401	(10,886)	46,531
Financial result				(3,209)
Profit before income tax				43,322
Income tax expense				(8,290)
Profit for the year				35,032
Total assets	117,919	459,458	(2,042)	575,335
Investments	6,530	126,696	130	133,356
Depreciation/amortisation	4,829	43,963	624	49,416
Non-recurring items	--	--	(2,677)	(2,677)

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

Additional information

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

Revenue broken down by industries is as follows:

(in EUR 1,000)	Financial year	
	2011/12	2010/11
Mobile Devices	302,445	271,386
Industrial	124,014	153,117
Automotive	86,274	61,115
Other	1,447	2,330
	514,180	487,948

Revenue broken down by country is as follows:

(in EUR 1,000)	Financial year	
	2011/12	2010/11
Austria	20,915	24,641
Germany	130,474	128,490
Hungary	38,808	41,086
Other European countries	38,679	33,897
Asia	206,612	131,317
Canada, USA, Mexico	72,882	123,710
Other	5,810	4,807
	514,180	487,948

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IV. NOTES TO THE CONSOLIDATED INCOME STATEMENT

1. Revenue

(in EUR 1,000)	Financial year	
	2011/12	2010/11
Main revenue	513,902	487,668
Incidental revenue	278	280
	<u>514,180</u>	<u>487,948</u>

2. Types of expenses

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

(in EUR 1,000)	Financial year	
	2011/12	2010/11
Cost of materials	196,535	194,644
Personnel expenses	101,968	100,898
Depreciation/amortisation	61,206	49,350
Purchased services incl. leased personnel	30,490	30,843
Energy	30,505	28,082
Maintenance (incl. spare parts)	30,280	26,495
Transportation costs	9,598	10,030
Rental and leasing expenses	5,067	5,072
Change in inventories	(4,518)	(13,469)
Other	16,773	13,117
	<u>477,904</u>	<u>445,062</u>

In the financial years 2011/12 and 2010/11, the item "other" mainly relates to travel expenses, insurance expenses, IT service costs as well as legal and consulting fees.

3. Research and development costs

The Group incurred research and development costs in the amount of TEUR 32,895 and TEUR 28,313 in the financial years 2011/12 and 2010/11, respectively. The above amounts represent only costs which can be directly allocated and which are recognised as expenses in cost of sales.

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4. Other operating result

(in EUR 1,000)	Financial year	
	2011/12	2010/11
Income from the reversal of government grants	151	146
Government grants for costs	4,228	11,263
Expenses/income from foreign exchange differences	(595)	(4,389)
Losses from the sale of non-current assets	726	(431)
Impairments of property, plant and equipment*)	--	(23)
Start-up losses	(1,770)	(1,718)
Miscellaneous other income	3,123	1,474
	5,863	6,322

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

Government grants for expenses mainly relate to export refunds as well as research and development awards.

The start-up losses for the financial year 2011/12 relate to the construction of the plant in Chongqing, China; and for the financial year 2010/11 to the construction of the second plant in India.

In the financial years 2011/12 and 2010/11, the item "miscellaneous other income" mainly relates to subsequent incoming receivables and the derecognition of other liabilities written off.

5. Non-recurring items

Non-recurring items include the following:

(in EUR 1,000)	Financial year	
	2011/12	2010/11
Impairments of property, plant and equipment	--	(43)
Personnel expenses	--	(2,430)
Net costs arising from other contractual obligations	--	(204)
	--	(2,677)

In the current financial year, no non-recurring costs were incurred.

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

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6. Financial result

(in EUR 1,000)	Financial year	
	2011/12	2010/11
Interest income from financial assets at fair value and available-for-sale securities	90	424
Other interest income	127	29
Gains from the sale of cash equivalents	--	2
Realised gains from derivative financial instruments, net	(32)	--
Gains from the measurement of derivative financial instruments at fair value, net	35	--
Gains from foreign exchange differences, net	2,470	5,827
Financial income	<u>2,690</u>	<u>6,282</u>
Interest expense on borrowings	(12,197)	(8,558)
Realised expense from derivative financial instruments, net	--	(1,528)
Gains from the measurement of derivative financial instruments at fair value, net	--	1,184
Foreign exchange losses, net	(154)	--
Other financial expenses	(226)	(589)
Financial expenses	<u>(12,577)</u>	<u>(9,491)</u>
Financial result	<u>(9,887)</u>	<u>(3,209)</u>

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7. Income taxes

The income tax expense is broken down as follows:

(in EUR 1,000)	Financial year	
	2011/12	2010/11
Current income taxes	9,533	8,748
Deferred taxes	(3,795)	(458)
Total tax expense	5,738	8,290

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

(in EUR 1,000)	Financial year	
	2011/12	2010/11
Expected tax expense at standard Austrian rate	8,063	10,831
Effect of different tax rates in foreign countries	(4,105)	(5,514)
Non-creditable foreign withholding taxes	2,000	2,235
Effect of change in previously unrecognised tax losses and temporary differences	3,862	92
Effect of the change in tax rate	(3,023)	1,836
Effect of permanent differences	(1,093)	1,194
Effect of taxes from prior periods	23	(2,380)
Other tax effects, net	11	(4)
Total tax expense	5,738	8,290

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Deferred tax assets and liabilities consist of the following:

(in EUR 1,000)	31 March	
	2012	2011
Deferred tax assets		
Tax loss carryforwards including taxable goodwill	5,366	4,316
Non-current assets	10,591	5,448
Inventories	1,700	1,777
Trade and other receivables	31	36
Retirement, termination benefit and other employee benefit obligations	990	837
Temporary differences arising from shares in subsidiaries	979	1,328
Losses not yet realised from cash flow hedging instruments, recognised in equity	52	--
Other	544	573
Deferred tax assets	20,253	14,315

(in EUR 1,000)	31 March	
	2012	2011
Deferred tax liabilities		
Non-current assets	(2,610)	(2,097)
Provisions for retirement and termination benefits	(115)	(18)
Other provisions	(84)	(19)
Trade payables	(455)	(993)
Temporary differences arising from shares in subsidiaries	(5,670)	(4,235)
Unrealised gains from securities available for sale, recognised in equity and not taken through profit or loss	(10)	(17)
Losses not yet realised from cash flow hedging instruments, recognised in equity	(1)	(2)
Other	(190)	(436)
Deferred tax liabilities	(9,135)	(7,817)
Deferred tax assets, net	11,118	6,498

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

(in EUR 1,000)	31 March	
	2012	2011
Deferred tax assets:		
- non-current	13,205	8,168
- current	3,614	2,568
	<u>16,819</u>	<u>10,736</u>
Deferred tax liabilities:		
- non-current	--	(2)
- current	(5,701)	(4,236)
	<u>(5,701)</u>	<u>(4,238)</u>
Deferred tax assets, net	<u>11,118</u>	<u>6,498</u>

At 31 March 2012 the Group has tax loss carryforwards and taxable goodwill amounting to a total of TEUR 181,567 (at 31 March 2011 TEUR 164,255), which for the most part can be carried forward for an unlimited period of time. For loss carryforwards amounting to TEUR 164,701 (at 31 March 2011 TEUR 150,188) thereof no deferred tax assets were recognised in the amount of TEUR 41,667 (at 31 March 2011 TEUR 37,294), since it is unlikely that they could be realised in the foreseeable future. TEUR 1,431 (at 31 March 2011 TEUR 2,490 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:

(in EUR 1,000)	Financial year	
	2011/12	2010/11
Carrying amount at the beginning of the financial year	6,498	6,460
Currency translation differences	772	(318)
Income/(expense) recognised in the income statement	3,795	458
Income taxes recognised in equity	53	(102)
Carrying amount at the end of the financial year	<u>11,118</u>	<u>6,498</u>

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

	Financial year					
	2011/12			2010/11		
(in EUR 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	34,764	--	34,764	(10,777)	--	(10,777)
Fair value gains/(losses) of available-for-sale financial assets	(13)	--	(13)	1	--	1
Fair value gains/(losses) of cash flow hedges	(216)	54	(162)	406	(102)	304
Other comprehensive income	34,535	54	34,589	(10,370)	(102)	(10,472)

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V. NOTES TO THE CONSOLIDATED BALANCE SHEET

8. Property, plant and equipment

(in EUR 1,000)	Land, plants and buildings	Machinery and technical equipment	Tools, fixtures, furniture and office equipment	Prepayments and construction in progress	Total
Net carrying amount					
31 March 2011	55,620	291,256	4,638	33,996	385,510
Exchange differences	4,292	27,755	82	2,896	35,025
Additions	614	61,945	2,291	32,223	97,073
Disposals	(2,194)	(409)	(98)	--	(2,701)
Transfers	784	34,175	34	(34,993)	--
Impairment	--	--	--	--	--
Depreciation, current	(3,403)	(55,257)	(1,781)	--	(60,441)
Net carrying amount					
31 March 2012	55,713	359,465	5,166	34,122	454,466

At 31 March 2012

Gross carrying amount	76,118	787,756	21,996	34,122	919,992
Accumulated depreciation	(20,405)	(428,291)	(16,830)	--	(465,526)
Net carrying amount	55,713	359,465	5,166	34,122	454,466

(in EUR 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 2010	54,053	239,343	4,303	10,828	308,527
Exchange differences	(602)	(4,018)	(50)	(1,153)	(5,823)
Additions	1,055	17,618	1,667	111,869	132,209
Disposals	(33)	(600)	11	--	(622)
Transfers	4,324	82,636	588	(87,548)	--
Impairment	(18)	(47)	(1)	--	(66)
Depreciation, current	(3,159)	(43,676)	(1,880)	--	(48,715)
Net carrying amount					
31 March 2011	55,620	291,256	4,638	33,996	385,510

At 31 March 2011

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

The value of the land included in land, plants and buildings amounts to TEUR 1,509 (TEUR 1,484 as at 31 March 2011).

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

Impairment

In the previous year, some items of property, plant and equipment that fulfilled the criteria for impairment were written down to their recoverable amount. The impairments in the financial year 2010/11 in the amount of TEUR 66 mainly related to machinery no longer needed. 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".

Encumbrances

In connection with the provision of collateral for various financing agreements, property, plant and equipment in the amount of TEUR 1,843 (TEUR 0 as at 31 March 2011) has been pledged as collateral. Reference is made to Note 16 "Financial liabilities".

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9. Intangible assets

(in EUR 1,000)	Industrial property and similar rights and assets, and licenses in such rights and assets	Goodwill	Total
Net carrying amount 31 March 2011	2,543	--	2,543
Exchange differences	114	--	114
Additions	570	--	570
Disposals	--	--	--
Amortisation, current	(776)	--	(776)
Net carrying amount 31 March 2012	<u>2,451</u>	<u>--</u>	<u>2,451</u>

At 31 March 2012

Gross carrying amount	14,420	6,136	20,556
Accumulated amortisation	(11,969)	(6,136)	(18,105)
Net carrying amount	<u>2,451</u>	<u>--</u>	<u>2,451</u>

(in EUR 1,000)	Industrial property and similar rights and assets, and licenses in such rights and assets	Goodwill	Total
Net carrying amount 31 March 2010	2,037	--	2,037
Exchange differences	(3)	--	(3)
Additions	1,147	--	1,147
Disposals	(3)	--	(3)
Amortisation, current	(635)	--	(635)
Net carrying amount 31 March 2011	<u>2,543</u>	<u>--</u>	<u>2,543</u>

At 31 March 2011

Gross carrying amount	14,255	5,947	20,202
Accumulated amortisation	(11,712)	(5,947)	(17,659)
Net carrying amount	<u>2,543</u>	<u>--</u>	<u>2,543</u>

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

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10. Other non-current assets

(in EUR 1,000)	31 March	
	2012	2011
Prepayments	5,847	1,707
Deposits made	2,883	2,437
Carrying amount	<u>8,730</u>	<u>4,144</u>

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

11. Inventories

(in EUR 1,000)	31 March	
	2012	2011
Raw materials and supplies	26,818	20,251
Work in progress	16,555	14,370
Finished goods	21,536	18,755
Carrying amount	<u>64,909</u>	<u>53,376</u>

The balance of write-downs of inventories recognised as expense amounts to TEUR 8,931 as of 31 March 2012 (TEUR 8,498 as of 31 March 2011).

In connection with various financing agreements, inventories in the amount of TEUR 8 (TEUR 40 at 31 March 2011) serve as collateral. Reference is made to Note 16 "Financial liabilities".

12. Trade and other receivables

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

(in EUR 1,000)	31 March	
	2012	2011
Trade receivables	84,611	71,001
VAT receivables	16,676	18,933
Other receivables from authorities	6,049	3,812
Prepayments	2,699	2,744
Energy tax refunds	777	1,761
Deposits	356	402
Insurance reimbursements	194	--
Other receivables	4,204	1,335
Impairments	(83)	(89)
	<u>115,483</u>	<u>99,899</u>

Other receivables mainly include prepaid expenses and deferred charges.

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In connection with various financing agreements trade receivables amounting to TEUR 40,000 (TEUR 36,000 at 31 March 2011) serve as collateral. Reference is made to Note 16 "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 2012 and 31 March 2011 have remaining maturities of less than one year.

Factoring

At the balance sheet date 31 March 2012 receivables in the amount of TEUR 8,551 (TEUR 15,765 at 31 March 2011) had been transferred to a bank under a genuine factoring arrangement and derecognised.

