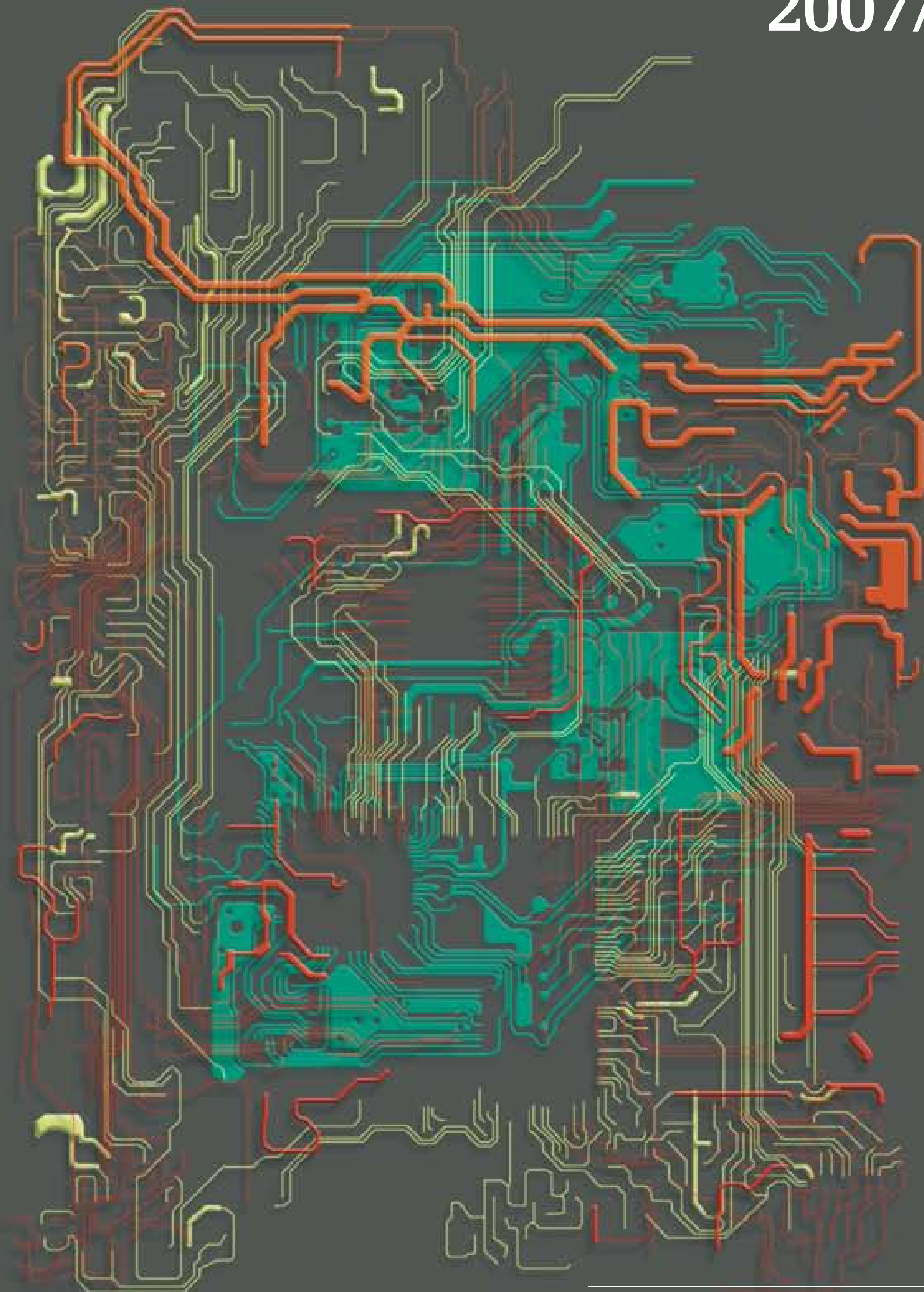
AT&S

Quarterly Financial Report 03

2007/2008



SYNAPS *by Javier Pérez Gil*

Key Figures

(in € million, earnings per share in €)	Q1-3 2007/08	Q1-3 2006/07
Total revenues	368.3	357.8
Gross profit	67.6	56.8
Gross profit margin	18.3%	15.9%
EBIT (operating profit)	33.8	28.3
EBIT margin	9.2%	7.9%
EBITDA	60.1	58.6
EBITDA margin	16.3%	16.4%
Net income for the period	33.3	26.5
Earnings per share *	1.46	1.07
Total assets / equity & liabilities	513.7	443.5
CAPEX, net	83.3	43.5
Equity ratio	45.0%	52.9%
Net debt	157.2	79.0
Net gearing	68.0%	33.7%
ROE **	20.2%	14.8%
Payroll (incl. leased personnel)	6,452	5,420

