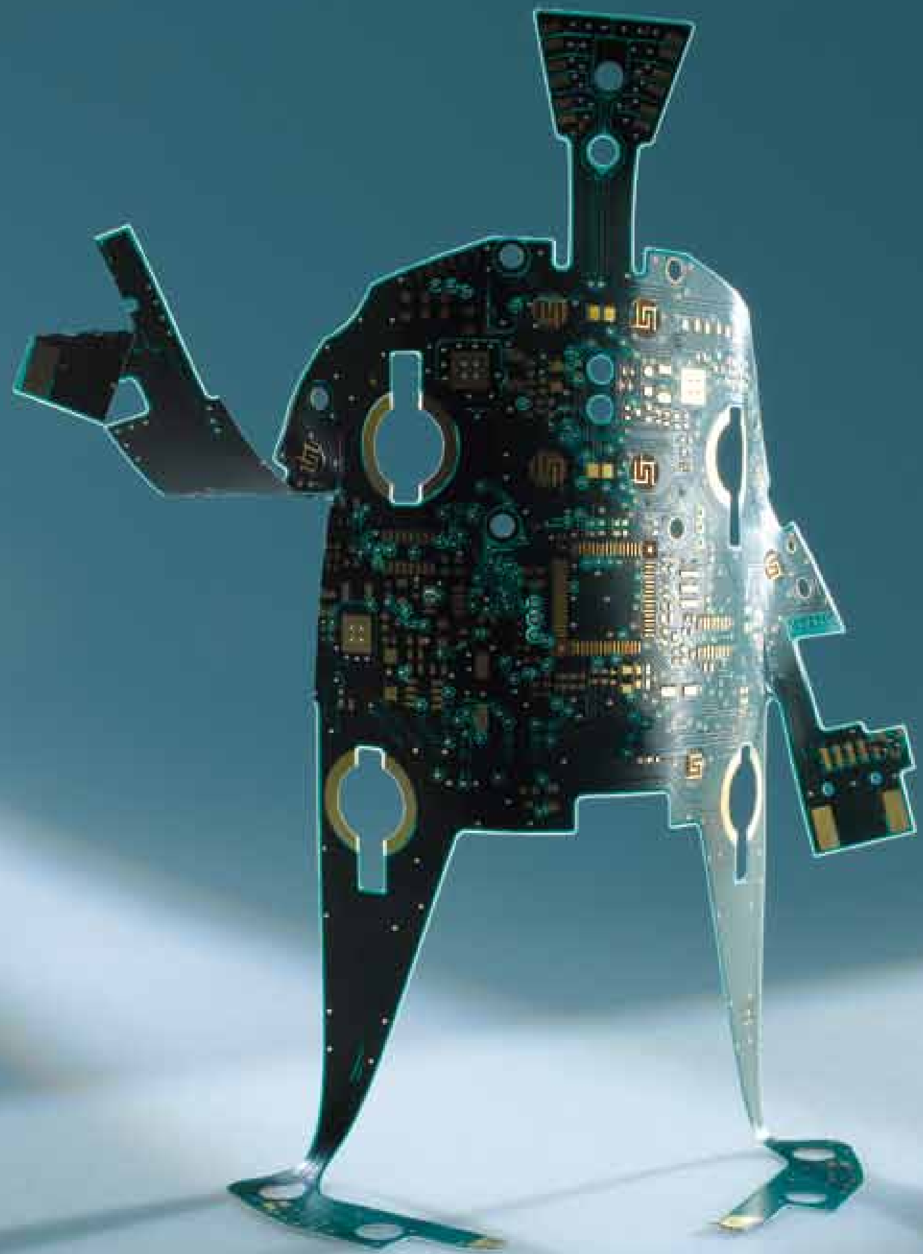
AT&S

*Quarterly Financial Report 03*

# 2009/2010



# Key figures

| (If not otherwise stated, all figures in EUR 1,000) | IFRS Q1–3 2009/10 before non-recurring items[1] | Q1–3 2009/10 after non-recurring items[1] | Q1–3 2008/09 | Q1–3 2007/08 |
|---|---|---|---|---|
| **CONSOLIDATED INCOME STATEMENT** | | | | |
| Revenues | | 272,523 | 351,359 | 368,332 |
| thereof produced in Asia | | 68.2% | 59.7% | 53.0% |
| thereof produced in Europe | | 31.8% | 40.3% | 47.0% |
| EBITDA | 36,831 | 18,751 | 43,874 | 60,070 |
| EBITDA margin | 13.5% | 6.9% | 12.5% | 16.3% |
| EBIT | 4,771 | (31,762) | 2,333 | 33,818 |
| EBIT margin | 1.8% | (11.7%) | 0.7% | 9.2% |
| Net income | (3,825) | (40,358) | (4,866) | 33,290 |
| Shareholders' interest in net income | (3,480) | (40,013) | (4,653) | 34,168 |
| Cash earnings | 28,580 | 10,500 | 36,888 | 60,420 |
| **CONSOLIDATED BALANCE SHEET (AS OF 31 DECEMBER)** | | | | |
| Total assets | | 464,317 | 545,697 | 513,681 |
| Total equity | | 189,284 | 241,228 | 231,526 |
| Shareholders' equity | | 188,794 | 240,714 | 230,998 |
| Net debt[2] | | 158,851 | 180,049 | 143,377 |
| Net gearing[2] | | 83.9% | 74.6% | 61.9% |
| Net working capital | | 78,474 | 109,391 | 82,657 |
| Net working capital per revenues | | 21.6% | 23.4% | 16.8% |
| Equity ratio | | 40.8% | 44.2% | 45.1% |
| **CONSOLIDATED CASH FLOW STATEMENT** | | | | |
| Net cash generated from operating activities (OCF) | | 30,387 | 19,161 | 41,843 |
| CAPEX, net – Q1–3 | | 12,387 | 47,084 | 83,283 |
| CAPEX, net – Q3 | | 1,897 | 17,624 | 23,466 |
| **GENERAL INFORMATION** | | | | |
| Payroll (incl. leased personnel), end of period | | 5,805 | 6,295 | 6,535 |
| Payroll (incl. leased personnel), average | | 5,560 | 6,485 | 6,213 |
| **KEY STOCK FIGURES** | | | | |
| Earnings per share (EUR) – basic | (0.15) | (1.72) | (0.20) | 1.46 |
| Cash earnings per share (EUR) | 1.23 | 0.45 | 1.58 | 2.58 |
| Market capitalisation, end of period[3] | | 147,865 | 76,965 | 374,248 |
| Market capitalisation per shareholders' equity | | 78.1% | 31.9% | 161.6% |
| Weighted average number of shares outstanding – basic | | 23,322,588 | 23,322,588 | 23,405,141 |
| **KEY FINANCIAL FIGURES** | | | | |
| ROE[4] | (2.3%) | (18.8%) | 0.9% | 19.8% |
| ROS | (1.4%) | (14.8%) | (1.4%) | 9.0% |
| ROCE[5] | 1.0% | (8.5%) | 1.5% | 11.9% |

[1] The non-recurring items particularly cover restructuring at Leoben-Hinterberg plant.
[2] Calculation of net debt has been simplified to ensure more transparency to investors and analysts. Calculation: financial liabilities – cash and cash equivalents – financial assets
[3] Calculated: share price at end of period x weighted average number of shares outstanding; value for Q3 2007/08 based on closing price at the Frankfurter Wertpapierbörse