Development of periods overdue and write-downs of trade receivables

At 31 March 2012

	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
(in EUR 1,000)						
Trade receivables	<u>84,611</u>	<u>83,553</u>	<u>536</u>	<u>439</u>	<u>--</u>	<u>--</u>

At 31 March 2011

	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
(in EUR 1,000)						
Trade receivables	<u>71,001</u>	<u>66,726</u>	<u>4,118</u>	<u>22</u>	<u>46</u>	<u>--</u>

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

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Impairment of trade and other receivables changed as follows:

(in EUR 1,000)	Financial year	
	2011/12	2010/11
Impairment at the beginning of the financial year	89	1,003
Utilisation	--	(875)
Reversal	--	(37)
Currency translation differences	(6)	(2)
Impairment at the end of the financial year	83	89

13. Financial assets

The carrying amounts of financial assets are as follows:

(in EUR 1,000)	31 March	thereof	thereof
	2012	non-current	current
Financial assets at fair value through profit or loss	732	--	732
Available-for-sale financial assets	132	96	36
	864	96	768

(in EUR 1,000)	31 March	thereof	thereof
	2011	non-current	current
Financial assets at fair value through profit or loss	13,877	25	13,852
Available-for-sale financial assets	156	96	60
	14,033	121	13,912

Financial assets at fair value through profit or loss

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

(in EUR 1,000)	31 March	
	2012	2011
Bonds	732	13,851
Derivative financial instruments*)	--	26
	732	13,877

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

All bonds held are denominated in euro.

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Securities held to maturity

(in EUR 1,000)	31 March	
	2012	2011
Acquisition cost	--	1,000
Impairment	--	(1,000)
Carrying amount	<u> -- </u>	<u> -- </u>

Securities held to maturity related to convertible bonds of Adcon Telemetry AG, Klosterneuburg. Since the bankruptcy proceedings of Adcon Telemetry AG had been completed, these convertible bonds were derecognised in full. The securities held to maturity are denominated in euro.

Available-for-sale securities at fair value

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

(in EUR 1,000)	Financial year	
	2011/12	2010/11
Carrying amount at the beginning of the financial year	156	157
Unrealised gains/(losses) from the current period, recognised in equity	(20)	1
Currency translation differences	(4)	(2)
Carrying amount at the end of the financial year	<u> 132 </u>	<u> 156 </u>

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

14. Cash and cash equivalents

(in EUR 1,000)	31 March	
	2012	2011
Bank balances and cash on hand	29,729	4,219
Restricted cash	--	8
Carrying amount	<u> 29,729 </u>	<u> 4,227 </u>

At 31 March 2011 restricted cash relates to AT&S India.

The reported carrying amounts correspond to the respective fair values.

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15. Trade and other payables

(in EUR 1,000)	31 March 2012	Remaining maturity		
		Less than 1 year	Between 1 and 5 years	More than 5 years
Trade payables	68,927	68,927	--	--
Government grants	2,650	146	788	1,716
Liabilities to fiscal authorities and other public taxing bodies	1,997	1,997	--	--
Social security payables	1,712	1,712	--	--
Liabilities from unconsumed vacations	3,436	3,436	--	--
Liabilities from stock options	421	73	348	--
Liabilities to employees	13,564	13,564	--	--
Other liabilities	8,971	8,182	789	--
Carrying amount	101,678	98,037	1,925	1,716

(in EUR 1,000)	31 March 2011	Remaining maturity		
		Less than 1 year	Between 1 and 5 years	More than 5 years
Trade payables	67,240	67,240	--	--
Government grants	590	146	444	--
Liabilities to fiscal authorities and other public taxing bodies	3,849	3,849	--	--
Social security payables	1,553	1,553	--	--
Liabilities from unconsumed vacations	3,761	3,761	--	--
Liabilities from stock options	1,143	266	877	--
Liabilities to employees	14,952	14,952	--	--
Other liabilities	5,575	4,787	788	--
Carrying amount	98,663	96,554	2,109	--

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

Government grants

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

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

Liabilities from stock options

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

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

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

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

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

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

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

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

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

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The following table summarises information about all stock options granted until 31 March 2012.

	Date of grant 1 April 2011	Date of grant 1 April 2010	Date of grant 1 April 2009	Date of grant 1 April 2008
Exercise price (in EUR)	16.60	7.45	3.86	15.67
31 March 2010	--	--	135,000	132,000
Number of options granted	--	135,000	--	--
Number of options forfeited	--	--	--	--
Number of options exercised	--	--	70,000	--
Number of options expired	--	--	--	40,000
31 March 2011	--	135,000	65,000	92,000
Number of options granted	118,500	--	--	--
Number of options forfeited	--	--	--	--
Number of options exercised	--	35,000	13,100	--
Number of options expired	--	--	--	30,000
31 March 2012	118,500	100,000	51,900	62,000
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 2011	--	1,161	753	119
31 March 2012	120	222	269	3

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

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

The weighted average share price on the day of execution of all options executed in the financial year is EUR 14.55 in the financial year 2011/12 (EUR 14.95 in the financial year 2010/11).

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 2008, 1 April 2009, 1 April 2010 and 1 April 2011:

Risk-free interest rate	0.17-0.56 %
Volatility	37.71-49.31 %
Dividend per share	0.26-0.37

Volatility is calculated based on the daily share prices from 1 August 2008 until the balance sheet date.

The fair value of the stock options granted is recognised as expense over their term. At March 31 2012 the stock options exercisable intrinsic value is TEUR 90 (TEUR 273 at March 31 2011).

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Other liabilities

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

16. Financial liabilities

(in EUR 1,000)	31 March 2012	Remaining maturity			Interest rate in %
		Less than 1 year	Between 1 and 5 years	More than 5 years	
Bonds	184,539	5,561	178,978	--	5.0-5.5
Export loans	40,000	40,000	--	--	1.72
Loans from state authorities:					
- Public authorities	404	161	243	--	2.0-2.5
Other bank borrowings	47,977	38,677	9,300	--	2.5-6.1
Derivative financial instruments*)	208	--	208	--	
Carrying amount	273,128	84,399	188,729	--	

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

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

The bond 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 bond with a total nominal amount of EUR 100 million was placed by the Company on 18 November 2011 with a term to maturity of five years and is listed on the Second Regulated Market of the Vienna Stock Exchange. The bond has a denomination of EUR 1,000 and the annual fixed interest in the amount of 5.0% of the nominal value is payable on 18 November of each year in arrears.

Both bonds are subject to the following terms and conditions:

The bondholders do not have an ordinary cancellation right. An extraordinary cancellation right has been agreed in case of the following events occurring at the Company or one of its main subsidiaries:

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- 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 include long-term financing, in addition to the current liquidity needs. For the plant in South Korea and the expansion in India, long-term financing was raised in the financial year 2009/10, 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

The contractually agreed (undiscounted) interest and redemption payments of the financial liabilities at 31 March 2012 are as follows in the next financial years:

(in EUR 1,000)	Bonds	Export loans	Loans from state authorities	Other bank borrowings	Derivative financial instruments
2012/13					
Redemption	--	40,000	161	38,677	--
Fixed interest	9,400	--	9	2,151	--
Variable interest	--	698	--	87	--
2013/14					
Redemption	80,000	--	172	9,300	208
Fixed interest	9,400	--	2	301	--
Variable interest	--	--	--	--	--
2014/15					
Redemption	--	--	--	--	--
Fixed interest	5,000	--	1	--	--
Variable interest	--	--	--	--	--
2015/16					
Redemption	--	--	--	--	--
Fixed interest	5,000	--	1	--	--
Variable interest	--	--	--	--	--
2016/17					
Redemption	100,000	--	71	--	--
Fixed interest	5,000	--	1	--	--
Variable interest	--	--	--	--	--

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

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At the prior-year balance sheet date 31 March 2011 the contractually agreed (undiscounted) interest and redemption payments of the financial liabilities were as follows for the next financial years:

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

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

(in EUR 1,000)	Carrying amounts		Estimated fair values	
	31 March		31 March	
	2012	2011	2012	2011
Bonds	184,539	83,514	198,185	83,083
Export loans	40,000	36,000	40,000	36,000
Loans from state authorities	404	403	410	398
Other bank borrowings	47,977	92,015	48,628	92,996
Derivative financial instruments	208	54	208	54
	<u>273,128</u>	<u>211,986</u>	<u>287,431</u>	<u>212,531</u>

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

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

(in EUR 1,000)	31 March	
	2012	2011
Euro	251,065	197,328
US dollar	17,713	8,576
Chinese renminbi yuan	2,516	5,368
Indian rupee	38	714
Korean Won	1,750	--
Japanese Yen	46	--
	<u>273,128</u>	<u>211,986</u>

Bank borrowings are secured as follows:

- through property, plant and equipment in the amount of TEUR 1,843 (as at 31 March 2011: TEUR 0). Reference is made to Note 8 “Property, plant and equipment”;
- By inventories and trade receivables amounting to TEUR 40,008 (at 31 March 2011: TEUR 36,040). Reference is made to Note 11 “Inventories” and Note 12 “Trade and other receivables”;

Lines of credit of financing liabilities at 31 March 2012 are as follows:

(in EUR 1,000)	Credit lines	Used
Export credit lines - committed	40,000	40,000
Other credit lines - committed	486,739	232,920
Credit lines - uncommitted	20,000	--
	<u>546,739</u>	<u>272,920</u>

Leases

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

(in EUR 1,000)	31 March	
	2012	2011
Not later than 1 year	3,098	2,939
Between 1 and 5 years	8,144	7,664
Later than 5 years	6,852	8,437
Total minimum lease payments	<u>18,094</u>	<u>19,040</u>

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

The obligations from operating leases are affected by a sale and lease back transaction concluded in the financial year 2006/07 for the properties and buildings in Leoben-Hinterberg and Fehring, Austria, with non-cancellable lease period until December 2021. The stated amounts also include TEUR 9,085 at 31 March 2012 (at 31 March 2011: TEUR 9,484) attributable to minimum lease payments from the operating lease for no longer used building spaces in Leoben-Hinterberg, which has already been included in the balance sheet as other provisions. Reference is made to Note 18 “Other provisions”.

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

(in EUR 1,000)	Financial year	
	2011/12	2010/11
Leasing and rental expenses	<u>3,451</u>	<u>3,171</u>

17. Provisions for employee benefits

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

Defined Contribution Plans

The majority of the Group's employees in Austria and part of its employees in India are covered by defined contribution plans that have been transferred to a pension fund. For employees in Austria, the pension plans are supplemented by death and endowment insurances. 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 509 in the financial year 2011/12 and to TEUR 496 in the financial year 2010/11.

Defined Benefit Plans

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

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

Funded termination benefits

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

Unfunded termination benefits

Employees in Austria, 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 2011/12 amounted to TEUR 272 and for the financial year 2010/11 to TEUR 254.

Other benefit obligations

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

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

(in EUR 1,000)	Retirement benefits		Termination benefits		Other employee benefits	
	Financial year		Financial year		Financial year	
	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11
Current service cost	10	127	1,075	895	759	701
Interest expense	486	461	530	470	118	82
Past service cost		--		115		--
Settlements	--	29	--	175	--	--
Expected return on plan assets	(459)	(451)	(47)	(15)	--	--
Actuarial losses/(gains)	19	(32)	44	19	545	466
Total expenses	56	134	1,602	1,659	1,422	1,249

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 2011/12 and 2010/11 are included in the non-recurring items.

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

(in EUR 1,000)	31 March	
	2012	2011
(Overfunded) retirement benefits	(581)	(590)
Unfunded retirement benefits	1,053	1,038
Unfunded termination benefits	9,701	8,834
Other employee benefits	3,141	2,338
Provisions for employee benefits	13,895	12,210
Accrued retirement, termination and other employee benefits, net	13,314	11,620

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

(in EUR 1,000)	Retirement benefits		Termination benefits	
	31 March		31 March	
	2012	2011	2012	2011
Present value of funded obligations	10,078	9,145	614	628
Fair value of plan assets	(8,377)	(9,891)	(589)	(574)
Funded status funded obligations	1,701	(746)	25	54
Present value of unfunded obligations	1,052	985	12,954	10,236
Unrealised actuarial gains/(losses)	(2,281)	209	(3,277)	(1,455)
Unrecognized past service costs	--	--	(1)	(1)
Provisions/(receivables) in the balance sheet, net	472	448	9,701	8,834
thereof receivables (overfunded benefits)	(581)	(590)	--	--
thereof provisions (unfunded benefits)	1,053	1,038	9,701	8,834

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

(in EUR 1,000)	Funded retirement benefits		Unfunded retirement benefits	
	Financial year		Financial year	
	2011/12	2010/11	2011/12	2010/11
Present value of retirement benefit obligation				
Present value at beginning of year	9,145	8,662	984	968
Current service cost	10	127	--	--
Interest expense	437	413	49	48
Actuarial losses/(gains)	912	69	20	(31)
Past service cost	--	29	--	--
Benefits paid	(426)	(155)	--	--
Present value at end of year	10,078	9,145	1,053	985
Fair value of plan assets				
Fair value at beginning of year	9,890	8,480		
Contributions to plan assets	32	87		
Expected return on plan assets	459	451		
Actuarial gains/(losses)	(1,579)	1,028		
Benefits paid	(426)	(155)		
Fair value at end of year	8,376	9,891		
Funded status funded retirement benefits	1,701	(746)		

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

	31 March	
	2012	2011
Debt securities	46 %	32 %
Equity securities	29 %	44 %
Real estate	4 %	7 %
Cash and cash equivalents	21 %	17 %
	100 %	100 %

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

(in EUR 1,000)	Funded termination benefits Financial year		Unfunded termination benefits Financial year	
	2011/12	2010/11	2011/12	2010/11
Present value of termination benefit obligation				
Present value at beginning of year	628	437	10,236	9,085
Changes in consolidated group	--	--	--	--
Exchange differences	(44)	(26)	21	(8)
Current service cost	48	45	1,027	850
Interest cost	49	45	481	425
Actuarial losses/(gains)	20	27	1,846	374
Past service cost	--	116	--	--
Settlements	--	--	--	175
Benefits paid	(87)	(16)	(657)	(665)
Present value at end of year	614	628	12,954	10,236
Fair value of plan assets				
Fair value at beginning of year	575	194		
Changes in consolidated group	--	--		
Exchange differences	(42)	(26)		
Contributions to plan assets	96	384		
Expected return on plan assets	47	15		
Actuarial gains/(losses)	--	23		
Benefits paid	(87)	(16)		
Fair value at end of year	589	574		
Funded status				
funded termination benefits	25	54		

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

(in EUR 1,000)	Financial year	
	2011/12	2010/11
Present value at beginning of year	2,338	2,115
Exchange differences	112	(2)
Service cost	759	700
Interest expense	118	82
Actuarial losses/(gains)	545	466
Benefits paid	(731)	(1,023)
Present value at end of year	<u>3,141</u>	<u>2,338</u>

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

	Retirement benefits		Termination benefits		Other employee benefits (anniversary bonuses)	
	31 March		31 March		31 March	
	2012	2011	2012	2011	2012	2011
Discount rate	4.5 %	5 %	4.5-8.50 %	5-8.35 %	2.8-4.5 %	3.25-5 %
Expected return on plan assets	4.65 %	5.31 %	8 %	8 %	--	--
Expected rate of compensation increase	2.25 %	2.25 %	3-7.75 %	3-7.75 %	3-11 %	3-10 %
Expected rate of pension increase	2 %	2 %	--	--	--	--
Retirement age	65	65	Individual according to 2003 pension reform	Individual according to 2003 pension reform	--	--

18. Other provisions

(in EUR 1,000)	Total	Restructuring		
		Warranty	Leoben	Sundry
Carrying amount 31 March 2011	14,665	927	12,883	855
Utilisation	(1,883)	(197)	(760)	(927)
Reversal	(718)	(63)	--	(655)
Addition	1,313	77	--	1,236
Interest effect	224	--	224	--
Exchange differences	(15)	(13)	--	(2)
Carrying amount 31 March 2012	<u>13,586</u>	<u>731</u>	<u>12,347</u>	<u>507</u>

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

(in EUR 1,000)	31 March	
	2012	2011
thereof non-current	11,423	11,967
thereof current	2,163	2,698
Carrying amount	13,586	14,665

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.