* Calculated on the basis of the weighted average number of shares outstanding as of December 31, 2007 (23,405,141 shares) and December 31, 2006 (25,162,970 shares) in accordance with IFRS.
** Calculated on the basis of the average shareholders' equity for the period, annualized.

Highlights

- AT&S posts strongest sales for first nine months in its history, increasing earnings per share (EPS) by 36% to a new high of EUR 1.46.
- Further growth for the mobile telephone market – increase of 10% to 1.25 billion units forecast for 2008.
- As technological requirements continue to become more complex, the share of 2n2 and 3n3 HDI printed circuit boards is expected to rise by about 15% annually (2007–2010).
- AT&S commands a strong position in the European automotive and industrial sectors, with market share of 14% and 13%, respectively.
- Capacity expansion at Shanghai (25% in 2008; 10% in 2009) provides scope for future growth of AT&S.
- AT&S Capital Markets Day a resounding success.

Statement of the Board of Management

Dear shareholders,

With revenues of EUR 368.3m and profit of EUR 33.3m in the first three quarters of financial 2007/08, AT&S continued its strong growth. Despite the weakness of the US dollar, which had a considerable impact on revenue, AT&S succeeded in raising total revenues and earnings per share to new record highs.

Participation in market growth based on farsighted planning

Worldwide mobile telephone sales are expected to increase by about 10% in 2008 to around 1.25 billion units. It is reasonable to assume that technological requirements will continue to become more complex, which in turn will require increasingly complicated printed circuit boards. This market is certain to favor AT&S, as technology leader. The automotive sector too is using increasingly expensive, complex electronics. AT&S – already one of the leading suppliers of printed circuit boards to the automobile industry – will be able to employ its expertise in the production of highly complex HDI printed circuit boards, giving it a decisive competitive advantage. The facilities in Austria and in India are geared not only to the European automotive industry, but to the industrial market in Europe as well. AT&S's leading position in this area is also supported by its new service business, which provides design and assembly services as well as PCB procurement services. We will continue to steadily grow our service business and take on orders from other sectors wherever they occur. Last year, a number of major telecoms orders made a considerable contribution to sales.

Exogenous effects of weak US dollar largely absorbed at the operating level

AT&S's greatest competitors in the telecommunications market are Asian companies operating in the extended US dollar area. Prices for such PCBs are therefore dollar-linked. The decline of the dollar against the euro has pushed down telecoms PCB prices, with a consequent reduction in revenues. As AT&S has already established a large part of its production for the telecoms market in this extended US dollar area, these exogenous effects have a significantly reduced impact on the Group's results. The major effects of exchange rate fluctuations are thus already reflected at the gross profits stage. Other currency exposures are protected by hedges.

Further potential for growth from capacity expansion in Shanghai

Product mix and capacity utilization during the nine months were both satisfactory. The fourth production line entered into service at the second Shanghai site. Work has also begun on the ramp-up of the third plant. There are plans to increase HDI capacity by 25% in 2008 and by a further 10% in 2009. This will give AT&S significant scope for growth over the coming years.

Record earnings per share – sales and profitability outstrip results for first three quarters of 2006/07

In the first three quarters of 2007/08 AT&S increased year-on-year sales by 3% to EUR 368.3m. Third quarter revenues came to EUR 126.6m, about 1% up on 2006/07 despite the strong decline in the US dollar (down an average of 12%) and the almost total absence – compared with the previous year – of assembly contracts (Q3 2007/08: EUR 1.7m; Q3 2006/07: EUR 20.4m).

Revenues by business segment were as follows: 68% of sales were accounted for by the telecommunications sector, mainly with handheld products. Industrial and medical contributed 20%, and automotive customers some 10%. Service (assembly, trading and design) business amounted to 2%.

At EUR 67.6m, gross profit for the first three quarters was up 19% on the same period a year earlier. In the third quarter, AT&S increased year-on-year gross profit by an impressive 39%, to EUR 23.8m. The gross margin for the first three quarters reached 18.3%, with 18.8% for the third quarter.