[4] Calculation upon average equity; results except non-recurring items annualised
[5] Calculation upon average equity and average net debt; results except non-recurring items annualised

# Highlights

- One of the most profitable quarters since record year 2000/01
- EBIT (net of non-recurring items) for financial year 2009/10 already positive
- New Chairman of Management Board as per February
- Expected annual sales in the region of EUR 360m, capital expenditure roughly EUR 25m

# Statement of the Management Board

Dear shareholders,

In third quarter 2009/10 capacity utilisation at all AT&S plants was back to satisfactory levels, and sales for the quarter were once again more than EUR 100m. The restructuring of the Leoben-Hinterberg plant and other cost reduction programmes have together substantially reduced the Group's cost base. The success of these measures is reflected in an impressive 13.4% EBIT margin. This makes the quarter under review one of the most profitable since the financial year 2000/01 – a record year. It was also possible to cover the significant ordinary operating losses incurred in the first quarter, so that there is now a net operating profit for the nine months of EUR 4.8m.

### Results of ordinary business activities Q1–3 2009/10

Restructuring measures earlier in 2009/10 generated one-time costs amounting to EUR 36.5m.

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

| | |
|---|---|
| - Operating profit: | EUR 4.8m, for an EBIT margin of 1.8% |
| - EBITDA: | EUR 36.8m, for an EBITDA margin of 13.5% |
| - Consolidated net loss: | EUR 3.8m |
| - Earnings per share (EPS): | EUR -0.15 |

### Financing

The maturities of the total financial liabilities of EUR 184.7m were as follows:

| | |
|---|---|
| < 1 year: | EUR 75.9m, of which export credits amounted to EUR 36.0m |
| 1–2 years: | EUR 15.7m |
| 2–3 years: | EUR 5.2m |
| 3–4 years: | EUR 85.3m |
| 4–5 years: | EUR 2.6m |

At 31 December 2009 AT&S had sufficient contractually agreed credit disposal.

In the third quarter of 2009/10 net debt was reduced by EUR 6.7m, and in the first nine months of the financial year by EUR 15.5m, to EUR 158.9m. Adverse exchange rate fluctuations in the first half-year resulted in a charge of EUR 25.1m, and this combined with the consolidated net loss in the first quarter led to a reduction in equity from EUR 252.7m as at 31 March 2009 to EUR 173.5m at the end of first half 2009/10. As a result, the gearing ratio at 30 September 2009 rose to 95.4%. In the quarter just ended, however, equity recovered to EUR 189.3m in consequence of satisfactory consolidated net profit and exchange rate improvements, and the gearing ratio fell back to 83.9% at the end of 2009.