Sundry other provisions

Sundry other provisions relate to provisions for other onerous contracts.

19. Derivative financial instruments

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

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

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

(in EUR 1,000)	31 March 2012		31 March 2011	
	Assets	Liabilities	Assets	Liabilities
Currency swaps at fair value	--	--	1	36
Interest rate swaps at fair value	--	208	25	18
Total fair values		208	26	54
Net of current portion:	--	--		
Currency swaps at fair value	--		1	36
Current portion	--	--	1	36
Non-current portion	--	208	25	18

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

Currency	31 March 2012		31 March 2011	
	Nominal amount (in 1,000 local currency)	Fair value (in EUR 1,000)	Nominal amount (in 1,000 local currency)	Fair value (in EUR 1,000)
US dollar	--	--	7,040	(35)

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

Currency	31 March 2012		31 March 2011	
	Nominal amount (in 1,000 local currency)	Fair value (in EUR 1,000)	Nominal amount (in 1,000 local currency)	Fair value (in EUR 1,000)
Euro	15,500	(208)	21,700	7

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

(in months)	31 March	
	2012	2011
Currency swaps	--	1
Interest rate swaps	24	36

At 31 March 2012, the fixed interest rates for interest rate swaps are 2.34% and 1.84%, the variable interest rate is based on the 6-month EURIBOR.

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20. Additional disclosures on financial instruments

Carrying amounts and amounts stated by measurement category

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

(in EUR 1,000) 31 March 2012	Fair values through profit or loss	Fair values in equity	Amortised cost	Carrying amounts
Assets				
Non-current assets				
Financial assets	--	96	--	96
Current assets				
Trade and other receivables	--	--	88,925	88,925
Financial assets	732	36	--	768
Cash and cash equivalents	--	--	29,729	29,729
Liabilities				
Non-current liabilities				
Financial liabilities	--	208	188,521	188,729
Current liabilities				
Trade and other payables	--	--	82,490	82,490
Financial liabilities	--	--	84,399	84,399

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

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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 2012	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss				
Bonds	732	--	--	732
Financial assets available for sale	132	--	--	132
Financial liabilities				
Derivative financial instruments	--	208	--	208

(in TEUR)

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

Net results relating to financial instruments by measurement category

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

(in EUR 1,000)	Financial year	
	2011/12	2010/11
Loans and receivables	(2,029)	(6,896)
Financial assets at fair value through profit or loss	19	(59)
Financial assets available for sale	7	5
Financial liabilities at amortised cost	(9,728)	(2,731)
	<u>(11,731)</u>	<u>(9,681)</u>

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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 -2,156 net expense (2010/11: TEUR -6,927 net expense) of the total net result from financial instruments is included in the operating result, and TEUR -9,575 (2010/11: TEUR -2,754 net income) in the financial result.

21. Contingent liabilities and other financial commitments

Regarding non-cancellable leasing and rental agreements, reference is made to Note 16 “Financial liabilities”. At 31 March 2012 the Group has other financial commitments amounting to TEUR 20,499 (TEUR 46,642 at 31 March 2011) 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 3,590 (TEUR 83 at 31 March 2011). Other guarantees or contingencies relating to the ordinary business operations do not exist at the balance sheet date.

22. Share capital

	Outstanding shares (in 1,000 shares)	Ordinary shares (in EUR 1,000)	Share premium (in EUR 1,000)	Treasury shares, net of tax (in EUR 1,000)	Share capital (in EUR 1,000)
31 March 2010	23,323	28,490	63,542	(46,352)	45,680
Change in treasury shares, net of tax	--	--	--	(1,205)	(1,205)
31 March 2011	23,323	28,490	63,542	(47,557)	44,475
Change in treasury shares, net of tax	--	--	--	1,060	1,060
31 March 2012	23,323	28,490	63,542	(46,497)	45,535

Ordinary Shares

At 31 March 2012 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 1.10 per share.

Outstanding shares

The number of shares issued amounts to 25,900,000. At the balance sheet date 31 March 2012 2,577,412 treasury shares were held by the Group, 23,322,588 shares were outstanding.

Authorised share capital

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

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Convertible bonds

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

Conditional capital increase

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

Treasury shares

Most recently, at the 16th Annual General Meeting on 7 July 2010, the Management Board in accordance with § 65 (1) 8 AktG (Austrian Stock Corporation Act) was 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 2011/12 shares were neither sold nor used for servicing the Company's stock option plan. At 31 March 2012 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. The change in treasury shares (net of tax) in the financial year 2011/12 exclusively relates to taxes attributable to this equity instrument.

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

Dividend per share

In the financial year 2011/12 a dividend of EUR 0.36 was paid per share (in the financial year 2010/11 EUR 0.10).

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23. 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 2010	(1,304)	43	(299)	(1,560)
Balance of unrealised changes before transfer, after taxes	(10,777)	1	238	(10,538)
Transfer of realised changes recognised in the profit for the year, after taxes	--	--	66	66
Carrying amount as of 31 March 2011	(12,081)	44	5	(12,032)
Balance of unrealised changes before transfer, after taxes	34,762	(13)	(160)	34,589
Transfer of realised changes recognised in the profit for the year, after taxes	--	--	(2)	(2)
Carrying amount as of 31 March 2012	22,681	31	(157)	22,555

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".

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VI. OTHER DISCLOSURES

24. Earnings per share

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

Weighted average of outstanding shares

The number of shares issued is 25,900,000, At 31 March 2012 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 2011/12 and to 23.3 million in the financial year 2010/11.

The weighted average number of outstanding shares for the diluted earnings per share calculation amounted to 23.4 million in the financial year 2011/12 and to 23.4 million in the financial year 2010/11.

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

(in 1,000)	Financial year	
	2011/12	2010/11
Weighted average number of shares outstanding - basic	23,323	23,323
Diluting effect of options	48	121
Weighted average number of shares outstanding - diluted	<u>23,371</u>	<u>23,444</u>

Basic earnings per share

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

	Financial year	
	2011/12	2010/11
Profit for the year (in EUR 1,000)	26,550	35,168
Weighted average number of outstanding shares - basic (in 1,000)	23,323	23,323
Basic earnings per share (in EUR)	<u>1.14</u>	<u>1.51</u>

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Diluted earnings per share

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

	Financial year	
	2011/12	2010/11
Profit for the year (in EUR 1,000)	26,550	35,168
Weighted average number of outstanding shares - diluted (in 1,000)	23,371	23,444
Diluted earnings per share (in EUR)	<u>1.14</u>	<u>1.50</u>

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

25. Proposal on profit distribution

According to the provisions of the Austrian Stock Corporation Act (“Aktengesetz”) the local financial statements of AT & S Austria Technologie & Systemtechnik Aktiengesellschaft as of 31 March 2012 prepared under Austrian GAAP serve as the basis for the distribution of dividends. These financial statements reported retained earnings amounting to TEUR 24,237 at 31 March 2012 (TEUR 24,755 at 31 March 2011).

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 0.32 per outstanding share from the retained earnings of TEUR 24,237, and to carry forward the remaining balance.

26. Material events after the balance sheet date

Opening of a sales office in Chicago

In April 2012, a sales office was opened in Chicago. As part of the subsidiary AT&S Americas LLC this office is the second location of the AT&S Group in the USA.

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27. Related party transactions

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

(in EUR 1,000)	Financial year	
	2011/12	2010/11
AIC Androsch International Management Consulting GmbH	385	411
Rechtsanwälte Riedl & Ringhofer	4	11
Dörflinger Management & Beteiligungs GmbH	4	2
	<u>393</u>	<u>424</u>

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

Members of the Management Board and the Supervisory Board

In the financial year 2011/12 and until the date of issuance of these consolidated financial statements the following persons served on the **Management Board**:

- Andreas Gerstenmayer (Chairman)
- Heinz Moitzi
- Thomas Obendrauf

In the financial year 2011/12 the following persons were elected members of the **Supervisory Board**:

- Hannes Androsch (Chairman)
- Willibald Dörflinger (Deputy Chairman)
- Karl Fink
- Albert Hochleitner
- Gerhard Pichler
- Georg Riedl
- Karin Schaupp (since 7 July 2011)
- Regina Prehofer (since 7 July 2011)

- Delegated by the **Works Council**:
- Wolfgang Fleck
- Johann Fuchs
- Günther Wölfler
- Sabine Fussi (since 8 July 2011)

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

	Number of granted stock options 31 March		Personnel expenses Financial year (in EUR 1,000)	
	2012	2011	2011/12	2010/11
	Andreas Gerstenmayer	80,000	40,000	(43)
Heinz Moitzi	114,000	120,000	(170)	297
Thomas Obendrauf	34,500	6,000	--	15
Steen Ejlskov Hansen	--	90,000	(19)	582
Harald Sommerer	--	--	--	216
Total Management Board	228,500	256,000	(232)	1,222
Total other executive employees	103,900	120,000	(101)	328
	<u>332,400</u>	<u>376,000</u>	<u>(333)</u>	<u>1,550</u>

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

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

(in EUR 1,000)	Financial year 2011/12			Financial year 2010/11		
	fixed	variable	total	fixed	variable	total
Andreas Gerstenmayer	388	203	591	393	299	692
Heinz Moitzi	308	190	498	308	236	544
Thomas Obendrauf	322	212	534	143	119	262
Steen Ejlskov Hansen	--	242	242	365	1,999	2,364
Harald Sommerer	--	--	--	--	394	394
Executive employees	3,445	711	4,156	3,166	1,135	4,301
			<u>6,021</u>			<u>8,557</u>

The variable compensation in the financial year 2010/11 of Steen E. Hansen mainly included contractual termination benefits and settlements of other claims in connection with the early termination of the management contracts. In addition, the variable compensation in the financial year 2010/11 of Steen E. Hansen and of Harald Sommerer included the cash settlement for exercised stock options.

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

(in EUR 1,000)	Termination benefits Financial year		Retirement benefits Financial year	
	2011/12	2010/11	2011/12	2010/11
	Management Board and executive employees	<u>114</u>	<u>350</u>	<u>218</u>

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

(in EUR 1,000)	Financial year 2011/12			Financial year 2010/11		
	fixed	variable	total	fixed	variable	total
Hannes Androsch	33	11	44	34	15	49
Willibald Dörflinger	29	6	35	27	7	34
Karl Fink	24	6	30	24	7	31
Albert Hochleitner	23	6	29	24	7	31
Gerhard Pichler	23	6	29	25	7	32
Georg Riedl	23	6	29	24	7	31
Karin Schaupp	16	6	22	--	--	--
Regina Prehofer	15	6	21	--	--	--
	<u>186</u>	<u>53</u>	<u>239</u>	<u>158</u>	<u>50</u>	<u>208</u>

Shareholdings of members of the Management Board and the Supervisory Board as of 31 March 2012:

	Shares	Options	Total shares and options	% capital
Management Board members	1,672	228,500	230,172	0.90
Supervisory Board members:				
Hannes Androsch	445,853	--	445,853	1.72
Other members of the Supervisory Board	28,412	--	28,412	0.11
Total Supervisory Board members	<u>474,265</u>	<u>--</u>	<u>474,265</u>	<u>1.83</u>
Private foundations:				
Androsch Privatstiftung	5,570,666	--	5,570,666	21.51
Dörflinger Privatstiftung	4,594,688	--	4,594,688	17.74
Total private foundations	<u>10,165,354</u>	<u>--</u>	<u>10,165,354</u>	<u>39.25</u>
	<u>10,641,291</u>	<u>228,500</u>	<u>10,869,791</u>	<u>41.97</u>

28. Expenses for the group auditor

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

(in EUR 1,000)	Financial year	
	2011/12	2010/11
Audit of consolidated and separate financial statements	123	132
Other assurance services	29	11
Other services	5	9
	<u>157</u>	<u>152</u>

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

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29. Number of staff

Average number of staff in the financial year:

	Financial year	
	2011/12	2010/11
Waged workers	5,928	5,643
Salaried employees	1,489	1,344
	<u>7,417</u>	<u>6,987</u>

The calculation of the number of staff includes an average of 3,730 temporary workers for the financial year 2011/12 and an average of 3,624 for the financial year 2010/11.

