AT&S

Annual Report **2008/09**

Key Figures

(if not otherwise stated, all figures in EUR 1,000)	2008/09 before non-recurring items[1)]	IFRS 2008/09 after non-recurring items[1)]	2007/08	2006/07
CONSOLIDATED INCOME STATEMENT				
Revenues		449,881	485,744	467,403
thereof produced in Asia		61%	53%	41%
thereof produced in Europe		39%	47%	59%
EBITDA	70,778	52,377	79,809	71,489
EBITDA margin	15.7%	11.6%	16.4%	15.3%
EBIT	26,582	(1,060)	42,115	32,649
EBIT margin	5.9%	(0.2%)	8.7%	7.0%
Net income	24,755	(5,787)	41,290	31,305
Shareholders' interest in net income	25,166	(5,376)	42,691	31,813
Cash earnings	69,362	48,060	80,386	70,653
CONSOLIDATED BALANCE SHEET				
Total assets		536,815	495,600	451,944
Shareholders' equity		252,240	225,761	220,222
Net debt[2)]		174,379	139,900	97,991
Net gearing[2)]		69.1%	62.0%	44.5%
Net working capital		99,424	82,657	81,760
Net working capital per revenues		22.1%	17.0%	17.5%
CONSOLIDATED CASH FLOW STATEMENT				
Net cash generated from operating activities (OCF)		38,733	61,828	49,603
CAPEX, net		58,802	102,882	61,870
GENERAL INFORMATION				
Payroll (incl. leased personnel), ultimo		5,610	6,417	5,544
Payroll (incl. leased personnel), average		6,319	6,273	5,358
KEY STOCK FIGURES				
Earnings per share (EUR)	1.08	(0.23)	1.83	1.28
Cash earnings per share (EUR)	2.97	2.06	3.44	2.85
Dividend per share (EUR)[3)]		0.18	0.34	0.31
Dividend yield (year end close)[3)]		6.1%	3.3%	1.6%
Market capitalisation, ultimo		68,802	239,989	456,638
Market capitalisation per equity		27.3%	106.3%	207.4%
Weighted average number of shares outstanding		23,322,588	23,384,651	24,824,883
KEY FINANCIAL FIGURES				
ROE[4)]	10.5%	(2.3%)	19.1%	13.5%
ROS	5.6%	(1.2%)	8.8%	6.8%
Equity ratio		47.0%	45.6%	48.7%
ROCE[5)]	5.5%	(1.7%)	10.4%	10.0%

[1)] Non-recurring items particularly cover restructuring at Leoben-Hinterberg plant and writedowns at AT&S Korea
[2)] Calculation of net debt has been simplified to ensure more transparency to investors and analysts. Now it is calculated upon balance sheet's figures. For details please see chapter "Financing"
[3)] Proposal for the Annual General Meeting on 2 July 2009
[4)] Calculation upon average equity
[5)] Considering newly-calculated net debt

Annual Report **2008/09**

AT&S Austria Technologie &
Systemtechnik Aktiengesellschaft
Fabriksgasse 13
8700 Leoben
Austria

Highlights 2008/09

With market rationalisation accelerating, AT&S will emerge from economic crisis as a winner

The economic developments of the last few months have left their mark on the printed circuit board industry, with sharp falls in demand recorded across all industries. AT&S is also feeling the effects of the slowdown in the form of lower capacity utilisation at all sites, which is having a negative impact on margins. The recession has also increased the downward pressure on prices, which we are passing on to our suppliers at the same rate.

Despite ongoing market consolidation, the global PCB industry is still extremely fragmented with over 2000 different manufacturers. Many companies that only enjoyed moderate success even in a booming market were able to take full advantage of easy access to finance. In the current climate investors are paying closer attention to the creditworthiness of their investments, so funding has dried up for many companies. The result is a much more rapid but also very healthy shakeout of the market.

We expect AT&S to emerge from the crisis as a winner thanks to its solid financial position, technological leadership and its unique strategic position with production sites in Europe and Asia.

Capacity adjustment at Leoben-Hinterberg plant

Migration of volume orders to Asia has become progressively more noticeable in recent years, and this development has been exacerbated by the weakness of the US dollar, with which many Asian currencies are aligned. These currency effects alone pushed production costs in Asia significantly lower than anything achievable in Austria. The general tendency to relocate production to Asian factories recently reached a level that made it necessary to make adjustments to capacity at AT&S's Austrian facility in Leoben-Hinterberg. Production capacity, measured in surface area of printed circuit boards manufactured, was reduced from 215,000 m² to 130,000 m² in financial year 2008/09. Some of the equipment no longer needed here will be transferred to the new plant in India, reducing investment costs there. In the course of the restructuring process, almost 300 of AT&S's own staff and approximately 160 contract workers are being made redundant. The costs associated with these measures amounted to EUR 21.0m.

Writedowns at AT&S Korea; no longer any goodwill in AT&S financial statements

Despite achieving positive EBIT for the first time in October 2008 and strong prospects for its future development, the AT&S Korea business plan has had to be adapted to the current global economic climate. This resulted in goodwill writedowns of EUR 5.4m. Deferred tax assets for tax loss carryforwards amounting to EUR 2.9m also had to be written off.

Solid performance without restructuring and writedowns

AT&S's slightly positive profit before tax is testament to the Company's strong operational performance in spite of the considerable non-recurring expenses. Adjusted for these non-recurring items, we recorded solid results in the previous financial year despite the poor economic conditions:

- EBIT was EUR 26.6m, which corresponds to an EBIT margin of 6%
- EBITDA was EUR 70.8m, EBITDA margin 16%
- Consolidated net income totalled EUR 24.8m
- Earnings per share stood at EUR 1.08

Start of construction at second Indian plant

Due to full capacity utilisation at the existing Indian plant at Nanjangud and increasing demand from current customers for standard multilayer and double-sided printed circuit boards, at the end of the previous financial year we decided to construct a new plant at the same location. The groundbreaking ceremony took place on 5 August 2008. Because of the decrease in demand caused by the economic crisis, the initial phase will only involve construction of the building, installation of infrastructure and individual process steps. Production at the new plant can be started at short notice as required.

Expansion of regional sales activities

AT&S is already well established in Europe and Asia, but since August 2008 we have been intensifying our activities in the USA. The sales entity AT&S Americas LLC was set up in 2008 in the vicinity of numerous technology companies in San Jose, California. The desired goal of providing on-site service for customers on the American market and grasping opportunities in the region as quickly as possible is also reflected in the growth in revenues. Sales generated in North America jumped more than 20% year on year.

AT&S moves to its home stock exchange in Vienna

The AT&S share was firstly listed in the Vienna Stock Exchange's Prime Market segment on 20 May 2008. Since 14 September 2008, after expiry of the double listing provided for by the regulations of the Frankfurt Stock Exchange, the share has been exclusively admitted to official trading in Vienna.

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AT&S at a Glance

AT&S is the leading PCB manufacturer in Europe and India and has a significant presence in China. The Group is extremely well positioned in the market for high-tech HDI Microvia printed circuit boards, and is continuously extending its position.

AT&S is by far the largest producer of printed circuit boards (PCBs) in Europe and India, and ranks among the top suppliers worldwide. The AT&S Group employs about 5500 people. Founded in 1987, it is domiciled in Leoben, Austria. The Group was listed in 1999 following a management buy-out in 1994. Its financial year runs from 1 April to 31 March.

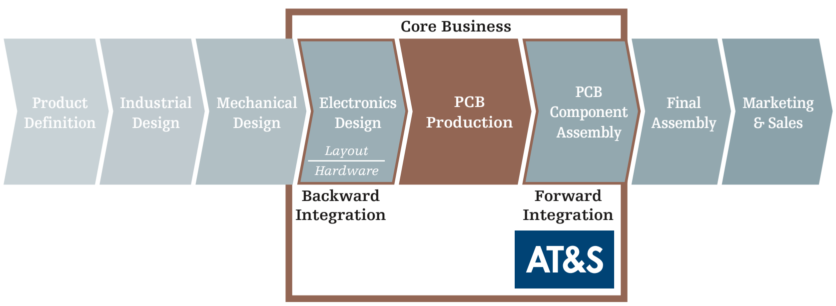
Printed circuit boards

Printed circuit boards (PCBs) are the nerve centres of many electronic devices, as they wire active and passive components. There are a variety of types of PCBs, to match differing technological and cost requirements: single-sided; double-sided; multilayer; HDI (high density interconnection: multilayer PCBs with ultra-fine structures); flexible; rigid-flexible; and semi-flexible.

PCB technologies have made extremely rapid progress in the past few years. Mobile phones are an illustration of how fast things are moving. The PCBs used in handsets a decade ago were twice as large on average as they are today, and were only designed for telephony. Modern handsets are multimedia devices complete with GPS, camera and television functions. The trend towards miniaturisation and ever more complex components is central to the challenges facing PCB manufacturers.

AT&S's place in the supply chain

Our core business is manufacturing printed circuit boards tailored to customer specifications. In order to offer its customers a wider range of products and services, and strengthen its market position, AT&S also offers design and assembly services (the latter largely via partners).



Our positioning

AT&S has three plants in Austria (Leoben, Fehring and Klagenfurt) and three in Asia (Shanghai, China; Nanjangud, India; and Ansan, Korea). Each factory specialises in given technologies.

The Austrian plants are geared to the European market, which is hallmarked by quick production delivery and special applications; closeness to customers is vital. Leoben-Hinterberg plant is the Group's technology driver. The site in India also focuses on serving the European market. It specialises in medium-sized batch production of double-sided and multilayer PCBs. The operation in Korea, acquired in 2006, manufactures flexible boards for the European market, as well as customers of the Mobile Devices business. Shanghai – the largest factory in the AT&S Group – concentrates on mass producing HDI products but is also increasingly specialising on applications for the automotive and computer industries.

The printed circuit board market

Global PCB sales amounted to USD 48bn in 2008. Asia accounted for about 62% of total, Japan for 21%, America for 10% and Europe for 7%. The world market is forecast to grow to USD 58bn by 2013. Asia will be the main growth driver while demand is expected to go sideways in Europe and the USA, and to increase slightly in Japan.

AT&S and the competition

The printed circuit board market is highly fragmented. There are currently more than 2000 manufacturers around the world, of which over 300 are in Europe. In 1997 AT&S was the third-largest manufacturer in Europe, and by 2000 it was the largest. We have since extended our lead to such a degree that we are larger than our closest four competitors together. There has been a trend towards market consolidation for some time now. This process has gathered pace since the onset of the recession, favouring well positioned companies like AT&S.

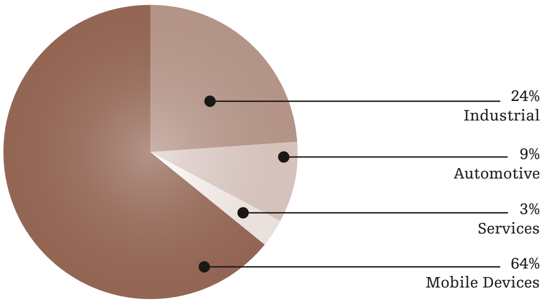
AT&S was quick to realise that mass production would have to be relocated from Europe and America to Asia. Because of this we acquired India's largest printed circuit board manufacturer in 1999, and thereafter significantly expanded its capacity. To keep meet growing demand, we are currently building a second plant in India; this should lengthen our lead in the Indian market. The ramp-up of our plant in Shanghai started in 2002. Subsequent expansion phases have progressively raised capacity in response to customer needs. The Shanghai factory is now not only the largest in the AT&S Group but also the largest specialist HDI plant in China. AT&S is one of the world's leading producers in this segment; the main competitors are all located in Asia (Japan and Taiwan).

In terms of revenue AT&S's has moved up the global rankings from 33rd in 1999 to 14th in 2007, growing eight times faster than the overall market.

Our customers

Our sales activities are structured around three customer groups: Mobile Devices, Automotive and Industrial. Mobile Devices (PCBs for mobile telephones, digital cameras, portable music players, etc.) is our largest business, and contributes 64% of total revenue. As a supplier to five of the six largest mobile phone manufacturers AT&S has a unique position in this market. Automotive accounts for 9% of revenue; its customer base includes all of the major automotive component suppliers. Industrial contributes 24% of revenue; it is geared towards the European market, and has over 500 customers.

Revenues by segment



Technology

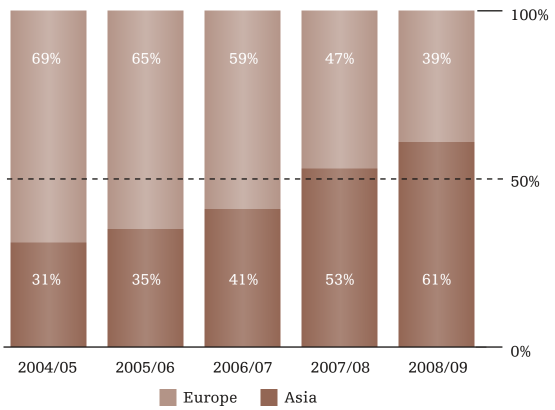
AT&S is one of the technological leaders on the printed circuit board market. One reason for this is our outstanding research and development effort. AT&S is works with networks of customers, suppliers and research institutes to develop a pipeline of innovative technologies. We can also draw on extensive mass production experience. It was this that enabled AT&S to establish itself as a partner to the world's largest and best known manufacturers of electronic equipment.

Special features of our business

Mobile Devices – and due to its high revenue contribution the AT&S Group as a whole – is a highly seasonal business. In the first and fourth quarters of the financial year capacity utilisation is generally lower than in the second and third. In a high fixed cost business like ours, low capacity utilisation puts pressure on margins.

About 75% of our revenue is affected by the US dollar exchange rate, as our competitors are almost exclusively based in countries whose currencies are linked to it. As AT&S has already located a large part of its production in this extended dollar area, currency movements only have a modest influence on results. The main effects of exchange rate changes are balanced out at the gross profit level. Other currency exposures are hedged.

Revenues produced in Europe/Asia over last years



In terms of revenue AT&S has moved up the global rankings from 33rd in 1999 to 14th in 2007, growing eight times faster than the overall market.

Technological lead, global presence and consistent development of products and processes are the basis for AT&S's future success.

Strategy

Our strategic goal is to become the world's most competitive supplier of interconnection solutions. This means extending our technological lead, driving growth forward and becoming the world's top-performing printed circuit manufacturer. The three pillars of this strategy are a clear commitment to growth and the investment necessary to drive it, a corporate culture based on an unconditional customer focus, and ongoing optimisation of all our business processes.

Finances

Since its privatisation in 1994, AT&S has always posted operating profits in its ordinary course of the business for full-year periods. Expansion in Asia paved the way for sustained growth. Revenue has risen from EUR 151m at 31 March 1999 to EUR 449.9m in financial 2008/09.

Especially due to significant one-time effects, we posted an operating result of EUR -1.1m; in the absence of those non-recurring items the figure would have been EUR 26.6m.

Our share

AT&S was initially listed on the Neuer Markt of the Frankfurt Stock Exchange in July 1999, moving to the TecDAX, which was launched after the dot.com bubble burst. After our demotion from the TecDAX in spring 2008, we decided to switch to the home stock exchange in Vienna. AT&S has been quoted in the Vienna Stock Exchange's Prime Market segment since 20 May 2008.

50.88% of the shares are in the free float and 9.95% are held by AT&S. 21.51% are held by the Androsch Private Foundation and 17.66% by the Dörflinger Private Foundation. Hannes Androsch and Willi Dörflinger were two of the three initiators of the 1994 management buy-out.

Corporate governance

As a listed company, AT&S is committed to good corporate governance, and therefore subscribes to the Austrian Code of Corporate Governance.

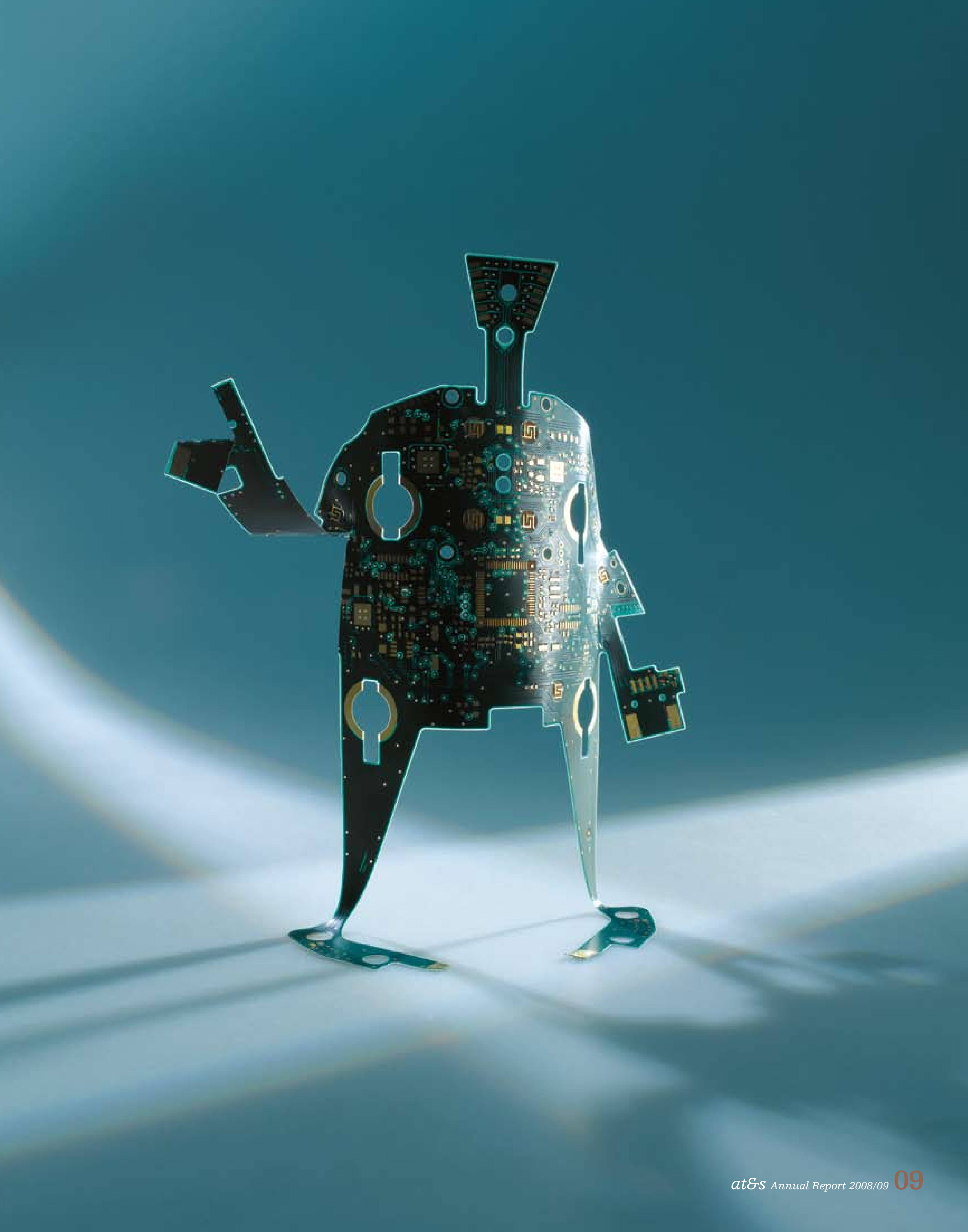
The Board of Management comprises:

- Harald Sommerer, Chairman since July 2005 (previously Chief Financial Officer from September 1997)
- Steen Hansen, Chief Financial Officer since April 2004 and Deputy Chairman since June 2005
- Heinz Moitzi, Chief Technical Officer (since April 2005).

The Supervisory Board has nine members, three of whom are employee representatives. The Chairman of the Supervisory Board is Hannes Androsch, the First Deputy Chairman is Willi Dörflinger, and the Second Deputy Chairman is Erich Schwarzbichler.

Corporate social responsibility

Fulfilling its responsibilities as a corporate citizen is central to AT&S's way of thinking. This means going beyond mere compliance with minimum legal requirements for socially responsible behaviour. For example, we provide financial support for health and education projects in the areas where we operate. During the 2008/09 financial year we also mounted numerous environmental initiatives aimed at continuously improving environmental management standards at our sites. Our activities included amongst others building a medical centre in India, and working for higher environmental standards in China by backing educational campaigns at local schools. Our Code of Business Ethics, which applies to all our staff throughout the world, sets out the rules according to which we do business in an ethical and socially responsible manner.



Letter of the Management Board

Dear shareholders,

Our performance in the financial year just ended was strongly influenced by overall economic trends. Revenue was down by 7.4% year on year to EUR 449.9m. The Automotive business was particularly hard hit, and revenue shrank by almost 18%. The Mobile Devices business, which contributes some 64% of Group revenue, registered an 11% year-on-year decline. The Industrial business posted 16% growth in the first half, and held on to a 4.5% gain for the financial year as a whole. Revenue in the Service business surged by some 44% to EUR 14m.

Intrayear trends

As early as the first quarter of the year under review it was already apparent that the economic outlook was clouding over. However results for the following four months were still strong. In mid-November we suddenly ran into a sharp decline in orders. As a rule this month is one of the strongest in our financial year, before demand falls off again in December in anticipation of the impending holiday season. Instead, November was a month of capacity under-utilisation at all our plants, rather than the usual full capacity working, and this situation persisted until the end of the financial year. In a business with high fixed costs, like printed circuit board manufacturing, this puts pressure on margins.

Solid underlying results

In the ordinary course of business, AT&S returned very solid underlying results (excluding non-recurring effects) despite the adverse economic environment:
- EBIT was EUR 26.6m, for an EBIT margin of 6%
- EBITDA was EUR 70.8m; EBITDA margin 16%
- Consolidated profit for the year was EUR 24.8m
- Earnings per share were EUR 1.08

These figures, and a strong equity base of EUR 252.7m (i.e. EUR 10.8 per share) show that AT&S is a healthy company and is well able to adjust to difficult conditions.

Non-recurring effects

Results were affected by restructuring at the Leoben-Hinterberg plant, and the recognition of impairment losses at AT&S Korea. Non-recurring items reduced operating profit by EUR 27.6m, leaving a loss of EUR -1.1m, while EBITDA after one-time effects was EUR 52.4m. There was also an exceptional increase in income tax expense due to the derecognition of EUR 2.9m in deferred tax assets for tax loss carryforwards at AT&S Korea. The consolidated loss for the year after non-recurring items was EUR -5.8m – a loss per share of EUR -0.23.

Restructuring at the Leoben-Hinterberg operation

Migration of volume orders to Asia has become progressively more noticeable in recent years, and this development has been exacerbated by the weakness of the US dollar, with which many Asian currencies are aligned. These currency effects alone pushed production costs in Asia significantly lower than anything achievable in Austria. The general tendency to relocate production to Asian factories recently reached a level that made it necessary to make adjustments to capacity at AT&S's Austrian facility in Leoben-Hinterberg. Production capacity, measured in surface area of printed circuit boards manufactured, was reduced from 215,000 m² to 130,000 m². Some of the equipment no longer needed here will be transferred to the new plant in India, reducing investment costs there by about EUR 7m. In the course of the restructuring process, almost 300 of AT&S's own staff and approximately 160 contract workers are being made redundant. The head count, including overhead functions, is now about 900.

Impairment losses at AT&S Korea

During the year under review a number of steps were taken to improve performance at AT&S Korea. As a result of these actions the company returned positive EBIT for the first time in its history in October 2008. Although in our belief AT&S Korea is now moving in the right direction, its business plan had to be revised again because of the worsening economic environment, and this led to the recognition of impairment losses of EUR 8.3m.

Financial strength

Financial health is particularly vital at times of challenging economic conditions. This is not just a matter of survival but also of maintaining sufficient flexibility to drive strategic projects ahead. Fortunately, a clear spending focus and strict cost discipline during the good times have put AT&S in a strong financial position.

As at 31 March 2009 equity was EUR 252.7m and gearing was 69.1%. On 27 May 2008 we floated a EUR 80m five-year bond issue in order to strengthen our financial structure. Although access to liquidity has become more difficult and expensive we currently view the Company's financial position as very sound.

Operational cost management

Strict cost management will be crucial to charting a successful course through the economic crisis. For the production sites this means matching labour costs to capacity utilisation as closely as possible. Thanks to the region's traditionally high staff turnover and wage cuts, this was quickly achieved at the Asian operations. In Austria the scope for adjustment is very limited, due to legal restrictions and the country's social partnership system. However high wage and non-wage costs make sufficient leeway to reduce labour costs a matter of life or death for Austrian companies.

In February we introduced short-time working at the Klagenfurt plant for three months. Unfortunately this did not bring the necessary savings, and the short-time working arrangements under new legislation are also inadequate. If only about 50% of normal time is worked but the employer continues to pay 70–80% of the wages it is clear that this model will be unsuitable for a severe crisis like the present one. Moreover, the redundancy protection associated with the short-time working scheme stands in the way of the long-term capacity and cost reductions needed in a protracted economic crisis.

Not only at the factories but also in the corporate service functions, we are looking closely at all our processes and activities in order to identify means of cutting costs by enhancing efficiency. For instance, we have leveraged synergies by relocating the logistics centre in Nörvenich, Germany to Leoben. Nörvenich will continue to exist as a design, service and sales office. In addition, we have discontinued our foundry services activities due to the inadequate earnings prospects relative to the risks involved.

Despite the adverse trading environment AT&S achieved very solid operative results in the ordinary course of business.

The strategic and financial strength that our structure gives us is enabling us to play a part in reshaping our industry and to look to the long term.

Optimally positioned for the future

The strategic and financial strength that our structure gives us is enabling us to play a part in reshaping our industry and to look to the long term. We are pressing ahead with product development in order to ensure that we continue to offer our customers innovative, quality solutions. A case in point is our progress with embedding technology – the integration of active and passive components in the interior of the PCB. Our 2.5D technology – which makes it possible to design both structural indents in and on the board, and rigid-flexible boards for flex-to-install solutions – is further proof of our technological leadership.

As soon as market conditions turn in our favour we will be able to rapidly start up new capacity in Shanghai, China and at the second plant in Nanjangud, India.

As always at the end of a financial year, we would like to thank our customers, suppliers and other business partners, and the collaborating research and development institutions for our excellent working relationships with them. A particular debt of gratitude is owed to our people for their hard work and commitment. And we thank you, our shareholders, for continuing to place your trust in us in these troubled times.

Outlook

The impact of the economic crisis has been clearly visible to us since mid-November. It is still too early to assess how long the crisis and related capacity under-utilisation will continue to affect us, but it is clear that a sustained recovery is unlikely before 2010. The bottom was not reached during the poor fourth quarter, so we expect considerably lower revenue in the 2009/10 financial year. We believe that well-designed restructuring and cost reduction programmes will enable us to adapt to a market that will contract by about 16% if analysts' forecasts turn out to be correct.

The Management Board

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

Outlook

A difficult year ahead
Analysts are forecasting a decline of about 16% in the US dollar value of sales for the global printed circuit board market. AT&S is not expected to be left unscathed by these developments. The introduction of a new strategy for Mobile Devices will also result in loss of market share.

Studies reveal that all regions are hit by the global decline in sales. Sales are expected to fall by about 19% in Europe, 17% in Asia and 11% in North America.

Restructuring essential to combat capacity under-utilisation
Virtually all of our production facilities had begun to show signs of significant under-utilisation by the fourth quarter of 2008/09. The situation is expected to intensify at the start of the new financial year to weigh heavily on profitability. For the production sites this means aligning labour costs as closely as possible with capacity utilisation.

Thanks to the region's traditionally high staff turnover and wage cuts, this was quickly achieved at the Asian locations. In Austria AT&S will be taking steps to transfer its volume business in its entirety from Leoben-Hinterberg plant to Asia. The Leoben-Hinterberg site will focus exclusively on servicing the European market. Production capacity – measured by the area of PCBs produced – will be cut from about 130,000 m² to 70,000 m².

The relocation of capacity and the drive to improve efficiency in Austria also leads to adjustments in staff levels with expected future requirements. The number of staff will be reduced by about 300 within the next months.

Restructuring expenses are expected to reach up to EUR 40m in the financial year 2009/10, with some 30% of these expenses being cash relevant. Due to the prevailing economic climate, a year-on-year decline in operative business is likely, and management anticipates operating profit and consolidated net income to be significantly weaker than in the financial year 2008/09.

Reducing capital expenditure
We will not be stepping up investment in expanding capacity as our existing sites are underutilised. The production capacities already installed allow the Company to limit investments (CAPEX). Hence, for financial year 2009/10 investments of about EUR 20m are scheduled.

Looking beyond the crisis
AT&S's strong equity base and healthy financial position will allow it to continue laying the foundations for future success throughout the economic crisis. In terms of technology the focus will be on the 2.5D technology and embedding projects to help safeguard AT&S's technological leadership. The installation of a further production line in Shanghai now puts sufficient HDI capacity at our disposal so that we can fully participate in any upswing. The construction of the second plant in Nanjangud, India, is scheduled for completion by the middle of the year. Owing to low capacity utilisation at the existing site, the production line will not be fully installed until the market recovers. This step can be completed in a relatively short period of time. Until then, only a copper line will be installed to supplement the original facility and improve overall quality and efficiency.

Consolidation of the European market
Despite ongoing market consolidation, the situation in Europe is still extremely fragmented with over 300 different companies competing for market share. Many companies that only enjoyed moderate success in a booming market were able to take full advantage of easy access to finance. In the current climate investors are paying closer attention to the creditworthiness of their investments, so funding has dried up for many companies. The result is a significantly more rapid but nevertheless healthy shakeout of the market.