### Strategic direction

AT&S Group pursues a strategy of continuous growth: our aim is to be the undisputed leader in our target markets. At the same time, by expanding the scope of our core competences our goal is to open up access to additional market potential.

This strategy in turn determines the detailed objectives of AT&S's business areas, as follows.

Automotive
AT&S brings together competences in different areas – expertise in HDI printed circuit boards with production skills for the automotive sector. The logical goal is therefore to pursue the growing demand for HDI printed circuit boards. Development of special technologies, e.g. thermal management, will continue to receive particular emphasis. Incremental growth in Europe should come from more intensive sales activities in France, the UK and Italy, and from taking advantage of the weaknesses of old established competitors. Over and above that, the aim is to give what today is primarily a European business a global reach.

Industrial
In traditional industrial business, the customer base is to be optimised, while stepping up sales to US customers and increasing market shares there. In the computing sector, AT&S will continue to concentrate on HDI printed circuit boards, but will also selectively function as a full-range supplier of plated-through-hole printed circuit boards. The industrial computer business is to be further expanded. In the medical sector, AT&S

is focusing closely on the diagnosis segment and imaging processes, and will also give priority to pilot therapy projects.

Mobile Devices
In this business we focus systematically on the high-end segment, and position ourselves as a one-stop-shop printed circuit board supplier for these customers. In addition to mobile phones, Mobile Devices also includes a growing market in other applications, such as games consoles, digital cameras and portable music players. AT&S should profit from the growth expected in this area. To further improve our standing in these markets, it is important that we push forward with new technologies, such as the integration of components inside printed circuit boards.

### Photovoltaics
AT&S has been quick to recognise that its existing core competences can also be deployed in the rapidly developing photovoltaics market. Since the summer of 2008, AT&S and Solland Solar have been intensively engaged in a technology partnership to develop a novel approach to the use of new types of solar cell in photovoltaic modules. The construction of a prototype line for photovoltaic modules with back-contacted solar cells marks a further major project milestone on the road to commercial availability later in 2010. Objectives include continuing optimisation of the production process and certification under IEC 61215 and IEC 61730. Selected reference projects are being implemented in parallel, to highlight the cost effectiveness of the new technology and its advantages in practical operation.

### Christmas donation
With its carefully selected health and education projects, AT&S aims to make a significant contribution to the well-being of the people in the catchment areas of its plants around the world. This year it is supporting the Down Syndrome Competence Centre in Leoben-Hinterberg, the only one of its kind in Europe. This institute has specialised particularly in individual pedagogical diagnosis and support for people with trisomy 21. The multimedia room – which AT&S's donation has made possible – was needed in order to be able to communicate effectively to parents, as the primary carers for affected children, the importance of discoveries in modern brain research for cognitive development methods.

### Outlook
For the current financial year we expect sales to amount to roughly EUR 360m. EBIT excluding one-time effects will definitely be in the black. Investments (CAPEX) will total about EUR 25m. It is currently too early to provide guidance for the financial year 2010/11, because the budgeting process is still continuing. With respect to capital investments, two possible scenarios have already been established:

If the global economy dips again, AT&S will concentrate on generating a positive free cash flow. Under these circumstances, some EUR 15m will be invested in maintenance, and around EUR 10m will be channelled into new technologies, for a total capital expenditure of roughly EUR 25m.

If the global economy improves and the trend towards higher technology printed circuit boards continues, then the Group will pursue continuing growth. This will mean – in addition to the roughly EUR 15m invested in maintenance and the EUR 10m earmarked for new technologies (EUR 25m in total) – the investment of up to EUR 40m in adapting the Shanghai plant to the requirements of higher technologies and of around EUR 15m in expansion of the second Nanjangud plant, so that overall total investment will rise up to EUR 80m.

### Concluding remarks
This quarterly report is the last financial report to be published during Harald Sommerer's term of office. Starting in 1997, as a member of the Management Board he made major contributions – among other things – to AT&S's initial stock exchange listing and to the successful internationalisation of the Group. He is standing down from the Management Board at the end of January 2010, and his fellow Board members would like to take this opportunity to thank him for his outstanding contribution to their collective work.

Andreas Gerstenmayer is the Board's new Chairman, and under his leadership the Management Board team will continue to drive the successful development of AT&S Group forward.

With best regards

| | | |
|---|---|---|
| Harald Sommerer<br>Chairman of the<br>Management Board | Steen E. Hansen<br>Member of the<br>Management Board | Heinz Moitzi<br>Member of the<br>Management Board |

# Corporate Governance Information

### Change in Management Board

Harald Sommerer, Chairman of AT&S's Management Board, decided last year not to extend his appointment on its expiration on 30 June 2010. In the Supervisory Board meeting of 16 December 2009 Andreas Gerstenmayer was appointed as new Chairman of the Management Board for a term of three years starting on 1 February 2010. Harald Sommerer leaves the Management Board as of 31 January 2010.