Leoben-Hinterberg, 9 May 2012

The Management Board

Andreas Gerstenmayer
m.p.

Heinz Moitzi
m.p.

Thomas Obendrauf
m.p.

GROUP MANAGEMENT REPORT

Group Management Report 2011/12

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

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

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

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

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

GROUP MANAGEMENT REPORT

2. Business development and climate

In the past calendar year, the global demand for printed circuit boards increased by 5.6% year-on-year to approx. USD 59 billion. Our markets continue to be fundamentally intact and we continue to anticipate attractive growth rates in the medium to long-term, most notably in the mobile devices segment. At the same time, the electronics industry in general reduced the visibility of future demands as a result of the current global economic situation.

The mobile devices segment with the applications smartphones and tablet PCs will continue to be an important growth factor. The share of smartphones in the entire mobile phone market will increase further. A good development is also expected in the automotive segment, especially in China. Moderate growth is expected for the industrial sector, primarily in Europe.

The first quarter of the financial year 2011/12 was characterized by the economic situation in Asia after the earthquake in Japan. As a result, quarterly revenue declined by EUR 12.7 million or 10% over the fourth quarter of the previous financial year. This decline in revenue could again be offset in the subsequent quarters, so that after 3 quarters we were EUR 7 million above the comparative period of the previous year. The fourth quarter of the current financial year generated the highest revenue ever for the AT&S Group of EUR 142.4 million.

For the entire financial year 2011/12, revenue increased by EUR 26.3 million or 5% to EUR 514.2 million year-on-year.

In geographical terms, a further shift of production activity from Europe to Asia becomes apparent as a result of the additionally installed capacities. Thus, the share of the segment net revenue of Asia in total revenue already amounts to 73% in the financial year 2011/12 (in the previous year: 69%). In the Europe segment, we managed to win interesting contracts in the area of small series and niche products.

Mobile devices with revenues of EUR 302.4 million and a share in sales of 59% (prior year: 56%) is still by far the largest business segment of the AT&S Group. This equals an increase of 11% year-on-year. The strategy of AT&S to focus, among other things, on the more profitable high-end segment proved successful.

After a growth rate of 46% in the previous year, the automotive segment continued to grow significantly at 41% in the current financial year. Only the industrial segment saw a decline in revenue of EUR -29.1 million, which results from the general negative trend of the industrial sector in Europe.

With regard to the breakdown of revenue by country, the long-term trend of shifting the industry from Europe to Asia is noticeable. Consequently, revenue from our Asian neighbours could be increased by 57%, revenue from European customers also increased slightly. The revenue from manufacturers in Canada, the USA and Mexico declined mainly due to changed product allocations of OEM and CEM.

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GROUP MANAGEMENT REPORT

Gross profit declined year-on-year from EUR 89.8 million to EUR 83.5 million, thus by EUR 6.3 million due to higher depreciation charges for the completed capacity expansions in China and India. Administrative and selling costs remained unchanged over the previous year, EBIT declined slightly to EUR 42.1 million (previous year EUR 46.5 million). Thus, the EBIT margin is 8.2% and 1.3 percentage points lower than in the previous financial year.

The segment result in Europe decreased only slightly from EUR 18.0 million to EUR 17.6 million, that in Asia from EUR 39.4 million to EUR 29.5 million due to the increased depreciation expenses at the locations Shanghai and India.

At the balance sheet date 31 March 2012, consolidated equity amounts to EUR 283.1 million and increased EUR 53.3 million year-on-year. The increase is due, on the one hand, to the positive profit for the year of EUR 26.5 million, on the other hand, other comprehensive income increased as a result of currency differences to EUR 34.6 million. The equity ratio of 41% at the balance sheet date equals an increase of around 1 percentage point over the previous balance sheet date and continues to show a strong equity position.

In the financial year 2011/12, net debt of the AT&S Group increased by EUR 48.8 million to EUR 242.5 million and thus to a comparably small extent in relation to investment activities. Due to the high operating cash flow of EUR 87.2 million, the major part of investment expenses of EUR 113.2 million could be funded through current operations. The remaining portion was covered by corresponding borrowings. According to the expansion phase, the gearing ratio is 86% at the balance sheet date and thus exceeds the prior-year figure of 84%. For details on the calculation method of the ratios and additional explanations, reference is made to the notes to the consolidated financial statements, section "II. Risk report".

Under the investing activities of AT&S, additions to property, plant and equipment and intangible assets totalled EUR 97.6 million in the financial year 2011/12. The investments primarily relate to the completion of the existing plant in China and the construction of the site in Chongqing, China, but also equipment for new technologies and innovation projects in the Austrian plants.

On an annual average, AT&S had 7,417 employees (including leased personnel) in the financial year 2011/12 and thus 430 more than the prior-year average (2010/11: 6,987). The headcount increased mainly due to the expansion of the locations in China.

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

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A transparent and performance-oriented compensation system promotes the entrepreneurial thinking and acting of staff. Since the financial 2010/11, the bonus system has been based on the key ratios “cash earning” and “ROCE” and thus has not changed in comparison to the prior financial year. The inclusion of the cash earnings ratio is also in line with AT&S’s dividend policy of the previous years.

Sustained management and economical use of available resources are of the highest priority for AT&S. AT&S combines the three factors quality – environment – human being in an integrated management system. This uniform body of regulations is based on the international quality standard ISO 9001, ISO/TS 16949 (quality management of the automotive industry), the environmental standard ISO 14001, as well as on the standard OHSAS 18001 for the area of safety and health. Regular internal audits and inspections by independent third parties confirm the compliance with the management system for the financial year 2011/12.

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

With regard to environmental protection, it has to be noted that AT&S as one of the first printed circuit board manufacturers implemented the environmental management according to ISO 14001 already in the financial year 1996/97. Since AT&S takes environmental protection measures far beyond the statutory minimum requirements, AT&S is even regarded as a pioneer in environmental matters by certification authorities. AT&S is constantly striving to create more environmentally friendly products and services beyond legal requirements. Up until now, AT&S has invested an amount of EUR 30 million in environmental protection measures in Shanghai. AT&S has already received various awards in China, India and Austria for its work in this area, the local government in China even refers to AT&S as a benchmark in the industry.

The economical use of resources is a key goal in the continuous improvement of products, procedures and processes. Current projects involve the sustained annual reduction of CO₂ emissions per printed circuit board in all plants, the reduction in water consumption as well as an optimal resource and waste management. AT&S intends to further promote this commitment and attach more significance to corporate social responsibility (CSR) in the company.

The main raw materials used in the financial year 2011/12 included approx. 645 kg of pure gold (2010/11: 689 kg), 2,001 tons of copper (2010/11: 2,400 tons), 10.8 million m² of laminates (2010/11: 11.3 million m²) and approx. 53,200 tons of different chemicals (2010/11: 47,300 tons). The electricity demand in the financial year 2011/12 amounted to around 309 GWh (2010/11: 252 GWh).

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

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3. Subsidiaries and representative offices

In order to meet the growing capacity demands, capacities were continuously created at the wholly owned subsidiary AT&S (China) Company Limited already in the previous financial years. Due to the increased demand, two additional HDI production lines were put into operation in the financial year 2011/12. This completed the expansion in terms of capacities at this location.

At the beginning of the financial year, AT&S Korea Co. Ltd. experienced a decline in revenue. However, this situation improved continuously in the course of the financial year so that we are optimistic for the new financial year. Medical technology in particular is regarded as a promising growth market.

In the past financial year, we were confronted with an under-utilisation of capacities at AT&S India Private Limited. The cost situation was affected by an unstable energy supply by public supply systems. However, we expect a positive development for the financial year 2012/13.

The construction of the new production location in Chongqing, China, is currently underway. The building will be completed in May. The further expansion will be performed gradually depending on utilisation, production and technological requirements.

In autumn 2011, another sales company was established – AT&S (Taiwan) Co., Ltd. This company is a wholly-owned subsidiary AT&S Asia Pacific Ltd. and its main focus will be the mobile devices segment in Asia.

4. Capital share structure and disclosures on shareholder rights

As of 31 March 2012, 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 1.1 per share. The voting right at the annual general meeting is exercised according to no-par value shares, with one par-value share entitling to one vote. All shares are bearer shares.

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

	<u>Shares</u>	<u>% Capital</u>	<u>% Voting rights</u>
Dörflinger-Privatstiftung: Karl-Waldbrunner-Platz 1 A-1210 Vienna	4,594,688	17.74%	19.70%
Androsch Privatstiftung: Franz-Josefs-Kai 5 A-1010 Vienna	5,570,666	21.51%	23.89%

At the balance sheet date, 2,577,412 treasury shares (9.95% of the share capital) are held. The authorization last granted on 7 July 2010 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 6 January 2013. The treasury shares may be used to service the stock option plan of the Company or they may also be sold.

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

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

In the financial year 2011/2012, Karin Schaupp and Regina Prehofer (from 7 July 2011) as well as Sabine Fussi (from 8 July 2011) were appointed as members of the Supervisory Board.

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

5. Research and development

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

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

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

The core of the technology strategy can be subdivided into 3 main goals:

- Focus on the high-technology segment: new products and technologies developed at AT&S are used in the high-technology segment of the respective market.
- Greater contribution to the value creation chain: new products and technologies developed at AT&S cover a greater portion of the value creation chain in the manufacture of electronic devices.
- Lower use of natural resources: new products and technologies developed at AT&S use less natural resources (e.g. materials, water, energy) than traditional products/technologies.

GROUP MANAGEMENT REPORT

Based on these strategic principles, customer demands and developments with suppliers, 4 core development areas were identified:

1. Interconnect density:

In this area the goal is to constantly miniaturize the circuit board and increase the complexity. The challenge is to miniaturize the structures of the circuit board and to reduce its thickness.

2. Mechanical integration:

The goal is an improved integration of the printed circuit board as component of the electronic device. Rigid-flexible printed circuit boards, cavities, mounting technologies up to fully flexible printed circuit boards are being developed.

3. Functionality integration

This development area focuses on the integration of additional functionalities in the printed circuit board. In addition to the current AT&S ECP® technology, further solutions are to be found for embedding the components in the printed circuit board.

4. Printed solutions:

Here, the focus is on new solutions that reduce the consumption of water and other natural resources (e.g. copper). New processes based on the printing technology are developed in order to minimize the use of natural resources.

Total expenses for research & development amounted to EUR 32.9 million in the financial year 2011/12 over EUR 28.3 million in the previous year. In relation to sales, this corresponds to a ratio of 6.4% or 5.8% in the previous year.

6. Material risks, uncertainties and opportunities

The company-wide risk and opportunity management system includes the following risk categories in the risk catalogue defined at the group level:

- Procurement risks
- Financial risks
- Market and sales risks
- Organisational risks
- Product risks
- Strategic risks
- Environmental risks

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In this context, risk is generally defined as a negative deviation from the business plan. Consequently, opportunity refers to a positive deviation from business objectives. The individually identified and evaluated risks and opportunities whose impact on the budgeted annual result is greater than EUR 0.25 million and whose probability of occurrence greater than 1% are aggregated into the Group's total risk exposure using a stochastic process (Monte Carlo simulation). In each assessment of individual risks, values are determined for the worst case, the best case and the most likely case.

In terms of organisation, the responsibility for risk management is with the CFO, who is also in charge of its supervision. At regular intervals, the Group's current risk exposure is reported to the audit committee. The Management Board as a whole is briefed quarterly in a structured manner on risk management.

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

The business-unit-specific opportunities and risks

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

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

The industrial market is characterised by various technology requirements from a variety of customers. Utmost flexibility and the ability to adjust very quickly to changing specifications and technologies constitute a basic requirement to be successful in this segment. The Austrian plants of AT&S in particular are very well prepared for these requirements. In close cooperation with various customers, new technologies and other projects are constantly developed. The product life cycles in the industrial segment are longer as compared to those in the mobile devices segment. The Indian location offers the possibility to produce these projects cost-effectively. The product portfolio is complemented in the industrial segment by the plant in South Korea, which is specialised in flexible printed circuit boards and printed circuit boards for the use in medical technology. The plant specialization offers great potential opportunities for AT&S.

In the automotive segment, further potential for growth and development arises due to the constantly rising proportion of electronics that has to meet ever more complex requirements and, consequently, the requirements for printed circuit boards are also constantly rising. As in previous years, AT&S again was the leading manufacturer of printed circuit boards in the automotive segment in its European core market in the past fiscal year. In order to be able to grow further, the expansion into other markets is promoted.

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In doing so, existing structures are used. Additional investments are required only to a limited extent. Stepping out of the core market offers further potential for opportunities.

The Advanced Packaging segment, a technology which was brought to market maturity by AT&S, offers enormous potential for opportunities. In the past financial year, the first production line was established and serial production was started.

Sales risks

At present, the Group generates the major part of its revenue in the mobile devices, automotive and industrial segments. A reduction in the future volume growth in these three segments may have negative effects on the quantities produced and, subsequently, on the profit/loss of the Group. The mobile devices segment in particular with a share of 59% in total revenue has a relatively large leverage effect in this context.

In the past financial year, AT&S supplied approx. 600 customers, with the 5 major customers contributing around 58% to total revenue. Even though AT&S builds business relationships with new customers, it has to be assumed that the customer concentration will remain high in the next few years. Consequently, sales risks arise as a result of negative deviations in volumes sold to major customers. Significant declines in business with our major customers as well as deteriorations in the business relationships with our main customers may ultimately result in a decline in units sold.

On the part of the customers, ever higher requirements are imposed on plant safety, data security and social responsibility towards employees. Therefore, regular audits performed by customers take place in the plants of AT&S. In order to strengthen customer relations, the identified suggestions for improvement are implemented as far as possible.