AT&S also posted significant gains in EBIT, which at EUR 33.8m for the nine months was up 20% on the same period last year. The EBIT margin advanced from 7.9% to 9.2%. In the third quarter, EBIT reached EUR 11.6m, a year-on-year increase of 22%. The EBIT margin advanced 1.6 percentage points to 9.2%.

Profit before tax for the first three quarters was EUR 36.4m, up 30% on the same period in 2006/07. Pretax profit for the third quarter amounted to EUR 13.2m (up 36%).

Net income for the first nine months was also highly gratifying – increasing some 25% to EUR 33.3m, it set a new three-quarter record for the Group. Net income for the third quarter amounted to EUR 11.7m (up 42%).

Earnings per share after three quarters of EUR 1.46 was at a new high, outperforming the same period a year earlier by an impressive 36%. Third quarter EPS was EUR 0.52 (up 53%).

With net debt of EUR 157.2m at December 31, 2007 (EUR 79.0m a year earlier) the gearing ratio was 68.0%. The increase in net borrowings of EUR 47.3m since March 31, 2007 is largely attributable to capital investment in further extension of the Shanghai plants, payment of dividends and the repurchase of own shares.

With 6,452 employees at December 31, 2007, the AT&S headcount again reached a record level, with the bulk of the growth in China.

Outlook

AT&S does not expect any significant changes in the EUR/USD exchange rate in the fourth quarter. This means that the US currency will have fallen an average of about 10% since this time a year ago. That said AT&S expects fourth quarter revenues to be roughly at the same level as a year earlier.

Based on its excellent performance over the first three quarters and the success of its hedging activities, AT&S continues to be optimistic about the outlook for the Group's net income and EPS for the whole of the financial year, and reaffirms guidance for the latter of EUR 1.60–1.70.

With best regards

Harald Sommerer
Chairman of the Board

Steen Hansen
Member of the Board

Heinz Moitzi
Member of the Board

Directors' Holdings and Dealings

	STOCKS				OPTIONS			
	Holdings Sept. 30, 2007	Change	Holdings Dec. 31, 2007	% Capital	Holdings Sept. 30, 2007	Change	Holdings Dec. 31, 2007	Average strike price
Harald Sommerer	41,500		41,500	0.16%	140,000	0	140,000	€ 18.59
H.S. Private Foundation	120,600		120,600	0.47%				
Total – Sommerer	162,100		162,100	0.63%				
Steen Hansen	0		0	0.00%	105,000	0	105,000	€ 18.41
Heinz Moitzi	1,672		1,672	0.01%	90,000	0	90,000	€ 18.67
Hannes Androsch	445,853		445,853	1.72%				
Androsch Private Foundation	5,570,666		5,570,666	21.51%				
Total – Androsch	6,016,519		6,016,519	23.23%				
Willibald Dörflinger	0		0	0.00%				
Dörflinger Private Foundation	4,574,688		4,574,688	17.66%				
Total – Dörflinger	4,574,688		4,574,688	17.66%				
Erich Schwarzbichler	0		0	0.00%				
Georg Riedl	9,290		9,290	0.04%				
Albert Hochleitner	0		0	0.00%				
Karl Fink	0		0	0.00%				
Markus Schumy	0		0	0.00%				
Johann Fuchs	4		4	0.00%				
Gerhard Fürstler	1		1	0.00%				
Maximilian Sommerer	2,500		2,500	0.01%				
Niklas Sommerer	2,500		2,500	0.01%				
Clemens Sommerer	2,500		2,500	0.01%				
Total directors' holdings/dealings	10,771,774	0	10,771,774	41.59%	335,000	0	335,000	
Treasury stock [1, 2]	2,532,652	41,519	2,574,171	9.94%				
Other shares in issue	12,595,574		12,554,055	48.47%				
Total	25,900,000		25,900,000	100.00%	335,000		335,000	

[1] The nominal value of treasury stock at December 31, 2007 was EUR 2,831,588.
[2] Repurchased shares are used for the employee participation scheme or stock option plans and for possible acquisitions.

Investor Relations

AT&S Capital Markets Day a resounding success

In the quarter just ended AT&S Management continued to favor the direct approach to investors and analysts, with a series of roadshows which took Management to Milan (Italy), Lugano (Switzerland) and Frankfurt (Germany). AT&S again took part in the Gewinnmesse investors' fair in Vienna from October 18 to 20, 2007.