Andreas Gerstenmayer, born on 18 February 1965, is a German national and a graduate in Mechanical Engineering from Rosenheim University of Applied Sciences. He joined Siemens Group in Germany in 1990. He worked in lighting technology until 1997, when he became Production, Procurement and Logistics Manager for the bogies business in Graz. In 2000 he was appointed to act as overall project manager of the international restructuring programs for Siemens Group's Transportation Systems Division in Erlangen, and in 2003 he became Managing Director of Siemens Transportation Systems GmbH Austria and CEO of the bogies business unit in Graz (World Headquarters). Since 1 January 2009 Andreas Gerstenmayer is a shareholder in FOCUSON Business Consulting GmbH. On taking up his appointment as Chairman of the AT&S Management Board he will cease to be involved in day-to-day consulting operations, but will continue as a shareholder.

### Changes in Supervisory Board

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

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

# Directors' Holdings & Dealings

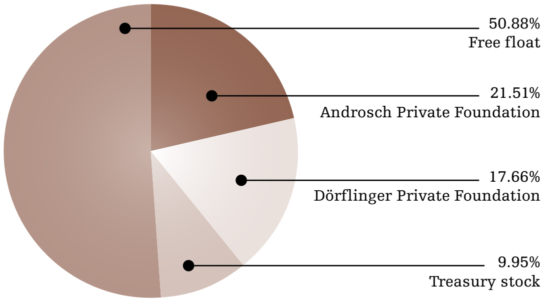
In the first nine months of the current financial year there were no changes in the shareholdings of senior managers for the purposes of section 48d Austrian Stock Exchange Act (BörseG). Stock options held by members of the Management Board were as follows (Supervisory Board members do not receive stock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

On leaving AT&S as of 31 January 2010, Harald Sommerer is entitled for a period of one year to exercise all the options he holds at that point, after which they expire without compensation.

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

# AT&S Share

## Shareholdings




## Capital Markets Day

The annual Capital Markets Day took place on 26 November 2009. The day began with a review of the events of the past 12 months. Other major topics included expected developments in the printed circuit board market, the overall AT&S Group strategy, and the strategies of the individual business areas. The analysis of the financial figures and the outlook for the current and the following financial year – published on the same day – aroused particular interest. An overview of the latest technological achievements and projects, which are intended to further strengthen AT&S's position as a technology leader in its sector, brought the day to a close.

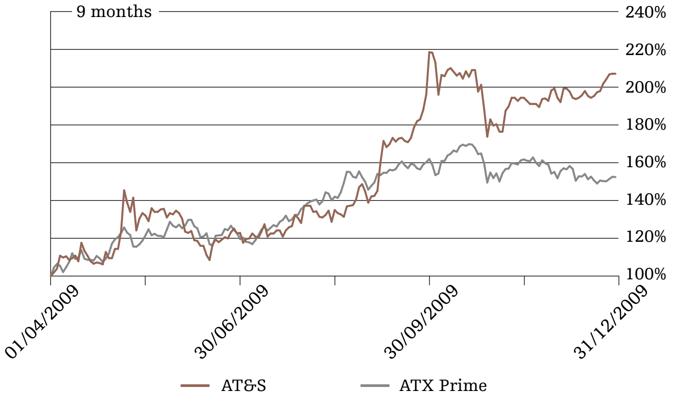
## Investor contacts

Investor interest in AT&S increased significantly in the third quarter 2009/10. AT&S's Management participated in the Erste Group Investors Conference in Stegersbach. Trips to Zurich and Paris were used to present AT&S's strategy and business model to a series of high-calibre investors. A roadshow in Graz organised by Börse-Express provided an opportunity to present the Group to some 100 investment advisers.

## Share price performance in third quarter 2009/10

AT&S stock opened the quarter at EUR 6.95. Following its very rapid rise in the second quarter, from an opening price of EUR 3.67 to a closing price of EUR 6.69, the stock lost ground against the ATX Prime in October. In early November the price largely paralleled the performance of the index. The information published in the course of the Capital Markets Day on 26 November 2009 gave the share price a renewed boost as the month closed, from which point on the stock outperformed the index. Between 1 October and 31 December 2009 the ATX Prime and AT&S share both declined, by 4% and 5% respectively.

## AT&S against the ATX Prime




## AT&S share performance overview for the first nine months(EUR)

| | 31 December 2009 | 31 December 2008 |
|---|---|---|
| Earnings per share | -1.72 | -0.20 |
| High | 7.40 | 13.56 |
| Low | 2.99 | 2.90 |
| Close | 6.34 | 3.30 |

## AT&S share

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

## Financial calendar

| | |
|---|---|
| Annual results 2009/10 | 11 May 2010 |
| 16th Annual General Meeting | 7 July 2010 |