In addition to deviations in quantities, negative price deviations also have a direct negative impact on the profit/loss of the Group. The price level for printed circuit boards is determined largely by global demand and by available production capacities. In particular, the demand, which has risen significantly over the past years, for printed circuit boards of the high-end segment in mobile devices that are used in so-called smartphones had a positive impact on the price level in the previous year. A slowdown in this trend towards higher-quality smartphones may have negative effects with regard to the profitability of the Group. Already today it is apparent that the smartphone market is developing into a mass market. Therefore, it is crucial for the future success of AT&S to tap into other or new niche markets.

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7. Internal control system and risk management

7.1. Company-wide risk management system

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 (see section 7.2.) 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 at AT&S are specified in a group-wide risk management and audit manual.

In the risk catalogue defined at the group level, the risk and opportunity management system, in addition to financial risks, includes further risk categories that in particular relate to strategic risks, market and procurement risks, environmental risks and operating as well as organisational risks. The risk catalogue, which constitutes a frame of reference for business units in the identification of risks, is dynamically adjusted to the changing situation of the company. The main objective of the group-wide risk and opportunity management is to optimise the total risk exposure, and at the same time seize arising opportunities. Regular reporting is made to the management and supervisory boards.

In terms of organizational structure, a staff unit has been established which reports directly to the Management Board, coordinating or directing 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. 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 risk reporting is made to the audit committee on activities of the internal audit (risk and audit report). The audit committee in turn reports to the other members of the Supervisory Board.

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

GROUP MANAGEMENT REPORT

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

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

7.2. Accounting-related internal control system and risk management system

The accounting procedures are documented in separate process instructions. As far as possible, these processes are standardized across the Group and are presented in a standardized documentation format. Additional requirements for accounting procedures result from specific local regulations. The basic principles of accounting and reporting are documented in the process descriptions and also in detailed process instructions, which are also filed in the central management manual. In addition, guidelines on measurement procedures and organisational requirements in connection with the processes of accounting and preparing the financial statements are compiled and updated on a regular basis. Dates are set in accordance with group requirements.

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 reporting requirements, 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 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.

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

GROUP MANAGEMENT REPORT

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

In order to avoid material misstatements, automatic controls in the reporting system as well as various manual controls have been implemented. Measures to avoid risks, among others, include separation of functions and signature authorisation matrices. On a monthly basis, the completeness of invoices and their accrual is checked by the local accounting teams and, if necessary, accrued. Furthermore, group-wide guidelines are set particularly with regard to accounting and reporting of revenue, research and development expenses, non-current assets, the recognition and measurement of inventories, customer receivables, accruals and provisions, as well as reconciliation of deferred tax assets and liabilities. At the balance sheet date, confirmations are obtained from customers and suppliers. In addition to the assessments in the local accounting teams, the presentation of financial figures is discussed particularly with regard to measurement and provision requirements in monthly accounting meetings between Group Finance and the CFO.

The internal financial reporting is made on a monthly basis as part of the group reporting, with the financial information being reviewed and analyzed by the Group Accounting department (also part of Group Finance). The monthly budget/actual variance with corresponding comments on the plant results as well as the company result is reported internally to the executives 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, i.e. AT&S AG 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 at the first audit committee meeting in the current year or as a special assignment awarded by the Management Board. The implementation of the audit plan and the results of the internal audits are reported to the audit committee of the Company.

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

GROUP MANAGEMENT REPORT

8. Outlook

The still rising demand for electronic end devices and the generally rising proportion of electronics in various applications will continue to result in an increase in the demand for printed circuit boards. For AT&S, the management sees growth opportunities mainly in the manufacture of small high-technology series in Austria and in the mass production resulting from the significantly rising demand for printed circuit boards in China. Overall, management therefore expects revenue to rise in Austria as well as in the subsidiaries.

As a result of investments already made in the past, AT&S is well prepared for the increasing demand for printed circuit boards. In accordance with the rising demand, the expansion of the new plant in Chongqing, China, is also promoted so that management is extremely optimistic for the coming financial year.

Leoben-Hinterberg, 9 May 2012

The Management Board:

Andreas Gerstenmayer m.p.
Chairman

Heinz Moitzi m.p.
Chief Technical Officer

Thomas Obendrauf m.p.
Chief Financial Officer

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

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 2011 to 31 March 2012. These consolidated financial statements comprise the consolidated balance sheet as at 31 March 2012, 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 2012, and the notes to the consolidated financial statements.

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

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

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

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

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

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

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 2012 and of its financial performance and its cash flows for the financial year from 1 April 2011 to 31 March 2012 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

Comments on the Management Report for the Group

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

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

Vienna, 9 May 2012

PwC Wirtschaftsprüfung GmbH
Wirtschaftsprüfungs- und
Steuerberatungsgesellschaft

signed:

Mag. Dr. Aslan Milla
Austrian Certified Public Accountant

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

ANNUAL FINANCIAL REPORT AS OF 31 MARCH 2012

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

BALANCE SHEET AS OF 31 MARCH 2012

Assets	31 March 2012 EUR	31 March 2012 EUR	Equity and liabilities	31 March 2012 EUR	31 March 2011 EUR
A. Non-current assets			A. Equity		
I. Intangible assets			I. Share capital	28.490.000,00	28.490.000,00
1. Industrial property rights and similar rights, and licences thereto	2.122.521,88	2.331.910,39	II. Capital reserves		
II. Property, plant and equipment			Restricted	93.340.702,50	93.340.702,50
1. Land and buildings on land owned by others	309.581,57	167.382,55	III. Revenue reserves		
2. Machinery and technical equipment	15.494.191,73	13.923.086,82	1. Statutory reserve	2.849.000,00	2.849.000,00
3. Other assets, fixtures and furniture	1.713.751,41	1.598.767,64	2. Reserve for treasury shares	23.583.319,55	40.534.592,55
4. Prepayments	154.550,00	30.432,60	IV. Retained profit	24.237.345,84	24.754.662,80
III. Financial assets			<i>Retained profit at beginning of year</i>	<u>16.358.531,12</u>	<u>11.811.630,67</u>
1. Interests in Group enterprises	276.430.618,98	255.957.602,28		172.500.367,89	189.968.957,85
2. Loans to Group enterprises	61.220.612,92	43.407.127,36	B. Grants from public funds	669.528,59	589.677,46
3. Securities held as non-current assets	92.003,81	92.003,81			
4. Other loans and advances	2.425.313,08	1.919.616,52	C. Provisions		
	<u>340.168.548,79</u>	<u>301.376.349,97</u>	1. Provisions for severance benefits	9.018.791,80	8.242.509,34
	359.963.145,38	319.427.929,97	2. Provisions for pensions	1.052.681,00	984.609,00
Current assets			3. Provisions for taxes	780.791,00	775.541,00
B. I. Inventories			4. Other provisions	<u>24.768.316,77</u>	<u>28.608.617,43</u>
1. Raw materials and supplies	5.597.470,74	5.183.408,33		35.620.580,57	38.611.276,77
2. Work in progress	3.618.627,15	3.079.460,79	D. Liabilities		
3. Finished goods and goods for resale	9.773.958,98	15.829.078,24	1. Loans	180.000.000,00	80.000.000,00
	<u>18.990.056,87</u>	<u>24.091.947,36</u>	2. Liabilities to banks	65.912.867,24	113.315.971,32
II. Receivables and other assets			3. Trade liabilities	9.007.245,67	9.259.015,23
1. Trade receivables	43.864.058,44	47.370.242,26	4. Liabilities to Group enterprises	9.457.908,18	41.077.960,08
2. Receivables from Group enterprises	20.564.307,40	29.213.449,97	5. Other liabilities	11.017.156,82	8.895.501,50
3. Other receivables and assets	6.861.939,82	6.546.805,89	<i>thereof taxes</i>	<i>1.081.719,73</i>	<i>2.239.982,47</i>
III. Securities and investments			<i>thereof social security</i>	<u>1.064.228,10</u>	<u>1.076.975,52</u>
1. Other securities and investments	732.000,00	13.231.569,07		275.395.177,91	252.548.448,13
2. Treasury shares	23.583.319,55	40.534.592,55			
	<u>24.315.319,55</u>	53.766.161,62			
IV. Cash and cash equivalents					
	8.731.274,26	462.816,80			
	<u>123.326.956,34</u>	<u>161.451.423,90</u>			
C. Accrued and deferred assets	895.553,24	839.006,34			
Total assets	<u>484.185.654,96</u>	<u>481.718.360,21</u>	Total equity and liabilities	<u>484.185.654,96</u>	<u>481.718.360,21</u>
			Contingent liabilities	3.590.429,50	24.290.063,58

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

**INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2012**

	2011/12 EUR	2010/11 EUR
1. Revenues	330.262.795,01	360.408.221,56
2. Changes in inventories of work in progress and finished goods	359.320,06	724.241,61
3. Own work capitalised	1.047,51	10.218,27
4. Other operating income		
a) Income from disposal of non-current assets excluding financial assets	107.592,00	153.511,55
b) Income from reversal of provisions	66.192,15	1.289.652,14
c) Other	29.733.450,33	31.530.172,33
5. Cost of materials and purchased services		
a) Materials	-235.540.407,69	-264.050.092,26
b) Purchased services	-12.510.838,02	-14.012.987,65
6. Staff costs		
a) Wages	-19.230.583,94	-20.462.589,23
b) Salaries	-25.169.743,29	-29.635.026,79
c) Expenses for severance benefits and employees' severance pay and pensions funds	-1.365.815,85	-1.687.311,47
d) Expenses for pensions	-518.821,04	-512.119,71
e) Expenses for social security contributions and other pay-related contributions and levies	-11.115.300,99	-11.593.268,24
f) Other staff benefits	-421.367,17	-189.675,20
7. Depreciation and amortisation		
a) Property, plant and equipment and intangible assets	-5.928.862,24	-5.350.983,87
b) less ammortisation of investment grants	146.064,00	146.064,00
8. Other operating expenses		
a) Taxes, other than those disclosed under item 20	-178.988,11	-165.817,80
b) Other	-29.557.369,49	-37.057.239,16
9. Subtotal items 1 to 8 (operating result)	19.138.363,23	9.544.970,08
10. Income from investments	0,00	10.804.493,05
<i>thereof from Group enterprises</i>	<i>0,00</i>	<i>10.804.493,05</i>
11. Income from other securities and loans held as financial assets	2.965.655,61	2.042.368,23
<i>thereof from Group enterprises</i>	<i>2.959.325,61</i>	<i>2.037.304,23</i>
12. Other interest and similar income	398.015,90	518.780,81
<i>thereof from Group enterprises</i>	<i>234.961,50</i>	<i>92.319,52</i>
13. Income from disposal and write-up of financial assets and securities held as current assets	2.782.307,08	21.292.820,16
14. Expenses of financial assets and securities held as current assets		
<i>therof</i>	-19.861.523,03	-559.515,99
a) <i>Writedowns</i>	-17.018.773,00	-17.000,00
b) <i>Expenses of Group enterprises thereof writedowns</i>	-2.842.750,03	-542.515,99
	-2.000.179,48	0,00
15. Interest and similar expense		
a) Interest and similar expense	-13.930.416,30	-10.184.442,39
16. Subtotal items 10 to 15 (financial result)	-27.645.960,74	23.914.503,87
17. Profit from ordinary activities	-8.507.597,51	33.459.473,95
18. Taxes on income	-564.860,77	-1.245.498,82
19. Profit/(loss) for year	-9.072.458,28	32.213.975,13
20. Valuation adjustment of reserve for treasury shares	16.951.273,00	-19.270.943,00
21. Retained profit at beginning of year	16.358.531,12	11.811.630,67
22. Retained profit at end of year	24.237.345,84	24.754.662,80

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

NOTES TO THE FINANCIAL STATEMENT AS OF 31 MARCH 2012

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NOTES TO THE FINANCIAL STATEMENT AS OF 31 MARCH 2012

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 2012 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
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NOTES TO THE FINANCIAL STATEMENT AS OF 31 MARCH 2012

2. GROUP STRUCTURE

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

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

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

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

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

- With the shareholders' resolution as of 15.07.2011 the interest in AT&S (China) Company Limited has been increased with EUR 15,000,000.00 up to EUR 151,893,000.00. In the financial year 2012 this increase has been converted from long-term loans, affiliated companies to investment in group enterprises.
- With the shareholders' resolution as of 28.01.2012 the interest in AT&S India Private Limited has been increased with EUR 6,000,000.
- With the sale and purchase agreement as of 05.07.2011 with UNTERNEHMENSZENTRUM Klagenfurt Gründer- und Innovationspark Besitzgesellschaft m.b.H. with EUR 473,196.18 the interest in AT&S Klagenfurt Leiterplatten GmbH has been increased from 77.32 % up to 100 %. In addition a capital reserve for AT&S Klagenfurt Leiterplatten GmbH of EUR 1,000,000.00 has been agreed.

**AT&S AUSTRIA TECHNOLOGIE & SYSTEMTECHNIK AKTIENGESELLSCHAFT
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NOTES TO THE FINANCIAL STATEMENT AS OF 31 MARCH 2012

3. ACCOUNTING AND VALUATION POLICIES

3.1 Non-current assets

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

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

	Useful life
Intangible fixed assets	4-10 years
Buildings on land owned by others	10-15 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.

**AT&S AUSTRIA TECHNOLOGIE & SYSTEMTECHNIK AKTIENGESELLSCHAFT
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NOTES TO THE FINANCIAL STATEMENT AS OF 31 MARCH 2012

3.2 *Current assets*

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

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

At 31 March 2012 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 0.00 (2010/11: EUR 619,971.95) were not recognised, for tax reasons.

Treasury shares are valued at the lower of acquisition cost and market value at balance sheet date. In 2011/12 a decrease in value of EUR 16,951,273.00 (2010/11 increase EUR 19,270,943.00.00) was recognised.