We expect AT&S to emerge from the crisis as a winner thanks to its solid financial situation, technological leadership and its unique strategic position with production sites in Europe and Asia.

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Strategy, Mission & Vision

Our mission is our customers' success. We guarantee best results for our more than 500 clients worldwide through leading-edge technologies, exceptional quality and delivery performance.

Strategic goal: to become the world's best-performing supplier of interconnection applications

It is AT&S's declared goal to further extend its role as a technology pioneer, to drive the Group's growth forward and – as a global player – to be the world's most successful and strongest-performing producer of printed circuit boards. The three pillars of this strategy are an uncompromising commitment to growth accompanied by the requisite level of investment, a corporate culture with an unconditional emphasis on customer service and the ongoing optimisation of all of the Group's business processes.

Focus Points of AT&S Strategy

AT&S attaches particular importance to anticipating customer requirements and offering customised products. Maximum customer satisfaction and loyalty in relationships with its business partners is aimed to be generated through a strong service focus and detailed performance reviews.

In order to secure industry leadership in all strategically important business processes, AT&S works permanently on optimising its operations. When it comes to aligning ourselves to customer requirements, our top priorities are a high level of flexibility, structured processes and transparency.

We aim to be one of the world's top ten companies in the printed circuit board industry. In order to achieve this goal, we need to increase growth in profitable market segments which offer the most attractive opportunities for differentiation.

AT&S delivers success – a promise, not a slogan

AT&S's strengths in attaining this objective lie primarily in our focus on core competences. Many years of experience and expertise in complex production processes, a pioneering position in the development of seminal technologies, and global production and supply structures are the basis of AT&S's competitive advantage. In addition, excellent product quality and reliable supply performance are the basis of further growth.

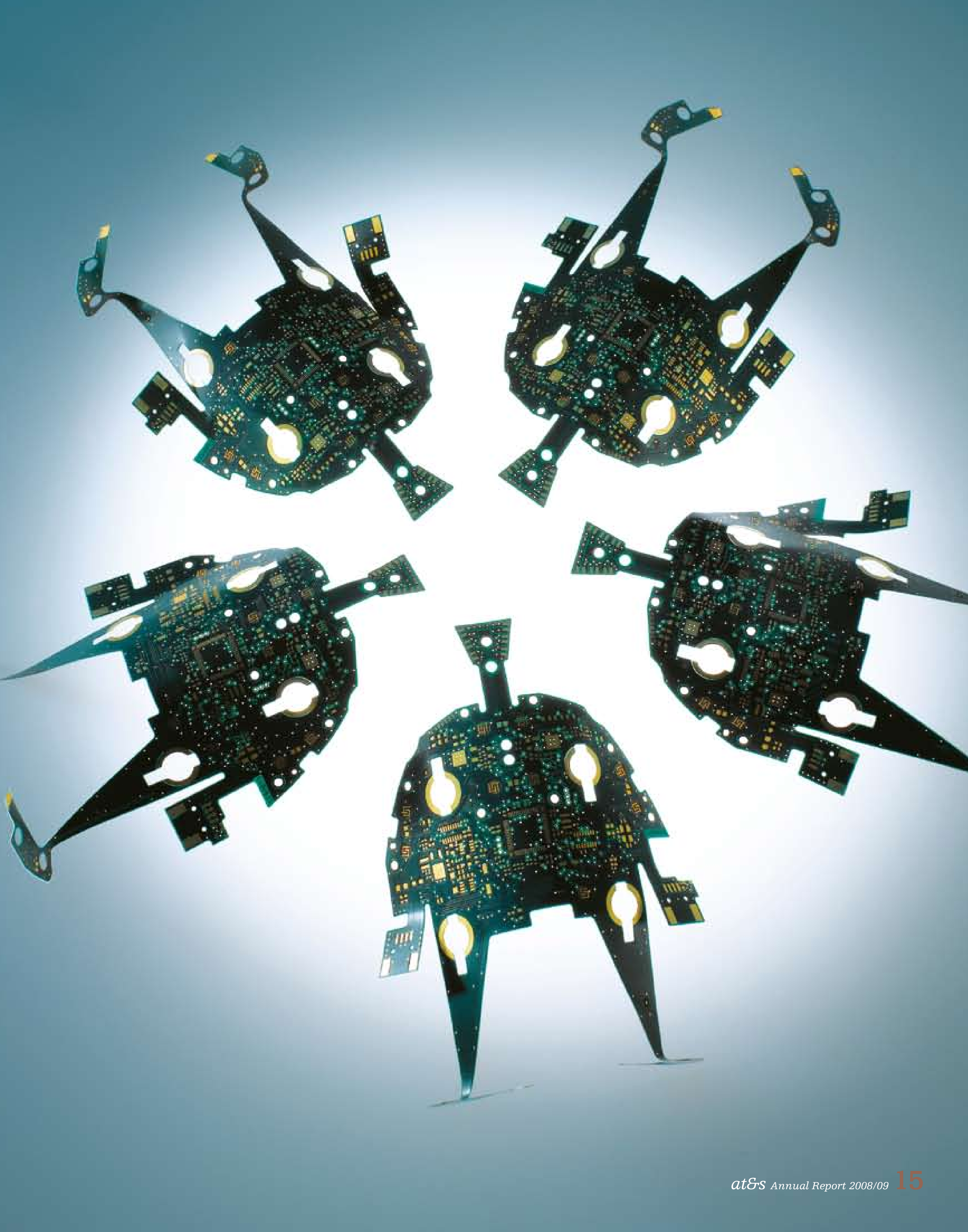
Success through performance

Our employees are crucial to the Group's success. Their motivation, flexibility and knowledge are among the most important constituents of the Group's overall performance. It is the management's task to create a working environment which permits the full potential of each individual to be realised. Ethical aspects, such as strict respect for human rights, equality and non-discrimination, are fundamental to our corporate culture, and the Group attaches great importance to safety and cleanliness in the workplace, as well as employees' health and physical well-being.

We offer our employees a range of training and further education programmes in order to promote their continuing development and enhance the Group's skills base. One-on-one feedback sessions and regular performance reviews are an essential part of the process.

We share success – participating in success encourages outstanding performance

Since we believe that excellent performance should be recognised and rewarded, AT&S has a profit-sharing scheme which allows employees to share in the Group's financial success. AT&S delivers success – strong performance enables us to keep this promise and makes a major contribution to AT&S's long-term success.



Interview with the Chairman of the Supervisory Board

The strong positioning of AT&S is being ensured by innovative technologies and forward-looking orientation of all plants.

Mr Androsch, could you give us an overview of the highlights of financial 2008/09?

In 2008/09 the entire Supervisory Board convened on four occasions. In this regard three main subject areas must be highlighted:
- the move from the Frankfurt Stock Exchange to the Vienna Stock Exchange, and the subsequent implementation of the Austrian Code of Corporate Governance,
- strategic restructuring at the Leoben-Hinterberg site, and
- the economic crisis.

Let's start with the stock exchange move: what were the main reasons?

In 1999 AT&S opted for a flotation on the Neuer Markt in Frankfurt. There were several reasons for not listing in Vienna:
- the insignificance of the Vienna Stock Exchange at that time,
- the lack of focus on the Vienna Stock Exchange by technology investors,
- no connection to Xetra,
- a low level of liquidity, and
- uncertainty over the future development of Vienna as a stock market location; AT&S did not want to be a guinea pig for the Vienna Stock Exchange.

Since 1999 the stock market in Vienna has seen a number of positive developments and the original reasons for listing in Frankfurt were no longer significant. On 25 March 2008, AT&S stock was dropped from the TecDAX index, as it no longer met the liquidity and market capitalisation criteria for inclusion.

The Vienna Stock Exchange is the logical home exchange for an Austrian company. In addition, the Vienna Stock Exchange now specialises in small and midcaps, and is more attractive for investors that are important to AT&S. As one of the 30 leading companies (excl. real estate stocks) on the Vienna Stock Exchange, AT&S certainly has more above-the-line presence and visibility than in Germany.

You mentioned corporate governance. What has changed in this regard since last year?

For years AT&S has been following a strategy geared towards generating sustainable and long-term added value and has shown a clear commitment to comprehensive corporate governance procedures. Up until 19 May 2008, AT&S was listed exclusively on the Frankfurt Stock Exchange and complied with all "shall" recommendations of the German Corporate Governance Code. Following the change to the Vienna Stock Exchange, AT&S is now committed to the Austrian Corporate Governance Code. The Supervisory Board has been looking closely at the Austrian provisions and is already complying with the new regulations in the January 2009 version of the Code.

As announced in November 2008, major restructuring has taken place at the Leoben-Hinterberg site. How was the Supervisory Board involved in this?

At Supervisory Board meetings we receive regular detailed overviews of ongoing operations, the position of the Company, and plans and strategies from the Management Board. In addition, I liaise closely with the Management Board, particularly regarding current issues that are significant to AT&S.

Migration of volume orders from Europe to Asia has become more noticeable in the last few years. This trend accelerated as a result of the deepening economic crisis, resulting in overcapacity at the Leoben-Hinterberg site. The site went into the red due to the high fixed costs involved in PCB manufacturing. As we did not expect volume business to return to Austria anytime in the foreseeable future, restructuring was essential to the survival of the entire site. However, despite the steps we have taken, AT&S still has considerable capacity at Leoben-Hinterberg, so we continue to closely observe market developments and the profitability of the business. Our aim must be to retain the site. This will only occur if we focus specifically on addressing European market requirements.

In addition, we are investing heavily in innovative projects at Leoben-Hinterberg – such as Hermes (note: integration of active components inside printed circuit boards in the volume business) or 2.5D technology – so we can bolster the Group's technological leadership. As a result, the fast production of smaller series, prototypes and special products, which is aimed particularly at the European industrial market, shall grow considerably in the future.

So restructuring at Leoben-Hinterberg was a strategic measure. How would you rate the overall economic climate and its effects on AT&S?

Triggered initially by a banking crisis in the USA, first the global financing system and subsequently the real economy have been plunged into a major crisis. The consequences have been dramatic: demand collapsed within a short period of time, especially in the automobile and industrial sectors, which led to significant declines in orders. At the same time corporate access to financing became considerably more difficult and expensive.

While AT&S has a solid financial structure, many of our competitors are fighting for survival. Although the effects of insolvencies – in particular on employees – cannot be underestimated, this is a healthy development for the market. A string of companies held their ground primarily through aggressive price policies, which was reflected in poor earnings performance. In addition, access to cheap financing made it possible to continue running businesses that were not lucrative. Those days are now over. I hope that only those companies that are financially, operatively and strategically strong will still be in business at the end of the current market shakeout.

For AT&S the economic crisis means capacity underutilisation at all sites. For this reason, we have to tighten our belts everywhere. At the same time, we have to optimise the positioning of the Company and all its sites so we can benefit from the market shakeout and continue our successful performance in the future.

What are the details of this forward-looking position?

As I already mentioned, the Austrian sites must be aligned more closely to European market needs. The volume business has essentially collapsed and this will not change in the future. For this reason we must make every effort to align the Austrian sites to the European market using lean, flexible and high-quality structures.

In the Mobile Devices sector, AT&S will exploit its core competences, installed capacities and current positioning to step up the focus on the high-end segment. The reason for this step is that the mobile phone market is increasingly fragmenting into a low-cost and a high-tech high-end segment (e.g. for smart phones). In the low-cost segment the aim is to minimise manufacturing costs by using simpler and cheaper PCB technology. In contrast, high-speed technological developments can continue to be expected in the high-end segment due to increasingly complex applications and the desire for slimmer and smaller devices. This focus will make AT&S even stronger and more successful in the high-end segment. We will continue to pursue a high-growth strategy in this target market, where competitive differentiation is clearly possible.

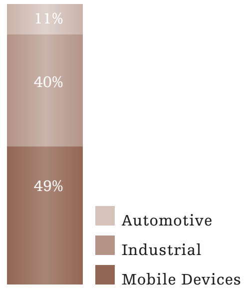
AT&S continues pursuing a growth strategy by competitive differentiation.

AT&S Worldwide

Austrian Production Sites

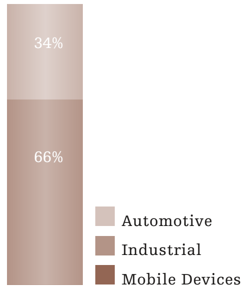
Plant Leoben-Hinterberg
Registered office of AT&S Group

Founded:	1982
Production:	HDI, special products, prototypes, express services
Target region:	Europe
Certifications:	ISO 9001:2000; ISO/TS 16949:2002; ISO 14001:2004; OHSAS 18001:1999



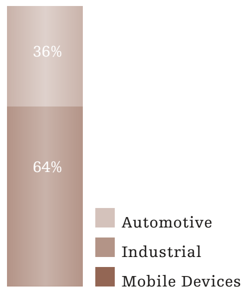
Plant Fehring

Founded:	1974
Production:	double-sided, flexible and rigid-flex PCBs
Target region:	Europe
Certifications:	ISO 9001:2000; ISO/TS 16949:2002; ISO 14001:2004; OHSAS 18001:1999



Plant Klagenfurt

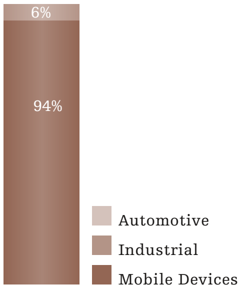
Acquired:	2003
Shareholding:	77.3%
Production:	single-sided PCBs, thermal management
Target region:	Europe
Certifications:	ISO 9001:2000; ISO/TS 16949:2002; ISO 14001:2004 OHSAS 18001:1999



Sales Offices

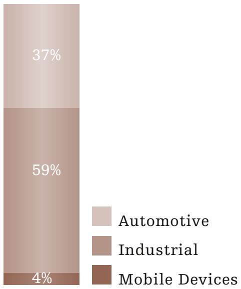
Australia
Austria
California/USA
China
Czech Republic
France
Germany
Hong Kong

Asian Production Sites



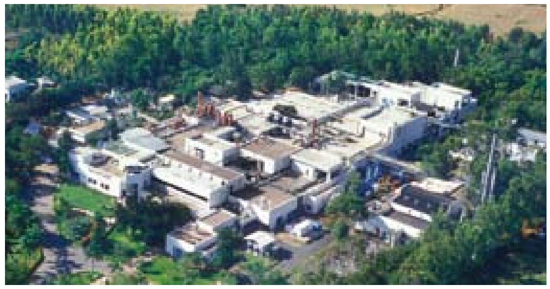
Plant Shanghai, China

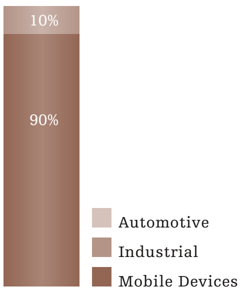
Founded:	2002
Production:	HDI mass production
Target region:	Global
Certifications:	ISO 9001:2000; ISO/TS 16949:2002; ISO 14001:2004; OHSAS 18001:1999



Plant Nanjangud, India

Acquired:	1999
Shareholding:	100%
Production:	double-sided and multilayer PCBs
Target region:	Europe, India
Certifications:	ISO 9001:2000; ISO/TS 16949:2002; ISO 14001:2004; OHSAS 18001:1999





Plant Ansan, Korea

Acquired:	2006
Shareholding:	98.8%
Production:	flexible PCBs
Target region:	Korea, Europe
Certifications:	ISO 9001:2000; ISO/TS 16949:2002; ISO 14001:2004; OHSAS 18001:1999

Sales Offices

Hungary
India
Ireland/UK
Japan
Malaysia
Singapore
South Korea
Spain

Sales & Marketing

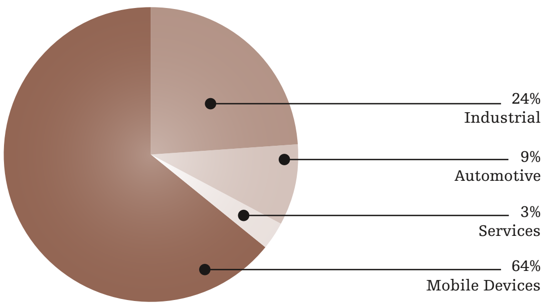
With production sites in Europe and Asia and a service and distribution network that spans four continents, AT&S has a truly global presence and is ideally positioned to respond rapidly and flexibly to its customers' requirements.

For us, the success of our customers is the key to long-term and lasting business relationships. This is why AT&S's first priority in all its activities is an uncompromising focus on customers' needs. We can differentiate ourselves from our competitors by working closely with our customers and providing ancillary services specifically tailored to their requirements. Our objectives are to ensure that product quality, supply performance and efficient service are of the highest order.

AT&S as a global partner

With production sites in Europe and Asia and a service and distribution network that spans four continents, AT&S has a truly global presence and is ideally positioned to respond rapidly and flexibly to its customers' requirements. We currently supply more than 500 customers in the Mobile Devices, Industrial and Automotive sectors.

Revenues by segment



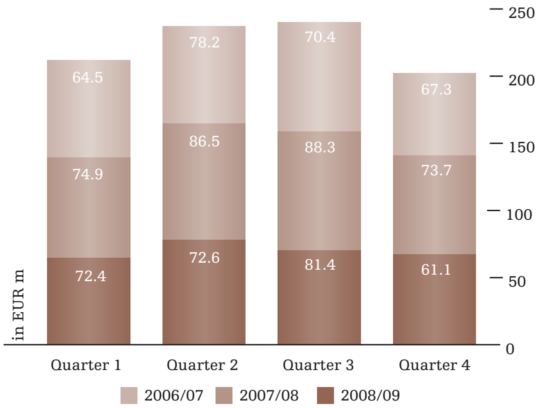
Depending on the sector, our customers range from small development associations to well-known global commercial corporations.

Mobile Devices

This sector comprises PCBs for mobile phones, digital cameras, portable music and video players, gaming consoles, etc. In the Mobile Devices sector AT&S supplies large international corporations. Our customers include five of the world's six largest mobile phone manufacturers. Although these corporations are usually serviced by several printed circuit board suppliers, the scope of AT&S's customer portfolio is unique. We concentrate on high-level technological products where we can differentiate ourselves from our competitors.

The Mobile Devices business is a seasonal industry – in the first and fourth quarters of the financial year, capacity utilisation is generally lower and product mixes are less profitable, while capacity utilisation in the second and third quarters is as a rule extremely good. The large share of this sector in the total revenue of AT&S means that sales are also subject to seasonal fluctuations.

Seasonality within Mobile Devices business



The end products into which AT&S's PCBs are incorporated have shown a clear trend towards increased miniaturisation and improved performance in recent years. As a consequence, the technological requirements for the circuit boards used have also become more stringent. In addition, mobile phone sales between 2000 and 2008 increased by an annual average of 24%, and today more than four billion devices are in use worldwide. In response, AT&S established sufficient capacity in Shanghai so it can offer price competitive mass production of highly complex printed circuit boards (HDI technology). The constantly high quality of our production is a significant factor in our success. In addition, we provide worldwide logistics services for our customers, including shipping and stock management.

The Mobile Devices business is certainly one of the most technologically challenging and innovative sectors, and our research and development team is working intensively on new concepts which will bolster AT&S's leading position also for the future.

Automotive

With its broad product portfolio, AT&S has become one of the largest printed circuit board manufacturers for the European automobile market. In contrast to many competitors, AT&S has been able to produce profitably by focussing on technologically advanced products (such as rigid-flex applications and HDI products).

Our customers include the leading automobile supply companies such as Continental and Hella. Their customer loyalty and circuit board quality requirements are rigorous and they demand strict certifications. In today's difficult economic environment, our customers are paying special attention to the creditworthiness of their suppliers. The stable financial position of AT&S strengthens its image as a reliable long-term partner.

The electronics used in automobiles are becoming ever more powerful. This also means that the integrated circuitry is becoming more complicated, which in turn increases the complexity of the PCB. Meanwhile chips – including in the automobile industry – are so small and have so many input/output channels that they require an HDI printed circuit board in order to connect to other components.

While many established European automobile suppliers have so far focused exclusively on standard printed circuit boards and many HDI producers do not have the necessary automotive certifications, AT&S can demonstrate both a leading position as a European automobile industry supplier and a global HDI producer. We must use this competitive advantage in the future so we can secure additional growth in this sector.

Industrial

The Industrial sector includes industrial electronics, measurement and control engineering, medicine, computing, aviation, and white and brown goods. AT&S is also one of Europe's largest printed circuit board manufacturers in the Industrial sector. In total, we supply around 500 customers, from small development associations to large global corporations.

Generally we handle many small orders for diverse technologies and to a variety of specifications. Our experts cooperate closely with our customers' product developers at the development stage to ensure optimised solutions. In the quick turnaround business we must produce and supply within very tight deadlines. This is particularly important for product development, where delays caused by missing circuit boards would lead to enormous costs.

AT&S's Austrian plants are geared towards the requirements of the European market. The plant in India supports Industrial activities with medium-sized and cost efficient double-sided and multilayered printed circuit boards. As in the Automotive sector, chips for notebooks are becoming ever more complex and powerful. For this reason, we are also increasing our production of HDI printed circuit boards for laptops at our Shanghai plant.

Services (Solutions)

In addition to our main PCB production operations, we also provide support for hardware design, printed circuit board layout extraction and parts assembly, thereby enabling us to offer our customers end-to-end solutions. This reduces the number of development partners for our customers, and allows for optimisation – for example, in terms of layout – leading to higher completion yields and lower costs. Our quality and expertise in hardware development and design are demonstrated in the GPS modules developed at AT&S's plants, which meet the highest standards of accuracy and signal acquisition.

AT&S has an outstanding reputation as a technology partner for the Mobile Devices, Automotive and Industrial sectors. Additional services round out the wide product portfolio.

Research & Development (R&D)

Permanent evolution of the technologies applied is one of the cornerstones of AT&S being one of the leading PCB suppliers within the high-end segment worldwide.

Since its foundation in 1987, AT&S has established itself as the largest printed circuit board manufacturer in Europe and India. We are among the leading international suppliers of high-tech HDI microvia PCBs worldwide and are constantly improving our position.

Permanent evolution of the technologies applied is one clear reason for this success, allowing us also to achieve technological leadership in high-end printed circuit board manufacturing. Our research also focuses on new customer segments, such as photovoltaics. Some 2% of revenues are invested in applied research and technology evaluation each year. Our goal for the future is to further differentiate ourselves from our competitors.

R&D structure

AT&S has R&D centres in Leoben-Hinterberg and Shanghai. Their operations focus on applied research to demonstrate the basic feasibility of technologies. The centres then carry out experimental development in cooperation with local plant engineers to further advance processes and products. New processes also need to be integrated into the existing production flow in order to ensure competitiveness. Research conducted in Austria has a special role to play in this respect, and the team involved also works on identification and pre-evaluation of new technologies.

Research network

Numerous external partners are frequently included in AT&S's R&D activities. Customers inform us of their requirements and their ideas for future products, but we also derive new techniques from future applications, such as embedding. We collaborate with research institutes and suppliers as required, in addition to committing our own resources. This professional network allows us to be extremely efficient in mastering highly complex challenges.

R&D areas and selected research projects

Our activities can be split into four project packages:

High-end HDI

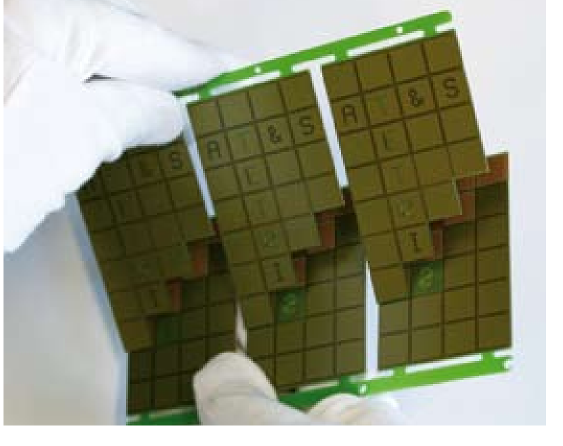
AT&S is pursuing a range of development approaches for the high-tech HDI PCB segment, with a focus on finer lines and spaces for further miniaturisation. Development work is also continuing on new processes to facilitate new product manufacturing and replace existing processes with cheaper alternatives.

Made in Austria

This segment covers a variety of projects for the development and introduction of new production technologies aimed at increasing the flexibility and efficiency of printed circuit board manufacturing. The goal is also to find ways for the Austrian plants to simply and competitively produce smaller volumes and more complex products.

- 2.5D technology research project

This technology concentrates on incorporating structural recesses (cavities) into and onto printed circuit boards, facilitating deeper embedding of electronic components and thinner PCBs. Besides cavities, it can also be used to produce rigid-flex PCBs for flex-to-install applications.



Thanks to major process simplifications, 2.5D technology is a cost-effective, flexible and high-quality solution for a multitude of requirements.

- *Thermal management research project*

In high-performance electronics, there is an increasing need for PCBs to discharge the thermal energy they generate. High-output assemblies give off heat, considerably reducing their performance and service life, and that of other components. Printed circuit boards need to discharge up to several hundred watts of thermal output.

- *Ink jet printing research project*

Unlike the standard screen printing currently in use in the high-tech segment, this process is extremely flexible and can be simply and efficiently adapted for smaller batch sizes with different designs.

Embedded components

This involves embedding active and passive electronic components (such as resistors, capacitors and chips) on the inside of the printed circuit board, thereby combining the steps in the current value chain for PCB production and assembly. Besides cost savings, other advantages of this include increased space on the surface of the PCB and improved reliability as a result of the direct embedding.

- *Hermes research project*

The Hermes project is being managed by AT&S and supported by the EU. We are working with ten other prominent companies from various different stages of the value chain to develop an industry standard suitable for the volume production of PCBs with embedded chips.

Photovoltaics

This project package aims to exploit synergies in the manufacturing processes for printed circuit boards and photovoltaic panels to create a technologically innovative product. We are focusing on the development and production of more energy-efficient backside-contacted photovoltaic panels. The goal is to reduce the cost of modules while simultaneously increasing their efficiency by industrialising an innovative technology.

Patent strategy

AT&S's increased focus on research and development has also led to further legal safeguarding of its core technologies. 14 new patent registrations were submitted in the financial year just ended, almost double the eight registrations in the previous year. AT&S now boasts 39 patents and patent registrations. This ever-expanding patent portfolio is cementing the Company's status as a technological leader in the supply of printed circuit boards and justifying its outlay on development.

AT&S manages very efficiently to master complex challenges with its strong R&D team and global partner network.

Supply Chain Management & Procurement

Top priority is given to supplier reliability and quality. Significant importance is therefore attached to supply chain management – especially within a volatile market such as the PCB industry.

Supply chain management integrates all the logistical requirements of suppliers, internal sectors and customers in a single process which includes capacity planning, resource planning, storage allocation, logistics and invoicing.

Supply chain management – a critical success factor for AT&S

AT&S supplies more than 10,000 different products each year. Supplier reliability and quality are vital to our customers. In a volatile market such as the printed circuit board industry, which is characterised by high product diversity and very short order times, just-in-time production (where goods or components are not ordered until they are needed, so as to keep inventories down) requires exceptional supply chain management. The goal is to constantly improve the balance of global demand and capacity, to reduce the total cost of the final product as far as possible, and increasingly to offer customers one-stop shopping and vendor-managed inventory solutions. In this regard we handle logistics and inventory management for almost 500 different products at over 60 storage facilities around the world and ensure that stocks are maintained between specified minimum and maximum levels.

Global customer and supplier network

Close cooperation between all the participants along the value chain is a core requirement for successful supply chain management. In total, AT&S's global network comprises around 500 customers and 800 suppliers (including 35 key suppliers). An average of 190 shipments and 180 parts numbers are dispatched each day.

Optimised planning tools ensure customer loyalty and cost efficiencies

High-quality software applications are used to ensure reliable end-to-end control of all product and information flows from suppliers through the Group's internal processes and onwards to customers. SAP's Advanced Planning and Optimising Tool (APO) in combination with global availability controls enables us to deploy an integrated planning system in all of our Austrian facilities and – in the near future – also in Shanghai. This makes it possible to match detailed production plans to production capacities and to check the feasibility of each individual order. The system can generate considerable cost savings and also further improve the customer service rate. In this way we were able to increase our reliability of supply from almost 85% to 93% over the last two years. This means that almost 55,000 orders were supplied to the customer at the precise deadline and in the exact quantity ordered by the customer. If an order is missing only one item or is delivered past the deadline, this means target achievement of 0%.