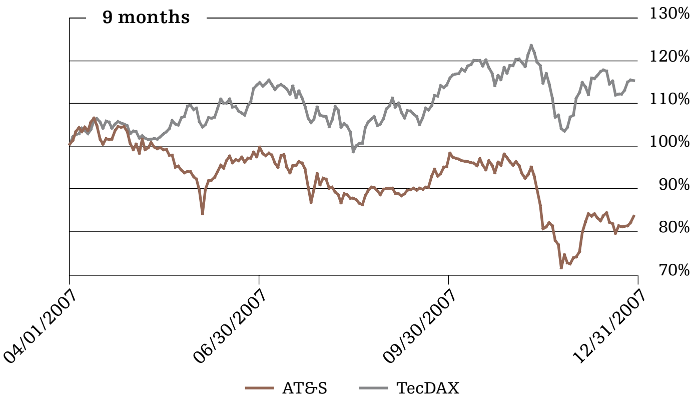
On December 6, 2007 AT&S held its annual Capital Markets Day for analysts. The main focuses were on the Group's strategic alignment and on continuing technological development.

Share price

Following a bright start early in the financial year with a high of EUR 20.44 on April 16, 2007, a downwards trend set in, reaching its lowest point of EUR 13.50 on November 20, 2007. The closing price at December 31, 2007 of EUR 15.99 was 17% lower than the price at the start of April. At 58,354 shares, or EUR 1.0m, average daily volume remained more or less unchanged from the previous year.

As at the end of January 2008, six analysts rated AT&S stock "buy" and a further three research reports rated it "hold".

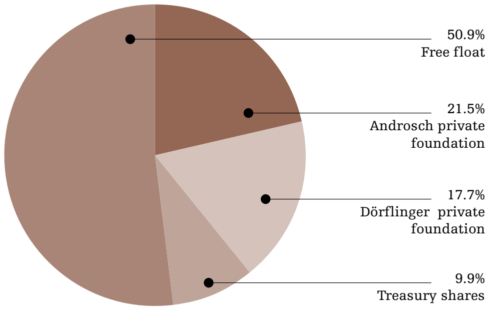
AT&S against the TecDAX



Share buy-back program

As at December 31, 2007, AT&S held 2,574,171 treasury shares, equivalent to about 9.9% of issued share capital. About 51% of the shares are in the free float.

Shareholdings



Interested investors will find more in-depth information on our website www.ats.net.

Key stock figures

	Dec. 31, 2007	Dec. 31, 2006
Earnings per share	€ 1.46	€ 1.07
High/low (9 months)	€ 20.44/13.50	€ 23.55/13.73
Close	€ 15.99	€ 22.75
Average daily volume (shares traded)	58,354	69,156
Average daily volume (EUR)	1,021,191	1,310,547

AT&S share

Security ID number	922230
ISIN-code	AT0000969985
Frankfurt Stock Exchange symbol	AUS
Reuters RIC	ATSV.DE
Bloomberg	AUS:GR

Financial calendar

Annual results 2007/08	May 14, 2008
14th Annual General Meeting	July 3, 2008

Investor relations

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Interim Financial Report (IFRS)

Consolidated Income Statement

	October 1, - December 31,		April 1, - December 31,	
(in € 1,000)	2007	2006	2007	2006
Net sales	126,566	125,074	368,075	357,052
Other revenues	68	273	257	761
Total revenues	126,634	125,347	368,332	357,813
Cost of sales	(102,870)	(108,304)	(300,756)	(301,012)
Gross profit	23,764	17,043	67,576	56,801
Selling costs	(6,072)	(5,860)	(16,892)	(17,300)
General and administrative costs	(5,453)	(5,212)	(16,104)	(15,098)
Other gains, net	517	3,522	370	3,894
Non-recurring items	(1,132)	-	(1,132)	-
Operating profit	11,624	9,493	33,818	28,297
Financial income	4,228	2,397	9,088	5,217
Financial expense	(2,635)	(2,204)	(6,559)	(5,638)
Financial result	1,593	193	2,529	(421)
Profit before income tax	13,217	9,686	36,347	27,876
Income tax expense	(1,549)	(1,465)	(3,057)	(1,334)
Profit for the period	**11,668**	**8,221**	**33,290**	**26,542**
Thereof minority interest	(479)	(139)	(878)	(287)
Thereof equity holders of the Company	12,147	8,360	34,168	26,829
Earnings per share for profit attributable to equity holders of the Company:				
Basic earnings per share (in €)	0.52	0.34	1.46	1.07
Diluted earnings per share (in €)	0.52	0.34	1.46	1.06
Weighted average number of shares outstanding – basic (in thousands)	23,364	24,597	23,405	25,163
Weighted average number of shares outstanding – diluted (in thousands)	23,368	24,705	23,409	25,271