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

NOTES TO THE FINANCIAL STATEMENT AS OF 31 MARCH 2012

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 4.5% (2010/11: 5%) and pensionable ages in accordance with the provisions of the Pension Reform 2003, with appropriate discounts to reflect different rates of staff turnover at the various AT&S locations. The calculations also take into account Expert Opinions KFS/RL 2 and 3 of 5 May 2004 of the Institute of Business Management, Tax and Organisation of the Austrian Accountants Association. The defined benefit obligation (DBO) as at balance sheet date was EUR 12,291,018.00 (2010/11: EUR 9,697,148.00).

Provisions for pensions are calculated in accordance with IFRS provisions (IAS 19) applying the corridor method and using an interest rate of 4.5% (2010/11: 5%) and the AVÖ 2008-P mortality tables. Pensionable ages were determined in accordance with the provisions of the Pension Reform 2003. The defined benefit obligation (DBO) as at balance sheet date was EUR 1,052,681.00 (2010/11: EUR 984,609.00).

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 4.5% (2010/11: 5%) with appropriate discounts to reflect different rates of staff turnover at the various AT&S locations.

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

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.

**AT&S AUSTRIA TECHNOLOGIE & SYSTEMTECHNIK AKTIENGESELLSCHAFT
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NOTES TO THE FINANCIAL STATEMENT AS OF 31 MARCH 2012

4. ANALYSIS AND EXPLANATION OF BALANCE SHEET ITEMS

4.1. *Non-current assets*

For changes in non-current assets see page 87.

The investment in AT&S Verwaltungs GmbH & Co. KG, Augsburg, Germany, has been devaluated with EUR 526,983.30 and the carrying value 2011/12 with EUR 1,428,253.69 correlates with the total equity of the affiliate.

The increase in interest in AT&S Klagenfurt Leiterplatten GmbH with a total of EUR 1,473,196.18 has been written off.

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

NOTES TO THE FINANCIAL STATEMENT AS OF 31 MARCH 2012

Non-current assets movement statement for the financial year 2011/12	Acquisition or construction costs					Accumulated depreciation and amortisation EUR	Carrying value 31.03.2012 EUR	Carrying value 31.03.2011 EUR	Depreciation and amortisation 2011/12 EUR
	Cost 01.04.2011 EUR	Additions EUR	Disposals EUR	Transfers EUR	Cost 31.03.2012 EUR				
I. Intangible assets									
1. Industrial property rights and similar rights, and licences thereto	13,034,083.97	469,605.64	523,606.29	30,432.60	13,010,515.92	10,887,994.04	2,122,521.88	2,331,910.39	709,426.75
Subtotal	13,034,083.97	469,605.64	523,606.29	30,432.60	13,010,515.92	10,887,994.04	2,122,521.88	2,331,910.39	709,426.75
II. Property, plant and equipment									
1. Land and buildings on land owned by others	324,827.26	174,392.10	0.00	0.00	499,219.36	189,637.79	309,581.57	167,382.55	32,193.08
2. Machinery and technical equipment	188,205,752.89	6,018,295.54	4,474,237.77	0.00	189,749,810.66	174,255,618.93	15,494,191.73	13,923,086.82	4,383,465.24
3. Other assets, fixtures and furniture <i>thereof low value assets</i>	13,673,588.65	926,232.48	1,081,195.89	0.00	13,518,625.24	11,804,873.83	1,713,751.41	1,598,767.64	803,777.17
		187,630.79	187,630.79						187,630.79
4. Prepayments	30,432.60	154,550.00	0.00	-30,432.60	154,550.00	0.00	154,550.00	30,432.60	0.00
Subtotal	202,234,601.40	7,273,470.12	5,555,433.66	-30,432.60	203,922,205.26	186,250,130.55	17,672,074.71	15,719,669.61	5,219,435.49
III. Financial assets									
1. Interests in Group enterprises	345,943,567.95	7,473,196.18	0.00	15,000,000.00	368,416,764.13	91,986,145.15	276,430,618.98	255,957,602.28	2,000,179.48
2. Loans to Group enterprises	43,407,127.36	36,238,439.66	3,424,954.10	-15,000,000.00	61,220,612.92	0.00	61,220,612.92	43,407,127.36	0.00
4. Securities held as non-current assets	92,003.81	0.00	0.00	0.00	92,003.81	0.00	92,003.81	92,003.81	0.00
5. Other loans and advances	1,919,616.52	505,696.56	0.00	0.00	2,425,313.08	0.00	2,425,313.08	1,919,616.52	0.00
Subtotal	391,362,315.64	44,217,332.40	3,424,954.10	0.00	432,154,693.94	91,986,145.15	340,168,548.79	301,376,349.97	2,000,179.48
Total	606,631,001.01	51,960,408.16	9,503,994.05	0.00	649,087,415.12	289,124,269.74	359,963,145.38	319,427,929.97	7,929,041.72

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

	Carrying value 31 March 2012 EUR	Interest %	Share capital EUR	Profit/loss of last financial year	Carrying value 31 March 2011 EUR
Interests in Group enterprises					
AT&S Verwaltungs GmbH & Co. KG, Germany	1,428,253.69	100	1,428,253.69	913,679.43 ¹⁾	1,955,236.99
AT&S Deutschland GmbH, Nörvenich, Germany	1,053,000.00	100	296,568.86	75,230.81 ¹⁾	1,053,000.00
AT&S India Private Limited, Nanjangud, India	16,898,516.89	100	5,363,819.17	-5,918,788.91 ¹⁾	10,898,516.89
AT&S (China) Company Limited, Shanghai, China	151,893,000.00	100	313,307,051.38	29,298,321.15 ¹⁾	136,893,000.00
AT & S Klagenfurt Leiterplatten GmbH, Klagenfurt, Austria	0.00	100	-1,065,714.11	-2,151,442.54 ²⁾	0.00
DCC-Development Circuits & Components GmbH, Leoben. Austria	38,000.00	100	34,251.32	-3,394.69 ²⁾	38,000.00
AT&S Asia Pacific Limited, Hong Kong, China	77,875,865.92	100	88,549,343.69	4,210,633.31 ¹⁾	77,875,865.92
AT&S Korea Co., Ltd., Ansan City, South Korea	27,237,538.14	98.76	4,760,277.83	-2,916,754.67 ¹⁾	27,237,538.14
AT&S Americas, LLC, San Jose, USA	6,444.34	100	-86,686.73	-59,513.81 ¹⁾	6,444.34
Total	<u>276,430,618.98</u>				<u>255,957,602.28</u>

¹⁾ Financial statements for the year ended 31 March 2012 in accordance with IFRS.

²⁾ Financial statements for the year ended 31 March 2012 in accordance with UGB.

Interests in group enterprises are valued at the lower of acquisition cost and present value at balance sheet date.

The present value of the interest in AT&S India Private Limited, Nanjangud, India and AT&S Korea Co. Ltd., Ansan-City, Korea has been calculated according to DCF-method on the basis of the mid-term plan.

4.3. Loans in accordance with section 227 UGB

Under *Loans to Group enterprises*, an amount of EUR 1,000,824.34 (2010/11: TEUR 16,657.00) is payable within a year.

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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 2012 EUR	Residual maturity more than one year EUR
Trade receivables	43,864,058.44	0.00
Receivables from Group enterprises	20,564,307.40	0.00
Other receivables and assets	6,861,939.82	0.00
Total	71,290,305.66	0.00

	Carrying value at 31 March 2011 EUR	Residual maturity more than one year EUR
Trade receivables	47,370,242.26	0.00
Receivables from Group enterprises	29,213,449.97	0.00
Other receivables and assets	6,546,805.89	0.00
Total	83,130,498.12	0.00

The Company's receivables from Group enterprises comprise trade receivables of EUR 714,892.80 (2010/11: EUR 1,504,760.02), other receivables of EUR 18,112,310.60 (2010/11: EUR 27,705,189.95) and receivables from tax transfers of EUR 3,500.00 (2010/11: EUR 3,500.00).

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4.4.2. Income receivable after balance sheet date

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

	31 March 2012	31 March 2011
	<u>EUR</u>	<u>EUR</u>
Energy tax refund	697,779.53	1,617,136.96
Research services	62,815.68	48,941.28
Age related part time working subsidy	23,612.02	95,005.86
Tax free premiums	3,603,999.53	1,815,122.25
Refund green electricity	47,670.75	169,045.17
Discounts earned	482,473.46	679,678.51
Total	<u>4,918,350.97</u>	<u>4,424,930.03</u>

4.5. Equity

4.5.1. Share capital

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

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4.5.1.1. Authorized Share capital

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

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

4.5.1.2. Conditional capital increase

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

4.5.2. Treasury shares / reserve for treasury shares

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

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

Changes in treasury shares	Number of shares	Carrying value EUR	Percentage of share capital	
Balance 1 April 2011	2,577,412	40,534,592.55	9.95	
Write-down of treasury shares as at 31 March 2012		-16,951,273.00		
Balance 31 March 2012	2,577,412	23,583,319.55	9.95	1)

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

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4.6. *Provisions*

4.6.1. Other provisions

Other provisions were as follows:

	31 March 2012	31 March 2011
	EUR	EUR
	<hr/>	<hr/>
Unused vacation	2,440,309.97	2,832,385.43
Other personnel expenses	3,521,282.38	5,506,835.27
Vacation and Christmas bonuses	1,783,637.69	1,760,089.98
Anniversary bonuses	1,873,706.00	1,406,952.00
Potential losses on financial derivatives	208,467.37	53,732.62
Compensatory time off	345,405.39	790,436.19
Potential losses on pending transactions	221,810.75	528,139.00
Liabilities under warranties and damage claims	446,389.93	545,712.51
Legal and consulting expenses	275,183.73	254,692.90
Discounts payable	265,185.99	283,656.10
Share options	420,990.00	1,143,020.00
Restructuring Leoben-Hinterberg plant	12,346,742.46	12,882,614.54
Supervisory board commission	236,900.00	209,500.00
Other provisions (individually less than EUR 150,000)	382,305.11	410,850.89
Total	<hr/> 24,768,316.77	<hr/> 28,608,617.43

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

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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 with the last allocation 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.

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Conditions for exercise

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

SOP 2005–2008	Willibald Dörflinger	Harald Sommerer	Thomas Obendrauf	Steen E. Hansen	Heinz Moitzi	Senior managers	Total
	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares
1 April 2005	40,000	40,000	1,500	30,000	30,000	45,500	187,000
Expired	-40,000	-40,000	-1,500	-30,000	-30,000	-43,500	-185,000
Exercised	0	0	0	0	0	-2,000	-2,000
1 April 2006	0	40,000	1,500	30,000	30,000	46,500	148,000
Expired	0	-40,000	-1,500	-30,000	-30,000	-46,500	-148,000
1 April 2007	0	40,000	1,500	30,000	30,000	47,500	149,000
Expired	0	-40,000	-1,500	-30,000	-30,000	-47,500	-149,000
1 April 2008	0	40,000	1,500	30,000	30,000	35,500	137,000
Expired	0	-40,000	0	-30,000	0	-5,000	-75,000
Total	0	0	1,500	0	30,000	30,500	62,000

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	1.4.2008
Fair value 31 March 2012	EUR 3,224.00

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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. On April 1 2010 135,000 stock options were allocated at an exercise price of EUR 7.45 and on April 1 2011 118,500 stock options with an exercise price of EUR 16.60.

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.

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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 2009–2012	Andreas Gerstenmayer	Harald Sommerer	Thomas Obendrauf	Steen E. Hansen	Heinz Moitzi	Senior managers	Total
	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares
1 April 2009	0	40,000	1,500	30,000	30,000	36,500	138,000
Expired	0	0	0	0	0	-3,000	-3,000
Exercised	0	-40,000	0	-30,000	-6,000	-7,100	-83,100
1 April 2010	40,000	0	1,500	30,000	30,000	33,500	135,000
Expired	0	0	0	0	0	0	0
Exercised	0	0	0	-30,000	0	-5,000	-35,000
1 April 2011	40,000	0	30,000	0	30,000	18,500	118,500
Expired	0	0	0	0	0	0	0
Total	80,000	0	33,000	0	84,000	74,400	270,400

The value in time of exertion of the exercised stock options 2011 /12 was EUR 388,384.

Valuation of stock options at balance sheet date

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

Fair value of stock options allocated

Allocation date	1.4.2009	1.4.2010	1.4.2011
Fair value 31 March 2012	EUR 268,651.00	EUR 221,930.00	119,804.00

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4.7. Liabilities

4.7.1. Supplementary disclosures for liabilities

	Carrying value 31 March 2012 EUR	Maturities		
		Up to 1 year EUR	1 to 5 years EUR	More than 5 years EUR
Loans	180,000,000.00	0.00	180,000,000.00	0.00
Liabilities to banks	65,912,867.24	56,612,867.24	9,300,000.00	0.00
Trade payables	9,007,245.67	9,007,245.67	0.00	0.00
Liabilities to Group enterprises	9,457,908.18	9,457,908.18	0.00	0.00
Other liabilities	11,017,156.82	10,774,356.82	242,800.00	0.00
Total	275,395,177.91	85,852,377.91	189,542,800.00	0.00

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

Liabilities to Group enterprises comprise trade payables of EUR 9,457,908.18 (2010/11: EUR 18,167,772.67) and liabilities from financing of EUR 0.00 (2010/11: EUR 22,910,187.41).

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4.7.2. Expenses payable after balance sheet date

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

	31 March 2012 EUR	31 March 2011 EUR
Loan interest	5,560,547.95	3,712,876.71
Regional health insurance fund	1,064,228.10	1,076,975.52
Commissions	22,776.60	12,852.62
Tax office	591,783.68	859,064.96
Wages and salaries	142,475.24	328,923.78
Local authorities	84,625.95	100,876.20
Total	7,466,437.52	6,091,569.79

4.8. Secured liabilities

	Carrying value 31 March 2012 EUR	Secured amounts EUR
Amounts owed to banks	65,912,867.24	40,000,000.00
Previous year	113,315,971.32	39,139,394.00

Bank lending is secured by assignment of claims.