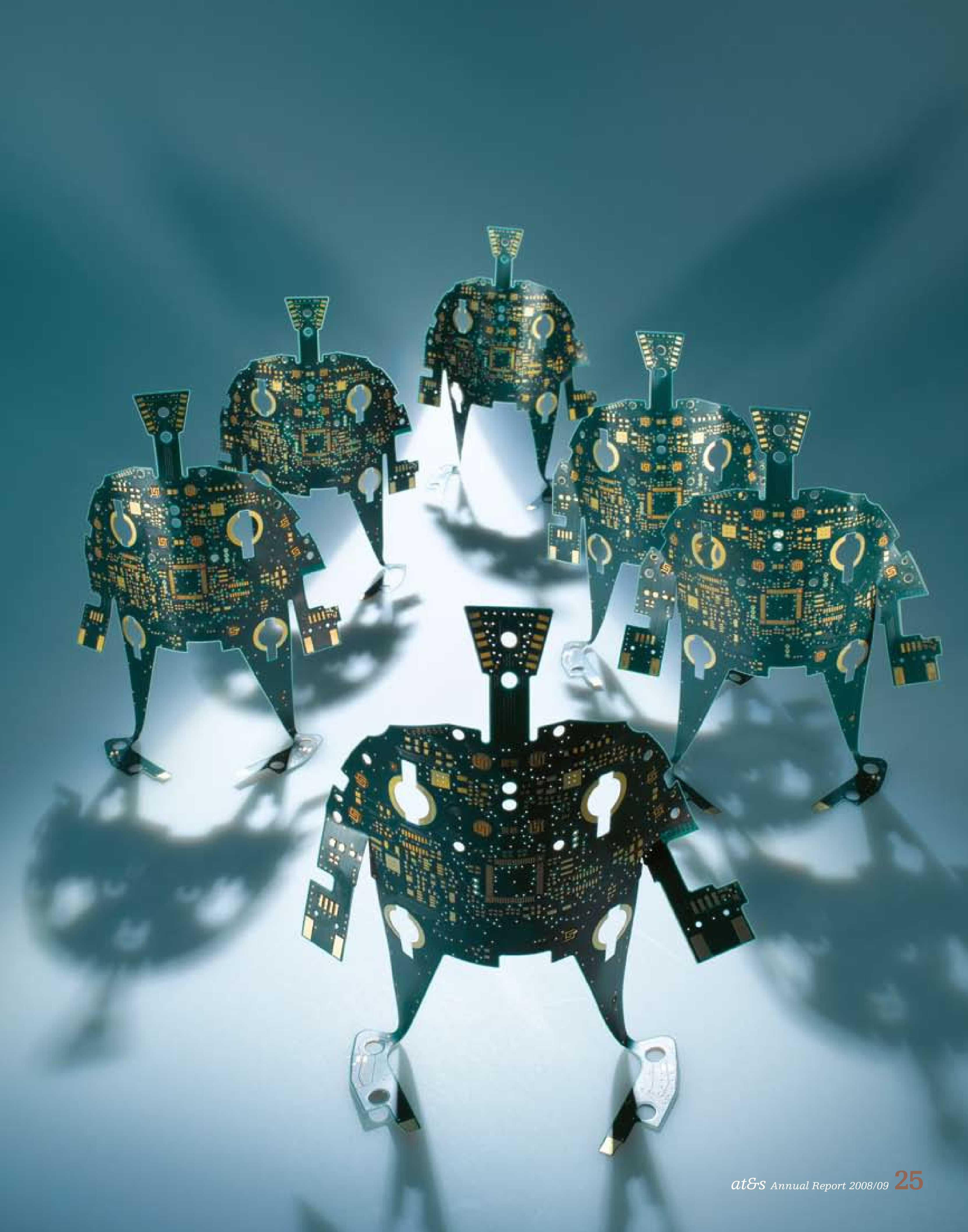
Cost efficiency starts with procurement

The first consideration for our global sourcing strategy is to make sure our worldwide supplier portfolio is used and coordinated to the greatest possible advantage to optimise cost efficiencies in procurement. Our global procurement team in Europe and Hong Kong handles the increasingly important new markets of Eastern Europe and Asia, as well as current suppliers in the western world.

Supplier cooperation enhances competitiveness

Thanks to standardization, improvements in efficiency and technical and commercial optimisation of our requirements, AT&S's suppliers contribute substantially to the Group's competitiveness. This requires strict selection and active management of our supplier portfolio. Last year strong emphasis on the value contribution of each supplier was placed. Besides reflecting optimum costs, this also illustrates the supplier's market position and a commitment to promoting innovation with AT&S.

The squeeze on prices in the electronics industry, which AT&S is also feeling, is passed on to our suppliers. We expect our strategic suppliers to be able to handle such pressure through increased productivity and efficiency – by optimising internal structures, for example – without sacrificing quality and innovation.



Staff

Constant exchange of experience and expertise, and the strong integration of different cultures are the main requirements at AT&S to realise the full potential of the Group.

AT&S is a global business with production sites in Europe and Asia and sales offices on four continents. For us to be successful against stiff competition, we need competent and motivated professionals in all positions who understand our business, work hard, and are willing to establish themselves under testing market conditions. Customer focus, permanent readiness to respond to new challenges, a passion for delivering outstanding performance, and the quest for perfection in everything we do – these are the keys to success.

International training and staff development

In order to meet these ambitious targets, over a year ago the Group decided to initiate a series of management development and training schemes. The purpose of these measures was to help our globally active management talents to develop the necessary capabilities and to grow as individuals by improving their leadership skills. Several of the programmes were completed last year with excellent results and some participants were immediately able to take on new tasks with a high level of responsibility.

Encouraging the next generation – the key to future success

In addition to the professional development of our present staff, we also attach great importance to encouraging the next generation. In Austria we currently have around 34 trainees in seven different professions (mechatronics technician, chemistry laboratory technician, physics laboratory assistant, physics laboratory technician, mechanical engineering technician, electrical service technician, production technologist).

In India we are participating in a qualification programme specifically designed for industrial workers. Within this framework a large number of trainees are prepared and certified for work in international industrial companies every year.

Entry-level training for new recruits

New employees receive comprehensive basic training at all AT&S sites. Employees learn about the overall production process for printed circuit boards, the Group's structure and administration, and our social values.

Global presence requires close international cooperation

The global structure and international perspective of AT&S require a constant exchange of experience and expertise, and the strong integration of different cultures in order to realise the full potential of the Group. This includes the systematic involvement of the extended management circle in the strategy planning and implementation process, coupled with annual top management meetings involving staff from around the world.

Staff number (incl. leased personnel)

(as of 31 March)	2008/09	2007/08	+/-
Austria	1439	2065	-626
China	3077	3200	-123
India	761	790	-29
Korea	274	303	-29
Others	59	59	0
	5610	**6417**	**-807**

Leased personnel

(as of 31 March)	2008/09	2007/08	+/-
Austria	51	171	-120
China	2340	2488	-148
India	17	96	-79
Korea	9	11	-2
Others	0	0	0
	2417	**2766**	**-349**

Broad-based career opportunities

Under our clearly defined in-house job advertisement system, all positions are initially offered internally and in the case of comparable qualifications we give preference to our own employees over external candidates. Our global presence offers staff a wide variety of international career opportunities. Professional mobility and assignments in a diverse range of Group sites are expressly encouraged and supported by our mobility policy.

International Management Staff per Location

	2008/09	2007/08
India	2	1
Korea	2	5
China	32	36
Others	6	3
	42	**45**

Staff restructuring and the effects of the economic crisis

At the end of the 2008/09 financial year, AT&S employed 5610 people (2007/08: 6417), while the average headcount for the period amounted to 6319 (2007/08: 6273).

In personnel terms, the strategic adjustment of capacities at the Leoben-Hinterberg site in Austria was the significant event of 2008/09. The site specialised in production of printed circuit boards for mobile phones for many years, but this business has increasingly migrated to Asia. For this reason we were forced to cut production capacity and the headcount. Almost 300 permanent staff and about 160 leased workers were laid off.

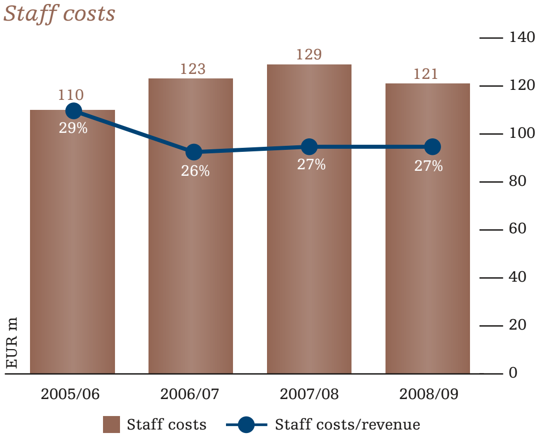
Orders have dropped significantly since November 2008 due to the worsening economic environment, but we assume that the resulting capacity underutilisation – especially for the production of small and medium-sized batches – will only be temporary. Against this backdrop, we took various steps to adjust the staff levels to utilisation levels. Short-time working was introduced at the Klagenfurt plant, which specialises in products for the industrial and automotive sectors. Unfortunately this did not bring the necessary savings, and the short-time working arrangements under new legislation are also inadequate. In China the traditionally high labour turnover rate is providing opportunities to reduce the headcount, while in India the number of staff fell due to the expiry of fixed-term contracts and normal labour turnover. We will continue to adapt working hours in line with capacity utilisation levels in the coming months, depending on further economic developments.

AT&S increases the qualification of its about 5500 employees worldwide by offering profound personnel development measures and advanced trainings.

Staff number

(as of 31 March)	2008/09	2007/08	+/-
Production	5175	5983	-808
Sales	194	184	10
Administration	241	250	-9
	5610	**6417**	**-828**

Staff costs



Quality

AT&S's wide variety of services with more than 10,000 products makes high demands on the Company's quality management. Continuous improvement is the key to sustainable success.

AT&S's product portfolio comprises single-sided, double-sided, multilayer, HDI, flexible, rigid-flexible and semi-flexible printed circuit boards tailored to individual customer specifications. In total we supply more than 10,000 different products per year, and the range extends from prototypes to volume production. AT&S is strongly geared towards manufacturing highly complex HDI printed circuit boards, which involves around 50 different production steps.

AT&S's goal is to become the world's strongest-performing PCB manufacturer. The quality of our products and production processes is vital to achieving this objective and gives us a significant competitive advantage. We aim to deliver the level of quality demanded by our customers, to minimise production wastage, and to optimise our use of capacity and resources.

Quality begins with procurement

Reliable suppliers with first-rate materials or machines are the basis for AT&S's high-quality PCBs. For this reason the Group has implemented a completely new supplier evaluation system which allows us to monitor and develop suppliers using performance indicators which are updated daily. An almost fully automated, SAP-based evaluation system now enables us to implement our procurement strategy together with our suppliers on a quarterly basis, thereby ensuring a best-in-class supply chain.

Quality at AT&S

Each individual PCB is examined in detail at several points throughout the production process, enabling detection of any defects at an early stage. A faulty product is either repaired immediately or removed from the production process, which in turn saves time, capacity and costs. Before a printed circuit board leaves the Group, it is subjected to an electrical test to ensure that all connections are fully functional. This is followed by a final visual check.

Quality is also a priority outside the direct production flow. Processes determining responsibilities and procedures are defined for all Group operations. These processes are recorded in an integrated management manual and as such constitute the framework for work at AT&S. Clear and precise processes ensure that inefficiency and errors are prevented, control loops are minimised, and overheads are optimised. All indirect and direct processes are measured using key performance indicators (KPI) or department performance indicators (DPI). We believe that everything that can be measured can also be managed and controlled. The target deployment process ensures that each employee can deduce the right goals from the AT&S strategy and that these are permanently improved.

AT&S also aims to focus more strongly on training all employees to use quality management tools. A new, global training programme is currently being developed which will equip all levels of the organisation with the appropriate expertise, e.g. internal green belt and advanced green belt programme, APQP process, 8D, system auditors, process manufacturing audits in accordance with VDA 6.3, basic statistics, basic minitab training, SPC, DoE, ISO/TS16949.

Key account customers

Central contact persons are available to field enquiries from AT&S's key account customers on various subjects such as current price requests, order monitoring and quality. Thus, customers have access to professionals who are familiar with their requirements and how these can best be implemented internally. Our main quality-related tasks are assuring to deliver to customer requirements, organising improvement projects, implementing new technologies, organising customer audits as requested, and managing complaints.

Reaching our goals with high quality standards

By constantly looking to improve we can continue to offer our customers high-quality products and services, and achieve our objective of becoming the world's strongest-performing PCB producer.

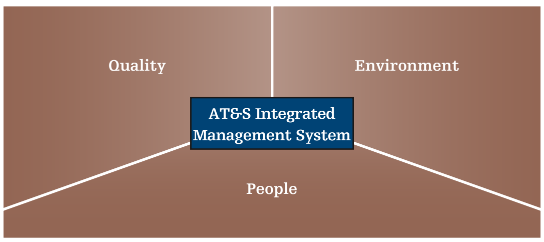
Corporate Social Responsibility (CSR)

AT&S is an international company within the electronics industry with competitors around the world, especially in Asia. As a global corporate citizen AT&S is committed to combining an entrepreneurial approach with social and environmental responsibility.

We wish to stress that the "people, planet and profit" dimensions of performance need not conflict with each other. On the contrary, all three underpin the sustainability of a business.

Integrated management system

The AT&S Integrated Management System (IMS) attaches equal importance to quality, the environment and people. The system is based on the ISO 9001:2000 and IOS/TS 16949 (quality management for automotive production) quality standards, the ISO 14001 environmental management standard and the OHSAS 18001 standard for occupational health and safety. Regular internal audits and reviews by independent auditors have confirmed that the management system meets the compliance requirements for financial 2008/09.



The AT&S plant in Ansan, Korea was incorporated in the IMS in 2008. The site obtained OHSAS 18001 and ISO/TS 16949 certification following an independent audit in April 2009, meaning that all of AT&S factories are now fully certified under the above standards.

Expansion of the IMS to all locations around the world is designed to achieve the following objectives:

- Streamlining procedures by eliminating redundant processes
- Creating clear structures and responsibilities
- Increased legal security
- Minimising risks to employees and the environment

Health and safety at work

Employee health, safety and fitness are major priorities at AT&S. We have introduced a health and safety management policy which regulates activities in this area. Reduced absence rates and steadily declining numbers of accidents result in a win-win situation for AT&S and its staff.

During the 2008/09 financial year employees in Austria responded positively to an occupational health programme featuring training to prevent back, cardiac and circulation problems, stress management, skin protection, an anti-smoking campaign and comprehensive advice on healthy nutrition and work-life balance for shift workers. The Shanghai factory received an Excellent Company in Safety Management award from the Minhang Public Security Bureau in recognition of its efforts to continuously improve workplace safety and for the systematic implementation of a safety management system.

Environmental protection

During the 1996/97 financial year AT&S became one of the first PCB manufacturers to introduce environmental management standards in compliance with ISO 14001. All of our sites are now certified to this standard. Our in-house standards go well beyond the statutory minimum requirements, and AT&S has earned a reputation as an environmental management pioneer with many certification bodies. This is not to say that we intend to rest on our laurels: we will continue to set ourselves new targets, take new measures and monitor compliance with them. We also see environmental protection as a continuous improvement process.

The AT&S Integrated Management System (IMS) attaches equal importance to quality, the environment and people. By doing so it is stressed that the "people, planet and profit" dimensions of performance need not conflict with each other.

Whether within environmental protection or social activities – in FY 2008/09 AT&S once again met its responsibilities as a corporate citizen.

Consumption of materials has fallen in absolute terms at virtually all locations as a result of the economic downturn. Although this is highly positive from an environmental point of view it is not the same thing as active, long-term environmental protection. Our focus is on reducing specific consumption, and a number of projects were implemented last year to this end. These included:

Energy consumption/natural gas

Gas consumption at the Leoben-Hinterberg plant was slashed by more than 500,000 m³. As the site only uses gas for heating and air conditioning, it was possible to make energy savings of some 400,000 m³ by installing a heat pump, while changes to the specifications of the air-conditioning system cut consumption by another 100,000 m³.

Reduced thickness of copper foil

Thanks to the use of thinner copper foils for PCB layers, etchant use fell by around 12%.

Improved wastewater treatment

Flocking agent use at the Fehring plant was reduced by 25%. Flocking agent is used during the wastewater neutralisation process to precipitate heavy metals like copper. This will make a significant contribution to environmental protection by reducing discharges to receiving water that has been polluted by other businesses. Other water protection measures in recent years include redirection of various wastewater flows into the public sewer system.

Resource conservation

Compared with last year, specific consumption of water and packaging paper has fallen sharply across the entire Group, and the Austrian locations have decreased their consumption of hydrochloric acid. Waste and wastewater volumes have dropped at all locations around the world.

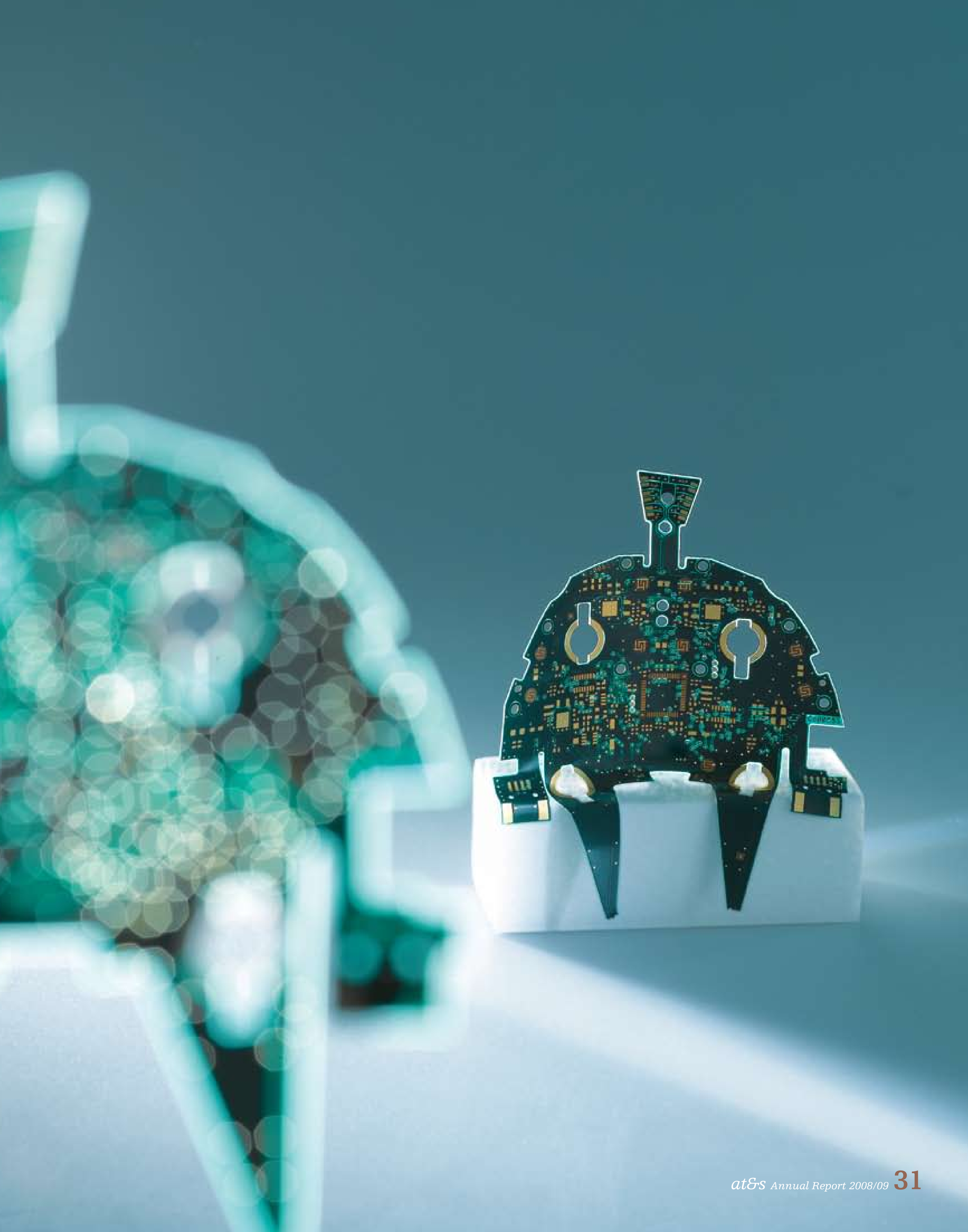
Etchant recycling

The copper recovery systems at the Nanjangud plant in India have been improved to include a recycling process for acid etchant – the first of its kind in the printed circuit board industry. The technology was first developed at laboratory scale. The results of a pilot project then served as the basis for full-scale implementation on the production lines.

AT&S received a number of accolades for its environmental protection activities during the 2008/09 financial year, including awards as Excellent Environmental Data Maintenance Company and Long-term Partnership Enterprise in Promoting Environmental Protection from the Minhang Environment Protection Bureau and a Shanghai Water Saving Company award from the Shanghai Economic Commission.

Social responsibility

Fulfilling its responsibilities as a corporate citizen is central to AT&S's way of thinking. This means going beyond mere compliance with minimum legal requirements for socially responsible behaviour. At the beginning of 2009 AT&S funded the construction of a fully equipped medical centre and a kindergarten near the Nanjangud plant in India. In China AT&S supported an educational project aimed at increasing awareness of environmental protection at local schools. AT&S China and its staff also donated some EUR 27,000 to help the victims of the major earthquake in Sichuan. The Austrian locations also supported a variety of community projects. Initiatives included providing the Leoben Red Cross with funds for a new bus, and sponsoring a range of events at schools and other educational institutions.



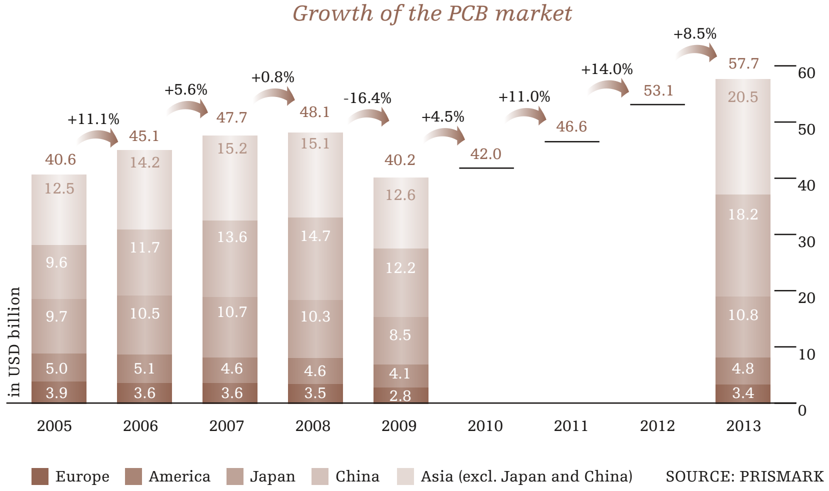
Market Environment

Last year the value of total PCB production came to approximately USD 48 billion.

The effects of the economic crisis became very clear in the financial year just ended. Growth rates for printed circuit board production were revised down several times, so global growth on a US dollar basis came to only 0.8% in 2008. All regions were affected by this development and in the end only Asia (excluding Japan) recorded growth, at 3.4%. America recorded zero growth and production fell by 3.7% in Europe and 4.2% in Japan. The value of total PCB production came to approximately USD 48 billion.

Because of the challenging market environment, analyses and forecasts cannot be made with much certainty. For 2009 a significant decline in production of around 16% is anticipated. All regions will be affected, with output falling in Europe of 19%, Japan and Asia down 17%, and an 11% drop in America.

Growth of the PCB market



Worldwide there are more than 2000 PCB manufacturers, of which approximately 300 are based in Europe. Market consolidation has been continuing for several years now and will pick up speed due to the current economic crisis. Several of AT&S's European competitors were struggling even before the crisis hit the market. These companies are currently under even greater pressure. In addition, customers are paying more attention to their suppliers' creditworthiness. Healthy and well-structured companies such as AT&S which are well placed to ride out the current situation can expect positive long-term effects from market consolidation, such as increased market share.

We expect the total market to recover in 2010, with growth reaching 4.5%. Double-digit growth is forecast for 2011 and 2012. For the 2008–2013 period we are predicting an average annual growth rate of 3.7%.

Developments on the European PCB market

Germany is Europe's most important PCB market. The German Association of the Printed Circuit Board Industry (Verband der Leiterplattenindustrie, VdL) announced that order intake for 2008 had peaked in October. Then the effects of the economic crisis hit the industry, with revenues in November collapsing by almost 21% compared with the previous month, and in December by another 35%.

The trend of relocating standard technologies and volume production from Europe to Asia has continued. In addition, the economic crisis has had a major impact on the industrial and automotive sectors, in which the European PCB industry is traditionally strongly represented. For this reason the strongest production declines are being recorded in Europe. At European sites the focus will be on small series, prototypes, quick turnaround business, and technologically sophisticated small and medium series products.

Developments on consumer markets

Mobile Devices

While mobile phone sales increased by an average of 24% per year from 2000–2008, growth of only 6% was recorded last year. A decline in unit sales of more than 10% can be expected in 2009, with only smart phones recording positive growth.

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

Other mobile devices recorded growth of more than 8% in 2008, but again 2009 will see a decline in the number of units sold. Analysts expect the fall to be around 3%.

Automotive sector

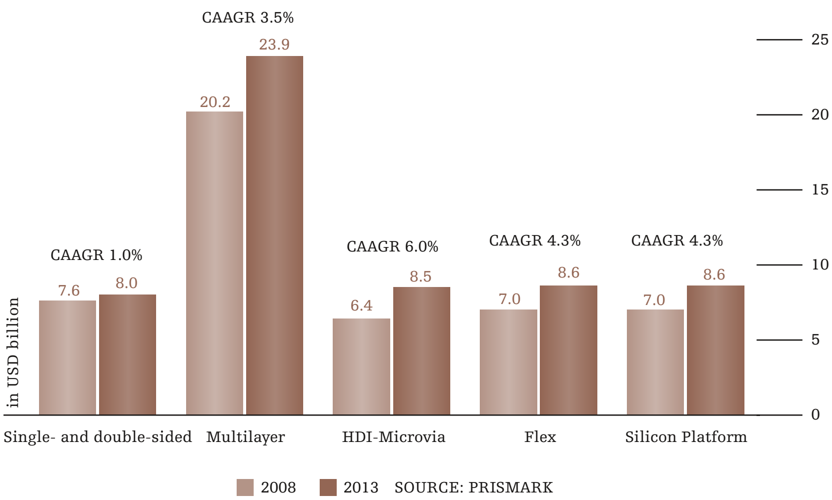
The German Association of the Automotive Industry (VDA) reported a 4% drop in global automobile production in 2008, with German production slipping by around 1%. From October 2008 though there has been a significant decrease in production, the effects of which were felt even more strongly in early 2009. In February production of passenger vehicles was down by approximately 47% year on year, while commercial vehicle output was 66% lower. We anticipate the current downturn to continue in 2009, and a substantial decline in automobile production compared with 2008.

Industrial

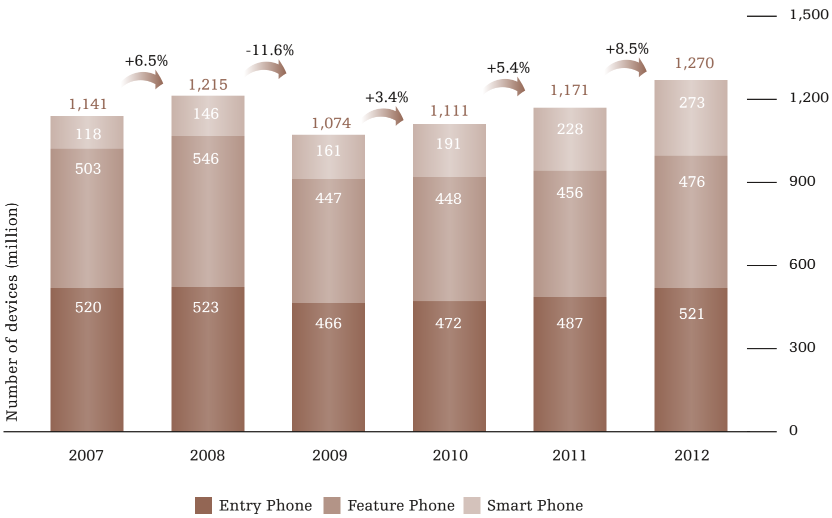
Towards year-end the industrial sector also suffered gravely from the current market environment. In 2008 the global industrial electronics market achieved growth of about 3%; however, a decline of around 12% is expected for 2009. In 2010 we anticipate a mild recovery and growth of approximately 2%.

A recovery of overall market can not be expected before year 2010. Then, growth rates of 4.5% are being forecasted.

PCB market by technologies



Development of mobile telephone market



Business Developments

In mid-November sales suffered a massive collapse and did not recover during the rest of the financial year.

Profitability

Consolidated Income Statement

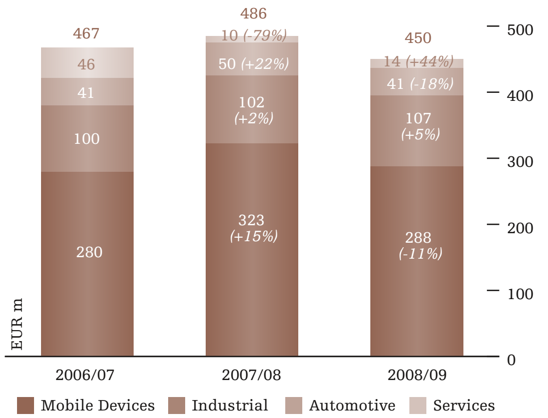
(in EUR m)	2008/09	as % of total revenues	2007/08	as % of total revenues	Change
Revenues	449.9	100%	485.7	100.0%	-7.4%
Cost of sales	-383.5	-85.3%	-396.5	-81.6%	3.3%
Gross profit	66.4	14.7%	89.3	18.4%	-25.7%
Selling costs	-22.4	-5.0%	-23.1	-4.8%	2.9%
General and administrative costs	-21.2	-4.7%	-21.7	-4.5%	2.3%
Other gains	3.9	0.9%	-1.2	-0.3%	417.2%
Non-recurring items	-27.6	-6.1%	-1.1	-0.2%	-2384.2%
Operating profit	-1.1	-0.2%	42.1	8.7%	-102.5%
Financial result	1.3	0.3%	3.1	0.6%	-59.5%
Profit before tax	0.2	0.0%	45.2	9.3%	-99.5%
Income tax expense	-6.0	-1.3%	-3.9	-0.8%	-51.7%
Profit for the year	**-5.8**	**-1.3%**	**41.3**	**8.5%**	**-114.0%**
Thereof minority interest	-0.4	-0.1%	-1.4	-0.3%	70.7%
Thereof equity holders of the company	-5.4	-1.2%	42.7	8.8%	-112.6%
Earnings per share (in EUR)	-0.23		1.83		

Revenues

Overall economic developments meant that in 2008/09 AT&S's revenues were down 7.4% the previous financial year, at EUR 449.9m. The Automotive business was especially hard hit, with a drop in revenues of nearly 18%. Mobile Devices business, which contributes around 64% of total AT&S Group revenues, fell by roughly 11% year on year. In the first half of the financial year, Industrial business grew by 16% compared with the same period the year before; however, by the end of the financial year the increase was down to 4.5%. Services achieved very strong growth of 44%, to EUR 14m.