## Investor Relations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# Interim Financial Report (IFRS)
# Consolidated Income Statement

| (in € 1,000) | 1 October – 31 December 2009 | 2008 | 1 April – 31 December 2009 | 2008 |
|---|---|---|---|---|
| Revenues | 101,236 | 117,134 | 272,523 | 351,359 |
| Cost of sales | (80,467) | (97,097) | (240,492) | (292,201) |
| Gross Profit | 20,769 | 20,037 | 32,031 | 59,158 |
| Selling costs | (4,667) | (5,792) | (13,837) | (17,341) |
| General and administrative costs | (3,984) | (4,704) | (13,417) | (15,853) |
| Other operating result | 1,417 | (2,017) | (6) | 2,130 |
| Non-recurring items | – | (25,761) | (36,533) | (25,761) |
| Operating result | 13,535 | (18,237) | (31,762) | 2,333 |
| Financial income | 1,281 | 502 | 4,485 | 8,018 |
| Financial expense | (2,150) | (3,223) | (11,130) | (10,999) |
| Financial result | (869) | (2,721) | (6,645) | (2,981) |
| Profit before tax | 12,666 | (20,958) | (38,407) | (648) |
| Income tax expense | (3,102) | (2,503) | (1,951) | (4,218) |
| **Profit/(loss) for the period** | **9,564** | **(23,461)** | **(40,358)** | **(4,866)** |
| | | | | |
| thereof equity holders of the parent company | 9,673 | (23,277) | (40,013) | (4,653) |
| thereof minority interests | (109) | (184) | (345) | (213) |
| Earnings per share for profit attributable to equity holders of the parent company (in EUR per share): | | | | |
| - basic | 0.41 | (1.00) | (1.72) | (0.20) |
| - diluted | 0.41 | (1.00) | (1.71) | (0.20) |
| Weighted average number of shares outstanding – basic (in thousands) | 23,323 | 23,323 | 23,323 | 23,323 |
| Weighted average number of shares outstanding – diluted (in thousands) | 23,375 | 23,323 | 23,375 | 23,323 |

# Statement of Comprehensive Income

| (in € 1,000) | 1 October – 31 December 2009 | 2008 | 1 April – 31 December 2009 | 2008 |
|---|---|---|---|---|
| **Profit/(loss) for the period** | **9,564** | **(23,461)** | **(40,358)** | **(4,866)** |
| Currency translation differences | 6,212 | 4,786 | (18,853) | 27,909 |
| Fair value gains/(losses) of available-for-sale financial assets, net of tax | 4 | – | 19 | – |
| Fair value gains/(losses) of cash flow hedges, net of tax | (9) | – | (55) | – |
| **Other comprehensive income for the period** | **6,207** | **4,786** | **(18,889)** | **27,909** |
| **Total comprehensive income for the period** | **15,771** | **(18,675)** | **(59,247)** | **23,043** |
| thereof equity holders of the parent company | 15,880 | (18,492) | (58,902) | 23,248 |
| thereof minority interests | (109) | (183) | (345) | (205) |

# Consolidated Balance Sheet

| (in € 1,000) | 31 December 2009 | 31 March 2009 |
|---|---|---|
| **ASSETS** | | |
| Non-current assets | | |
| Property, plant and equipment | 287,272 | 349,853 |
| Intangible assets | 2,080 | 2,238 |
| Financial assets | 121 | 122 |
| Overfunded retirement benefits | 731 | 46 |
| Deferred tax assets | 11,067 | 9,962 |
| Other non-current assets | 3,221 | 3,066 |
| | 304,492 | 365,287 |
| Current assets | | |
| Inventories | 41,327 | 46,998 |
| Trade and other receivables | 89,962 | 101,013 |
| Financial assets | 15,302 | 14,013 |
| Non-current assets held for sale | 2,151 | 2,151 |
| Current income tax receivables | 609 | 322 |
| Cash and cash equivalents | 10,474 | 7,031 |
| | 159,825 | 171,528 |
| **Total assets** | **464,317** | **536,815** |
| **EQUITY** | | |
| Share capital | 45,680 | 45,680 |
| Other reserves | (18,328) | 561 |
| Retained earnings | 161,442 | 205,999 |
| Equity attributable to equity holders of the parent company | 188,794 | 252,240 |
| Minority interests | 490 | 494 |
| **Total equity** | **189,284** | **252,734** |
| **LIABILITIES** | | |
| Non-current liabilities | | |
| Financial liabilities | 108,540 | 97,060 |
| Provisions for employee benefits | 11,005 | 9,751 |
| Other provisions | 14,413 | 7,322 |
| Deferred tax liabilities | 4,220 | 9,845 |
| Other liabilities | 1,781 | 2,172 |
| | 139,959 | 126,150 |
| Current liabilities | | |
| Trade and other payables | 52,526 | 53,022 |
| Financial liabilities | 76,208 | 98,485 |
| Current income tax payables | 3,357 | 3,449 |
| Other provisions | 2,983 | 2,975 |
| | 135,074 | 157,931 |
| **Total liabilities** | **275,033** | **284,081** |
| **Total equity and liabilities** | **464,317** | **536,815** |