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4.9. Contingent liabilities in accordance with section 199 UGB

	31 March 2012	Group enterprises
	EUR	EUR
Guarantees	3,590,429.50	3,590,429.50
Previous year	24,290,063.58	24,290,063.58

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 180 m (EUR 2.6 m). The amount outstanding at balance sheet date was EUR 0.0 m (2010/11: 0.6 m).

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 100 m (EUR 1.5 m). There was an amount outstanding at balance sheet date of TEUR 0.00 (2010/11: TEUR 2.00).

All bank accounts at Royal Bank of Scotland, Bangalore, India (former ABN AMRO) have been closed during the financial year.

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4.9.2. AT&S (China) Company Limited

In financial year 2010/11 a guarantee agreement, replacing the former ones in financial year 2006/07 and 2009/10, was concluded between AT&S and China Construction Bank, Shanghai, China, as follows:

- Assumption of liability for a loan facility amounting to EUR 45m. The amount outstanding at balance sheet date was EUR 3.6 m. (2010/11: EUR 23.7 m)

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	1,796,352.00	8,981,760.00
Previous year	1,669,056.00	8,345,280.00
Obligations under rental agreements	273,455.00	278,183.00
Previous year	460,303.00	717,846.00
Total	2,069,807.00	9,259,943.00
Previous year	2,129,359.00	9,063,126.00

4.11. Other financial obligations

At balance sheet date there were open purchase orders for additional and replacement capital investments amounting to EUR 1.8 m (2010/11: EUR 1.4 m).

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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 fair value corresponds to the market value and was EUR –208,467.37 at balance sheet date.

	Nominal value 31. March 2012	Market value EUR 31. March 2012	Carrying value EUR 31. March 2012
Currency-related derivatives			
Swaps	USD 0.00	0.00	0.00
Interest-related derivatives			
Swaps	EUR 15,500,000.00	-208,467.37	-208,467.37
Total		-208,467.37	-208,467.37
	Nominal value 31. March 2011	Market value EUR 31. March 2011	Carrying value EUR 31. March 2011
Currency-related derivatives			
Swaps	USD 7,040,000.00	-35,056.79	-35,916.91
Interest-related derivatives			
Swaps	EUR 21,700,000.00	7,164.55	-17,815.71
Total		-27,892.24	-53,732.62

AT&S AG has been obliged by a declaration to take care about the necessary funding of an affiliated company's liabilities.

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5. ANALYSIS AND EXPLANATION OF INCOME STATEMENT ITEMS

	2011/12	2010/11
	EUR	EUR
	<hr/>	<hr/>
1. Revenues		
Foreign	305,665,211.01	332,352,684.17
Domestic	24,597,584.00	28,055,537.39
	<hr/>	<hr/>
	330,262,795.01	360,408,221.56
	<hr/>	<hr/>

	2011/12	2010/11
	EUR	EUR
	<hr/>	<hr/>
2. Staff costs		
a) Expenses for severance benefits and employees' severance pay and pensions funds		
Management board members and senior managers	70,471.33	347,275.91
Other staff	1,295,344.52	1,340,035.56
	<hr/>	<hr/>
	1,365,815.85	1,687,311.47
	<hr/>	<hr/>

Expenses for severance benefits and employees' severance pay and pensions funds include expenses for severance benefits amounting to EUR 1,159,928.41 (2010/11: EUR 1,497,609.99).

	2011/12	2010/11
	EUR	EUR
	<hr/>	<hr/>
b) Expenses for pensions		
Management board members and senior managers	89,905.59	89,223.27
Other staff	428,915.45	422,896.44
	<hr/>	<hr/>
	518,821.04	512,119.71
	<hr/>	<hr/>

3. Expenses for the auditor

The expenses for the auditor are stated in the annual group report of the AT&S Austria Technologie & Systemtechnik Aktiengesellschaft, 8700 Leoben-Hinterberg.

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NOTES TO THE FINANCIAL STATEMENT AS OF 31 MARCH 2012

6. SUPPLEMENTARY DISCLOSURES IN ACCORDANCE WITH UGB

6.1. *Deferred tax assets*

No advantage has been taken of the option of recognising deferred tax assets on temporary differences between accounting profits and profits for tax purposes. The amount recognisable under section 198(10) UGB amounted to EUR 2,137,295.00 (2010/11: EUR 2,389,450.00).

6.2. *Taxes on income*

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

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

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

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

The tax group has no effect on taxes on income, due to the fact of no recognition of deferred tax assets on temporary differences. AT&S as group parent has charged the minimum tax on income of EUR 7,000.00 to the Austrian tax group members.

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NOTES TO THE FINANCIAL STATEMENT AS OF 31 MARCH 2012

6.3. Managing bodies, staff

The average number of employees during financial 2011/2012 was:

	<u>2011/12</u>	<u>2010/11</u>
Non-salaried staff	675	685
Salaries staff	401	401
Total	<u>1,076</u>	<u>1,086</u>

Members of the Management and Supervisory Boards

Members of the **Management Board** during financial 2011/12 were:

- Andreas Gerstenmayer (Chairman)
- Thomas Obendrauf
- Heinz Moitzi

Members of the **Supervisory Board** during financial 2011/12 were:

- Hannes Androsch (Chairman)
- Willibald Dörflinger (First Deputy Chairman)
- Gerhard Pichler
- Georg Riedl
- Albert Hochleitner
- Karl Fink
- Karin Schaupp (since 7 July 2011)
- Regina Prehofer (since 7 July 2011)

Delegated by the **Works Council**:

- Johann Fuchs
- Wolfgang Fleck
- Günther Wölfler
- Sabine Fussi (since 8 July 2011)

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NOTES TO THE FINANCIAL STATEMENT AS OF 31 MARCH 2012

Total remuneration of Management Board members:

	2011/12			2010/11		
	Fixed	Variable	Total	Fixed	Variable	Total
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Andreas Gerstenmayer	388	203	591	393	299	692
Thomas Obendrauf	322	212	534	143	119	262
Heinz Moitzi	308	190	498	308	236	544
Harald Sommerer	0	0	0	0	394	394
Steen E. Hansen	0	242	242	365	1,999	2,364
Total	1,018	847	1,865	1,209	3,047	4,256

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

	2011/12 TEUR	2010/11 TEUR
Dr. Harald Sommerer	0	394
Dkfm. Steen Ejlskov Hansen	242	382
	<u>242</u>	<u>776</u>

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

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NOTES TO THE FINANCIAL STATEMENT AS OF 31 MARCH 2012

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

	31 March	
	2012	2011
Andreas Gerstenmayer	80,000	40,000
Thomas Obendrauf	34,500	6,000
Heinz Moitzi	114,000	120,000
Steen Ejlskov Hansen	0	90,000
Total	<u>228,500</u>	<u>256,000</u>

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

As at 31 March 2012 the exercise price for options allocated to the Management Board as of 1 April 2008 was EUR 15.67 (31,500 shares) and according to this higher than the market price at balance sheet date (EUR 9.15).

The exercise price of EUR 3.86 of the allocation as of 1 April 2009 (25,500 shares) and the exercise price of EUR 7.45 as of 1 April 2010 (71,500 shares) were lower and the exercise price of EUR 16.60 as of 1 April 2011 (100,000 shares) was higher than the market price at balance sheet date (EUR 9.15).

The remuneration of Supervisory Board Members came to EUR 238,600.00 (2010/11: EUR 207,700.00).

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NOTES TO THE FINANCIAL STATEMENT AS OF 31 MARCH 2012

Shareholdings of members of the Management and Supervisory Boards as of 31.3.2012

	Shares		
	31.3.2012	31.3.2011	Change
Management Board			
Heinz Moitzi	1,672	1,672	0
Supervisory Board			
Hannes Androsch	445,853	445,853	0
Androsch Private Foundation	5,570,666	5,570,666	0
Dörflinger Private Foundation	4,594,688	4,574,688	20,000
Gerhard Pichler	19,118	19,118	0
Georg Riedl	9,290	9,290	0
Johann Fuchs	4	4	0

Leoben-Hinterberg, 9 May 2012

The Management Board

Andreas Gerstenmayer m.p.

Heinz Moitzi m.p.

Thomas Obendrauf m.p.

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MANAGEMENT REPORT

Management Report on the Financial Statements for the Financial Year 2011/12

1. Company profile

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

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

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

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

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MANAGEMENT REPORT

2. Business development and climate

The global demand for printed circuit boards increased by approx. 5.6 % year-on-year to USD 59 billion. Our markets continue to be fundamentally intact and we continue to anticipate attractive growth rates in the medium to long-term, most notably in the mobile devices segment. At the same time, the electronics industry in general reduced the visibility of future demands as a result of the current global economic situation.

The mobile devices segment with the applications smartphones and tablet PCs will continue to be an important growth factor. The share of smartphones in the entire mobile phone market will increase further. A good development is also expected in the automotive segment, especially in China. Moderate growth is expected for the industrial sector, primarily in Europe.

In the past financial year 2011/12, the revenue of AT&S decreased by EUR 30.1 million, or 8 %, to EUR 330.3 million due to the decline in incidental revenue from merchandise from our Asian subsidiaries.

As a result of lower production costs, the gross profit margin rose from 9.1 % in the prior year to 9.7 % in the current financial year. Administrative and selling costs also declined so that at EUR 19.1 million a significantly better operating result was achieved than in the previous financial year (EUR 9.5 million).

In the financial year 2011/12, the financial result was diminished by the write-down of treasury shares due to the decline in the share price (EUR 17.0 million). In addition, interest expenses increased from EUR 10.1 million to EUR 13.9 million due to the second bond issue in Q3 2011/2012 and higher non-current financial liabilities. This increase was accepted in order to significantly extend the average maturity of the funding and thus to keep the liquidity risk at a minimum. Moreover, the distribution of a dividend of AT&S (China) Company Ltd. was decided in the past financial year, which had a positive impact of EUR 10.8 million. In the current financial year, all profits of AT&S China were retained and are available for future distributions.

Due to the aforementioned effects in the financial result, a negative annual result in the amount of EUR 9.1 million was generated, as compared to a positive result EUR 32.2 million in the previous financial year 2010/2011.

The importance of the production locations of the Asian subsidiaries also shows in the asset and liability structure. The financial assets in affiliated companies in the form of investments and borrowings amount to 70 % of the balance sheet total as of 31 March 2012 (in the prior year 62 %).

At the balance sheet date 31 March 2012, equity amounts to EUR 172.5 million and decreased over the prior year by 17.5 million due to the negative net income for the year resulting from the write-down of treasury shares and from profits distributed in the financial year 2011/12. The equity ratio of 35.6 % at the balance sheet date decreased over the prior year (39.4 %), but still shows an excellent equity position.

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MANAGEMENT REPORT

In the financial year 2011/12, AT&S's net debt increased EUR 56.8 million to EUR 236.4 million, since the additional funding requirements for the capacity expansions of the subsidiaries in the form of borrowings or equity made available within the Group are met by AT&S and corresponding borrowings were raised for that purpose. Net debt is calculated from the bonds and liabilities to banks less cash on hand and bank balances as well as other current securities and shares (excluding treasury shares). The net debt ratio, calculated from the relation of net debt to equity, increased from 95 % in the prior year to 137 %.

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

	2011/12	2010/11	2009/10
	EUR '000	EUR '000	EUR '000
Net cash flow from operating activities	-141	-3,189	29,050
Net cash flow from investing activities	-48,370	-26,178	1,024
Net cash flow from financing activities	44,280	21,693	-22,757

In the past financial year, the net cash flow from operating activities was almost balanced. The decline in inventories and outstanding trade receivables corresponded to the decline in short-term liabilities.

In its investing activities, AT&S invested a total of EUR 7.7 million in intangible and tangible assets in the financial year 2011/12; in addition, EUR 7.5 million was paid in for capital increases and loans were granted to subsidiaries in the amount of EUR 36.2 million to finance the plant expansions. These payments primarily resulted in the net cash flow from investing activities.

In the financial year 2011/12, the net cash flow from financing activities mainly comprised the bond issue in the amount of EUR 100 million. At the same time, current bank liabilities were repaid so that overall a positive net cash flow was generated in the amount of EUR 44.3 million.

In the financial year 2011/12, AT&S had an average of 1,195 employees, including temporary staff, and thus 14 persons less than in the prior year (2010/11: 1,209).

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

A transparent and performance-oriented compensation system promotes the entrepreneurial thinking and acting of staff. Since the financial 2010/11, the bonus system has been based on the key ratios "cash earning" and "ROCE" and thus has been revised over the previous years.

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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 2011/12.

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

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

The economical use of resources is a key goal in the continuous improvement of products, procedures and processes. Current projects involve the sustained annual reduction of CO₂ emissions per printed circuit board, the reduction in water consumption and the recycling of the used process water, as well as the introduction of new technologies for the regeneration of chemicals and recycling of printed circuit board scrap. AT&S intends to further promote this commitment and attach more significance to corporate social responsibility (CSR) in the company.

The incorporation of CSR into all corporate divisions is made through the project “Sustainable AT&S”, which was launched at the end of 2011. A global project team headed by the Quality-EHS department together with the Management Board works out the strategy and the targets for the next five years. Setting global goals on issues such as environmental protection, work safety and social responsibility, as well as defining annual individual targets and programs has to be supported by the entire organization.

The main raw materials used in the financial year 2011/12 included approx. 149 kg of gold (2010/11: 179 kg), 317 tons of copper (2010/11: 420 tons), 1.6 2.1 million m² of laminates (2010/11: 2.1 million m²) and approx. 7,900 tons of different chemicals (2010/11: 9,500 tons) at the two production locations Leoben-Hinterberg and Fehring. The electricity demand in the financial year 2011/12 amounted to around 57 GWh (2010/11: 58 GWh).