In the European printed circuit board industry migration of volume orders to Asia has become progressively more noticeable in recent years, and the trend has accelerated as a result of the economic crisis. Our plants in Asia produced 61% of total revenues in 2008/09, compared with 53% a year earlier.

Development of revenues



Analysis by region shows that after all 44% of total sales were generated in Europe, with the bulk coming from Germany (EUR 92.2m), Hungary (EUR 52.1m) and Austria (EUR 20.0m). Asia contributed 39% of sales revenues, with EUR 89.7m accounted for by China and EUR 20.8m by India. The USA and Canada made up about 16% of the total, with around 1% attributable to other countries.

Earnings

Profitability at AT&S was also significantly impacted by the economic crisis. In mid-November customer demand suffered a massive collapse, and had not recovered by the end of the financial year. All AT&S plants at times had to struggle with significant capacity under-utilisation. Printed circuit board production is a high fixed cost business, this inevitably constitutes a considerable burden on the Group's margins. On top of this, one-time expenses such as the restructuring of the Leoben-Hinterberg plant and writedowns at AT&S Korea were a further burden: without these one-time effects, the EBIT margin would have reached 6%.

Earnings excl. non-recurring items

in EUR m	2008/09	as % of total revenues
EBIT	-1.1	-0.2%
+ amortisation of goodwill AT&S Korea	5.4	
+ restructuring Leoben-Hinterberg/cost-cutting programme		
·) impairments	3.8	
·) other expenses	18.4	
EBIT excl. non-recurring items	26.6	5.9%
Financial result	1.3	
Profit before tax	27.8	6.2%
Income tax expense	-6.0	
+ special tax expense AT&S Korea	2.9	
Profit for the year excl. one-time expenses	**24.8**	**5.5%**
Earnings per share (in EUR)	1.08	

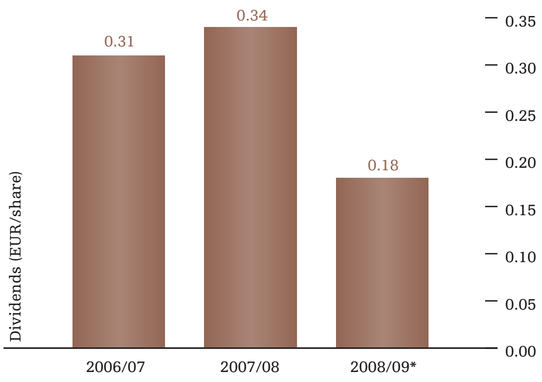
EBITDA sank by 34% in comparison with last year, to EUR 52.4m. Without one-time expenses, EBITDA would have been EUR 70.8m, equivalent to a margin of 16%.

EBITDA excl. one-time expenses

in EUR m	2008/09	as % of total revenues
EBIT	-1.1	-0.2%
+ depreciations and impairments	53.4	
+ non-recurring other expenses	18.4	
EBITDA excl. one-time expenses	**70.8**	**15.7%**

Dividend

Based on the solid performance of our ordinary operating results (excluding one-time effects) in financial year 2008/09, the successful ramp-up of new high-end customers, our outstanding positioning in target markets and our strong equity position, we will continue to adhere to our existing conservative dividend policy. AT&S's Management Board will recommend to the Annual General Meeting on 2 July 2009 the distribution of a dividend of EUR 0.18 per share.



* Proposal for the Annual General Meeting on 2 July 2009

Capacity under-utilisation at high fixed costs and one-time expenses constituted a considerable burden on the Group's earnings.

Healthy equity and a stable financial structure keep AT&S well-positioned – particularly in the current difficult market environment.

Financial standing

Balance sheet (summary)

in EUR m	31 March 2009	Structure	31 March 2008	Structure	Change
Non-current assets	365.2	68.0%	318.5	64.3%	15%
Current assets	171.6	32.0%	177.1	35.7%	-3%
TOTAL ASSETS	**536.8**		**495.6**		
Equity	252.7	47.1%	226.3	45.7%	12%
Non-current liabilities	126.2	23.5%	59.3	12.0%	113%
Current liabilities	157.9	29.4%	210.0	42.4%	-25%
TOTAL EQUITY AND LIABILITIES	**536.8**		**495.6**		

Non-current assets represented 68% of AT&S's total assets of EUR 536.8m at 31 March 2009, roughly 65% of which was property, plant and equipment. The increase of over 17% in property, plant and equipment compared with last year is chiefly attributable to the capacity added in China.

Current assets were down 7% compared with the previous year, and represented 32% of total assets. The collapse in demand caused by the economic crisis resulted in a reduction in inventories of some 9%. Financial assets showed a 30% drop in value year on year because of a fall in the value of derivatives used to hedge against exchange risks.

The equity ratio increased from 46% to 47%, largely as a result of currency exchange differences of 12% compared with the end of last financial year.

A five-year EUR 80m bond was placed on 27 May 2008, shifting financing from short to longer-term and improving the financial structure. As a result non-current liabilities jumped by 113% compared with the previous year. The proportion of debt accounted for by long-term borrowing shall be increased again in 2009/10. Thus, EUR 37m of bank financing repayable in five years' time was agreed in April 2009.

Current liabilities shrank by 25%, largely as a result of loan financing. Trade payables and other liabilities fell by 30% as a result of slackening demand, particularly in the fourth quarter of financial 2008/09. This item also includes liabilities in respect of capital investments, which at the end of financial 2008/09 were EUR 7.5m lower than at the close of the previous financial year.

Cash flow

Net cash generated from operating activities declined by 37% year on year, to EUR 38.7m, as a result of substantial one-time charges and weaker business performance.

Net cash used in investing activities, primarily for expansion of capacity in Shanghai and the construction of the second plant in India, came to EUR 55.7m, which was 43% less than in the previous year.

Net cash generated from financing activities fell by 37.4% to EUR 14.4m. No additional own stock was acquired under the share repurchase scheme. EUR 4.6m was spent on share repurchases in financial 2007/08.

Financing

Approach to financing

AT&S follows a centralised treasury approach to financing, subject to local arrangements. External finance is chiefly taken up by AT&S AG. Note 17 to the financial statements (page 88ff) gives a detailed overview of the various sources of finance including the respective maturities.

Net debt

Net debt at balance sheet dates 2009 and 2008 was EUR 174.4m and EUR 139.9m, respectively. This increase is mainly a reflection of the investments in expanding capacity at the Shanghai factory and building the second Indian plant (together, approx. EUR 46.6m), as well as EUR 7.9m in dividend payments. Management seeks to ensure that the Group's gearing ratio does not exceed 80% for extended periods. As at the end of the year under review the gearing ratio was 69.1%. Due to the current economic situation, the Management Board has decided to adopt a policy of rigorous cost savings, sharp investment cutbacks and strict working capital management during the 2009/10 financial year.

The method for calculating net debt has been simplified to make it more transparent for investors and analysts. This key figure is now obtained as follows:

Net debt 2008/09 and 2007/08

in EUR m	as of 31.03.2009	as of 31.03.2008
Current financial liabilities	98.5	130.1
+ Non-current financial liabilities	97.1	39.3
- Cash and cash equivalents	-7.0	-9.4
- Current financial assets	-14.0	-20.0
- Non-current financial assets	-0.1	-0.1
Net debt	**174.4**	**139.9**

Using the previous calculation method net debt would have been EUR 181.8m and EUR 156.3m at 31 March 2009 and 31 March 2008, respectively.

Sources of finance

100% of borrowings with maturities of over one year are at fixed interest rates, 99.1% of total debt is denominated in euro.

As at 31 March 2009 outstanding loans of EUR 38.6m were subject to financial covenants; these loans could be called in if the conditions were breached. As at year end our performance was well within the limits of the ratios concerned. There were no other borrowings linked to financial covenants.

Bond

On 27 May 2008 we placed a five-year bond, in order to shift from short to long-term borrowing. The bond (ISIN: AT0000A09S02) is listed on the Vienna Stock Exchange Third Market.

Bond details

Amount:	EUR 80m
Issue date:	27 May 2008
Maturity date:	27 May 2013
Coupon:	5.5% p.a. (fixed)
Denomination:	EUR 50,000
Status:	unsecured

Export credits from Oesterreichische Kontrollbank (OeKB)

OeKB finances exports of goods and services if these directly or indirectly benefit the Austrian current account. The bank provides short-term revolving export credit facilities for large companies up to a maximum of 15% of total export revenue.

Status and outlook

Although access to liquidity has become more difficult and expensive we currently view the Company's financial position as very sound. We have been given sufficient assurances of the availability of bank credit lines. In April 2009 we also took out a EUR 37m five-year loan in order to optimise our debt maturities. Increased use of factoring is another option.

Also within the current economic crisis the financial situation of AT&S is very sound. Net debt was EUR 174.4m as of 31 March 2009.

AT&S Share

After changing to the Vienna Stock Exchange AT&S is among the 30 largest enterprises listed there (not including real estate companies).

For many years we have accorded the highest priority to professionalism in investor relations. The paramount goal is to provide all capital market participants with up-to-date information simultaneously and transparently, in order to strengthen and increase the confidence that investors and the financial community have in the Group. This applies to everything from publication of detailed information on our website – including annual and quarterly reports and ad hoc announcements – to online relay of Annual General Meetings and press conferences. As a special service and in accordance with our principles of Corporate Governance, shareholders can also participate in the voting at Annual General Meetings via proxies.

AT&S moves to its home stock exchange in Vienna

In May 2008 we decided to apply for delisting from the Frankfurt Stock Exchange and to move to our home stock exchange in Vienna. Since 20 May 2008 AT&S has been listed on the Vienna Stock Exchange's segment "Prime Market". From 14 September 2008, after expiry of a double listing provided for by the regulations of the Frankfurt Stock Exchange, the share was exclusively admitted to official trading in Vienna.

Since AT&S was listed in 1999, Vienna as a stock market has acquired international reputation and recognition, and respectable liquidity. In addition, the Vienna Stock Exchange now specialises in small and midcaps, and has the attention of the international small and midcap investors that are so important to us. Due to its removal from Frankfurt's TecDAX in March 2008, AT&S's visibility for investors and analysts has suffered. After changing to the Vienna Stock Exchange AT&S is among the 30 largest enterprises listed there (not including real estate companies).

Direct contact with investors and analysts

In 2008/09 AT&S appeared at two major investor conferences in Austria, which included a series of one-on-ones with investors. We also presented our business model and strategy to numerous investors at roadshows in Austria and Germany. Telephone contact with current and prospective investors rounds out our active investor relations service.

The annual Capital Markets Day took place on 15 December 2008. The main focus of the event was the influence of the economic crisis on AT&S and the industry as a whole, and measures and strategies to best manage this phase of the market. Furthermore the latest technological and project breakthroughs being an important part of the Company's efforts to underpin its position as the industry's technology leader were presented.

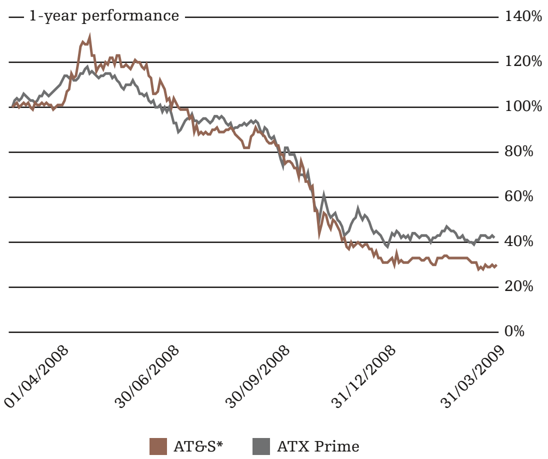
Share price

The downward trends on international markets triggered by the financial and economic crisis did not pass AT&S stock by. After a strong start to financial 2008/09 with an intraday high of EUR 13.56 (up 34%) on 21 May 2008, AT&S stock had lost more than three quarters of its value by the end of November.

This alone was enough to see AT&S downgraded from mid cap to small cap company. In the prevailing market climate, some current and prospective investors have shifted their focus to highly capitalised shares or raised the internal minimum requirements for investments. This compounded the AT&S stock's downward trend.

The share price stabilized from December, closing on 31 March 2009 at EUR 2.95, down 71% on the price at 1 April 2008. The ATX Prime was down 58% in the same period.

AT&S against the ATX Prime



* Due to change in listing: 1 April 2008 to 19 May 2008 performance of AT&S stock on the Frankfurt Stock Exchange and from 20 May 2008 on the Vienna Stock Exchange.

AT&S share performance overview

in EUR	2008/09**	2007/08*	2006/07*
High	13.56	20.44	23.80
Low	2.60	9.00	13.73
Year end close (31 March)	2.95	10.29	19.40

* Listing on the Frankfurt Stock Exchange
** Figures reflect listing from 20 May 2008 on the Vienna Stock Exchange

The falling share price and changes in investor behaviour significantly affected the share's liquidity. However, AT&S stock improved in the Vienna Stock Exchange liquidity ranking for the ATX Prime index, rising from its initial position of 46th to 34th at the end of the financial year.

Dividend

As a result of the solid development of the operating result in 2008/09, the successful ramp-up of new customers in the high-end segment, an outstanding position on target markets and a strong equity structure, AT&S will stick to its conservative dividend policy. Hence, also this year, the Management Board of AT&S will propose to the Annual General Meeting a dividend of around 10% of the cash-earnings, or EUR 0.18 per share. This decision – especially in this challenging economic climate – underpins Management's positive outlook. Despite the sharp declines in individual target markets which necessitated capacity realignment and cost saving measures, particularly at the Austrian sites, AT&S is in a very strong position for the future. Due to these factors the decision was taken to preserve the existing dividend policy.

The Management Board of AT&S will recommend an annual dividend of EUR 0.18 per share at the Annual General Meeting. This decision underpins Management's positive outlook.

About 51% of the shares are in the free float; 9.95% of the issued share capital is held by AT&S.

Share buy-back programme

The resolution of the 14th Annual General Meeting of 3 July 2008, authorised AT&S to repurchase up to 10% of the share capital. At 31 March 2009 AT&S held 2,577,412 shares, representing 9.95% of the issued share capital. About 51% of the shares are in the free float.

In financial 2008/09 no shares were repurchased under the buy-back programme.

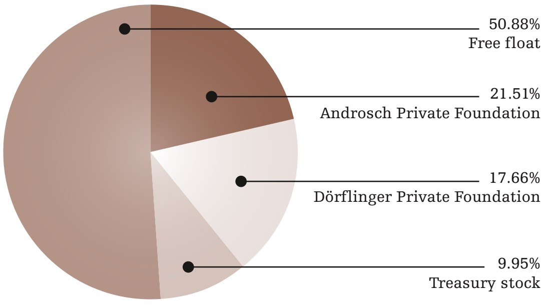
Outstanding research coverage

In 2008/09 seven banks issued regular research reports on AT&S.

The following analysts published research reports on AT&S:
- UniCredit CAIB: Paul Wessely / in transition*
- Deutsche Bank: Uwe Schupp
- Erste Bank: Thomas Unger
- JP Morgan: Rod Hall
- Landesbank Baden-Württemberg: Stephan Wittwer
- Raiffeisen Centrobank: Daniel Damaska
- Sal. Oppenheim: Nicolas von Stackelberg

* Due to changes in the analyst team, rating and/or target price and/or financial information have been temporarily suspended. The stock continues to form part of the UniCredit CAIB analysis portfolio. The relevant information will become available again at a given time.

Shareholdings



AT&S share

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

Financial calendar

15th Annual General Meeting	2 July 2009
Quarter 1 2009/10	23 July 2009
Dividend payment day & ex dividend day	23 July 2009
Quarter 2 2009/10	22 October 2009
Quarter 3 2009/10	26 January 2010
Annual results 2009/10	11 May 2010

Investor relations

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Corporate Governance

Table of Contents

Principles & Corporate Governance Declaration

AT&S Austria Technologie & Systemtechnik AG (AT&S) declares its voluntary adherence to the Austrian Code of Corporate Governance (ÖCGK) in the version of January 2009.

Code of Corporate Governance

In Austria the Code of Corporate Governance drawn up by the Working Group for Corporate Governance under the guidance of the Special Government Representative for the Capital Market has been in force since 1 October 2002. It was amended with effect from 1 January 2009 to comply with the Austrian Business Code Amendment Act 2008 (URÄG 2008). The Code contains all the rules essential to good corporate governance, divided into the following categories:

- L Rules (legal requirement): rules referring to mandatory legal requirements;
- C Rules (comply or explain): rules from which any deviation must be explained and the reasons stated;
- R Rules (recommendation): rules in the nature of recommendations, where non-compliance requires neither disclosure nor explanation.

The German version of the ÖCGK currently in force can be downloaded from the Working Group's website, www.corporate-governance.at. An English translation of the Code and interpretations of the Code prepared by the Working Group are also available there.

AT&S has for many years followed a strategy designed to further long-term, sustainable growth in the value of the Company, and explicitly endorses comprehensive corporate governance. Until 19 May 2008 AT&S was listed only on the Frankfurt Stock Exchange, and complied with all the "shall" recommendations of the German Corporate Governance Code. Following the move in financial year 2008/09 from the Frankfurt Stock Exchange to the Vienna Stock Exchange, AT&S has now adopted the Austrian Corporate Governance Code. An undertaking to comply with the ÖCGK is a requirement for Austrian companies looking to be listed on the Vienna Stock Exchange's Prime Market.

With the following explanatory notes AT&S already complies as of 31 March 2009 with all the provisions of the ÖCGK in the version of January 2009 applicable for financial year 2009/10:

C Rule 28: "... Decisions on the introduction of stock option schemes for the Management Board and any changes relating to such schemes shall be taken at the General Meeting."

In AT&S's opinion, it is the responsibility of the Nomination and Remuneration Committee of AT&S's Supervisory Board to determine the remuneration of the Management Board. Since the compensation package of each member of the Management Board, consists of fixed and variable components (including stock options), stock option schemes for the Management Board and any changes to them should be determined not by the General Meeting but by the Nomination and Remuneration Committee.

C Rule 38: "The Supervisory Board shall define a profile for the Management Board members that takes into account the enterprise's business focus and its situation, and shall use this profile to appoint the Management Board members in line with a predefined appointment procedure."

Profiles for Management Board members change as the Company's situation changes. For this reason the Supervisory Board has not established general profiles and appointment procedures for the Management Board members. The appropriate tasks and responsibilities are determined as required by the Nomination and Remuneration Committee.

Bodies of a Stock Company (Aktiengesellschaft)

The Management Board is responsible for managing the affairs of the company and takes into account the interests of shareholders, of the employees and the public good. Members of the Management Board are appointed by the Supervisory Board.

The Supervisory Board is responsible for overseeing the Management Board of the company and must meet at least once a quarter. Members of the Supervisory Board are appointed by the General Meeting. In addition, the employees' representatives are entitled to appoint to the Supervisory Board one member from among their ranks for every two members appointed by the General Meeting.

The General Meeting is the primary forum for shareholders to exercise their participatory decision-making rights as provided under statute and the company's articles of incorporation.

AT&S AG Management Board

The Management Board is collectively responsible for the management of the Company. Without prejudice to their collective responsibility, each member of the Management Board is responsible for specific areas of the business. Management Board members must keep each other informed of all important business events and transactions. Fundamental issues of business policy and major decisions require the joint decision of all the members of the Management Board. If the decisions are not unanimous, the Chairman of the Supervisory Board must be informed without delay. The Supervisory Board must also be informed of all proposed decisions with far-reaching consequences.

The rules and procedures of AT&S's Management Board require the Board to meet at least once monthly. In the past financial year there were a total of 30 Board meetings. Written minutes of all Board meetings and decisions must be taken.

Harald Sommerer,
born 15 March 1967.
Harald Sommerer gained his doctorate in social sciences and economics in 1994. He then studied at J. L. Kellogg Graduate School of Management, Northwestern University, qualifying as Master of Management in 1997. During his studies, from 1991 to 1995, he worked for Creditanstalt-Bankverein. In the summer of 1996 he completed a consulting project with Bain & Company in Germany. Harald Sommerer became CFO of AT&S with effect from 1 September 1997. With effect from 1 July 2005 he took over as Chairman of AT&S's Management Board. His appointment runs until 30 June 2010. He is also Deputy Chairman of the Supervisory Board and Chairman of the Audit Committee of Zumtobel AG.

His specific managerial responsibilities are for sales and marketing, human resources, communications, and business development and strategy. As Chairman of the Management Board he is responsible for implementing the decisions and resolutions of the Management Board, the Supervisory Board and the Annual General Meeting, and for seeing that they are carried out.

Steen Ejlskov Hansen,
born 28 October 1958.
Steen Hansen is a Danish citizen and studied in Copenhagen and South Africa, where he graduated with a business degree from the University of South Africa. Between 1979 and 1994 Dkfm. Hansen worked for The East Asiatic Company, where he held various management positions in Scandinavia, Australia, Great Britain and Germany. He was Finance Director with Rasmussen & Schlötz GmbH in Germany from 1994 to 1996, before moving to the ACO Group where he was CFO until 1999. From 1999 to 2003 he was Managing Director, responsible for finance, of Roto Frank AG. Steen Hansen has been CFO and a member of AT&S's Management Board since 1 April 2004, and since 8 June 2005 Deputy Chairman of the Board. His appointment runs until 31 March 2014.

His managerial responsibilities are for finance and accounting, controlling, internal audit, legal and insurance, IT and organisation, supply chain management, and procurement.

Heinz Moitzi,
born 5 July 1956.
Heinz Moitzi learned electrical installation between 1971 and 1975 with Stadtwerke Judenburg (municipal utilities). From 1976 to 1981 he attended a higher technical college of electrical engineering (HTBL), where he passed his school-leaving examination. In 1981 he worked as a measurement engineer at the Leoben University of Mining and Metallurgy. Heinz Moitzi has been working at AT&S since 1981, first as Head of the Mechanics & Galvanics department, then as Production & Plant Manager at Hinterberg. He was Project Manager and COO at AT&S China from 2001 to 2004, and after his return he became Vice President of Production. Since 1 April 2005 Ing. Moitzi has been a member of the Management Board and AT&S's CTO. His appointment runs until 31 March 2013.

Heinz Moitzi's specific managerial responsibilities are for production, research & development, quality, the environment, safety, maintenance, supply, and waste disposal.

Dr. Harald Sommerer
CEO and Chairman

Dkfm. Steen Hansen
CFO

Ing. Heinz Moitzi
CTO

AT&S AG Supervisory Board

Name	Date of birth	Date of first appointment	End of current appointment
Hannes Androsch (Chairman)	18.04.1938	30.09.1995*	16th AGM, 2010
Willibald Dörflinger (First Deputy Chairman)	20.05.1950	05.07.2005	16th AGM, 2010
Erich Schwarzbichler (Second Deputy Chairman)	09.06.1947	30.09.1995*	16th AGM, 2010**
Georg Riedl	30.10.1959	28.05.1999	17th AGM, 2011
Karl Fink	22.08.1945	05.07.2005	16th AGM, 2010
Albert Hochleitner	04.07.1940	05.07.2005	16th AGM, 2010
Wolfgang Fleck***	15.06.1962	17.09.2008	
Johann Fuchs***	16.12.1959	20.11.1996	
Markus Schumy***	14.08.1970	04.10.2001	

* AT&S was originally a private limited company (GmbH). The shareholders' meeting of 23 June 1995 passed a resolution changing the Company into a stock company (AG), and appointed Hannes Androsch and Erich Schwarzbichler to the Supervisory Board. The AG was registered in the Register of Companies on 30 September 1995.

** Dr. Erich Schwarzbichler will resign as a member of AT&S's Supervisory Board at the Annual General Meeting on 2 July 2009. In the light of the criterion for independence established by the Supervisory Board, which lays down that no member of the Supervisory Board may be a member of that body for more than 15 years, he wishes to resign already in 2009 to make way for a new financial expert.

*** Delegated by the Works Council. Date of 1st appointment equates 1st attended Supervisory Board meeting. At the Supervisory Board meeting of 10 June 2009 Günther Wölfler (born 21 October 1960) succeeded Markus Schumy as Works Council delegate.

The Supervisory Board is responsible for decisions that involve subjects of fundamental importance or the strategic direction of the company.

In financial 2008/09 the Supervisory Board held four meetings, with the Management Board participating. In these meetings the Management Board provided the Supervisory Board with regular reports on the state of AT&S Group's affairs. Strategic projects, long-term strategy and measures to cope with the economic crisis were discussed and decided on. Outside Supervisory Board meetings, the Management Board and the Chairman of the Supervisory Board also held ongoing discussions with regard to the Group's strategic focus and the progress of its business activities.

Structure

Hannes Androsch is Chairman of the Supervisory Board. With a doctorate in economics, he is a non-practising certified accountant and tax adviser. From 1970 to 1981 he was Austrian Federal Minister of Finance, and between 1976 and 1981 Vice Chancellor as well. From July 1981 until 1988 he was Managing Director of Creditanstalt-Bankverein (today: part of UniCredit Group). In 1994 he, Ing. Willibald Dörflinger and Dkfm. Helmut Zoidl joined in the management buyout of AT&S. Hannes Androsch has interests in a number of well-known Austrian businesses.

Hannes Androsch's other Supervisory Board appointment in a stock exchange listed company is with bwin.com Interactive Entertainment AG (Chairman).

Willibald Dörflinger is First Deputy Chairman of the Supervisory Board. Ing. Willibald Dörflinger began his professional career in 1972 with M. Schmid & Söhne, moving to Honesta, Holz- und Kunststoffwarenindustrie in 1974. In 1978 he became Head of Technical Procurement at EUMIG Elektrizitäts- und Metallwaren Industrie GesmbH, and from 1980 was Head of the Department for Circuit Boards and Surface Technology, and then between 1986 and 1990 Managing Director. From 1990 to 1994 Willibald Dörflinger was a member of the AT&S Management Board as well as Managing Director of EUMIG Fohnsdorf Industrie GmbH. In 1994 he, Dr. Androsch and Dkfm. Zoidl joined in the management buyout of AT&S, and in the period until 2005 he was at first Managing Director, then a member and finally Chairman of the Management Board. In 2005 he moved to AT&S's Supervisory Board.

Willibald Dörflinger's other Supervisory Board appointment in a stock exchange listed company is with HWA AG.

Erich Schwarzbichler is Second Deputy Chairman of the Supervisory Board. Erich Schwarzbichler gained his doctorate in 1970 in law. From 1971 he worked for a major international firm of accountants and auditors. In 1980 he joined Österreichische Länderbank (subsequently Bank Austria, and now UniCredit). Between 1988 and 2007 he was responsible for mergers & acquisitions, risk management and project, investment and corporate financing as Director of Lending at Bank Austria (now UniCredit). Since July 2007 he lives on private income.

Karl Fink graduated in business studies (Diplomkaufmann) from the Vienna University of World Trade in 1971. From 1971 to 1975 he worked for Marubeni Corporation in international commodities trading, before moving to Wiener Städtische Wechselseitige Versicherungsanstalt in Vienna. Between 1979 and 1987 he was Chairman of the Management Board of Interrisk – Internationale Versicherungs-Aktiengesellschaft. In 1987 Dkfm. Fink became a member of the Management Board of Wiener Städtische Allgemeine Versicherungs AG and in July 2004 Deputy Managing Director. In October 2007 he was appointed Managing Director of Wiener Städtische Versicherung AG, Vienna Insurance Group.

Karl Fink's other Supervisory Board appointment in a stock exchange listed company is with
Wienerberger AG

Albert Hochleitner completed his studies in engineering physics at Vienna University of Technology in 1965. In the same year he joined the Siemens Group's Wiener Schwachstromwerke. In 1984 he was appointed Chairman of the Management Board of Uher AG. In 1988 DI Hochleitner moved to Siemens AG, where he was head of the electric motors business in the automotive technology sector based in Würzburg. In October 1992 he was appointed to the Management Board of Siemens AG Austria, becoming Chairman in February 1994. In 2005 he moved to the Supervisory Board of Siemens AG Austria.

Georg Riedl acquired his doctorate in law in 1984 from the University of Vienna. In 1991 he set up in independent practice as Riedl & Ringhofer. He specialises in business, commercial, corporate and tax law, mergers and acquisitions, and contract law.

Dr. Riedl's other Supervisory Board appointments in stock exchange listed companies are with
Porr Allgemeine Baugesellschaft – A. Porr AG
bwin.com Interactive Entertainment AG.