# Consolidated Cash Flow Statement

| (in € 1,000) | 1 April – 31 December 2009 | 2008 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit/(loss) for the period | (40,358) | (4,866) |
| Adjustments to reconcile profit for the period to cash generated from operations: | | |
| Depreciation, amortisation and impairment less reversal of impairment of fixed assets and assets held for sale | 50,513 | 41,540 |
| Changes in non-current provisions | 7,091 | 7,907 |
| Income tax expense | 1,951 | 4,218 |
| Financial expense/(income) | 6,645 | 2,981 |
| (Gains)/losses from the sale of fixed assets | 198 | (102) |
| Release from government grants | (1,396) | (961) |
| Other non-cash expense/(income), net | (1,298) | (1,097) |
| Changes in working capital: | | |
| - Inventories | 4,260 | (4,762) |
| - Trade and other receivables | 9,267 | (10,867) |
| - Trade and other payables | 5,137 | (8,805) |
| - Other provisions | 13 | (73) |
| Cash generated from operations | 42,023 | 25,113 |
| Interest paid | (2,397) | (4,158) |
| Interest and dividends received | 81 | 222 |
| Income tax paid | (9,320) | (2,016) |
| **Net cash generated from operating activities** | **30,387** | **19,161** |
| | | |
| **Cash flows from investing activities** | | |
| Capital expenditure for property, plant and equipment and intangible assets | (12,866) | (47,368) |
| Proceeds from sale of property, plant and equipment and intangible assets | 480 | 284 |
| Disposal of subsidiaries, net of cash disposed | 174 | – |
| Purchases of financial assets | (2,287) | (3) |
| Proceeds from sale of financial assets | 2,706 | 2,083 |
| **Net cash used in investing activities** | **(11,793)** | **(45,004)** |
| | | |
| **Cash flows from financing activities** | | |
| Proceeds from borrowings | 39,242 | 121,170 |
| Repayments of borrowings | (50,920) | (88,777) |
| Proceeds from government grants | 744 | 1,575 |
| Dividends paid | (4,198) | (7,930) |
| **Net cash generated from/(used in) financing activities** | **(15,132)** | **26,038** |
| | | |
| **Net increase in cash and cash equivalents** | **3,462** | **195** |
| Cash and cash equivalents at beginning of the year | 7,031 | 9,364 |
| Exchange gains/(losses) on cash and cash equivalents | (19) | 282 |
| **Cash and cash equivalents at end of period** | **10,474** | **9,841** |

# Consolidated Statement of Changes in Equity

| (in € 1,000) | Share Capital | Other reserves | Retained earnings | **Equity attributable to equity holders of the parent company** | Minority interests | **Total equity** |
|---|---|---|---|---|---|---|
| **31 March 2008** | **45,658** | **(39,714)** | **219,817** | **225,761** | **530** | **226,291** |
| Total comprehensive income for the period | – | 27,845 | (4,597) | **23,248** | (205) | **23,043** |
| Stock option plan: | | | | | | |
| - Value of employee services | 22 | – | – | **22** | – | **22** |
| Dividend relating to 2007/08 | – | – | (7,930) | **(7,930)** | – | **(7,930)** |
| Minority interests through reclassifications of losses attributable to minority interests | – | – | (372) | **(372)** | 174 | **(198)** |
| **31 December 2008** | **45,680** | **(11,869)** | **206,918** | **240,729** | **499** | **241,228** |
| | | | | | | |
| **31 March 2009** | **45,680** | **561** | **205,999** | **252,240** | **494** | **252,734** |
| Total comprehensive income for the period | – | (18,889) | (40,013) | **(58,902)** | (345) | **(59,247)** |
| Dividend relating to 2008/09 | – | – | (4,198) | **(4,198)** | – | **(4,198)** |
| Minority interests through reclassifications of losses attributable to minority interests | – | – | (346) | **(346)** | 346 | – |
| Changes in consolidated group | – | – | – | – | (5) | **(5)** |
| **31 December 2009** | **45,680** | **(18,328)** | **161,442** | **188,794** | **490** | **189,284** |

# Segment Report

*1 April – 31 December 2009*

| (in € 1,000) | Europe | Asia | Others/ consolidation | Group |
|---|---|---|---|---|
| External sales | 189,505 | 83,018 | – | 272,523 |
| Intercompany sales | 18 | 102,786 | (102,804) | – |
| Total revenues | 189,523 | 185,804 | (102,804) | 272,523 |
| Non-recurring items | (36,533) | – | – | (36,533) |
| Operating result | (45,663) | 19,479 | (5,578) | (31,762) |
| Financial result | | | | (6,645) |
| Profit before income tax | | | | (38,407) |
| Income tax expense | | | | (1,951) |
| **Profit/(loss) for the period** | | | | **(40,358)** |
| Total assets | 112,507 | 354,785 | (2,975) | 464,317 |
| Total liabilities | 71,068 | 39,126 | 164,839 | 275,033 |
| Capital expenditures | 1,838 | 6,079 | 853 | 8,770 |
| Depreciation/amortisation of property, plant and equipment and intangible assets | 22,473 | 27,004 | 1,036 | 50,513 |