Consolidated Balance Sheet

(in € 1,000)	December 31, 2007	March 31, 2007
ASSETS		
Non-current assets		
Property, plant and equipment	295,721	240,268
Intangible assets	9,688	11,566
Long-term investments	119	119
Other non-current assets	3,296	3,129
Deferred tax assets	8,421	7,089
	317,245	262,171
Current assets		
Inventories	56,018	49,815
Assets held for sale	3,864	3,864
Trade receivables	88,499	75,723
Other current assets	19,988	22,236
Securities available for sale at fair value	61	61
Financial assets at fair value through profit or loss	13,570	13,477
Restricted cash	101	194
Cash and cash equivalents	14,335	24,403
	196,436	189,773
Total assets	**513,681**	**451,944**
EQUITY		
Share capital	46,904	49,529
Fair value and other reserves	(27,767)	(14,924)
Retained earnings	213,478	186,559
Unallocated losses attributable to minority interest	(1,615)	(942)
Capital and reserves attributable to equity holders of the Company	231,000	220,222
Minority interest	526	545
Total equity	231,526	220,767
LIABILITIES		
Non-current liabilities		
Long-term borrowings	48,348	16,195
Retirement, termination benefit and other benefit obligations	10,667	10,890
Provisions	-	200
Other long-term liabilities	3,085	3,475
Deferred tax liabilities	6,583	6,872
	68,683	37,632
Current liabilities		
Short-term borrowings	126,846	121,760
Trade payables	49,772	38,194
Tax payables	2,113	1,109
Provisions	2,751	2,661
Other short-term liabilities	31,990	29,821
	213,472	193,545
Total liabilities	282,155	231,177
Total equity and liabilities	**513,681**	**451,944**

Consolidated Cash Flow Statement

(in € 1,000)	April 1, - December 31, 2007	2006
Cash flows from operating activities		
Profit for the period	33,290	26,542
Adjustments to reconcile profit for the period to net cash generated from operating activities:		
Depreciation, amortisation and impairment less reversal of impairment	26,252	30,305
Other, net	149	(6,343)
Proceeds from the disposal of financial assets at fair value through profit or loss	-	6,421
Changes in working capital	(8,260)	(8,975)
Other long-term liabilities	(210)	794
Cash generated from operations	51,221	48,744
Interest paid	(5,708)	(3,862)
Income tax paid	(3,670)	(969)
Net cash generated from operating activities	**41,843**	**43,913**
Cash flows from investing activities		
Capital expenditure for property, plant and equipment and intangible assets	(83,650)	(76,996)
Proceeds from sale of property, plant and equipment	367	33,449
Proceeds from hedging transactions	3,493	1,147
Purchase of securities available for sale	-	(216)
Proceeds from sale of securities available for sale	-	21,562
Acquisition of subsidiaries, net of cash acquired	-	(1,215)
Change in loans granted	-	3,146
Net cash used in investing activities	**(79,790)**	**(19,123)**
Cash flows from financing activities		
Proceeds from borrowings	76,874	31,826
Repayments of borrowings	(39,248)	(30,498)
Others	2,397	557
Proceeds from the exercise of stock options	651	807
Payments for the acquisition of treasury shares	(4,540)	(24,416)
Dividens paid	(7,249)	(7,372)
Net cash generated from/(used in) financing activities	**28,885**	**(29,096)**
Effects of exchange rate changes on cash	(1,099)	(1,185)
Decrease in cash, cash equivalents and restricted cash	**(10,161)**	**(5,491)**
Movement in cash, cash equivalents and restricted cash		
At beginning of period	24,597	28,343
Decrease	(10,161)	(5,491)
At end of period	**14,436**	**22,852**