Employee participation in Supervisory Boards and their committees is mandated by law, and forms part of the Austrian Corporate Governance system. Employees' representatives are entitled to appoint one representative as a Supervisory Board member for every two members appointed by the General Meeting. If the number of shareholders' representatives is odd, the number of employees' representatives is rounded up. The co-determination rights of employees' representatives apply to all committees of the Supervisory Board, except for meetings and votes dealing with the relationship between the company and its Management Board members with the exception of resolutions on the appointment or revocation of an appointment of a Management Board member and the granting of stock options of the company.

Wolfgang Fleck (from 3 September 2008, as successor to Gerhard Fürstler), Johann Fuchs and Markus Schumy have been delegated as Supervisory Board members by the Works Council.

Independence of Supervisory Board members

The ÖCGK provides for the majority of Supervisory Board members representing the shareholders to be independent. In accordance with C Rule 53, the Supervisory Board has established the following criteria to be used in determining the independence of its members.

A member of the Supervisory Board shall be deemed as independent if said member does not have any business or personal relations with the Company or its Management Board that constitute a material conflict of interests and is therefore suited to influence the behaviour of the member. The following criteria are applied in assessing the independence of Supervisory Board members:

- The Supervisory Board member shall not have served as member of the Management Board or as a management-level staff of the Company or one of its subsidiaries in the past five years.

- The Supervisory Board member shall not maintain or have maintained in the past year any business relations with the Company or one of its subsidiaries to an extent of significance for the member of the Supervisory Board. This shall also apply to relationships with companies in which a member of the Supervisory Board has a considerable economic interest, but not for exercising functions in the bodies of the group. The approval of individual transactions by the Supervisory Board pursuant to L Rule 48 does not automatically mean the person is qualified as not independent.

- The Supervisory Board member shall not have acted as auditor of the Company or have owned a share in the auditing company or have worked there as an employee in the past three years.

- The Supervisory Board member shall not be a member of the Management Board of another company in which a member of the Management Board of the Company is a Supervisory Board member.

- A Supervisory Board member may not remain on the Supervisory Board for more than 15 years. This shall not apply to Supervisory Board members who are shareholders with a direct investment in the Company or who represent the interests of such a shareholder.

- The Supervisory Board member shall not be a closely related (direct offspring, spouses, life partners, parents, uncles, aunts, sisters, nieces, nephews) of a member of the Management Board or of persons who hold one of the aforementioned positions.

In the Supervisory Board meeting of 16 December 2008 all Supervisory Board members representing shareholders declared whether for the purposes of these provisions they were independent. In the light of the consultancy agreement between AIC Androsch International Management Consulting GmbH and AT&S (see also below, under Agreements requiring approval) Hannes Androsch declared himself as not independent. Willibald Dörflinger was Chairman of the AT&S Management Board until 30 June 2005, and for this reason also declared himself as not independent. All the other members of the Supervisory Board elected by the General Meeting declared themselves as independent.

C Rule 54 provides that for companies with a free float in excess of 50%, at least two Supervisory Board members who are independent should also not be shareholders with interests in excess of 10%, or representatives of such interests. Messrs Fink, Hochleitner, Riedl and Schwarzbichler satisfy these requirements.

Agreements requiring approval

In connection with various acquisitions and projects, AT&S Group has purchased consultancy services from AIC Androsch International Management Consulting GmbH, which is headed by the Chairman of AT&S's Supervisory Board. In financial 2008/09 fees for such services amounted to TEUR 366.

Committees

In the interests of improving the efficiency of the work of the Supervisory Board and to deal with complex issues, the Supervisory Board also exercises its responsibilities as appropriate through the following two expert committees.

Audit Committee

Dr. Erich Schwarzbichler (Chairman and financial expert),
Dr. Georg Riedl, and
Wolfgang Fleck belong to this committee.

The Audit Committee monitors the accounting procedures and the work of the auditor, monitors and reviews the statutory auditor's independence, audits and prepares the confirmation of the annual financial statements, and reviews the proposal for the distribution of profits, the management report and – with effect from financial 2009/10 – the corporate governance report. The Committee is responsible for reporting on the results of its audits to the Supervisory Board.

The Audit Committee also does the preparatory work for the Supervisory Board on all issues in connection with the audit of the consolidated financial statements, consolidated management report and the consolidated accounting procedures.

It also prepares a proposal for the selection of the auditor for the financial statements and reports on this matter to the Supervisory Board.

The Audit Committee is also responsible for monitoring the effectiveness of the Group-wide internal control system and, where appropriate, the Company's internal audit and risk management systems.

On 16 December 2008 Erich Schwarzbichler succeeded Hannes Androsch as financial expert and Chairman of the Audit Committee.

In the past financial year the Audit Committee held one meeting, to consider the financial statements and the consolidated financial statements for the year ended 31 March 2008. The Chairman of the Audit Committee is also involved in the quarterly reporting and in planning the audit of the annual financial statements. The Chairman reports on these matters to the Audit Committee.

Nomination and Remuneration Committee

Dr. Hannes Androsch (Chairman),
Dkfm. Karl Fink,
DI Albert Hochleitner,
Wolfgang Fleck and
Johann Fuchs belong to this committee.

The Nomination and Remuneration Committee submits proposals to the Supervisory Board for filling mandates that become free in the Management Board. It deals with successor planning issues, the remuneration of Management Board members and the contents of their employment contracts. The Nomination and Remuneration Committee is authorised to make decisions in cases of urgency.

As Chairman of the Supervisory Board, Hannes Androsch is also Chairman of the Nomination and Remuneration Committee.

In the past financial year, the Nomination and Remuneration Committee held one meeting. The object of the Meeting was to consider and resolve on AT&S's new stock option plan for 2009–2012.

Remuneration Report

The following report presents the remuneration of AT&S's Management and Supervisory Board members. It should be read in conjunction with the explanations in the notes to the 2008/09 annual and consolidated financial statements.

Management Board remuneration

Total remuneration of Management Board members

	Financial year 2008/09			Financial year 2007/08		
(in EUR 1,000)	Fixed	Variable*	Total	Fixed	Variable*	Total
Dr. Harald Sommerer	457	–	457	456	463	919
Dkfm. Steen Hansen	366	–	366	366	232	598
Ing. Heinz Moitzi	316	–	316	266	156	422
			1,139			**1,939**

* The following payments in kind from stock options are included in the variable emoluments paid to members of the Management Board and executive employees:

	Financial year	
(in EUR 1,000)	2008/09	2007/08
Dr. Harald Sommerer	–	184
Dkfm. Steen Hansen	–	13
Executive employees	–	15
	–	**212**

Under the Stock Option Plan 2005–2008 Harald Sommerer was granted 40,000 options on 1 April 2007 and 1 April 2008. Steen Hansen and Heinz Moitzi both received 30,000 options in each of those years. The strike price for the options granted in the financial year 2008/09 is EUR 15.67, and for the financial year 2007/08 EUR 22.57. The options granted can be exercised in tranches: up to 20% after two years, up to 30% after three years, and up to 50% after four years following allocation. Stock options may be exercised in whole or in part after completion of the waiting period, although not during a black-out period. All stock options allocated on the allocation date which are not exercised at the end of five years at the latest shall become invalid and forfeit without compensation.

The portion of the variable remuneration of the Management Board and of all employees whose remuneration includes variable elements, not consisting of stock options, depends on the achievement of performance measures defined in the budget, economic value added (EVA) and return on capital employed (ROCE).

Management Board members are entitled to severance compensation on the termination of employment in accordance with the Salaried Employees Act (AngG). In the event of premature termination of a Management Board member's appointment for reasonable cause or where the function disappears for legal reasons, remuneration is payable until the end of the appointment contract. Where a Management Board member resigns the appointment or the legal relationship with a member of the Management Board is terminated for severe breach of duty, and in case of death, payment of salary ceases at the end of the applicable month.

Pension entitlements of Management Board members are agreed in individual pension agreements and are based on the requirement of five years of service on the AT&S Management Board. For each eligible year of service, the pension entitlement is 1.2% of the last derived final salary with a maximum of 40%. Pensions are adjusted on the basis of the consumer price index. There is no pension entitlement in the event of dismissal, unjustified early retirement or premature resignation of office.

Supervisory Board remuneration

Total remuneration and personal services by members of the Supervisory Board:

	Financial year ended 31 March 2009			Financial year ended 31 March 2008		
(in EUR 1,000)	Fixed	Variable	Total	Fixed	Variable	Total
Dr. Hannes Androsch	18	–	18	18	11	29
Ing. Willibald Dörflinger	9	–	9	9	5	14
Dr. Erich Schwarzbichler	11	–	11	15	5	20
Dr. Georg Riedl	11	–	11	9	5	14
DI Albert Hochleitner	10	–	10	9	5	14
Dkfm. Karl Fink	11	–	11	9	5	14
	70	**–**	**70**	**69**	**36**	**105**

The employees' representatives receive no remuneration for their work on the Supervisory Board.

The Chairman of the Supervisory Board receives fixed remuneration of EUR 11,000 per financial year, the other elected members EUR 7,300. Chairmanship of a Committee is remunerated with a fixed amount of EUR 3,000 per financial year, and membership of a Committee with EUR 2,000. The variable element of Supervisory Board members' remuneration consists of attendance fees and a bonus based on AT&S's achieving the level of EVA established in the budget. The attendance fee is generally EUR 400 per Supervisory Board meeting. In addition, the Chairman of the Supervisory Board receives an EVA-based bonus of EUR 10,000 per financial year if the budgeted level is fully achieved, other members of the Board EUR 5,000. Members of the Supervisory Board do not receive stock options in the Company.

Directors and officers liability insurance (D&O)

The D&O insurance at AT&S covers all past, present and future members of the Management Board, operational bodies, control bodies and key employees of the Company and its subsidiaries. The insurance covers court and all other costs of defence against unwarranted claims, together with the satisfaction of warranted claims for pure financial loss arising from violation of responsibilities by the insured in their managerial or supervisory activities. The insurance is valid worldwide. The annual premium is paid by AT&S.

Directors' Holdings & Dealings

	SHARES				OPTIONS			
	Holdings 31.03.2008	Change	Holdings 31.03.2009	% capital	Holdings 31.03.2008	Change	Holdings 31.03.2009	Average strike price
Harald Sommerer [1]	41,500	2,277	43,777	0.17%	140,000	20,000	160,000	€ 17.92
H.S. Private Foundation	120,600	0	120,600	0.47%				
Steen Hansen [1]	0	2,000	2,000	0.01%	105,000	15,000	120,000	€ 17.92
Heinz Moitzi [1]	1,672	0	1,672	0.01%	90,000	30,000	120,000	€ 17.92
Hannes Androsch	445,853	0	445,853	1.72%				
Androsch Private Foundation	5,570,666	0	5,570,666	21.51%				
Willibald Dörflinger	0	0	0	0.00%				
Dörflinger Private Foundation	4,574,688	0	4,574,688	17.66%				
Erich Schwarzbichler	0	0	0	0.00%				
Georg Riedl	9,290	0	9,290	0.04%				
Albert Hochleitner	0	0	0	0.00%				
Karl Fink	0	0	0	0.00%				
Wolfgang Fleck [3]	0	0	0	0.00%				
Markus Schumy	0	0	0	0.00%				
Johann Fuchs	4	0	4	0.00%				
Gerhard Fürstler [3]	1	0	1	0.00%				
Maximilian Sommerer	2,500	0	2,500	0.01%				
Niklas Sommerer	2,500	0	2,500	0.01%				
Clemens Sommerer	2,500	0	2,500	0.01%				
Total directors' holdings and dealings	**10,771,774**	**4,277**	**10,776,051**	**41.61%**	**335,000**	**65,000**	**400,000**	
Own shares [2] [4]	2,577,412	0	2,577,412	9.95%				
Other shares in issue	12,550,814		12,546,537	48.44%				
Total	**25,900,000**		**25,900,000**	**100.00%**	**335,000**		**400,000**	

[1] Options according to Stock Option Plan
[2] The nominal value of treasury stock at 31 March 2009 was EUR 2,835,153.
[3] As of 3 September 2008 Wolfgang Fleck replaced Gerhard Fürstler as Works Council delegate.
[4] Repurchased shares are used for the employee participation scheme or for stock option plans, and for possible acquisitions.

Other Codes of Conduct

AT&S Code of Business Ethics and Conduct

In addition to the ÖCGK, AT&S has established its own Code of Business Ethics and Conduct, which describes how AT&S conducts its business in an ethical and socially responsible way. The guidelines apply to all AT&S's activities worldwide, and all AT&S employees without exception are expected to abide by the Code in the exercise of their business and professional activities and their daily work. Stricter or more detailed guidelines may be established for specific regions, countries or functions, but they must be consistent with this corporate policy.

AT&S Compliance Code

We give the highest priority to the equal treatment and provision of comprehensive information to all shareholders. The Group has installed a Compliance Code ("Extended Group Guidelines on the Prevention of Misuse of Insider Information") which implements the provisions of the Issuer Compliance Code published by the Austrian Finance Market Authority. Compliance is monitored on an ongoing basis by the compliance officer.

The Management Board

Dr. Harald Sommerer m.p. Dkfm. Steen Ejlskov Hansen m.p. Ing. Heinz Moitzi m.p.

Consolidated Financial Statements as of 31 March 2009

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The consolidated financial statements of AT&S Austria Technologie & Systemtechnik Aktiengesellschaft as of 31 March 2009 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.

Consolidated Income Statement

(in € 1,000)	Note	Financial year ended 31 March 2009	2008
Revenues	1	449,881	485,744
Cost of sales	2	(383,528)	(396,458)
Gross Profit		66,353	89,286
Selling costs	2	(22,427)	(23,097)
General and administrative costs	2	(21,236)	(21,734)
Other operating result	4	3,892	(1,227)
Non-recurring items	5	(27,642)	(1,113)
Operating result		(1,060)	42,115
Financial income	6	15,795	11,377
Financial expense	6	(14,530)	(8,253)
Financial result		1,265	3,124
Profit before tax		205	45,239
Income tax expense	7	(5,992)	(3,949)
Profit/(loss) for the year		**(5,787)**	**41,290**
Thereof equity holders of the parent company		(5,376)	42,691
Thereof minority interests		(411)	(1,401)
Earnings per share for profit attributable to equity holders of the parent company (in EUR per share):	24		
- Basic		(0.23)	1.83
- Diluted		(0.23)	1.83

Consolidated Balance Sheet

(in € 1,000)	Note	31 March 2009	2008
ASSETS			
Non-current assets			
Property, plant and equipment	8	349,853	297,750
Intangible assets	9	2,238	8,347
Financial assets	13	122	119
Overfunded retirement benefits	18	46	424
Deferred tax assets	7	9,962	9,391
Other non-current assets	10	3,066	2,461
		365,287	318,492
Current assets			
Inventories	11	46,998	51,714
Trade and other receivables	12	101,013	93,751
Financial assets	13	14,013	20,044
Non-current assets held for sale	14	2,151	2,151
Current income tax receivables		322	84
Cash and cash equivalents	15	7,031	9,364
		171,528	177,108
Total assets		**536,815**	**495,600**
EQUITY			
Share capital	23	45,680	45,658
Other reserves		561	(39,714)
Retained earnings		205,999	219,817
Equity attributable to equity holders of the parent company		252,240	225,761
Minority interests		494	530
Total equity		**252,734**	**226,291**
LIABILITIES			
Non-current liabilities			
Financial liabilities	17	97,060	39,301
Provisions for employee benefits	18	9,751	10,830
Other provisions	19	7,322	–
Deferred tax liabilities	7	9,845	7,280
Other liabilities	16	2,172	1,852
		126,150	59,263
Current liabilities			
Trade and other payables	16	53,022	75,790
Financial liabilities	17	98,485	130,126
Current income tax payables		3,449	2,418
Other provisions	19	2,975	1,712
		157,931	210,046
Total liabilities		**284,081**	**269,309**
Total equity and liabilities		**536,815**	**495,600**

Consolidated Cash Flow Statement

(in € 1,000)	Financial year ended 31 March 2009	2008
Cash flows from operating activities		
Profit/(loss) of the year	(5,787)	41,290
Adjustments to reconcile profit for the year to cash generated from operations:		
Depreciation, amortisation and impairment less reversal of impairment of fixed assets and assets held for sale	53,436	37,695
Changes in non-current provisions	6,528	272
Income tax expense	5,992	3,949
Financial expense/(income)	(1,265)	(3,124)
(Gains)/losses from the sale of fixed assets	88	789
Release from government grants	(1,105)	(2,597)
Other non-cash expense/(income), net	1,303	(712)
Changes in working capital:		
- Inventories	8,210	(4,156)
- Trade and other receivables	(4,357)	(1,906)
- Trade and other payables	(18,459)	3,575
- Other provisions	1,251	(869)
Cash generated from operations	45,835	74,206
Interest paid	(5,243)	(7,737)
Interest and dividends received	966	952
Income tax paid	(2,825)	(5,593)
Net cash generated from operating activities	**38,733**	**61,828**
Cash flows from investing activities		
Capital expenditure for property, plant and equipment and intangible assets	(59,058)	(103,363)
Proceeds from sale of property, plant and equipment and intangible assets	256	481
Purchases of financial assets	(3)	–
Proceeds from sale of financial assets	3,085	4,513
Net cash used in investing activities	**(55,720)**	**(98,369)**
Cash flows from financing activities		
Proceeds from borrowings	118,546	74,570
Repayments of borrowings	(97,888)	(42,910)
Proceeds from government grants	1,645	2,477
Proceeds from the exercise of stock options	–	651
Payments for the purchase of treasury shares	–	(4,590)
Dividends paid	(7,930)	(7,249)
Net cash generated from financing activities	**14,373**	**22,949**
Net decrease in cash and cash equivalents	**(2,614)**	**(13,592)**
Cash and cash equivalents at beginning of the year	9,364	24,597
Exchange gains/(losses) on cash and cash equivalents	281	(1,641)
Cash and cash equivalents at end of the year	**7,031**	**9,364**

Consolidated Statement of Changes in Equity

(in € 1,000)	Share capital	Other reserves	Retained earnings	**Equity attributable to equity holders of the parent company**	Minority interests	**Total equity**
31 March 2007	**49,529**	**(14,924)**	**185,617**	**220,222**	**545**	**220,767**
Fair value gains/(losses) net of tax of available-for-sale financial assets	–	7	–	**7**	–	**7**
Currency translation differences	–	(24,797)	156	**(24,641)**	(12)	**(24,653)**
Net income/(expense) recognised directly in equity	–	(24,790)	156	**(24,634)**	(12)	**(24,646)**
Profit/(loss) for the year	–	–	42,691	**42,691**	(1,401)	**41,290**
Total recognised income and expense in 2007/08	**–**	**(24,790)**	**42,847**	**18,057**	**(1,413)**	**16,644**
Stock option plan:						
- Value of employee services	66	–	–	**66**	–	**66**
- Change in stock options	(182)	–	–	**(182)**	–	**(182)**
Change in treasury stock net of tax	(3,755)	–	–	**(3,755)**	–	**(3,755)**
Dividend relating to 2006/07	–	–	(7,249)	**(7,249)**	–	**(7,249)**
Minority interests through acquisition and reclassifications of losses attributable to minority interests	–	–	(1,398)	**(1,398)**	1,398	**–**
31 March 2008	**45,658**	**(39,714)**	**219,817**	**225,761**	**530**	**226,291**
Fair value gains/(losses) net of tax of available-for-sale financial assets	–	(17)	–	**(17)**	–	**(17)**
Currency translation differences	–	40,292	–	**40,292**	8	**40,300**
Net income/(expense) recognised directly in equity	–	40,275	–	**40,275**	8	**40,283**
Profit/(loss) for the year	–	–	(5,376)	**(5,376)**	(411)	**(5,787)**
Total recognised income and expense in 2008/09	**–**	**40,275**	**(5,376)**	**34,899**	**(403)**	**34,496**
Stock option plan:						
- Value of employee services	22	–	–	**22**	–	**22**
Dividend relating to 2007/08	–	–	(7,930)	**(7,930)**	–	**(7,930)**
Minority interests through acquisition and reclassifications of losses attributable to minority interests	–	–	(512)	**(512)**	367	**(145)**
31 March 2009	**45,680**	**561**	**205,999**	**252,240**	**494**	**252,734**

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 Group sells its products directly to original equipment manufacturers and, to a lesser extent, to contract electronic manufacturers primarily located in Europe and Asia.

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

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

B. Summary of significant accounting policies

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

a. Consolidation principles

The balance sheet date for all consolidated companies is 31 March 2009 with the following exception: Due to the legal situation in China the reporting year of AT&S (China) Company Limited corresponds to the calendar year (31 December 2008), its consolidation was performed on the basis of the interim financial statements as of 31 March 2009.

The consolidated financial statements have been approved for issue by the Board of Directors on 13 May 2009. 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 10 June 2009. The separate financial statements of the Company can be modified by the Supervisory Board and – in case of presentation to the Annual General Meeting – by the Company's equity holders. This could also affect the presentation of the consolidated financial statements.

Subsidiaries

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

- AT&S India Private Limited, India (hereinafter referred to as AT&S India, share 100%),
- AT&S Verwaltungs GmbH & Co KG, Germany (share 100%),
- AT&S Deutschland GmbH, Germany (share 100%),
- C2C Technologie für Leiterplatten GmbH, Austria (share 100%),
- AT&S (China) Company Limited, China (hereinafter referred to as AT&S China, share 100%),
- DCC - Development Circuits & Components GmbH, Austria (share 100%),
- AT&S Klagenfurt Leiterplatten GmbH, Austria (share 77.32%),
- AT&S Asia Pacific Limited, Hong Kong (hereinafter referred to as AT&S Asia Pacific, share 100%),
- AT&S Japan K.K., Japan (share 100%),
- AT&S ECAD Technologies Private Limited, India (hereinafter referred to as AT&S ECAD, share 94.20%),
- AT&S ECAD Technologies Inc., USA (share 94.20%),
- AT&S Korea Co., Ltd., South Korea (hereinafter referred to as AT&S Korea, share 98.76%),
- AT&S Americas LLC, USA (hereinafter referred to as AT&S Americas, share 100%).

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

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

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

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

b. Segment reporting
A geographical segment is a distinct activity of a company which offers or provides products or services within a specific economic environment and which is faced with risks and rewards that differ from other business activities in other economic environments.

A business segment is a distinct activity of a company which produces or provides an individual good or service or a group of similar goods or services and which is faced with risks and rewards that differ from those of other business segments.

c. Foreign currencies
The reporting currency of the Group 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 ECAD, AT&S ECAD Technologies Inc., AT&S Korea and AT&S Americas are translated at the exchange rates on the balance sheet date. The income statements are translated at the average exchange rates of the reporting period. Translation adjustments are recognised in equity and not taken through profit or loss.

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

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

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

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

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

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

Deferred taxes on unrealised gains/losses from securities available for sale recognised in equity are also recognised in equity and not in the income statement.

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.

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

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

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

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

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

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

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

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

g. Intangible assets
Patents, trademarks and licenses
Expenditures on acquired patents, trademarks and licenses are capitalised at cost, including incidental acquisition expenses, and amortised on a straight-line basis over their useful lives, generally between 4 and 10 years. Amortisation terms and methods are reviewed annually at the end of the financial year.

Goodwill
Goodwill, which represents the excess of the cost of an acquisition over the fair value of the Group’s share of the net identifiable assets, liabilities and contingent liabilities of the acquired subsidiary at the date of acquisition, is included in intangible assets.

Research and development costs

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

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

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

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

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

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

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

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

i. Inventories

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

j. Trade and other receivables

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

k. Financial assets

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

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

Financial assets at fair value through profit or loss

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

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

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

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

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

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

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

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

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

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

Further the Group manages its interest rate risk by using interest rate swaps. Value fluctuations of the hedged positions are compensated by corresponding value fluctuations of the derivatives. The Group does not hold any financial instruments for speculative purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair values. Hedge accounting pursuant to IAS 39 "Financial Instruments: Recognition and Measurement" is currently not applied, unrealised gains and losses from derivative financial instruments, therefore, are credited or charged to the income statement under "Financial result".

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

n. Minority interests
Minority interests include the following:
- 22.68% in AT&S Klagenfurt Leiterplatten GmbH,
- 5.80% in AT&S ECAD,
- 1.24% in AT&S Korea.

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

o. Provisions

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

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

p. Employee benefits

Retirement benefit obligations

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

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

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

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

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

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

Termination benefits

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

For employees who joined Austrian companies up to and including 2002 direct obligations of the company exist, which account for the major part of the Group's termination benefit obligations. In accordance with IAS 19 these liabilities are calculated using the projected unit credit method, taking into consideration the corridor method and represent termination benefit obligations not covered by plan assets. Actuarial gains or losses exceeding the corridor are charged or credited to income over the expected average remaining working lives of the employees covered by the plan. For employees who joined as of 1 January 2003 the termination benefit obligation is fulfilled by regular contributions to a staff provision fund ("Mitarbeitervorsorgekasse"). These contributions are included in personnel expenses. The Group has no further payment obligations once the contributions have been paid.

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

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

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

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

q. Share-based payments
The Group operates a stock option plan which is settled by the issue of treasury shares, as well as a stock option plan which is settled alternatively in cash or in treasury shares. These stock option plans are accounted for in accordance with IFRS 2 "Share-based Payment".

The fair value of the work performed by employees in return for the stock options granted to them is recognised as expense. The Group accounts for a corresponding increase in equity, if the work performed is compensated by the issue of treasury shares. Reference is made to Note 23 "Share capital". The Group accounts for an increase in liability, if it is settled alternatively in cash or in treasury shares. Reference is made to Note 16 "Trade and other payables".

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

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

Government grants relating to costs are deferred and recognised over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets. They are recognised in the income statement under other operating income.

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

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

u. New accounting regulations
The IFRS already mandatory at the balance sheet date were adopted in the preparation of the consolidated financial statements. The IASB issued amendments to existing standards, as well as new standards and interpretations which are mandatory for 2008/09. These regulations were also adopted by the EU and relate to the following areas:
- IAS 39 "Financial instruments: Recognition and measurement" and IFRS 7 "Financial instruments: Disclosures" (Amendment: Reclassification of financial assets)
- IFRIC 11 "IFRS 2 – Group and treasury share transactions" (provides guidance on whether share-based transactions involving treasury shares or involving group entities should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the group companies)

This amendment does not have an impact on the Group's assets and liabilities, its financial position and results of operations.

The IASB has issued further standards and amendments to standards and interpretations that are not yet mandatory in the financial year 2008/09. The following standards and interpretations had been adopted by the EU by the time these consolidated financial statements were prepared and published in the Official Journal:

- IFRS 8 “Operating segments” replaces IAS 14 “Segment reporting” (adoption of the “management approach”, under which segment information is presented on the same basis as that used for internal reporting purposes of management)
- IFRIC 13 “Customer loyalty programmes”
- IFRIC 14 “IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction”
- IFRS 1, “First-time adoption of IFRS” and IAS 27 “Consolidated and separate financial statements” (Amendment: Cost of an investment in a subsidiary in the separate financial statements of a parent on first-time adoption of IFRS)
- IAS 1 “Presentation of financial statements” and “IAS 1 (2007)” replace the existing IAS 1
- IFRS 2 “Share-based payment” (Amendment: vesting conditions and cancellations)
- IAS 23 “Borrowing costs” (Amendment: mandatory capitalisation of borrowing costs for qualifying assets)
- IAS 32 “Financial instruments: Presentation” and IAS 1 “Presentation of financial statements” (Amendment: puttable financial instruments and obligations arising on liquidation)

The amendments are mandatory for accounting periods beginning on or after 1 January 2009. Thus, the Group will apply these new regulations as of the financial year 2009/10. From today’s perspective, these amendments are not expected to have a material impact on the Group’s assets and liabilities, its financial position and results of operations, a final assessment, however, cannot be made. In any case, the amendments will affect parts of the financial statement presentation.

Furthermore, under the annual improvements project of the IASB a total of 20 standards were amended in May 2008, which have also already been adopted by the EU and are not yet mandatory in the financial year 2008/09. The amendments include the following:

- IFRS 5 “Non-current assets held for sale and discontinued operations” and consequential amendment to IFRS 1 “First-time adoption of International Financial Reporting Standards“ (Amendment: Plan to dispose of shares in a subsidiary, which results in the loss of control)
- IAS 23 “Borrowing costs” (Amendment: components of borrowing costs)
- IAS 16 “Property, plant and equipment” (Amendment: sale of assets held for rental and recoverable amount)
- IAS 19 “Employee benefits” (Amendment: contingent liabilities)
- IAS 20 “Accounting for government grants and disclosure of government assistance” (Amendment: accounting for below-market rate government loans)
- IAS 27 “Consolidated and separate financial statements” (Amendment: measurement of subsidiaries held for sale in the separate financial statements of the parent company)
- IAS 28 “Investments in associates” (Amendment: prohibition of reversal of impairment and goodwill and disclosures on investments in associates and joint ventures)
- IAS 29 “Financial reporting in hyperinflationary economies” (Amendment: description of the measurement basis in financial statements)
- IAS 36 “Impairment of assets” (Amendment: disclosures in the notes on the determination of the recoverable amount based on the fair value less cost to sell)
- IAS 38 “Intangible assets” (Amendment: advertising and sales promotion, and amortisation method to be used)
- IAS 39 Financial instruments: recognition and measurement” (Amendments: reclassification of financial instruments, adjustment of the effective interest rate, hedging relationship and segment reporting)
- IAS 40 “Investment property” (Amendments: property that is under construction or development for future use as investment property and fair value cannot be measured reliably)
- IAS 41 “Agriculture” (Amendments: calculation of the fair value and market interest rate in the discounting of future cash flows)

The amendments are mandatory for accounting periods beginning on or after 1 January 2009, with the exception of IFRS 5 and IFRS 1 (mandatory for accounting periods beginning on or after 1 July 2009). Thus, the Group will apply these new regulations as of the financial year 2009/10 (and the amendments of IFRS 5 and IFRS 1 as of the financial year 2010/11). From today’s perspective, these amendments are not expected to have a material impact on the Group’s assets and liabilities, its financial position and results of operations.