*1 April – 31 December 2008*

| (in € 1,000) | Europe | Asia | Others/ consolidation | Group |
|---|---|---|---|---|
| External sales | 263,022 | 88,337 | – | 351,359 |
| Intercompany sales | – | 121,503 | (121,503) | – |
| Total revenues | 263,022 | 209,840 | (121,503) | 351,359 |
| Non-recurring items | (20,195) | (5,566) | – | (25,761) |
| Operating result | (22,777) | 36,419 | (11,309) | 2,333 |
| Financial result | | | | (2,981) |
| Profit before income tax | | | | (648) |
| Income tax expense | | | | (4,218) |
| **Profit/(loss) for the period** | | | | **(4,866)** |
| Total assets | 152,304 | 386,286 | 7,107 | 545,697 |
| Total liabilities | 62,383 | 43,396 | 198,690 | 304,469 |
| Capital expenditures | 7,193 | 33,270 | 738 | 41,201 |
| Depreciation/amortisation of property, plant and equipment and intangible assets | 11,375 | 29,351 | 814 | 41,540 |

### Additional information

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

| (in € 1,000) | 1 April – 31 December 2009 | 2008 |
|---|---|---|
| Mobile Devices | 159,961 | 226,415 |
| Industrial | 79,867 | 78,680 |
| Automotive | 29,507 | 35,040 |
| Other | 3,187 | 11,224 |
| | **272,523** | **351,359** |

Revenue broken down by country is as follows:

| (in € 1,000) | 1 April – 31 December 2009 | 2008 |
|---|---|---|
| Austria | 12,482 | 15,449 |
| Germany | 61,542 | 79,884 |
| Hungary | 28,380 | 40,982 |
| Other European countries | 19,792 | 23,523 |
| Asia | 100,708 | 133,173 |
| Canada, USA | 46,674 | 53,142 |
| Other | 2,946 | 5,206 |
| | **272,523** | **351,359** |

# Explanatory Notes to the Interim Financial Report

## General

*Accounting and valuation policies*

The interim report for the three quarters ended 31 December 2009 has been prepared in accordance with the standards (IFRS and IAS) of the International Accounting Standards Board (IASB), including IAS 34, and interpretations (IFRIC and SIC) as adopted by the European Union.

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

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

The consolidated interim statements for the nine months ended 31 December 2009 are unaudited and have not been the subject of external audit review.

*Changes in consolidated Group*

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

## Notes to the income statement

*Revenues*

Revenues in the first three quarters of the financial year 2009/10 fell by EUR 78.8m to EUR 272.5m. This decline of 22.4% compared with the same period last year is mainly due to reduced volumes of printed circuit board sales, although sales also fell significantly in Services business (assembly, trading and design). On a quarterly basis, sales were 15% better in the third quarter than in the second quarter, following a 6% improvement from first to second quarter.

From a geographical and segment point of view, the decline in production in the first three quarters of this financial year compared with last year was especially marked in Europe. In the process of transferring the production of HDI printed circuit boards to China, production capacities in Leoben-Hinterberg were adjusted, initially as part of the first restructuring measures introduced in the third quarter of 2008/09, and subsequently in a second set of measures at the end of the first quarter of the present financial year. The share of sales generated by the production facilities in Asia in the first three quarters amounted to some 68% of the Group's total revenues, and for the third quarter to nearly 74%.

*Gross profit*

Due to the significantly lower sales volumes, gross profit for the first three quarters was down to EUR 32m, a fall of EUR 27.1m compared with the same period last year. The gross profit margin for the period was down from 16.8% to 11.8%.

The decline in the gross profit margin was the result of capacity under-utilisation in production facilities both in Austria and in Asia, primarily in the first quarter, with a proportionately higher burden of fixed costs as a consequence. Especially in the first quarter, the Leoben-Hinterberg plant posted a considerable gross loss. The capacity adjustments meant that in the second quarter capacity utilisation had already noticeably improved. The continuing recovery of sales resulted in a consolidated gross profit margin of 20.5% for the third quarter of the financial year 2009/10, compared with 17.1% for the same period last year.

*Non-recurring items*
Towards the end of the first quarter of the financial year 2009/10, a comprehensive set of measures was introduced to enhance the efficiency of the Austrian facilities, mainly affecting Leoben-Hinterberg. Volume production in Leoben-Hinterberg was transferred to Shanghai in its entirety, and production capacities were correspondingly reduced. As a result of the sharp increase in long-term orders from the European market, the required downsizing of the facilities at Leoben-Hinterberg has turned out to be less drastic than originally envisaged.

Non-recurring items consist exclusively of restructuring costs, and comprise staff costs resulting from an agreed social plan for the adjustment of personnel capacities, additional depreciation for plant and machinery no longer needed, and additions to provisions for long-term contractual property leasing obligations. In the second quarter of the current financial year restructuring costs were reduced from EUR 38.3m to EUR 36.5m due to lower personnel expenses as a result of the smaller reduction in staff.

The non-recurring items in 2008/09 were the writedown of goodwill at AT&S Korea, amounting to EUR 5.6m, and a total of EUR 20.2m for the first phase of restructuring the Leoben-Hinterberg facility.

*Operating result*
With gross profits greatly reduced, operating results for the first three quarters of 2009/10 were impacted in particular by the burden of non-recurring costs in the first quarter, which was even heavier than non-recurring items in the third quarter of the last financial year. This meant an operating loss of EUR 31.8m for the first three quarters, compared with an operating profit of EUR 2.3m for the same period last year. The operating profit adjusted for non-recurring items was EUR 4.8m, as against EUR 28.1m a year earlier.