Consolidated Statement of Changes in Equity

(in € 1,000)	Share capital	Fair value and other reserves	Retained earnings	Unallocated losses attributable to minority interest	Capital and reserves attributable to equity holders of the Company	Minority interest	Total equity
March 31, 2006	**91,272**	**(3,341)**	**163,197**	**(1,354)**	**249,774**	**538**	**250,312**
Profit for the period			26,829		**26,829**	(287)	**26,542**
Reclassification of losses attributable to minority interest				(397)	**(397)**	397	**-**
Takeover of minority interests			7		**7**	(99)	**(92)**
Securities available for sale, net of tax:							
- Change in unrealized gains		(29)			**(29)**	-	**(29)**
- Reclassification adjustment for gains that are part of profit for the period		(1,067)			**(1,067)**	-	**(1,067)**
- Tax on fair value		164			**164**	-	**164**
Change of foreign currency translation adjustment		(9,860)			**(9,860)**	(31)	**(9,891)**
Stock option plan:							
- Value of employee services	455				**455**	-	**455**
- Exercised stock options	432				**432**	-	**432**
Change in treasury stock	(24,416)				**(24,416)**	-	**(24,416)**
Dividend relating to 2005/06			(7,372)		**(7,372)**	-	**(7,372)**
December 31, 2006	**67,743**	**(14,133)**	**182,661**	**(1,751)**	**234,520**	**518**	**235,038**
March 31, 2007	**49,529**	**(14,924)**	**186,559**	**(942)**	**220,222**	**545**	**220,767**
Profit for the period			34,168		**34,168**	(878)	**33,290**
Reclassification of losses attributable to minority interest				(863)	**(863)**	863	**-**
Net investment hedge		(374)			**(374)**	-	**(374)**
Change of foreign currency translation adjustment		(12,469)		190	**(12,279)**	(4)	**(12,283)**
Stock option plan:							
- Value of employee services	51				**51**	-	**51**
- Change in stock options	(182)				**(182)**	-	**(182)**
Change in treasury stock	(2,494)				**(2,494)**	-	**(2,494)**
Dividend relating to 2006/07			(7,249)		**(7,249)**	-	**(7,249)**
December 31, 2007	**46,904**	**(27,767)**	**213,478**	**(1,615)**	**231,000**	**526**	**231,526**

Segment Report

a. Geographical segment

First three quarters of financial year 2007/08:

(in € 1,000)	Europe	Asia	Not allocated and consolidation	Group
External sales	279,693	88,639	-	368,332
Intercompany sales	-	106,457	(106,457)	-
Total revenues	279,693	195,096	(106,457)	368,332
Segment result/Operating profit	12,221	36,178	(14,581)	33,818
Financial result				2,529
Profit before income tax				36,347
Income tax expense				(3,057)
Profit for the period				**33,290**
Total assets	164,039	355,110	(5,468)	513,681
Liabilities	60,174	70,433	383,074	513,681
Capital expenditures	5,575	84,586	255	90,416
Depreciation/amortisation of tangible and intangible non-current assets	7,612	17,540	1,100	26,252

First three quarters of financial year 2006/07:

(in € 1,000)	Europe	Asia	Not allocated and consolidation	Group
External sales	302,027	55,786	-	357,813
Intercompany sales	-	83,272	(83,272)	-
Total revenues	302,027	139,058	(83,272)	357,813
Segment result/Operating profit	23,842	23,055	(18,600)	28,297
Financial result				(421)
Profit before income tax				27,876
Income tax expense				1,334
Profit for the period				**26,542**
Total assets	160,562	265,973	16,993	443,528
Liabilities	57,833	40,887	344,808	443,528
Capital expenditures	7,544	73,955	655	82,154
Depreciation/amortisation of tangible and intangible non-current assets	13,622	15,421	1,262	30,305

b. Business segment

Sales broken down by industry are as follows:

(in € 1,000)	April 1, - December 31, 2007	2006
Telecommunications	249,423	212,343
Industry	74,793	73,544
Automotive	36,487	29,731
Other	7,372	41,434
	368,075	**357,052**

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.

Sales broken down by country are as follows:

(in € 1,000)	April 1, - December 31, 2007	2006
Austria	15,834	19,872
Germany	88,884	91,476
Hungary	30,190	36,207
Other EU-Countries	23,263	36,603
Asia	161,553	127,225
Canada, USA	43,148	36,698
Other	5,203	8,971
	368,075	**357,052**

Explanatory Notes to the Interim Financial Report

General

Accounting and valuation policies

The interim report for the three quarters ended December 31, 2007 has been prepared in accordance with the standards (IFRS and IAS) of the International Accounting Standards Board (IASB), including IAS 34, and interpretations (IFRIC and SIC) as adopted by the European Union.