The following amendments to standards under the IASB's improvements project of May 2008 relate to changes in wording or editing, which have no or only insignificant effects on accounting. The amendments are mandatory for accounting periods beginning on or after 1 January 2009. Thus, the Group will apply these new regulations as of the financial year 2009/10:

- IFRS 7 "Financial instruments: disclosures" (Amendment: presentation of the financial result)
- IAS 8 "Accounting policies, changes in accounting estimates and errors" (Amendment: guidelines)
- IAS 10 "Events after the reporting period" (Amendment: dividends approved after the balance sheet date, but before the financial statements were authorised for publication)
- IAS 18 "Revenue" (Amendment: cost of floating a loan)
- IAS 20 "Accounting for government grants and disclosure of government assistance" (Amendment: adjustment of terminology)
- IAS 29 "Financial reporting in hyperinflationary economies" (Amendment: adjustment of terminology)
- IAS 34 "Interim financial reporting" (Amendment: earnings per share)
- IAS 40 "Investment property" (Amendment: adjustment of terminology)
- IAS 41 "Agriculture" (Amendment: adjustment of terminology; modification of an example)

The following standards, amendments to standards and interpretations have already been issued by the IASB or IFRIC, but at the time the consolidated financial statements were prepared had not yet been adopted by the European Union:

- IFRS 3 "Business combinations" and IAS 27 "Consolidated and separate financial statements" (Amendments: recognition of costs of a business combination, option full goodwill method; clarifications on gradual acquisition and other revision)
- IFRS 1 "First-time adoption of International Financial Reporting Standards"
- IAS 39 "Financial instruments: recognition and measurement" (Amendment: permissible underlying transactions under hedging relationships)
- IAS 39 "Financial instruments: recognition and measurement" (Amendment: reclassification of financial assets)
- IFRS 7 "Financial instruments: disclosures" (Amendment: improvement of the presentation of disclosures on financial instruments)
- IFRIC 12 "Service concession arrangements"
- IFRIC 15 "Agreements for construction of real estate"
- IFRIC 16 "Hedges of a net investment in a foreign operation"
- IFRIC 17 "Distributions of non-cash assets to owners"
- IFRIC 18 "Transfers of assets from customers"
- IFRIC 9 "Reassessment of embedded derivatives" and IAS 39 "Financial instruments: recognition and measurement"

Under the annual improvements project of the IASB a total of 10 standards and 2 interpretations were amended in April 2009. The amendments include the following, which at the time the consolidated financial statements were prepared had not yet been adopted by the EU:

- IFRS 2 "Share-based payment" (Amendment: clarification of the scope of IFRS 2 and additional amendments as a result of the revision of IFRS 3)
- IFRS 5 "Non-current assets held for sale and discontinued operations" (Amendment: clarification of classification requirements and extension of disclosure requirements)
- IFRS 8 "Operating segments" (Amendment: disclosure requirements on the result and on the assets and liabilities of operating segments)
- IAS 1 "Presentation of financial statements" (Amendment: clarification on the classification requirements of liabilities and convertible debt instruments)
- IAS 7 "Cash flow statements" (Amendment: It provides clarification that only expenses leading to a recognition of an asset have to be recognised under cash flows from investing activities)
- IAS 17 "Leases" (Amendment: reassessment of leases with land and building components or a property with an indefinite useful life)
- IAS 18 "Revenue" (Amendment: improvement of the criteria for the classification of an entity as principal or agent)
- IAS 36 "Impairment of assets" (Amendment: clarification on the allocation of goodwill to cash-generating units)
- IAS 38 "Intangible assets" (Amendments: clarification on the measurement of the fair value of an intangible asset acquired in a business combination and additional amendments as a result of the revision of IFRS 3)
- IAS 39 "Financial assets: recognition and measurement" (Amendment: clarification of the assessment of the relationship of the embedded derivatives with the underlying contract in case of penalties, as well as contracts between parties to a business combination)
- IFRIC 9 "Reassessment of embedded derivatives" (Amendment: clarification on the scope
- of IFRIC 9 and additional amendments as a result of the revision of IFRS 3)
- IFRIC 16 "Hedges of a net investment in a foreign operation" (Amendment: clarification on classification of hedges of a net investment in a foreign operation)

The effects of these new regulations, which at the time these consolidated financial statements were prepared had not yet been adopted by the EU, cannot yet be estimated reliably.

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 2009 a reduction of the discount rate (actuarial parameter) from 5.25% to 4.75% would affect the projected retirement and termination benefit obligations as follows:

(in € 1,000)	Retirement benefits	Termination benefits
Increase of present value of obligation	775	743

An increase in the interest rate (actuarial parameter) from 5.25% to 5.75% would have the following effects on the present value of retirement and termination benefits entitlements at 31 March 2009:

(in € 1,000)	Retirement benefits	Termination benefits
Reduction present value of obligation	687	675

Reference is made to Note 18 “Provisions for employee benefits”.

Measurement of deferred taxes

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

Deferred tax assets in the amount of EUR 29.6 million were not recognised for tax loss carryforwards in the Group. The major part of these non-capitalised tax loss carryforwards may be carried forward for an unlimited period of time. If they were subsequently expected to be realised, these deferred tax assets would have to be recognised. Reference is made to Note 7 “Income taxes”.

Other estimates and assumptions

Further estimates relate to impairments of non-current assets, the measurement of derivative financial instruments, the restructuring of the Leoben-Hinterberg plant, allowances for doubtful accounts and measurements of inventory. Reference is made to Note 4 “Other operating result”, Note 5 “Non-recurring items” and Note 19 “Other provisions”.

II. Risk Report

Financial risks

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

Detailed information on credit risks and derivative financial instruments is contained in Note I.B.l. "Summary of significant accounting policies: Derivative financial instruments" and in Note 20 "Derivative financial instruments". The Group uses derivative financial instruments, such as forward contracts, options and swaps, exclusively for hedging purposes.

Liquidity risk

At the balance sheet date the Group has liquidity reserves in the amount of TEUR 66,898. Cash and cash equivalents, trading securities and securities available for sale account for TEUR 20,602 thereof and existing unused credit lines for TEUR 46,296 thereof.

The Company is authorised, subject to approval by the Supervisory Board, to issue up to 11,300,000 new shares of authorised capital as well as convertible bonds amounting to a total of TEUR 100,000, as well as to sell treasury shares (at the balance sheet date the Group holds 2,577,412 treasury shares).

Moreover, the Group has a significant positive cash flow from operating activities at its disposal. The net cash flow from operating activities amounts to TEUR 38,733 for the financial year 2008/09 (2007/08: TEUR 61,828).

With regard to liquidity risks, reference is also made to the detailed disclosures in Note 17 "Financial liabilities". In addition to the non-current funds available to the Company at the balance sheet date, it also obtained a binding loan commitment in the amount of EUR 37 million with a maturity of five years.

Market risks

Interest rate risk

Minor interest rate risks on the assets side of the balance sheet relate to investments in securities. Most of the other liquid resources are invested short-term and all securities are available for sale. Reference is made to Note 13 "Financial assets" and Note 15 "Cash and cash equivalents".

On the liabilities side, 78% of the borrowings are subject to fixed interest rates, and most of the remaining variable interest rate loans (22%) have maturities of less than one year. Reference is made to Note 17 "Financial liabilities".

Currency risk

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

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

Evaluation of Market Risks by VAR and sensitivity analyses

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

In addition, by a so-called GAP analysis the potential loss resulting from a 1% change in price (currency rate or interest rate) with regard to the foreign currency or interest net position is determined. Correlations between different risk elements are not accounted for in this analysis.

If the interest rates at the balance sheet date had been 100 basis points higher (or lower, respectively), based on the financing structure at the balance sheet date the annual result of the Group would have been EUR 0.5 million (2007/08: EUR 1.2 million) lower (or higher, respectively), provided all other variables had remained constant. This would have mainly been due to higher (or lower, respectively) interest expenses for variable interest financial liabilities. Further components of equity would not be directly affected. The impact of this interest rate sensitivity analysis is based on the assumption that the interest rates would deviate during the entire financial year by 100 basis points.

If the exchange rate of the euro against all other currencies had risen (or fallen, respectively) by 1% at the balance sheet date, the annual result of the Group would have been EUR 0.6 million (2007/08: EUR 0.4 million) lower (or higher, respectively), provided all other variables had remained constant. This would have mainly been due to the measurement of trade receivables denominated in US dollars and derivative financial instruments at fair value. Further components of equity would not be directly affected in the sense of this exchange rate sensitivity analysis.

If the exchange rate of the US dollar against all other currencies had risen (or fallen, respectively) by 1% at the balance sheet date, the annual result of the Group would have been EUR 1.7 million (2007/08: EUR 0.9 million) higher (or lower, respectively), provided all other variables had remained constant. This would have mainly been due to the measurement of trade receivables denominated in US dollars, as well as trade payables and derivative financial instruments at fair value. Further components of equity would not be directly affected in the sense of this exchange rate sensitivity analysis.

In the exchange rate sensitivity analysis the respective impact on the result is calculated on the basis of foreign currency net positions at the balance sheet date and the development of net cash flows expected according to budget for the next 12 months, taking into account derivative financial instruments. Thus, the disclosures of the effect on the consolidated profit for the year also include the effects on the result of the net cash flows for the next 12 months. Funding within the Group between group companies and exchange rate related differences from the translation of financial statements into the group currency are not accounted for.

Credit risk

In the context of its strong growth in the past few years, the Group has established strong and long-term relations with key customers, resulting in a certain concentration on the customer side. In order to guard against this potential risk, the Group encourages the further diversification in the customer, industry and product mix and, apart from the Mobile Devices segment, increasingly focuses on the areas Industrial and Automotive. In order to further increase the existing customer portfolio, the focus is on the acquisition of new customers and on the development of the distribution network to better correspond to market requirements. The disappearance of weak market participants, which had been expected and in part has already taken place in the printed circuit board production, even in times of crisis provides the Group with opportunities to acquire new customers in addition to market shares.

A major portion of revenue in the Group is generated from two multinational groups operating in the Mobile Devices segment. The Group has significant receivables from these customers, which at 31 March 2009 account for 35% of total trade receivables (31 March 2008: 33%) The credit standing of these customers is monitored.

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

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

Technology risks

In order to guard against losing its technological lead, the Group gives high priority to innovation, and hence to maintaining a highly active research and development programme. The Group has therefore made research and development expenditure at a high level particularly in the past financial year, focusing on new processes, products and design solutions. In addition, research was also conducted aimed at new customer segments, e.g. the area of photovoltaics. In doing so, the Group has sustainably intensified the existing technology and research network. The research and development activities of the Group are often carried out in cooperation with various external partners. In addition to taking into account customer requirements and ideas, project-related cooperations are entered into with research institutions, suppliers or other technology companies. Through its research and development effort, the Group is in a position to spot technological trends early and to help shape them, and then to rapidly commercialise the products that emerge.

Capital risk management

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

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

Unchanged on the prior year, basically the Group pursues the strategy of maintaining a net gearing of up to 80% in order to be able to borrow at reasonable cost. Net gearing as of 31 March 2009 amounted to 69% (31 March 2008: 62%). The calculation was simplified compared to the presentation in the consolidated financial statements of the prior year and the provisions for employee benefits are not included in the net financial liabilities according to the recognition of the interest component in staff costs.

III. Segment Reporting

Segment information is presented according to the following criteria:

Geographical segmentation

The geographical segmentation is the primary reporting format and is performed according to the location of the assets held by the Group in Europe and Asia.

Business segment

Business segments represent the secondary reporting format. The Group principally operates in the following business areas:
- Mobile Devices
- Industrial
- Automotive

All other business areas of minor importance are included in "Other".

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

a. Geographical segmentation

Financial year 2008/09:

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

Significant effects on the segment result:

(in € 1,000)	Europe	Asia	Not allocated and consolidation	Group
Non-recurring items	21,996	5,646	–	27,642

Reference is made to Note 5 "Non-recurring items".

Financial year 2007/08:

(in € 1,000)	Europe	Asia	Not allocated and consolidation	Group
External sales	371,673	114,071	–	485,744
Intercompany sales	–	142,562	(142,562)	–
Total revenues	371,673	256,633	(142,562)	485,744
Segment result/Operating result	13,755	47,966	(19,606)	42,115
Financial result				3,124
Profit before income tax				45,239
Income tax expense				(3,949)
Profit for the year				**41,290**
Total assets	164,566	343,968	(12,934)	495,600
Liabilities	65,918	65,226	138,165	269,309
Capital expenditures	8,448	102,674	298	111,420
Depreciation/amortisation of property, plant and equipment and intangible assets	10,151	24,436	1,394	35,981

Significant effects on the segment result:

(in € 1,000)	Europe	Asia	Not allocated and consolidation	Group
Impairments	1,714	137	–	1,851
Non-recurring items	–	1,113	–	1,113
Reversals of impairments	–	272	–	272

Reference is made to Note 5 “Non-recurring items”, Note 8 “Property, plant and equipment” and Note 9 “Intangible assets”.

b. Business segment information

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

(in € 1,000)	Financial year 2008/09	Financial year 2007/08
Mobile Devices	287,538	323,371
Industrial	107,001	102,377
Automotive	41,298	50,234
Other	14,044	9,762
	449,881	**485,744**

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

Total assets are used jointly by all business segments. Thus a breakdown according to industry as well as an allocation of capital expenditures cannot be presented.

Revenue broken down by country is as follows:

(in € 1,000)	Financial year 2008/09	Financial year 2007/08
Austria	20,038	22,022
Germany	92,169	120,033
Hungary	52,149	44,626
Other EU	34,113	31,862
Asia	175,060	203,237
Canada, USA	70,476	57,977
Other	5,876	5,987
	449,881	**485,744**

IV. Notes to the Income Statement

1. Revenue

	Financial year	
(in € 1,000)	2008/09	2007/08
Main revenue	449,666	485,430
Incidental revenue	215	314
	449,881	**485,744**

2. Types of expenses

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

	Financial year	
(in € 1,000)	2008/09	2007/08
Cost of materials	172,571	191,711
Personnel expenses	105,839	115,592
Depreciation/amortisation	44,192	35,003
Purchased services incl. leased personnel	24,489	29,677
Maintenance (incl. spare parts)	22,072	21,279
Energy	21,813	21,288
Transportation costs	7,689	8,519
Change in inventories	7,395	(2,816)
Rental and leasing expenses	6,221	5,202
Other	14,910	15,834
	427,191	**441,289**

In the financial years 2008/09 and 2007/08 the item "other" mainly relates to travel expenses, legal and consulting fees, as well as insurance expenses.

3. Research and development costs

The Group incurred research and development costs in the amount of TEUR 8,590 and TEUR 8,651 in the financial years 2008/09 and 2007/08, respectively. The above amounts represent only costs which can be directly allocated and which are recognised as expenses in cost of sales.

4. Other operating result

	Financial Year	
(in € 1,000)	2008/09	2007/08
Income from the reversal of government grants	843	2,064
Expenses/income from foreign exchange differences	1,639	(1,475)
Losses from the sale of non-current assets	(89)	(789)
Impairments/reversals of impairments of property, plant and equipment *)	1	135
Impairments of assets held for sale **)	–	(1,714)
Start-up losses ***)	(380)	(2,058)
Insurance reimbursements	–	15
Miscellaneous other income	1,878	2,595
	3,892	**(1,227)**

*) Reference is made to Note 8 "Property, plant and equipment".
**) Reference is made to Note 14 "Non-current assets held for sale".
***) The start-up losses in 2008/09 are due to the construction of the second plant in India and the start-up losses in 2007/08 to the construction of the third plant in China.

The item "Miscellaneous other income" mainly relates to income from export refunds in Asia in the financial years 2008/09 and 2007/08.

5. Non-recurring items

Non-recurring items include the following:

	Financial Year	
(in € 1,000)	2008/09	2007/08
Impairments of goodwill	(5,426)	(1,113)
Impairments of other intangible assets	(108)	–
Impairments of property, plant and equipment	(3,706)	–
Losses from the disposal of assets	(13)	–
Personnel expenses	(8,866)	–
Net costs arising from other contractual obligations	(9,605)	–
Income from the reversal of provisions for restructuring	82	–
	(27,642)	**(1,113)**

Impairments of goodwill

The impairments of goodwill relate to the write-down of the goodwill of AT&S Korea in the financial year 2008/09 and of AT&S ECAD in the prior financial year 2007/08. Reference is made to Note 9 "Intangible assets".

Restructuring Leoben-Hinterberg

In connection with the restructuring of the production site in Leoben-Hinterberg, Austria, non-recurring expenses in the amount of TEUR 20,971 were incurred in the financial year 2008/09. The related expense items are as follows:

(in € 1,000)	Financial Year 2008/09
Impairments of property, plant and equipment	(3,582)
Impairments of intangible assets	(12)
Personnel expenses	(7,788)
Net costs arising from other contractual obligations	(9,589)
	(20,971)

The restructuring of the Leoben-Hinterberg location includes the adjustment of the production capacities to the expected utilisation of the plant in the future. Production machines that are no longer required were written off accordingly. The personnel expenses result from a social plan agreed upon in the third quarter of the past financial year. Net costs arising from other contractual obligations mainly relate to already incurred and expected vacancy costs for the unused building space based on the non-cancellable property lease obligations, and other contractual obligations to be recognised as expenses. Reference is made to Note 8 "Property, plant and equipment", Note 9 "Intangible assets" and Note 19 "Other provisions".

Other non-recurring expenses

The other non-recurring personnel expenses in the amount of TEUR 1,078 result from a cost-cutting programme implemented in the fourth quarter of the financial year 2008/09 across the Group and the related reduction in personnel, in particular in the area of overhead costs. Non-current assets were also affected by the cost-cutting programme. Reference is made to Note 8 "Property, plant and equipment" and Note 9 "Intangible assets ".

6. Financial result

(in € 1,000)	Financial Year 2008/09	2007/08
Interest income from financial assets at fair value and available-for-sale securities	706	660
Other interest income	260	292
Gains from the sale of cash equivalents	8	881
Realised gains from derivative financial instruments, net	–	4,513
Gains from the measurement of derivative financial instruments at fair value, net	–	4,169
Gains from foreign exchange differences, net	14,764	862
Other financial income	57	–
Financial income	15,795	11,377
Interest expense on borrowings	(8,764)	(7,650)
Interest expense from finance leases	(76)	(144)
Realised income from derivative financial instruments, net	2,755	–
Losses from the measurement of derivative financial instruments at fair value, net	(8,029)	–
Other financial expenses	(416)	(459)
Financial expenses	(14,530)	(8,253)
Financial result	**1,265**	**3,124**

7. Income taxes

The income tax expense is broken down as follows:

(in € 1,000)	Financial Year 2008/09	2007/08
Current income taxes	3,367	7,059
Deferred taxes	2,625	(3,110)
Total tax expense	**5,992**	**3,949**

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

	Financial Year	
(in € 1,000)	2008/09	2007/08
Expected tax expense at standard Austrian rate	51	11,310
Effect of different tax rates in foreign countries	(11,527)	(10,080)
Non-creditable foreign withholding taxes	4,292	1,867
Effect of change in previously unrecognised tax losses and temporary differences	16,475	3,268
Effect of the change in tax rate	(1,268)	(1,744)
Effect of permanent differences	(1,821)	(1,007)
Effect of taxes from prior periods	(235)	329
Other tax effects, net	25	6
Total tax expense	**5,992**	**3,949**

Deferred tax assets and liabilities consist of the following:

	31 March	
(in € 1,000)	2009	2008
Deferred tax assets		
Tax loss carryforwards including taxable goodwill	3,459	5,411
Non-current assets	5,625	3,163
Inventories	1,264	1,155
Trade receivables	129	302
Retirement, termination benefit and other employee benefit obligations	972	1,001
Other non-current liabilities	48	967
Temporary differences arising from shares in subsidiaries	1,705	508
Other	12	174
Deferred tax assets	**13,214**	**12,681**
Deferred tax liabilities		
Non-current assets	(2,662)	(3,407)
Unrealised gains from securities available for sale, recognised in equity and not taken through profit or loss	(8)	(19)
Provisions for termination benefits	(692)	(775)
Foreign currency valuation	(2,364)	(1,621)
Temporary differences arising from shares in subsidiaries	(4,589)	(1,152)
Other taxable temporary differences	(2,725)	(3,573)
Other	(57)	(23)
Deferred tax liabilities	(13,097)	(10,570)
Deferred tax assets, net	**117**	**2,111**

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

	31 March	
(in € 1,000)	2009	2008
Deferred tax assets:		
- non-current	7,876	6,761
- current	2,086	2,630
	9,962	9,391
Deferred tax liabilities:		
- non-current	(6,740)	(5,123)
- current	(3,105)	(2,157)
	(9,845)	(7,280)
Deferred tax assets, net	**117**	**2,111**

At 31 March 2009 the Group has tax loss carryforwards and taxable goodwill amounting to a total of TEUR 135,308 (at 31 March 2008 TEUR 54,911). For loss carryforwards amounting to TEUR 120,673 (at 31 March 2008 TEUR 34,757) thereof no deferred tax assets were recognised in the amount of TEUR 29,588 (at 31 March 2008 TEUR 8,866), since it is unlikely that they could be realised in the foreseeable future. TEUR 9,519 (at 31 March 2008 TEUR 4,789 of which accounts for the measurement of treasury shares, which would result in the need to recognise deferred taxes in consolidated equity, not affecting net income.

Deferred taxes (net) changed as follows:

	Financial Year	
(in € 1,000)	2008/09	2007/08
Carrying amount at the beginning of the financial year	2,111	217
Currency translation differences	622	(1,228)
Income/(expense) recognised in the income statement	(2,625)	3,110
Income taxes recognised in equity	9	12
Carrying amount at the end of the financial year	**117**	**2,111**

V. Notes to the Balance Sheet

8. Property, plant and equipment

(in € 1,000)	Land, plants and buildings	Machinery and technical equipment	Tools, fixtures, furniture and office equipment	Prepayments and construction in progress	Total
Net carrying amount 31 March 2008	45,002	225,630	5,685	21,433	297,750
Exchange differences	8,097	38,970	320	3,552	50,939
Additions	1,247	13,184	2,233	32,011	48,675
Disposals	(3)	(238)	(93)	–	(334)
Transfers	–	41,355	57	(41,412)	–
Impairment	–	(3,264)	(442)	–	(3,706)
Reversals of impairment	–	1	–	–	1
Depreciation, current	(2,692)	(38,728)	(2,052)	–	(43,472)
Net carrying amount 31 March 2009	51,651	276,910	5,708	15,584	349,853
At 31 March 2009					
Gross carrying amount	61,261	591,115	21,607	15,584	689,567
Accumulated depreciation	(9,610)	(314,205)	(15,899)	–	(339,714)
Net carrying amount	**51,651**	**276,910**	**5,708**	**15,584**	**349,853**

(in € 1,000)	Land, plants and buildings	Machinery and technical equipment	Tools, fixtures, furniture and office equipment	Prepayments and construction in progress	Total
Net carrying amount 31 March 2007	33,574	180,135	6,140	20,419	240,268
Exchange differences	(3,603)	(12,978)	(243)	(1,589)	(18,413)
Additions	17,056	88,192	2,251	3,379	110,878
Disposals	–	(673)	(207)	–	(880)
Transfers	–	776	–	(776)	–
Impairment	–	(137)	–	–	(137)
Reversals of impairment	–	272	–	–	272
Depreciation, current	(2,025)	(29,957)	(2,256)	–	(34,238)
Net carrying amount 31 March 2008	45,002	225,630	5,685	21,433	297,750
At 31 March 2008					
Gross carrying amount	50,888	495,038	21,531	21,433	588,890
Accumulated depreciation	(5,886)	(269,408)	(15,846)	–	(291,140)
Net carrying amount	**45,002**	**225,630**	**5,685**	**21,433**	**297,750**

The value of the land included in land, plants and buildings amounts to TEUR 1,280 (TEUR 1,470 as at 31 March 2008).

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

Impairment

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

Reversals of impairment

An impairment loss recognised for a machine in the financial year 2006/07 was reversed in the financial year 2007/08 in the amount of TEUR 272. This reversal of impairment is due to a favourable change in the basis used to determine the recoverable amount in connection with the acquisition of a replacement machine.

Finance leases

The following amounts for leased non-current assets from finance leases are recorded under “Property, plant and equipment”:

	31 March	
(in € 1,000)	2009	2008
Machinery and technical equipment	–	9,636
Accumulated depreciation	–	(5,651)
Net carrying amount	**–**	**3,985**

	31 March	
(in € 1,000)	2009	2008
Tools, fixtures, furniture and office equipment	–	29
Accumulated depreciation	–	(22)
Net carrying amount	**–**	**7**

Collateralisation

In connection with the collateralisation of various financing agreements property, plant and equipment in the amount of TEUR 1,772 (TEUR 2,680 at 31 March 2008) was mortgaged. Part of property, plant and equipment was acquired through finance leases.

9. Intangible assets

(in € 1,000)	Industrial property and similar rights and assets, and licenses in such rights and assets	Goodwill	Other intangible assets	Total
Net carrying amount 31 March 2008	2,331	5,910	106	8,347
Exchange differences	29	(484)	–	(455)
Additions	617	–	–	617
Disposals	(11)	–	–	(11)
Impairment	(108)	(5,426)	–	(5,534)
Amortisation, current	(722)	–	(4)	(726)
Net carrying amount 31 March 2009	**2,136**	**–**	**102**	**2,238**
At 31 March 2009				
Gross carrying amount	12,786	5,052	131	17,969
Accumulated amortisation	(10,650)	(5,052)	(29)	(15,731)
Net carrying amount	**2,136**	**–**	**102**	**2,238**

(in € 1,000)	Industrial property and similar rights and assets, and licenses in such rights and assets	Goodwill	Other intangible assets	Total
Net carrying amount 31 March 2007	3,065	8,486	15	11,566
Exchange differences	(31)	(1,463)	–	(1,494)
Additions	440	–	102	542
Disposals	(389)	–	–	(389)
Impairment	–	(1,113)	–	(1,113)
Amortisation, current	(754)	–	(11)	(765)
Net carrying amount 31 March 2008	**2,331**	**5,910**	**106**	**8,347**
At 31 March 2008				
Gross carrying amount	13,051	5,910	134	19,095
Accumulated amortisation	(10,720)	–	(28)	(10,748)
Net carrying amount	**2,331**	**5,910**	**106**	**8,347**

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

Impairments

The impairments of TEUR 5,426 in the financial year 2008/09 mainly relate to the write-off of the entire goodwill of AT&S Korea on the basis of the impairment test for goodwill explained subsequently. The other impairments in the financial year 2008/09 in the amount of TEUR 108 result exclusively from restructuring and cost-cutting measures. The determination of these amounts is 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".

In the prior financial year 2007/08 the impairment test of AT&S ECAD resulted in the impairment of the entire goodwill in the amount of TEUR 1,113.

Impairment test for goodwill

For the purpose of the impairment test, goodwill is allocated to the cash-generating unit AT&S Korea and the Asia segment.

Due to the altered market conditions the long-term business plan of AT&S Korea was revised in the third quarter of the financial year 2008/09 and an impairment test was performed.

The value in use was derived from future cash flows which are based on a detailed budgeting adopted by the management. In order to determine the value in use of AT&S Korea a detailed planning horizon of seven years was used.

The cash flows after the planning horizon were projected based on assumed growth rates, which are derived from the average long-term growth rates of the industry in which the company operates.

Key assumptions used for value-in-use calculation of AT&S Korea:

Gross profit margin[1]	12.1%
Growth rate[2]	3.0%
Discount rate[3]	15.9%

[1] Budgeted gross profit margin
[2] Weighted average growth rate for the projection of cash flows according to the 7-year planning horizon
[3] Pre-tax discount rate

Management determined budgeted gross profit margin based on past performance and its expectations for the future market development. The growth rate applied reflects industry expectations. The discount rate used is pre-tax and accounts for specific risks relating to the relevant business segments.

The impairment test resulted in an impairment of the entire goodwill of AT&S Korea in the amount of TEUR 5,426.

10. Other non-current assets

	31 March	
(in € 1,000)	2009	2008
Prepayments	1,887	1,577
Deposits made	1,128	861
Other non-current receivables	51	23
Carrying amount	**3,066**	**2,461**

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

11. Inventories

(in € 1,000)	31 March 2009	2008
Raw materials and supplies	18,207	17,974
Work in progress	8,963	13,334
Finished goods	19,828	20,406
Carrying amount	**46,998**	**51,714**

The write-down of inventories amounted to TEUR 8,979 at 31 March 2009 (TEUR 4,340 at 31 March 2008).

In connection with various financing agreements inventories in the amount of TEUR 0 (TEUR 750 at 31 March 2008) serve as collateral. Reference is made to Note 17 "Financial liabilities".