Establishment of a business-unit structure

In April 2011, the Management Board, with the approval of the Supervisory Board, decided to develop the organisational structure in order to enhance flexibility in the entire AT&S Group and to better align operating processes with customer needs. For the purpose of strengthening market orientation, three business units – Mobile Devices, Industrial & Automotive Solutions and Embedded Component Packaging – were established. The resulting optimisations and efficiency increases contribute to implementing an organisational form in line with the growth strategy of the AT&S Group. Until now, no restructuring costs or extraordinary expenses were incurred in connection with this organizational adjustment. This structure forms the organizational basis for the further growth strategy of AT&S. From the financial year 2012/2013, the Group will do the segment reporting in line with the new organizational structure.

MANAGEMENT REPORT

3. Material events after the balance sheet date

Opening of a sales office in Chicago

In order to achieve a sustainable and profitable growth, the increase in the market presence in the North America region was identified as a necessary step. In addition to customers in the automotive and industrial segment, the focus will be on customers from the “medical” and “aviation & security” segments. Therefore, a sales office was opened in Chicago in April 2012. As part of our subsidiary AT&S Americas LLC in San Jose, this office is now the second location in the USA.

4. Subsidiaries and representative offices

In order to meet the growing capacity demands and the shift of mass production in the highest technology segment, capacities were continuously created at the wholly owned subsidiary AT&S (China) Company Limited already in the previous financial years. Due to the increased demand, two additional HDI production lines were put into operation in the financial year 2011/12. This completed the expansion in terms of capacities at this location.

At the beginning of the financial year, AT&S Korea Co. Ltd. experienced a decline in revenue. However, this situation improved continuously in the course of the financial year so that we are optimistic for the new financial year. Medical technology in particular is regarded as a promising growth market.

In the past financial year, we were confronted with an under-utilisation of capacities at AT&S India Private Limited. The cost situation was affected by an unstable energy supply by public supply systems. However, we expect a positive development for the financial year 2012/13.

The construction of the new production location in Chongqing, China, is currently underway. The building will be completed in May. The further expansion will be performed gradually depending on utilisation, production and technological requirements.

In autumn 2011, another sales company was established – AT&S (Taiwan) Co., Ltd. This company is a wholly-owned subsidiary AT&S Asia Pacific Ltd. and its main focus will be the mobile devices segment in Asia.

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5. Capital share structure and disclosures on shareholder rights

As of 31 March 2012, the registered capital of AT&S amounts to EUR 28,490,000 and is made up of 25,900,000 no-par value shares with a notional value of EUR 1.10 per share. The voting right at the annual general meeting is exercised according to no-par value shares, with one par-value share entitling to one vote. All shares are bearer shares.

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

	<u>Shares</u>	<u>% capital</u>	<u>% voting rights</u>
Dörflinger-Privatstiftung: Karl-Waldbrunner-Platz 1 A-1210 Vienna	4,594,688	17.74 %	19.70 %
Androsch Privatstiftung: Franz-Josefs-Kai 5 A-1010 Vienna	5,570,666	21.51 %	23.89 %

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

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

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

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

6. Research and development

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

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

In order to maintain its position among the global technology leaders also in the future, AT&S is cooperating with numerous external partners. On the one hand, requirements and ideas for future products

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are communicated by customers, and on the other hand, AT&S derives new technologies from future applications, such as for instance the Embedding Component Packaging technology (ECP[®] technology). In addition to the own resources, cooperations are also entered into with research institutions or suppliers, if required.

The core of the technology strategy can be subdivided into 3 main goals:

- Focus on the high-technology segment: new products and technologies developed at AT&S are used in the high-technology segment of the respective market.
- Greater contribution to the value creation chain: new products and technologies developed at AT&S cover a greater portion of the value creation chain in the manufacture of electronic devices.
- Lower use of natural resources: new products and technologies developed at AT&S use less natural resources (e.g. materials, water, energy) than traditional products/technologies.

Based on these strategic principles, customer demands and developments with suppliers, 4 core development areas were identified:

1. Interconnect density:

In this area the goal is to constantly miniaturize the circuit board and increase the complexity. The challenge is to miniaturize the structures of the circuit board and to reduce its thickness.

2. Mechanical integration:

The goal is an improved integration of the printed circuit board as component of the electronic device. Rigid-flexible printed circuit boards, cavities, mounting technologies up to fully flexible printed circuit boards are being developed.

3. Functionality integration

This development area focuses on the integration of additional functionalities in the printed circuit board. In addition to the current AT&S ECP[®] technology, further solutions are to be found for embedding the components in the printed circuit board.

4. Printed solutions:

Here, the focus is on new solutions that reduce the consumption of water and other natural resources (e.g. copper). New processes based on the printing technology are developed in order to minimize the use of natural resources.

Total expenses for research & development amounted to approximately EUR 20 million in the financial year 2011/12 over EUR 18 million in the previous year.

MANAGEMENT REPORT

7. Material risks, uncertainties and opportunities

The company-wide risk and opportunity management system includes the following risk categories in the risk catalogue defined at the group level:

- Procurement risks
- Financial risks
- Market and sales risks
- Organisational risks
- Product risks
- Strategic risks
- Environmental risks

In this context, risk is generally defined as a negative deviation from the business plan. Consequently, opportunity refers to a positive deviation from business objectives. The individually identified and evaluated risks and opportunities whose impact on the budgeted annual result is greater than EUR 0.25 million and whose probability of occurrence greater than 1 % are aggregated into the Group's total risk exposure using a stochastic process (Monte Carlo simulation). In each assessment of individual risks, values are determined for the worst case, the best case and the most likely case.

In terms of organisation, the responsibility for risk management is with the CEO, who is also in charge of its supervision. At regular intervals, the Group's current risk exposure is reported to the audit committee. The Management Board as a whole is briefed quarterly in a structured manner on risk management.

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

The business-unit-specific opportunities and risks

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

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

The industrial market is characterised by various technology requirements from a variety of customers. Utmost flexibility and the ability to adjust very quickly to changing specifications and technologies constitute a basic requirement to be successful in this segment. The Austrian plants of AT&S in particular are very well prepared for these requirements. In close cooperation with various customers, new technologies and other projects are constantly developed. The product life cycles in the industrial segment are longer as compared to those in the mobile devices segment. The Indian location offers the possibility

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to produce these projects cost-effectively. The product portfolio is complemented in the industrial segment by the plant in South Korea, which is specialised in flexible printed circuit boards and printed circuit boards for the use in medical technology. The plant specialization offers great potential opportunities for AT&S.

In the automotive segment, further potential for growth and development arises due to the constantly rising proportion of electronics that has to meet ever more complex requirements and, consequently, the requirements for printed circuit boards are also constantly rising. As in previous years, AT&S again was the leading manufacturer of printed circuit boards in the automotive segment in its European core market in the past financial year. In order to be able to grow further, the expansion into other markets is promoted. In doing so, existing structures are used. Additional investments are required only to a limited extent. Stepping out of the core market offers further potential for opportunities.

The Advanced Packaging segment, a technology which was brought to market maturity by AT&S, offers enormous potential for opportunities. In the past financial year, the first production line was established and serial production was started.

Financing risk

The financing risk relates to securing the long-term funding of the Group and to fluctuations in the value of financial instruments.

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.

On the liabilities side, 84 % of borrowings and liabilities to banks are – taking into account interest rate hedges – at fixed interest rates. The remaining loans bear a variable interest rate (16 %) and have maturities of less than one year.

Liquidity risk

At AT&S, liquidity risk refers to the circumstance of insolvency. Therefore, sufficient liquidity shall be available at all times to be able to meet the current payment obligations on time.

At the balance sheet date, AT&S had liquidity reserves of EUR 153.6 million, of which EUR 9.5 million was cash and cash equivalents and other securities and investments, and EUR 144.1 million was in the form of available unutilised credit facilities.

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

Credit risk

For AT&S, credit risk means the potential payment default by customers. AT&S always managed to establish strong partnerships with its customers. In the financial year 2011/12, a significant portion of AT&S's revenue was accounted for indirectly by two multinational groups operating in the mobile devices segment. As AT&S primarily supplies to contract electronic manufacturers, the receivables relate to a fairly large number of customers. Direct receivables from these customers as of 31 March 2012 account for only 7 % of total trade receivables. The highest portion of receivables of a direct contract partner amounts to 15 % of total trade receivables.

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

Foreign exchange risk

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

Due to its Asian subsidiaries the company 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. Moreover, the Group attempts to bring about a natural hedge of receivables and payables.

Sensitivity analyses are performed to assess the foreign currency risk, with – all else being equal – the effects of percentage changes of foreign exchange rates being simulated against each other.

Financial market risks

The financial market risks, which include the foreign currency risk and the interest rate risks, are monitored by means of regular sensitivity analyses. In so-called GAP analyses, the potential change in profit/loss resulting from a 1 % change in price (currency rate or interest rate) with regard to the foreign currency or interest net position is determined. In doing so, no correlations of the various risk elements to each other were taken into account. The impact on profit/loss is determined taking into account income tax effects on the profit for the year after tax.

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8. Internal control system and risk management

8.1. Company-wide risk management system

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 (see section 8.2.) 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 at AT&S are specified in a group-wide risk management and audit manual.

In the risk catalogue defined at the group level, the risk and opportunity management system, in addition to financial risks, includes further risk categories that in particular relate to strategic risks, market and procurement risks, environmental risks and operating as well as organisational risks. The risk catalogue, which constitutes a frame of reference for business units in the identification of risks, is dynamically adjusted to the changing situation of the company. The main objective of the group-wide risk and opportunity management is to optimise the total risk exposure, and at the same time seize arising opportunities. Regular reporting is made to the management and supervisory boards.

In terms of organizational structure, a staff unit has been established which reports directly to the Management Board, coordinating or directing 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. 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 risk reporting is made to the audit committee on activities of the internal audit (risk and audit report). The audit committee in turn reports to the other members of the Supervisory Board.

The executives of AT&S as risk responsables are responsible for identifying, analyzing, controlling and monitoring risks in their respective area. In addition, the local plant management is responsible for the implementation of the risk management process in their areas of responsibility. Risk management coordinators at AT&S AG 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 responsables for each main and sub-process. In the risk assessment, basically all potentially negative factors that jeopardize the achievement of the objectives of an organization or a process have to be documented by the process owner. The control objectives for the financial reporting are derived from existing risks and allocated to the categories existence (only actually existing and approved business transactions are processed), occurrence/period accrual (representation of business transactions in the correct period or timely processing), completeness (business transactions, assets and liabilities are recognized completely), measurement (appropriate measurement methods were applied to business transactions and they were calculated correctly), rights & obligations (the company has economic ownership of assets and liabilities are actual obligations of the company), presentation & disclosure (correct and complete disclosure in the financial statements and other reports), correctness of

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business transactions/data and access restriction (access to IT systems is restricted to process responsables).

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

8.2. Accounting-related internal control system and risk management system

The accounting procedures are documented in separate process instructions. As far as possible, these processes are standardized across the Group and are presented in a standardized documentation format. Additional requirements for accounting procedures result from specific local regulations. The basic principles of accounting and reporting are documented in the process descriptions and also in detailed process instructions, which are also filed in the central management manual. In addition, guidelines on measurement procedures and organisational requirements in connection with the processes of accounting and preparing the financial statements are compiled and updated on a regular basis. Dates are set in accordance 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 current corporate structure means that AT&S both controls production facilities directly and also has significant portfolio investments, so that it exercises holding company and group functions. The accounting and finance functions are therefore integrated organisationally. Laws, accounting standards and other regulations are analyzed on an ongoing basis for their relevance to and effect on the annual financial statements and other reporting requirements.

The collection, current entry and accounting of the business transactions is performed through a uniform and central software solution of SAP. The individual business transactions and measurements are entered in accordance with local accounting regulations.

In order to avoid material misstatements, automatic controls in the reporting system as well as various manual controls have been implemented. Measures to avoid risks, among others, include separation of functions and signature authorisation matrices. On a monthly basis, the completeness of invoices and their accrual is checked by Austrian Accounting and, if necessary, accrued. Furthermore, group-wide guidelines are set particularly with regard to accounting and reporting of revenue, research and development expenses, non-current assets, the recognition and measurement of inventories, customer receivables, accruals and provisions, as well as reconciliation of deferred tax assets and liabilities. At the balance sheet date, confirmations are obtained from the main customers and suppliers. The presentation of financial figures is discussed particularly with regard to measurement and provision requirements in monthly accounting meetings between Group Finance and the CFO.

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

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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, i.e. AT&S AG 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 at the first audit committee meeting in the current year or as a special assignment awarded by the Management Board. The implementation of the audit plan and the results of the internal audits are reported to the audit committee of the Company.

9. Outlook

The still rising demand for electronic end devices and the generally rising proportion of electronics in various applications will continue to result in an increase in the demand for printed circuit boards. For AT&S, the management sees growth opportunities mainly in the manufacture of small high-technology series in Austria and in the mass production resulting from the significantly rising demand for printed circuit boards in China. Overall, management therefore expects revenue to rise in Austria as well as in the subsidiaries.

As a result of investments already made in the past, AT&S is well prepared for the increasing demand for printed circuit boards. In accordance with the rising demand, the expansion of the new plant in Chongqing, China, is also promoted so that management is extremely optimistic for the coming financial year.

Leoben-Hinterberg, 9 May 2012

The Management Board:

Andreas Gerstenmayer m.p.

Heinz Moitzi m.p.

Thomas Obendrauf 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 1 April 2011 to 31 March 2012. These financial statements comprise the balance sheet as of 31 March 2012, the income statement for the fiscal year ended 31 March 2012, and the notes.

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

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

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

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

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

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

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the financial statements comply with legal requirements and give a true and fair view of the financial position of the Company as of 31 March 2012 and of its financial performance for the fiscal year from 1 April 2011 to 31 March 2012 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, 9 May 2012

PwC Wirtschaftsprüfung GmbH
Wirtschaftsprüfungs- und
Steuerberatungsgesellschaft

signed:

Mag. Dr. 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, 9 May 2012

The Management Board

Andreas Gerstenmayer
Chairman of the Board

Thomas Obendrauf
Member of the Board

Heinz Moitzi
Member of the Board