There are no differences in accounting and valuation policies compared with those applied in the financial year ended March 31, 2007.

The consolidated interim financial statements do not include all the information contained in the consolidated annual financial statements and should be read in conjunction with the consolidated annual statements published for the year ended March 31, 2007.

The consolidated interim statements for the nine months ended December 31, 2007 are unaudited and have not been the subject of external audit review.

Changes in consolidated Group

AT&S Scandinavia AB, Sweden, was liquidated in the second quarter of the current financial year, following approval by the Supervisory Board Meeting of June 14, 2006.

Notes to the income statement

Net sales

Net sales in the first three quarters of 2007/08 rose by EUR 11.0m to EUR 368.1m, an increase of 3.1% compared with the same period last year. The increase in sales was achieved despite significantly lower service business in design and assembly.

The main factors behind the rise in revenues were increased volumes, largely made possible by the additional capacity provided by the second facility in China, which began operations in 2006/07. Tofic, too, considerably increased its volumes. In line with strategy, lower volumes than in the previous year at the original Austrian sites were to some extent offset by higher value product mixes. Changes in exchange rates, particular the USD/EUR rate, meant that revenue gains were smaller than volume increases.

Sales in the third quarter, at EUR 126.6m, were EUR 1.5m higher than in the same quarter last year, and were nearly as high as the high level achieved in the second quarter of this financial year.

Gross profit

The gross profit margin for the first three quarters increased to 18.3%, compared with 15.9% a year earlier. On the higher revenues, this meant an increase in gross profit of EUR 10.8m.

The gross profit for the third quarter of EUR 23.8m (18.8% gross profit margin) in particular was considerably more than in the third quarter of last financial year (EUR 17.0m, or 13.6%).

This encouraging performance was chiefly the result of the improvements in cost structure brought about by expansion of capacity in China, a larger proportion of higher value products especially in the telecoms sector, and the extension, as of January 1, 2007, of the useful lives for depreciation purposes of certain machinery, plant and equipment to reflect the Group's actual operating experience. At Tofic, the start-up phase continues to depress the gross profit.

Operating profit

The EUR 5.5m increase in operating profit compared with the same period last year chiefly reflects the increase in gross profit. The relative modesty of the increase in comparison with the growth in gross profit is the result of special factors in other gains, net, and non-recurring items, i.e., mainly the release of government grants in connection with sale and leaseback arrangements in the third quarter of last financial year and the charge to expense of impairment of goodwill in AT&S ECAD (EUR 1.1m) in this current third quarter.

Selling costs were held down as a result of savings on transportation costs. General and administrative costs increased as a result of the higher staffing made necessary by growth and because of special projects in the current financial year.

Financial result

The Group's foreign currency hedging gains in the first three quarters of the year contributed EUR 2.1m more than the same period last year, and – in contrast to the same period in 2006/07 – exchange rate movements made a positive contribution to the Group's finances. These factors together meant that last year's financial income, which included in addition EUR 1.1m from the sale of securities, was significantly exceeded.

Interest expense in the first three quarters has increased by EUR 2.1m in comparison with the same period last year. The net financial result for the period is better by nearly EUR 3m.

Income tax expense
Compared with the same period last year, there has been an increase in the effective tax rate for the Group. The increase in relation to the consolidated profit before tax is mainly a consequence of the different proportions of Group earnings contributed by individual companies with different tax rates and the various different tax regimes to which the Group is subject.

Notes to the balance sheet
Financial position
Net debt, at EUR 157.2m, was higher by EUR 47.3m than at March 31, 2007, largely as a result of taking up long-term and also short-term financial liabilities and of reducing liquid funds, principally in order to finance investments in China. The increase in net debt compared to a year ago amounts to EUR 78.2m.

The change in consolidated equity in the period was positive, in contrast to the position a year ago. The decline in consolidated equity during 2006/07 was primarily the result of the repurchase of AT&S's own shares. The negative change in the foreign currency translation adjustment in the first three quarters of this financial year, on the other hand, is larger than last year, and chiefly reflected the unfavorable movements of two functional currencies, the renminbi yuan (CNY) and Hong Kong dollar (HKD), against the euro.