12. Trade and other receivables

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

(in € 1,000)	31 March 2009	2008
Trade receivables	86,001	78,229
VAT receivables	6,803	8,799
Energy tax refunds	3,511	2,264
Prepayments	2,327	633
Insurance reimbursements	1,573	1,010
Deposits	1,014	244
Public grants, not yet received	–	166
Other receivables	763	3,314
Impairments	(979)	(908)
	101,013	**93,751**

Other receivables mainly include prepaid expenses and deferred charges.

Maturity of receivables

All receivables at 31 March 2009 and 31 March 2008 have remaining maturities of less than one year.

Factoring

At the balance sheet date 31 March 2009 receivables in the amount of TEUR 6,072 (TEUR 11,059 at 31 March 2008) had been transferred to a bank under a genuine factoring arrangement.

In connection with various financing agreements trade receivables amounting to TEUR 36,000 (TEUR 43,200 at 31 March 2008) serve as collateral. Reference is made to Note 17 "Financial liabilities".

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

Development of periods overdue and write-downs

Trade and other receivables:

(in € 1,000)	31 March 2009	2008
Carrying amount	**101,013**	**93,751**
thereof: not impaired and not overdue or insured, resp.	92,555	91,855
thereof: not impaired and not insured and overdue for the following periods		
less than 3 months	7,868	1,425
between 3 and 6 months	263	110
between 6 and 12 months	240	40
more than 12 months	87	321

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

Impairment of trade and other receivables changed as follows:

(in € 1,000)	Financial Year 2008/09	2007/08
Impairment at the beginning of the financial year	908	888
Utilisation	(81)	(434)
Reversal	(141)	(119)
Addition	358	590
Currency translation differences	(65)	(17)
Impairment at the end of the financial year	**979**	**908**

13. Financial assets

The carrying amounts of financial assets are as follows:

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

(in € 1,000)	31 March 2008	thereof non-current	thereof current
Financial assets at fair value through profit or loss	19,969	–	19,969
Available-for-sale financial assets	194	119	75
	20,163	**119**	**20,044**

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 € 1,000)	31 March 2009	2008
Bonds	13,448	13,391
Derivative financial instruments*)	539	6,578
	13,987	**19,969**

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

All bonds held are denominated in euro.

Securities held to maturity

(in € 1,000)	31 March 2009	2008
Acquisition cost	1,000	1,000
Impairment	(1,000)	(1,000)
Carrying amount	–	–

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

The securities held to maturity are denominated in euro.

Available-for-sale financial assets

(in € 1,000)	31 March 2009	2008
Available-for-sale securities, at fair value	123	171
Other available-for-sale financial assets	25	23
Carrying amount	**148**	**194**

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

(in € 1,000)	Financial Year 2008/09	2007/08
Carrying amount at the beginning of the financial year	171	157
Disposals	(19)	–
Unrealised gains/(losses) from the current period, recognised in equity	(26)	21
Currency translation differences	(3)	(7)
Carrying amount at the end of the financial year	**123**	**171**

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

Other financial assets available for sale relate to an investment and are measured at cost.

14. Non-current assets held for sale

(in € 1,000)	Financial Year 2008/09	2007/08
Carrying amount at the beginning of the financial year	2,151	3,865
Impairment	–	(1,714)
Carrying amount at the end of the financial year	**2,151**	**2,151**

Non-current assets held for sale relate to the land and building of AT&S Verwaltungs GmbH & Co KG, Germany. In the financial year 2007/08 an impairment was recognised after the sales negotiations had not resulted in an effective sale.

On 13 May 2008 a mutually binding contract of sale offer with a condition precedent relating to the land and building was concluded. According to this offer, the buyer is obliged to accept the offer by 20 April 2009 at the latest, if he has been provided with a defined minimum amount of legally binding offers for lease and rental agreements. The net purchase price is determined within a margin and is based on the net rental return. The potential buyer informed of submitting a preliminary building application to the City of Augsburg, not having been provided with the defined minimum amount of legally binding offers for lease and rental agreements by 20 April 2009. A short-term extension of the contract of sale offer is being negotiated.

Assets held for sale mainly relate to the Europe segment.

15. Cash and cash equivalents

(in € 1,000)	31 March 2009	2008
Bank balances and cash on hand	4,250	7,848
Time deposits	2,304	794
Restricted cash	477	722
Carrying amount	**7,031**	**9,364**

At 31 March 2009 restricted cash relates to AT&S India and AT&S China (at 31 March 2008 to AT&S Korea, AT&S ECAD and AT&S India).

The reported carrying amounts correspond to the respective fair values.

16. Trade and other payables

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

(in € 1,000)	31 March 2008	Remaining maturity Less than 1 year	Between 1 and 5 years	More than 5 years
Trade payables	47,165	47,165	–	–
Government grants	1,207	215	700	292
Liabilities from stock options	63	–	63	–
Liabilities to financial authorities and other public taxing bodies	3,385	3,385	–	–
Social security payables	1,917	1,917	–	–
Liabilities from unconsumed vacations	5,121	5,121	–	–
Payables to employees	10,595	10,595	–	–
Other liabilities	8,189	7,392	797	–
Carrying amount	**77,642**	**75,790**	**1,560**	**292**

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

Government grants

Government grants relate mainly to grants for property, plant and equipment and are released to income on a straight-line basis over the useful life of the respective asset. The conditions to be met mainly include the following, with the deadlines for meeting the conditions already having expired at the balance sheet date:

- Obligation to employ a minimum number of staff,
- Obligation to hold subsidised property, plant and equipment for a certain minimum term,
- Obligation to continue business operations for the entire term of the subsidy.

Furthermore, the Group has received grants for project costs under a research project supported by the EU, which were recognised according to the costs incurred and the support quota on a pro rata basis as revenues and the accrued amount is included in the liabilities.

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. Reference is made to Note I.B.q. “Share-based payments”.

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.

After expiration of the waiting period, but not during blocking period, the options can be entirely or partially exercised.

The Group applies the provisions of IFRS 2 “Share-based Payment” to measure stock option plans.

The following table summarises information about all stock options granted until 31 March 2009.

	Date of grant			
	1 April 2008	1 April 2007	1 April 2006	1 April 2005
Exercise price (in €)	15.67	22.57	17.99	15.46
31 March 2007	–	–	143,000	124,500
Number of options granted	–	149,000	–	–
Number of options forfeited	–	20,000	15,000	4,000
Number of options exercised	–	–	–	2,000
Number of options expired	–	–	–	–
31 March 2008	–	129,000	128,000	118,500
Number of options granted	137,000	–	–	–
Number of options forfeited	–	–	–	–
Number of options exercised	–	–	–	–
Number of options expired	–	–	–	–
31 March 2009	**137,000**	**129,000**	**128,000**	**118,500**
Remaining contract period of stock options	4 years	3 years	2 years	1 year

The stock options are reported at fair value at the respective balance sheet date using the Monte-Carlo method based on model assumptions. The fair value of those stock options granted as of 1 April 2008, 2007, 2006 and 2005 amounts to TEUR 0. As of 31 March 2008, the fair value of stock options granted as of 1 April 2007 was TEUR 56, of stock options granted as of 1 April 2006 was TEUR 53, and of stock options granted as of 1 April 2005 was TEUR 34. Reference is made to Note 28 "Related party transactions".

The following figures may deviate from those subsequently realised in the market for all stock options granted as of 1 April 2005, as of 1 April 2006, as of 1 April 2007 and as of 1 April 2008:

Risk-free interest rate	3.07–3.33%
Volatility	40.22%
Dividend per share	0.18
Weighted average lives of options	3.6 years
Expected life of the options (in months)	28.5–52.5

Volatility is calculated based on daily share prices from 1 January 2003 until the balance sheet date.

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.

Other liabilities

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

17. Financial liabilities

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

(in € 1,000)	31 March 2008	Less than 1 year	Remaining maturity Between 1 and 5 years	More than 5 years	Interest rate in %
Export loans	36,475	36,475	–	–	4.9
Loans from state authorities:					
- European Recovery Program	256	128	128	–	1.5
- Public authorities	578	353	225	–	2.0–2.5
Other bank borrowings	128,012	89,373	38,639	–	2.5–6.4
Liabilities from finance leases	3,507	3,507	–	–	5.98
Derivative financial instruments*)	599	290	309	–	
Carrying amount	**169,427**	**130,126**	**39,301**	**–**	

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

The bonds with a total nominal value of EUR 80 million were placed by the Company on the Third Market of the Vienna Stock Exchange on 27 May 2008 with a maturity of five years. The bond is divided into amounts of EUR 50,000 and is exempt from the prospectus requirement pursuant to § 3 (1) 9 KMG (Austrian Capital Market Act). The annual fixed interest in the amount of 5.50% of the nominal value is payable subsequently on 27 May of each year. The bondholders do no have an ordinary cancellation right. An extraordinary cancellation right has been agreed in case of the following events occurring at the Company or one of its main subsidiaries:

- Cessation of payments or announcement of insolvency or over-indebtedness,
- Bankruptcy or other insolvency proceedings (exception: court settlement) or liquidation,
- Significant deterioration of the financial position and performance due to the discontinuation of the major part of operations, sale of major parts of assets or non-arm’s length transactions with related parties
- Change of control as stipulated in the Austrian Takeover Act, if this significantly affects the ability to meet the bond obligations.

Other bank borrowings mainly relate to the financing of the plants in China and South Korea, in addition to the current liquidity needs. Funds were raised in particular for the expansion of the plant in China (on the basis of a G4 guarantee of the Republic of Austria), which have to be repaid according to the repayment schedule in semi-annual instalments until 31 March 2011. Interest for the residual term is mainly fixed and in part variable. The main contract terms are as follows:

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

The contractually agreed (undiscounted) interest and redemption payments of the financial liabilities at 31 March 2009 are as follows in the next financial years:

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

At the prior-year balance sheet date 31 March 2008 the contractually agreed (undiscounted) interest and redemption payments of the financial liabilities were as follows for the next financial years:

(in € 1,000)	Export loans	Loans from state authorities	Other bank borrowings	Liabilities from finance leases	Derivative financial instruments
2008/09					
Redemption	36,475	481	89,373	3,507	290
Fixed interest	12	9	1,780	–	–
Variable interest	1,789	–	910	–	–
2009/10					
Redemption	–	168	21,500	–	290
Fixed interest	–	5	1,010	–	–
Variable interest	–	–	102	–	–
2010/11					
Redemption	–	152	14,000	–	19
Fixed interest	–	3	479	–	–
Variable interest	–	–	–	–	–
2011/12					
Redemption	–	33	3,139	–	–
Fixed interest	–	–	13	–	–
Variable interest	–	–	–	–	–

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

	Carrying amounts 31 March		Estimated fair values 31 March	
(in € 1,000)	2009	2008	2009	2008
Bonds	83,374	–	77,932	–
Export loans	36,000	36,475	36,000	36,629
Loans from state authorities	468	834	469	814
Other bank borrowings	72,834	128,012	71,138	127,702
Liabilities from finance leases	–	3,507	–	3,507
Derivative financial instruments	2,869	599	2,869	599
	195,545	**169,427**	**188,408**	**169,251**

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

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

	31 March	
(in € 1,000)	2009	2008
Euro	193,712	165,618
Korean won	1,474	2,680
US dollar	27	34
Japanese yen	271	338
Indian rupee	61	757
	195,545	**169,427**

Bank borrowings are secured as follows:
- By property, plant and equipment amounting to TEUR 1,772 (at 31 March 2008: TEUR 2,680). Reference is made to Note 8 “Property, plant and equipment”;
- By inventories and trade receivables amounting to TEUR 36,000 (at 31 March 2008: TEUR 43,950). Reference is made to Note 11 “Inventories” and Note 12 “Trade and other receivables”;
- By assignment of rights from the hedge against political risk for the location in China amounting to TEUR 35,500 at 31 March 2009 (at 31 March 2008: TEUR 66,250), as well as for the site in South Korea amounting to TEUR 3,139 (at 31 March 2008: TEUR 3,139).

Lines of credit of financing liabilities at 31 March 2009 are as follows:

(in € 1,000)	Credit lines	Used
Export credit lines – committed	36,000	36,000
Other credit lines – committed	142,972	124,416
Credit lines – uncommitted	60,000	32,260
	238,972	**192,676**

Leases

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

	31 March	
(in € 1,000)	2009	2008
Not later than 1 year	3,541	3,881
Between 1 and 5 years	10,090	12,370
Later than 5 years	16,510	21,687
Total minimum lease payments	**30,141**	**37,938**

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 previous finance lease contracts expired in the financial year 2008/09.

Payments to non-cancellable leasing and rental expenses are as follows:

	Financial Year	
(in € 1,000)	2008/09	2007/08
Leasing and rental expenses	4,023	3,531

18. Provisions for employee benefits

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

Defined Contribution Plans

The majority of the Group's employees in Austria and part of its employees in India are covered by defined contribution plans that have been transferred to a pension fund. For employees in Austria, the pension plans were supplemented by death and endowment insurance in the financial year 2008/09. 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 450 in the financial year 2008/09 and to TEUR 347 in the financial year 2007/08.

Defined Benefit Plans

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

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

Funded termination benefits

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

Unfunded termination benefits

Employees in Austria and Korea 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 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"). The contributions for the financial year 2008/09 amounted to TEUR 358 and for the financial year 2007/08 to TEUR 352.

Other benefit obligations

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

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

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

(in € 1,000)	Retirement benefits Financial year 2008/09	Retirement benefits Financial year 2007/08	Termination benefits Financial year 2008/09	Termination benefits Financial year 2007/08	Other employee benefits Financial year 2008/09	Other employee benefits Financial year 2007/08
Current service cost	188	204	1,267	1,329	259	352
Interest expense	433	402	626	527	96	85
Past service cost	195	195	–	–	–	–
Expected return on plan assets	(395)	(363)	(13)	(14)	–	–
Actuarial losses/(gains)	32	25	159	177	(129)	(152)
Total expenses	**453**	**463**	**2,039**	**2,019**	**226**	**285**

Expenses for retirement, termination and other employee benefits are recognised in cost of sales, selling costs and general and administrative costs.

Amounts accrued in the *balance sheet* are:

(in € 1,000)	31 March 2009	31 March 2008
(Overfunded) retirement benefits	**(46)**	**(424)**
Underfunded retirement benefits	953	878
Underfunded termination benefits	6,554	7,983
Other employee benefits	2,244	1,969
Provisions for employee benefits	**9,751**	**10,830**
Accrued retirement, termination and other employee benefits, net	9,705	10,406

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

(in € 1,000)	Retirement benefits 31 March 2009	2008	Termination benefits 31 March 2009	2008
Present value of funded obligations	8,381	7,811	392	383
Fair value of plan assets	(6,769)	(8,042)	(184)	(160)
	1,612	(231)	208	223
Present value of unfunded obligations	900	825	10,653	11,948
Unrecognised past service cost	–	(195)	–	–
Unrealised actuarial gains/(losses)	(1,605)	55	(4,307)	(4,188)
Provisions/(receivables) in the balance sheet, net	**907**	**454**	**6,554**	**7,983**
thereof receivables (overfunded benefits)	(46)	(424)	–	–
thereof provisions (underfunded benefits)	953	878	6,554	7,983

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

(in € 1,000)	Funded retirement benefits Financial year 2008/09	2007/08	Unfunded retirement benefits Financial year 2008/09	2007/08
Present value of retirement benefit obligation				
Present value at beginning of year	7,811	7,670	825	919
Exchange differences	–	2	–	–
Current service cost	188	147	–	57
Interest expense	390	358	43	43
Reclassification of unfunded retirement benefit obligations to funded retirement benefit obligations	–	173	–	(173)
Actuarial losses/(gains)	142	(342)	32	(21)
Benefits paid	(150)	(197)	–	–
Present value at end of year	8,381	7,811	900	825
Fair value of plan assets				
Fair value at beginning of year	8,042	7,009		
Contributions to plan assets	–	422		
Expected return on plan assets	395	363		
Actuarial gains/(losses)	(1,518)	445		
Benefits paid	(150)	(197)		
Fair value at end of year	6,769	8,042		
Funded status funded retirement benefits	**1,612**	**(231)**		

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

	31 March	
(in %)	2009	2008
Debt securities	47%	41%
Equity securities	24%	35%
Real estate	4%	4%
Cash and cash equivalents	25%	20%
	100%	**100%**

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

	Funded termination benefits Financial year		Unfunded termination benefits Financial year	
(in € 1,000)	2008/09	2007/08	2008/09	2007/08
Present value of termination benefit obligation				
Present value at beginning of year	383	344	11,948	11,145
Exchange differences	(25)	(35)	(64)	(108)
Current service cost	37	33	1,230	1,296
Interest cost	29	25	598	502
Actuarial losses/(gains)	(18)	35	298	887
Benefits paid	(14)	(19)	(3,357)	(1,774)
Present value at end of year	392	383	10,653	11,948
Fair value of plan assets				
Fair value at beginning of year	160	168		
Exchange differences	(11)	(15)		
Contributions to plan assets	34	(8)		
Expected return on plan assets	13	14		
Actuarial gains/(losses)	2	11		
Benefits paid	(14)	(10)		
Fair value at end of year	184	160		
Funded status funded termination benefits	**208**	**223**		

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

(in € 1,000)	Financial Year 2008/09	2007/08
Present value at beginning of year	1,969	1,836
Exchange differences	174	(55)
Service cost	259	352
Interest expense	96	86
Actuarial losses/(gains)	(129)	(152)
Benefits paid	(125)	(98)
Present value at end of year	**2,244**	**1,969**

The actuarial assumptions are as follows:

	Retirement benefits 31 March		Termination benefits 31 March		Other employee benefits (anniversary bonuses) 31 March	
	2009	2008	2009	2008	2009	2008
Discount rate	5.25%	5.25%	5.25–8%	5.25–8%	4–5.25%	4–8%
Expected return on plan assets	4.44%	5.13%	8%	8%	–	–
Expected rate of compensation increase	2.5%	2.5%	3.25–10%	3.25–7%	3.25–10%	3.25–10%
Expected rate of pension increase	2.25%	2.25%	–	–	–	–
Retirement age (women/men)	58–65	58–65	Individual according to 2003 pension reform	Individual according to 2003 pension reform	–	–

19. Other provisions

(in € 1,000)	Total	Warranty	Closure Augsburg plant	Relocation Fohnsdorf plant	Restructuring Leoben	Other
Carrying amount 31 March 2008	1,712	624	104	526	–	458
Utilisation	(901)	(286)	(65)	(460)	–	(90)
Reversal	(411)	(133)	–	(66)	–	(212)
Addition	9,886	1,035	–	–	8,533	318
Exchange differences	11	25	–	–	–	(14)
Carrying amount 31 March 2009	**10,297**	**1,265**	**39**	**–**	**8,533**	**460**

	31 March	
(in € 1,000)	2009	2008
thereof non-current	7,322	–
thereof current	2,975	1,712
Carrying amount	**10,297**	**1,712**

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 closure of the Augsburg plant
Due to the economic decline of the Original Equipment Manufacturer Industry (OEM industry), which had a direct impact on the printed circuit board industry, the Company decided on 4 October 2001 to close down the plant in Augsburg, Germany, in order to improve the Group’s cost structure. This decision had an economic impact on both limited partnerships, AT&S Augsburg GmbH & Co. KG and AT&S Verwaltungs GmbH & Co KG. The provision relates to costs arising from contractual obligations.

Provision for the relocation of the Fohnsdorf plant
The relocation of the production from Fohnsdorf, Austria, to nearby Leoben-Hinterberg, Austria, was completed in January 2006. The provision related to costs from contractual obligations amounting to TEUR 306 at 31 March 2008 and other costs amounting to TEUR 220. This provision was utilised in the financial year 2008/09 and the remaining amount reversed.

Provision for the restructuring Leoben-Hinterberg
This provision for costs from contractual obligations relates to future vacancy costs for no longer used building space based on the non-cancellable property lease obligations. The provision was recognised in the amount of the present value of the expenses expected to be incurred largely in the long term. For an overall presentation of the restructuring of the Leoben-Hinterberg location, reference is made to Note 5 “Non-recurring items”.

Other
Other provisions are provisions for other onerous contracts.

20. Derivative financial instruments

The derivative financial instruments mainly include foreign currency options, currency swaps, interest rate swaps and forward contracts. Acquisition of assets, trade receivables and payables and payments related to borrowings are the main items hedged.

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

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

	31 March 2009		31 March 2008	
(in € 1,000)	Assets	Liabilities	Assets	Liabilities
Forward contracts at fair value	131	–	2,558	–
Currency swaps at fair value	372	2,869	3,476	–
Currency options at fair value	3	–	544	–
Interest rate swaps at fair value	33	–	–	599
Total fair values	539	2,869	6,578	599
Net of current portion:				
Forward contracts at fair value	131	–	2,558	–
Currency swaps at fair value	372	2,869	3,476	–
Currency options at fair value	3	–	544	–
Interest rate swaps at fair value	33	–	–	290
Non-current portion	–	–	–	309

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

	31 March 2009		31 March 2008	
Currency	Nominal amount (in 1,000 local currency)	Fair value (in € 1,000)	Nominal amount (in 1,000 local currency)	Fair value (in € 1,000)
US dollar	67,158	(2,363)	70,267	6,578

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

	31 March 2009		31 March 2008	
Currency	Nominal amount (in 1,000 local currency)	Fair value (in € 1,000)	Nominal amount (in 1,000 local currency)	Fair value (in € 1,000)
Euro	10,000	33	10,000	(599)

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

	31 March	
(in months)	2009	2008
Forward contracts	10	10
Currency swaps	10	12
Currency options	3	3
Interest rate swaps	15	27

At 31 March 2009, the fixed interest rate for interest rate swaps is 2.9%. The floating interest rate is based on EUR swap rates (CMS - constant maturity swap rates).

21. Additional disclosures on financial instruments

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

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

(in € 1,000)	Fair values through profit or loss	Fair values in equity	(Amortised) cost	Carrying amounts
31 March 2008				
Assets				
Non-current assets				
Financial assets	–	96	23	119
Current assets				
Trade and other receivables	–	–	81,811	81,811
Financial assets	19,969	75	–	20,044
Cash and cash equivalents	–	–	9,364	9,364
Liabilities				
Non-current liabilities				
Financial liabilities	309	–	38,992	39,301
Current liabilities				
Trade and other payables	–	–	57,760	57,760
Financial liabilities	290	–	129,836	130,126

22. Contingent liabilities and other financial commitments

Regarding non-cancellable leasing and rental agreements, reference is made to Note 17 “Financial liabilities”. At 31 March 2009 the Group has other financial commitments amounting to TEUR 6,264 (TEUR 20,413 at 31 March 2008) 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 2 (TEUR 350 at 31 March 2008). Other guarantees or contingencies relating to the ordinary business operations do not exist at the balance sheet date.

23. Share capital

	Outstanding shares (in 1,000 shares)	Ordinary shares (in € 1,000)	Share premium (in € 1,000)	Stock options (in € 1,000)	Treasury shares, net of tax (in € 1,000)	Share capital (in € 1,000)
31 March 2007	**23,538**	**28,490**	**63,265**	**371**	**(42,597)**	**49,529**
Stock option plans:						
Value of services rendered	–	–	–	66	–	66
Change in stock options	–	–	29	(211)	–	(182)
Change in treasury shares	(215)	–	–	–	(3,755)	(3,755)
31 March 2008	**23,323**	**28,490**	**63,294**	**226**	**(46,352)**	**45,658**
Stock option plans:						
Value of services rendered	–	–	–	22	–	22
Change in stock options	–	–	248	(248)	–	–
Change in treasury shares	–	–	–	–	–	–
31 March 2009	**23,323**	**28,490**	**63,542**	**–**	**(46,352)**	**45,680**

Ordinary Shares

At 31 March 2009 the share capital in the amount of TEUR 28,490 is made up of 25,900,000 no-par value shares with a notional value of EUR 1.1 per share.

Outstanding shares

The number of shares issued amounts to 25,900,000. At the balance sheet date 31 March 2009 2,577,412 treasury shares were held by the Group, 23,322,588 shares were outstanding.

Authorised share capital

By a resolution passed at the 11th Annual General Meeting on 5 July 2005 the Management Board was authorised to increase the share capital by a nominal amount of up to TEUR 12,430 until 4 July 2010, if required, in several tranches upon approval by the Supervisory Board by issuing up to 11,300,000 no-par value bearer shares paid for in cash or contribution in kind, partially or entirely excluding the existing shareholders' subscription rights, and to set the detailed issue conditions in agreement with the Supervisory Board. The Supervisory Board is authorised to adopt changes to the articles of association that are due to the issuance of shares from the authorised capital.

Convertible bonds

A resolution passed at the 11th Annual General Meeting on 5 July 2005 authorised the Management Board upon approval by the Supervisory Board to issue convertible bonds in accordance with § 174 (2) AktG (Austrian Stock Corporation Act) at a maximum nominal value of TEUR 100,000 (in several tranches) until 4 July 2010, to set the issue conditions and the conversion method and to exclude the existing shareholders' subscription rights.

Conditional capital increase

A resolution passed at the 9th Annual General Meeting on 3 July 2003 authorised the Management Board upon approval by the Supervisory Board to perform a conditional capital increase in accordance with § 159 (3) AktG (Austrian Stock Corporation Act) of up to TEUR 2,970 by issuing up to 2,700,000 new no-par value bearer shares paid for in cash by 3 July 2008 (authorised conditional share capital) related to grants of stock options to Management Board, executive and other employees of the Company and its affiliated companies.

A resolution was passed at the 11th Annual General Meeting on 5 July 2005 to perform a conditional capital increase in accordance with § 160 (2) AktG (Austrian Stock Corporation Act) and to grant stock options and conversion rights to creditors of convertible bonds by a nominal amount of TEUR 12,430 by issuing up to 11,300,000 new common bearer shares. Furthermore, the Management Board was authorised to set the further details of the conditional capital increase. The Supervisory Board is authorised to adopt changes (due to the issuance of shares from the conditional capital increase) to the articles of association. The new issued shares resulting from the conditional capital increase are fully entitled to dividends for the financial year in which they were issued.

Treasury shares

Most recently, at the 14th Annual General Meeting on 3 July 2008, the Management Board in accordance with § 65 (1) 8 AktG (Austrian Stock Corporation Act) was authorised to acquire treasury shares of up to 10% of the share capital within 30 months as of the date the resolution was passed (the purchase price per no-par value share to be acquired shall not be below EUR 1.10 and shall not exceed EUR 110) and to retract the treasury shares acquired without an additional shareholders' resolution, or to use them for the Group's stock option plan. The supervisory board is authorised to pass amendments to the articles of association, which result from the issue of shares from authorised capital.

Since 15 May 2006, the Group has purchased a total of 2,632,432 treasury shares at the prevailing market price amounting to a total of TEUR 47,484. In the financial year 2008/09 shares were neither sold nor used for servicing the Company's stock option plan. At 31 March 2009 the Group still holds 2,577,412 treasury shares (unchanged to prior year) (9.95% of the share capital) with a total purchase price of TEUR 46,577.

At the 14th Annual General Meeting on 3 July 2008 the Management Board in accordance with § 65 (1b) AktG was authorised, for a period of five years as of the date the resolution was passed, i.e. up to and including 3 July 2013, upon approval by the Supervisory Board, to sell the purchased treasury shares also in a different way than via the stock exchange or by public offer, in particular to service convertible bonds as consideration for the acquisition of subsidiaries, investments, companies or businesses and in doing so – if required – exclude the existing shareholders' subscription rights in accordance with §§ 169 to 179 AktG; this authorisation can be exercised in its entirety or in several parts.

Dividend per share

In the financial year 2008/09 a dividend of EUR 0.34 was paid per share (in the financial year 2007/08 EUR 0.31).

Stock option plans settled by equity instruments

At the Supervisory Board Meeting held on 15 June 2000 a stock option plan was approved, which allows the Company to grant stock options settled by equity instruments to the Management Board and executive employees. Reference is made to Note I.B.q. "Share-based payment".

The stock options may be granted between 1 August 2000 and 1 April 2004 at a price representing the average AT&S share price over a period of three months prior to the date of grant plus 10%. 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 can only be exercised within a period of three months beginning 1 July of the respective financial year. The options are not negotiable or tradable. Each option carries the right to purchase a share (equity-settled share-based payment transactions).

The following table summarises information about all stock options granted until 31 March 2009.

	1 April 2004	1 April 2003
Exercise price (in €)	16.81	8.63
31 March 2007	64,000	28,000
Number of options granted	–	–
Number of options forfeited	3,500	–
Number of options exercised	24,000	28,000
Number of options expired	–	–
31 March 2008	36,500	–
Number of options granted	–	–
Number of options forfeited	36,500	–
Number of options exercised	–	–
Number of options expired	–	–
31 March 2009	**–**	**–**

The weighted average price of the exercised stock options at the time of exercise was EUR 12.61 for the entire stock option plan.

In the context of its transition provisions IFRS 2 stipulates the accounting of stock options which were granted before 1 January 2005. An option exists either to account for only those stock options granted after 7 November 2002 or for all granted stock options.

The Group opted to account for only those stock options which were granted after 7 November 2002.

The stock options are reported at fair value at the respective date of grant using the Black Scholes option pricing model based on model assumptions. The exercise period expired in the financial year 2008/09.

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 2009 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 2008/09 and to 23.4 million in the financial year 2007/08.

The weighted average number of outstanding shares for the diluted earnings per share calculation amounted to 23.3 million in the financial year 2008/09 and to 23.4 million in the financial year 2007/08.

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

	Financial year	
(in 1,000)	2008/09	2007/08
Weighted average number of shares outstanding – basic	23,323	23,385
Diluting effect of options	–	–
Weighted average number of shares outstanding – diluted	**23,323**	**23,385**

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	
	2008/09	2007/08
Profit for the year (in € 1,000)	(5,376)	42,691
Weighted average number of outstanding shares – basic (in 1,000)	23,323	23,385
Basic earnings per share (in €)	**(0.23)**	**1.83**

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	
	2008/09	2007/08
Profit for the year (in € 1.000)	(5,376)	42,691
Weighted average number of outstanding shares – diluted (in 1,000)	23,323	23,385
Diluted earnings per share (in €)	**(0.23)**	**1.83**

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 ("Aktiengesetz") the local financial statements of AT&S Austria Technologie & Systemtechnik Aktiengesellschaft as of 31 March 2009 prepared under Austrian GAAP serve as the basis for the distribution of dividends. These financial statements reported retained earnings amounting to TEUR 45,615 at 31 March 2009 (TEUR 13,526 at 31 March 2008).

The distribution of dividends is subject to the approval by the Annual General Meeting. The Management Board proposes to the Annual General Meeting to distribute a dividend of EUR 0.18 per outstanding share from the retained earnings totalling TEUR 45,615 and to carry forward the remaining balance to new account.

26. Acquisitions and liquidations

Acquisitions

At the 56th Supervisory Board Meeting on 17 March 2009 the proposal for a capital increase at AT&S Korea was approved. The capital increase in the amount of KRW 36,000 million or approx. EUR 20 million was carried out in March 2009. Since the minority shareholders waived their subscription rights, the share of the Company in AT&S Korea now amounts to 98.76%.

27. Material events after the balance sheet date

Sale of AT&S ECAD

At the 56th Supervisory Board Meeting on 17 March 2009 a potential sale of AT&S ECAD was approved. By purchase contract dated 20 April 2009 the Company agreed with the buyer to sell all of its shares in AT&S ECAD at a fixed sales price. The sale also relates to the subsidiary AT&S ECAD Technologies Inc., USA. Overall, however, the sale of AT&S ECAD has only an insignificant impact on the Group.

28. Related party transactions

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

	Financial year	
(in € 1,000)	2008/09	2007/08
AIC Androsch International Management Consulting GmbH	366	367
Dörflinger Management & Beteiligungs GmbH	9	6
	375	**373**

Furthermore, certain manufacturing processes of AT&S Korea have been outsourced. Parts of these external manufacturing services were carried out by persons affiliated with minority shareholders, totalling TEUR 432 in the financial year 2008/09 (TEUR 1,251 in the financial year 2007/08). The outstanding liabilities as of 31 March 2009 amounted to TEUR 25 (31 March 2008: TEUR 382).

Members of the Management Board and the Supervisory Board

In the financial year 2008/09 and until the date of issuance of these consolidated financial statements the following persons served on the *Management Board:*

- Dr. Harald Sommerer (Chairman)
- Dkfm. Steen Ejlskov Hansen
- Ing. Heinz Moitzi

In the financial year 2008/09 the following persons were elected members of the *Supervisory Board:*

- Dkfm. Dr. Hannes Androsch (Chairman)
- Ing. Willibald Dörflinger (First Deputy Chairman)
- Dr. Erich Schwarzbichler (Second Deputy Chairman)
- Dr. Georg Riedl
- Dipl.-Ing. Albert Hochleitner
- Dkfm. Karl Fink

Delegated by the *Works Council:*

- Johann Fuchs
- Wolfgang Fleck (since 3 September 2008)
- Gerhard Fürstler (until 3 September 2008)
- Markus Schumy

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

	Number of granted Stock options 31 March		Personnel expenses Financial year (in € 1,000)	
	2009	2008	2008/09	2007/08
Dr. Harald Sommerer	160,000	140,000	10	119
Dkfm. Steen Ejlskov Hansen	120,000	105,000	8	92
Ing. Heinz Moitzi	120,000	90,000	16	122
Total Management Board	400,000	335,000	34	333
Total other executive employees	112,500	77,000	7	131
	512,500	**412,000**	**41**	**464**

Reference is made to Note 16 “Trade and other payables” and Note 23 “Share capital”.

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

	Financial year 2008/09			Financial year 2007/08		
(in € 1,000)	fixed	variable*	total	fixed	variable*	total
Dr. Harald Sommerer	457	–	457	456	463	919
Dkfm. Steen Ejlskov Hansen	366	–	366	366	232	598
Ing. Heinz Moitzi	316	–	316	266	156	422
Executive employees	2,907	–	2,907	2,997	719	3,716
			4,046			**5,655**

* The following payments in kind from stock options are included in the variable emoluments paid to members of the Management Board and executive employees:

	Financial year	
(in € 1,000)	2008/09	2007/08
Dr. Harald Sommerer	–	184
Dkfm. Steen Ejlskov Hansen	–	13
Executive employees	–	15
	–	**212**

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

	Termination benefits Financial year		Retirement benefits Financial year	
(in € 1,000)	2008/09	2007/08	2008/09	2007/08
Management Board and executive employees	109	205	476	529

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

	Financial year 2008/09			Financial year 2007/08		
(in € 1.000)	fixed	variable	total	fixed	variable	total
Dkfm. Dr. Hannes Androsch	18	–	18	18	11	29
Ing. Willibald Dörflinger	9	–	9	9	5	14
Dr. Erich Schwarzbichler	11	–	11	15	5	20
Dr. Georg Riedl	11	–	11	9	5	14
Dipl.-Ing. Albert Hochleitner	10	–	10	9	5	14
Dkfm. Karl Fink	11	–	11	9	5	14
	70	**–**	**70**	**69**	**36**	**105**

Shareholdings of Management Board and Supervisory Board members and their relatives at 31 March 2009:

	Shares	Options	Total shares and options	% capital
Management Board members	47,449	400,000	447,449	1.73
Supervisory Board members:				
Dkfm. Dr. Hannes Androsch	445,853	–	445,853	1.72
Other members of the Supervisory Board	9,295	–	9,295	0.03
Total Supervisory Board members	455,148	–	455,148	1.75
Private foundations:				
Dörflinger Privatstiftung	4,574,688	–	4,574,688	17.66
Sommerer Privatstiftung	120,600	–	120,600	0.47
Androsch Privatstiftung	5,570,666	–	5,570,666	21.51
Total private foundations	10,265,954	–	10,265,954	39.64
Relatives of Board members	7,500	–	7,500	0.03
	10,776,051	**400,000**	**11,176,051**	**43.15**

29. Number of staff

Average number of staff in the financial year:

	Financial year	
	2008/09	2007/08
Waged workers	4,931	4,919
Salaried employees	1,388	1,354
	6,319	**6,273**

The calculation of the number of staff includes an average of 2,734 temporary workers for the financial year 2008/09 and an average of 2,547 for the financial year 2007/08.

Leoben-Hinterberg, 13 May 2009

The Management Board:

Dr. Harald Sommerer m.p. Dkfm. Steen Ejlskov Hansen m.p. Ing. Heinz Moitzi m.p.

Group Management Report

1. Company profile

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

Over time, mobile phones developed into multimedia devices with GPS, camera, TV and other supplementary functions. Thus, the Mobile Devices industry, apart from mobile phones, also includes digital cameras, music and video players, etc. Increasing demand for technologically complex components is also observed in the area Industrial, which in particular comprises industrial electronics, measurement and control technology, medical technology and aviation. Usually, in this area many small orders involving different technologies and specifications have to be processed. The complexity of printed circuit boards also rises in the Automotive area due to the ever more efficient electronics used in automobiles, driven by the component manufacturers and the increased number of input/output channels required. Therefore, in addition to standard printed circuit boards, the HDI technology is used increasingly.

With a global presence in Asia and Europe, AT&S supplies internationally operating corporations. At the same time, AT&S also serves the demand from smaller companies and produces prototypes and small series. With its current production capacities, AT&S is able to service the volume production existing mainly in Asia, as well as the European niche business.

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

AT&S manufactures a broad range of printed circuit boards: single-sided, double-sided, multilayer, HDI (High Density Interconnection, a multilayer printed circuit board with extremely find structures), flexible, rigid-flexible and semi-flexible. The service spectrum includes various technologies for the treatment of printed circuit boards using various base materials.

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

2. Business development and climate

The financial year 2008/09 of the AT&S Group was significantly affected by the macroeconomic developments. The first quarter already fell short of expectations. In the second quarter, due to the fairly good utilisation of the plants and a favorable product mix the profit situation could be temporarily improved, however, in mid-November a significant decline in customer orders occurred. Due to the high share of sales of the Mobile Devices area, the overall business of the AT&S Group is subject to seasonality, as a result of which the first and fourth quarter are usually characterised by a low utilisation, and the second and third quarter of the financial year by a very good utilisation. In the financial year 2008/09, however, the decline in orders already meant for November instead of full utilisation an under-utilisation of all plants, which lasted until the end of the financial year.

Thus, in the difficult economic climate in the financial year 2008/09, after many years of growth, the Company experienced a slight decline in revenue, as compared to the prior year. The decline in the amount of EUR 35.9 million corresponds to a change of -7.4%, the fourth quarter being particularly hard hit, with revenues down EUR 18.9 million over the prior year, which is in line with global economic developments.

Despite the decline in revenue, Mobile Devices with revenues of EUR 287.5 million and a share of sales of 64% is still by far the largest business segment of the AT&S Group. The Industrial area even managed to increase net sales over the prior year and thus this second largest business segment with a share of sales of already 24% or EUR 107 million is becoming ever more important. In the third largest business segment, Automotive, the global automobile crisis results in a decline in revenue of almost 18%. The project-related revenue in the service segment, by contrast, could even be increased significantly year-on-year.

From a geographical perspective, the ongoing expansion of production to Asia is noticeable, with the mass production in the HDI area now being performed almost exclusively in the plants in Shanghai. This development follows the industry trend and is necessary in order to be able to continue to produce competitively at the highest quality on the international markets. Due to the high personnel costs in the mass production, positive margins are hardly achievable in the Austrian plants. Out of the total sales, 61% (in the prior year 53%) were already produced in Asia.

With regard to net sales by country, in addition to shifts of production sites of customers within Europe to Central and Eastern Europe, a decline occurred in Asia and an expansion in the USA and in Canada. Through the distribution company AT&S Americas, which was founded just over a year, this market can now be serviced locally.

The intensified focus of the Austrian production locations on the European niche business of small series and special short-term orders made a restructuring programme necessary at the Leoben-Hinterberg location. The production capacities there were adjusted to the production volumes, which are down by approx. 40%. Apart from the related non-recurring expenses in the amount of EUR 21 million, the restructuring measures also had a negative impact on the current production result.

The gross profit margin declined particularly due to the lower utilisation of the production capacities in the AT&S Group and the related higher prorated fixed costs year-on-year from 18.4% to 14.7%, and the gross profit was down EUR 22.9 million.

Based on the lower gross result, the operating result is also affected by non-recurring expenses in the amount of EUR 27.6 million from the restructuring of the Leoben-Hinterberg location, the write-down of goodwill of AT&S Korea and the cost-cutting programme implemented across the Group and shows a red zero. The operating result adjusted for the non-recurring items is positive at EUR 26.6 million in the financial year 2008/09, compared to the adjusted prior-year figure of EUR 43.2 million. Consequently, the adjusted EBIT margin is 5.9% and thus 3 percentage points down on the prior-year figure calculated in the same way.

At the balance sheet date 31 March 2009, consolidated equity amounts to EUR 252.7 million and was up EUR 26.4 million on the prior year despite the consolidated loss for the year as a result of currency appreciations directly recognised in equity. The equity ratio of 47% means an increase of around 1.5 percentage points year-on-year and has a strong equity position.

In the financial year 2008/09 the net gearing of the AT&S Group rose by EUR 34.5 million to EUR 174.4 million. The increased net gearing mainly results from additional borrowings to finance the capacity expansions in China, raising the debt ratio from 62.0% in the prior year to 69.1%. In the financial year 2008/09 borrowings were converted into long-term debt, in particular through the placement of a bond. For details on the calculation method of the ratios and additional explanations, reference is made to the risk report in the notes to the consolidated financial statements.

Under the investing activities of AT&S, additions to property, plant and equipment and intangible assets totalled EUR 49.3 million in the financial year 2008/09. The investments primarily relate to the expansion in China, but also to the modernisation of the Austrian plants and the expansion of the plant in India.

On an annual average, AT&S had 6,319 employees in the financial year 2008/09 and thus 46 persons more than on the prior year average (2007/08: 6,273). By the end of the current financial year, however, the headcount had to be reduced, most notably due to the capacity adjustment at the Leoben-Hinterberg location. Whereas in China and India the “natural” turnover was mainly sufficient to adjust the headcount to the reduced utilisation level, a social plan had to be agreed upon for the Leoben-Hinterberg location, which, apart from termination benefits and hardship payments also included the establishment of a work foundation to finance the further training of laid-off staff.

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 programmes which are designed to promote intercultural skills in addition to professional competencies. This is accompanied by a transparent and performance-oriented compensation system (based on economic value added and ROCE) that promotes the entrepreneurial thinking and acting of staff.

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: 2000, 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 2008/09. In the past financial year the plant in Korea was also included and inspected, so that now all AT&S locations worldwide are certified accordingly.

With regard to environmental protection, it also has to be noted that AT&S as one of the first 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.

Regarding material events after the balance sheet date, reference is made to the disclosures in the notes to the consolidated financial statements, Note IV.27. "Material events after the balance sheet date".

3. Subsidiaries and representative offices

- In order to meet the growing capacity demands and the shift of mass production in the highest technology segment, additional capacities were created at the wholly owned subsidiary AT&S (China) Company Limited. In the past financial year the third expansion stage was put into operation in Shanghai. AT&S as the largest Austrian industry investor in China also ranks among the top 30 foreign investments in Shanghai.

- In the past financial year a number of measures to improve the performance were successfully implemented at AT&S Korea. Despite this positive development the business plan had to be adjusted due to the changed macroeconomic situation. This resulted in corresponding write-downs in the consolidated financial statements, the assessment of the future development of AT&S Korea, however, is basically positive. In order to have an optimal financing structure also at this location, the equity of the Company was increased by the issue of new shares by KRW 36 billion (approx. EUR 20 million) in March 2009, which were subscribed to entirely by the group parent. The share in AT&S Korea now amounts to 98.76%.

- Based on the full utilisation of the existing local plant and the demand, which was still rising at the end of the past financial year, the establishment of second production site of AT&S India was resolved upon in the financial year 2008/09. As a result of the decline in demand due to the economic crisis, at first only the building with infrastructure and individual production units for the improvement of the performance of the existing plant will be installed by the end of the first quarter of the financial year 2009/10. If required, the complete expansion of the second plant can be implemented at fairly short notice.

4. Capital share structure and disclosures on shareholder rights

As of 31 March 2009 the share capital of AT&S amounts to EUR 28,490,000 and is made up of 25,900,000 no-par value shares with a notional value of EUR 1.10 per share. The voting right at the Annual General Meeting is exercised according to no-par value shares, with one par-value share entitling to one vote. All shares are bearer shares.

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

	Shares	% Capital	% Voting rights
Dörflinger-Privatstiftung: (private foundation): Franz-Josefs-Kai 5 A-1010 Vienna	4,574,688	17.66 %	19.61 %
Androsch Privatstiftung: (private foundation): Franz-Josefs-Kai 5 A-1010 Vienna	5,570,666	21.51 %	23.89 %

At the balance sheet date 2,577,412 treasury shares are held. The authorisation granted again on 3 July 2008 to the Management Board to repurchase up to 10% of the share capital of AT&S AG on the market within 30 months thus is valid until 2 January 2011. The treasury shares may be used to service the stock option plan of the Company or they may also be sold.

Until 3 July 2008 the Management Board was authorised to carry out a conditional capital increase by up to EUR 2,970,000 through the issue of new bearer shares in order to grant stock options to members of the Management Board, executive employees and staff.

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

With the approval of the Supervisory Board, the Management Board is authorised to issue convertible bonds of up to EUR 100,000,000 until 4 July 2010, if required, excluding the subscription rights of existing shareholders. To grant subscription or exchange rights to the creditors of the convertible bond the Management Board is authorised to increase the share capital by up to EUR 12,430,000 through the issue of up to 11,300,000 new bearer shares.

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

5. Research and development

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

AT&S has mainly two R&D facilities, in Leoben-Hinterberg and in Shanghai. Their main task is applied research up to the basic feasibility of the respective technology, and at the Austrian location new technologies are also identified and pre-evaluated. In cooperation with the local technology in the plants the process and product innovations are advanced further through experimental development. Furthermore, new processes have to be integrated in the existing production process.

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 embedding. In addition to the own resources, cooperations are also entered into with research institutions or suppliers, if required.

In the financial year 2008/09 the area “embedded components” was a central research focus. As a result of directly embedding electronic components within the printed circuit board, apart from cost savings, additional space is gained on the surface of the printed circuit board and the reliability is increased. Under the „Hermes“ research project, running over several years and headed by AT&S, an industry standard for the embedding of chips that is suitable for series production is worked upon in cooperation with ten other prominent companies from various stages of the value added chain. Moreover, in the high technology segment of HDI printed circuit boards, the Company is working on ways of further miniaturisation and on the development of new production processes and more cost-effective alternative processes. AT&S also focuses on a variety of projects with new production technologies for a more flexible and more effective printed circuit board manufacture, in order to be able to produce smaller volumes and more complex products competitively in particular in the Austrian plants. The research activities in the area of photovoltaics are focused on the development and production of more energy-efficient, back-side contact photovoltaic panels.

6. Material risks, uncertainties and opportunities

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

Regarding market and technology, it can be noted that the Mobile Devices area, which is of great importance for AT&S, has to be divided increasingly into a low-cost segment and a high-technology high-end segment (e.g. for smartphones). As a result of the core competences and the current positioning of AT&S, the Group will increasingly focus on the high-end segment in the future. AT&S will continue to pursue a growth strategy in this target market with the by far more interesting profit potential.

Regarding the use of financial instruments and the explanation of the financial risk management, reference is also made to the risk report in the notes to the consolidated financial statements.

The strong equity position and the technological top position of AT&S are considered opportunities and an advantage over competitors, especially in the current economic climate. As can be seen from individual cases, it is expected that weak market participants will disappear from the competition and well positioned companies with strong credit standing, such as AT&S, will get the opportunity to even gain shares in individual target markets.

7. Outlook

Analyses assume that the global sales of the printed circuit board industry will decline by about 16%, measured in US dollars, in the year 2009. It is not to be expected that AT&S will be able to defy this trend. Due to the general market development and the reorientation of the strategy in the Mobile Devices segment to a long-term profit optimisation, management expects a decline in sales for the coming financial year 2009/10.

The production capacities installed worldwide in the AT&S Group are sufficient given the macroeconomic developments and thus it is possible to reduce the investing activities for the following financial year 2009/10 to a low level. About half of the investments planned for the following year in the amount of approx. EUR 30 million is accounted for by projects that have already been started in the financial year 2008/09. Among other things, the timing of the expansion of the production site in India was also adjusted to the currently required level.

In the next financial year the individual plants will have to be increasingly adapted to the respective market and production requirements. The trend will continue of shifting mass production to Asia and improving the performance and cost structure of the Austrian plants for small series and servicing niche markets. Even if the restructuring measures implemented in the past financial year take effect in the financial year 2009/10 and further cost savings are realised, a forecast of the annual result is hardly possible from today's perspective. However, excluding one-off effects, a decline is to be expected for current business operations. A sustained improvement in profits is expected only after a general recovery of the markets.

Leoben-Hinterberg, 13 May 2009

The Management Board

Dr. Harald Sommerer m.p.	Dkfm. Steen Ejlskov Hansen m.p.	Ing. Heinz Moitzi m.p.

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.

Leoben-Hinterberg, 13 May 2009

The Management Board

Harald Sommerer
Chairman of the Board

Steen Ejlskov Hansen
Member of the Board

Heinz Moitzi
Member of the Board

Auditor's Report

(Report of Independent Auditor)

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of AT&S Technologie & Systemtechnik Aktiengesellschaft, Leoben-Hinterberg, for the fiscal year from April 1, 2008 to March 31, 2009. These consolidated financial statements comprise the consolidated balance sheet as at March 31, 2009, the consolidated income statement, consolidated cash flow statement and consolidated statement of changes in equity for the year ended March 31, 2009, and a summary of significant accounting policies and other explanatory notes.

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

Management is responsible 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; 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 in accordance with International Standards on Auditing (ISA), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with ethical requirements and 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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

Our audit did not give rise to any objections. Based on the results of our audit, in our opinion the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of March 31, 2009, and of its financial performance and its cash flows for the fiscal year from April 1, 2008 to March 31, 2009 in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Comments on the Consolidated Management Report

Laws and regulations applicable in Austria require us to perform audit procedures whether the consolidated management report is consistent with the consolidated financial statements and whether the other disclosures made in the consolidated management report do not give rise to misconception of the position of the Group. The auditor's report also has to contain a statement as to whether the consolidated management report is consistent with the consolidated financial statements.

In our opinion, the consolidated management report for the Group is consistent with the consolidated financial statements.

Vienna, May 13, 2009

PwC Wirtschaftsprüfung GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed:
Mag. Dr. Aslan Milla
Austrian Certified Public Accountant

Glossary

2.5D technology	New technology by AT&S, concentrates on incorporating structural recesses into and onto PCBs and can also be used to produce rigid-flex PCBs for flex-to-install applications
ATX Prime	The ATX Prime is designed as an all-share index and consists of all securities traded in the prime market segment. The prime market segment includes stocks admitted to listing on the Official Market or Semi-official Market of Wiener Börse and meet the special additional requirements of this segment such as stricter disclosure and reporting obligations and minimum capitalisation.
CAAGR	Compounded average annual growth rate
CAPEX	Capital expenditure
Cash earnings	Shareholders' interest in net income + depreciation, amortisation and impairment less reversal of of impairment of fixed assets and assets held for sale
Code of Corporate Governance	The Code represents a set of rules for responsible management and control of a company. Companies voluntarily undertake to adhere to the principles set out in the Austrian Code of Corporate Governance.
Customer service rate	Number of deliveries shipped on time and satisfying customer quantity requirements, as percentage of total deliveries
EBIT	Earnings before interest and taxes, operating profit
EBIT margin	EBIT as a percentage of total revenues
EBITDA	Earnings before interest, taxes, depreciation and amortisation
EBITDA margin	EBITDA as a percentage of total revenues
ROE	Shareholders' interest in net income + (shareholders' equity at the begin of the financial year + shareholders' equity at the end of the financial year) / 2
Embedding	Embedding of active and passive electronic components on the inside of the printed circuit board
EPS	Earnings per share
EVA	Economic value added
Flex-to-install	Printed circuit boards being bended for assembly (e.g. into a box)
Foundry Services	Trading of printed circuit boards of partner companies. AT&S discontinued these activities due to the inadequate earnings prospects relative to the risks involved at the end of financial 2008/09.
GPS	Global positioning system (global navigation satellite system)
HDI PCBs	High density interconnection – printed circuit boards with structures smaller than 100 micrometers (0.1 mm)
Hedging	Financial transactions providing hedges against, e.g., exchange rate risks
High-end segment	Technologically demanding market segment: attractive to AT&S, as a technology leader
ISO	International Organization for Standardization
ISO 14001:2004	Environmental management standard

ISO 9001-2000	Quality management standard
ISO/TS 16949	Accepted technical interpretation of ISO, reflecting the requirements of international automotive manufacturers
Just-in-time production	Inventory strategy implemented to improve the return on investment of a business by reducing in-process inventory and its associated carrying costs
Mobile Devices	AT&S business segment, includes mobile telephones, PDAs, MP3 players and digital cameras
Net CAPEX	CAPEX minus proceeds from sale of property, plant and equipment and intangible assets
Net debt	Financial liabilities - cash & cash equivalents - financial assets
OHSAS	Occupational Health and Safety Assessment Series – health and safety in the workplace management standards
One-stop shopping	Customers are able to source multiple solutions from one location
ÖCGK	Austrian Code of Corporate Governance (Österreichischer Corporate Governance Kodex)
PCB	Printed circuit board
PDA	Personal digital assistant (small personal computer)
Prime Market	Market segment of Vienna Stock Exchange that comprises stocks of those companies that agree to fulfil more stringent reporting, quality and disclosure requirements
Proxy Voting	Being represented at the Annual General Meeting by an authorised representative
R&D	Research and development
ROCE	Return on capital employed – a measure of how effectively and profitably a company uses capital. Calculation: (EBIT - income tax expense) / (net debt + shareholders' equity)
Sale-and-Lease-Back	One party, often a corporation, sells assets such as real estate to another party, often a financial institution, and at the same time enters into an agreement to lease the assets for the pre-determined period of time
SAP	One of the world's largest software developers (System Analysis and Programme Development)
TecDAX	Selection index of Frankfurt Stock Exchange for mid-sized companies from technology sectors, which includes 30 constituents which are admitted to the Prime Standard segment of the Regulated Market
Trading	also see "Foundry Services"
VDA	German Association of the Automotive Industry (Deutscher Verband der Automobilindustrie)
VDL	German Association of the Printed Circuit Board Industry (Deutscher Verband der Leiterplattenindustrie)
Vendor-managed-Inventory	AT&S organises logistics and storage for different products and assures that defined minimal and maximal inventory is provided
Xetra	Exchange electronic trading; an electronic trading system developed by Deutsche Börse which is – in an adapted version – also in use at Vienna Stock Exchange

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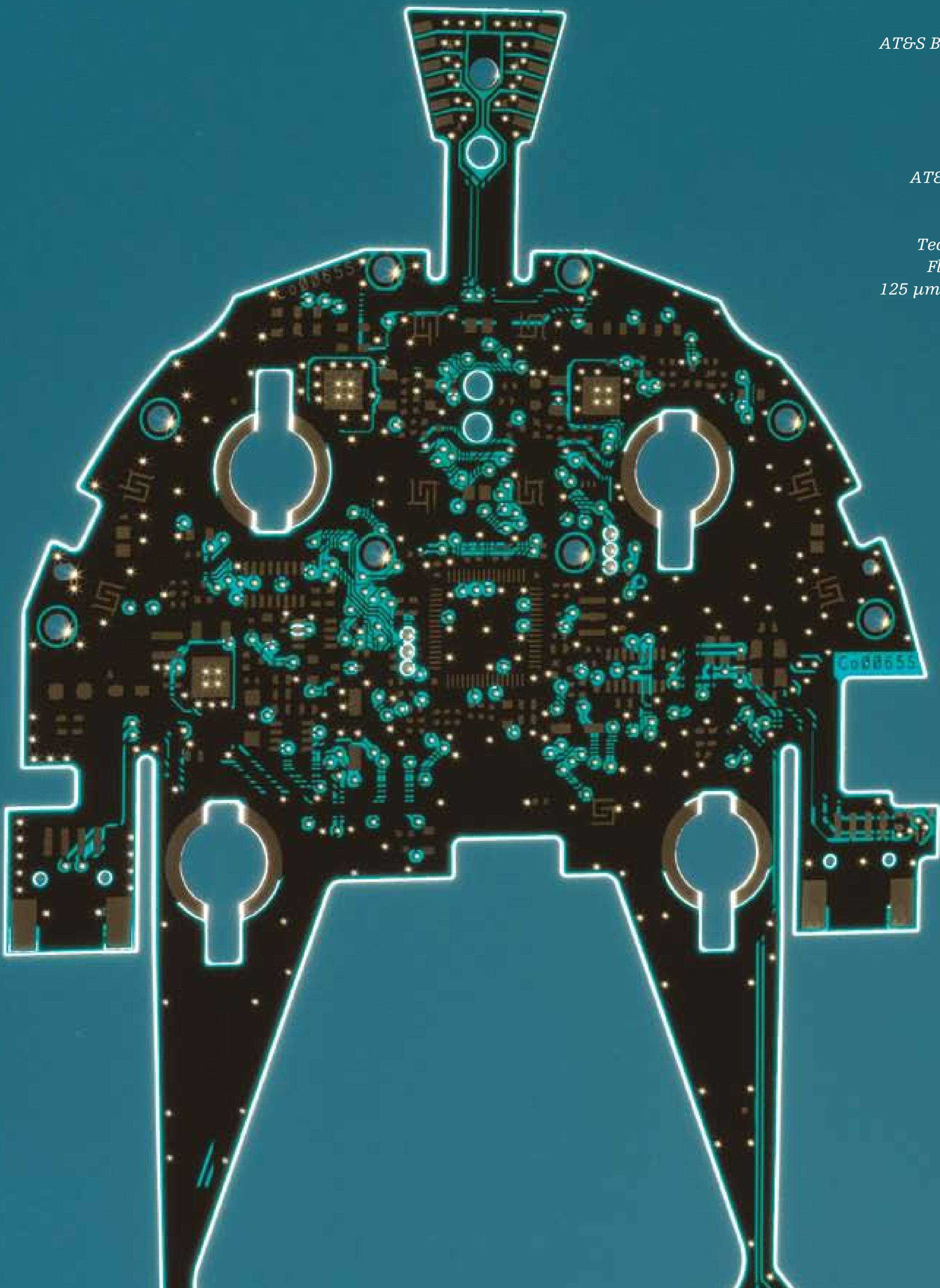
In Detail



Market segment:
AT&S Business Unit Automotive

Application:
car interior lighting

Production site:
AT&S Plant Fehring, Austria

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

Design:
plated-through – 15 µm
within the drill

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

Surface:
chemical Ni/Au

Outline:
routed

Conductive pattern:
electrical tested

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