Treasury shares
In the 11th Annual General Meeting on July 5, 2005 and the 12th Annual General Meeting on July 4, 2006, and again at the 13th Annual General Meeting on July 3, 2007, the Management Board was authorized in each instance to acquire up to 10% of the Company's authorized share capital within 18 months of the respective resolutions.

A total of 264,620 treasury shares were acquired under the share repurchase scheme in the first three quarters of 2007/08 at a cost of EUR 4.5m. On December 31, 2007, the Group held a total of 2,574,171 treasury shares with an acquisition cost of EUR 46.5m after taking into account the effect of the exercise of stock options.

Notes to the cash flow statement
Net cash generated from operating activities was EUR 2.1m less than in the comparable period last year. Based on an improvement of EUR 6.7m in Group profit, the lower depreciation and amortization was mainly responsible for the net funds inflow from operations being down by EUR 2.5m. Higher interest and income tax payments contributed to the net cash generated from operating activities being lower than last year's.

Net cash used in investing activities amounted to EUR 79.8m (2006/07: EUR 19.1m). Capital expenditure amounted to EUR 83.7m, of which EUR 76.8m was spent on expansion of the site in China. The significant difference in net cash used chiefly reflects the disposal of securities and the sale and leaseback transaction in 2006/07. Capital expenditure was also up EUR 6.7m on last year.

Net cash generated from financing activities of EUR 28.9m were chiefly the result of the increase in financial liabilities incurred to finance the investments in China. Share repurchases were significantly down year on year, and dividend payments were comparable with last financial year's.

Other information
Dividends paid
As resolved in the Annual General Meeting of July 3, 2007, a dividend of EUR 0.31 per share was paid in the current financial year.

Related party transactions
In connection with various projects, fees amounting to EUR 276,000 (rounded) and EUR 6,000 (rounded) were payable to AIC Androsch International Management Consulting Ges.m.b.H. and Dörflinger Management- und Beteiligungs GmbH respectively in the first three quarters of 2007/08.

Expenditure for third-party manufacturing services provided by enterprises associated with the minority shareholders in Tofic amounted to EUR 1,162,000 (rounded) in the first three quarters of the current financial year.

Group Interim Management Report

Business developments and performance

The first three quarters of financial 2007/08 have been highly satisfactory for AT&S: total Group revenues for the period were up EUR 10.5m in comparison with the same period last year, to EUR 368.3m. The traditionally high-revenue telecoms business made the largest contribution to consolidated revenues, with sales of EUR 249.4m, and generated the largest increase in sales. The proportionately high 23% increase in revenues from automotive business was especially gratifying. The increase in sales was achieved despite significantly lower service business in design and assembly.

Due to the weakness of the US dollar, however, sales fell short of Management's original expectations. The decline in the US dollar exchange rate had only a minor effect on Group operating profit owing to the expansion of the Group's production activities in Asia and the strong overall influence of the US dollar on procurement markets in the region. Successful hedging activities, which are reflected in the financial result, meant that Group profit for the first three quarters reached EUR 33.3m, which corresponds to what Management was originally expected from its originally higher sales forecasts.

Significant risks, uncertainties and opportunities

There were no material differences in risk exposure in the course of the first three quarters of financial 2007/08 compared with those described in the notes to the 2006/07 consolidated financial statements under II. Risk Report. In the course of the current financial year the expansion of production in Asia, and hence in the extended US dollar area, has reduced the net exposures needing to be hedged against currency risks.

Overall, the prediction for AT&S's three main business areas (telecoms, industrial and automotive) based on the external environment is for market growth to continue, with corresponding opportunities for AT&S. Additional opportunities have been identified in the Group's service segment, in design and assembly services, although corresponding increases in sales are only likely to occur after the end of the remaining quarter of the current financial year.

Outlook

On the basis of the weakness of the US dollar up until now and the difficulty of predicting future exchange rate movements, the original sales forecast for financial 2007/08 has already been revised. The assumption is that sales for the fourth quarter of the current financial year will be at a comparable level to those in the same quarter of the previous financial year. In the light of the satisfactory Group profit for the first three quarters and on the basis of current budget, annual earnings per share of EUR 1.60–1.70 continue to be expected.

Leoben-Hinterberg, January 24, 2008

The Management Board

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