Selling costs and general administrative costs were lower than last year, because of the lower transport costs associated with reduced sales, and in particular as a result of staff costs being reduced by groupwide savings measures. Other operating results were principally depressed by exchange losses from the decline of the US dollar against the euro, as contrasted with the exchange gains posted last year.

The segment results showed a significant drop compared with the same period last year, both in Europe and in Asia. The adjusted segment EBIT before non-recurring items, the relevant measure of segment performance, showed an increase in losses from EUR 2.6m to EUR 9.1m for Europe, and for Asia a drop in earnings from EUR 42.0m to EUR 19.5m. The European segment was affected by restructuring expenses in both years, and the Asian segment was impacted by the writedown of goodwill in 2008/09.

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

Financial expenses consist of interest expense and changes in exchange rates. In the current financial year the depreciation of a functional currency, the renminbi yuan (CNY), meant corresponding valuation adjustment expense on the financing of the factory in China. Last year the appreciation of the US dollar against the euro resulted in valuation adjustment expenses on currency hedges. Despite the somewhat higher average net debt, favourable interest rates meant that interest expense was lower than last year.

*Income tax expense*
The change – as compared with the same period last year – in the effective rate of tax calculated on the basis of consolidated results is principally a consequence of the varying proportions of Group earnings contributed by individual companies with different tax rates, together with the effects of the various different tax regimes to which the Group is subject. Taxes on income are also significantly affected by the measurement of deferred taxation. For a large part of the tax loss carryforwards arising, deferred tax assets continue not to be recognised, since the likelihood of their being realisable in the foreseeable future is low.

### Notes to the comprehensive income statement
*Currency translation differences*
The reduction in the foreign currency translation reserve in the current financial year (down EUR 18.9m) reflected almost exclusively the changes in exchange rates of the Group's functional currencies, the renminbi yuan (CNY) and Hong Kong dollar (HKD), against the Group reporting currency, the euro. As a result of changes in exchange rates in the third quarter, the negative differences were reduced from EUR -25.1m by EUR 6.2m.

### Notes to the balance sheet
*Financial position*
Net debt fell to EUR 158.9m, a decrease of EUR 15.5m compared with the position at the end of the last financial year. The drop in net working capital requirements was considerable, even taking into account the lower volume of business, and current liabilities in particular were reduced. In addition, a long-term credit financing agreement made it possible to exchange shorter for longer-term debt, thus improving the financial structure. Despite the reduction of net debt, the net gearing ratio rose from 69% to 84%, as a result of the even steeper fall in the Group's equity. Compared with the position at the end of the preceding quarter, net debt was reduced by EUR 6.7m, and the net gearing ratio fell back from 95% to 84%.

The Group's consolidated equity fell by EUR 63.5m in the first three quarters of the current financial year. The Group's earnings were affected in particular by non-recurring items and by currency translation differences, resulting in negative total comprehensive income of EUR -59.2m. In the same period last year, consolidated equity grew by EUR 14.9m as a result of positive total comprehensive income of EUR 23.0m. In the third quarter of the financial year 2009/10 the positive total comprehensive income led to an improvement of EUR 15.8m in the Group's consolidated equity.

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

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

### Notes to the cash flow statement

The net cash inflow from operating activities was EUR 30.4m despite the reduction in consolidated net income, a considerable increase compared with the EUR 19.2m for the same period last year. One reason was that the decline of EUR 35.5m in consolidated net income for the first three quarters was largely attributable to non-cash expenses, consisting in the main of impairment writedowns of plant and machinery and additions to long-term provisions made necessary by the restructuring. Another factor was the marked reduction in the Group's working capital in the period, contrasted with an increase in the same period last year. The net cash inflow from operating activities was reduced by the tax payments falling due in the current financial year.

Net cash used in investing activities amounted to EUR 11.8m (2008/09: EUR 45.0m). The reduction mainly reflected the lower level of investments compared with the same period last year. Payments for investments in the current financial year to date amount to EUR 12.9m, and apart from replacement investments were largely in connection with the construction of the second production facility at the Indian site. Last year the bulk of the investment was in expansion of the factory in China.

The net financing outflow of EUR 15.1m in the first three quarters mainly reflects the distribution of a dividend by the Company and the reduction in short-term financial liabilities made possible by the inflows of liquidity. The additional financial liabilities were principally related to the take-up of additional long-term financing and the rescheduling of credit financing.

### Other information

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

*Related party transactions*
In the first three quarters of the current financial year, fees of EUR 274,000 payable to AIC Androsch International Management Consulting GmbH were incurred in connection with various projects.

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

Leoben-Hinterberg, 21 January 2010

The Management Board

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

# Group Interim Management Report

### Business developments and performance

Mobile Devices represents a high proportion of AT&S's total sales, so that the Group's business is naturally subject to seasonal variations. Typically, the first and fourth quarters of the financial year are periods of low capacity utilisation, with excellent utilisation in the second and third quarters. The current financial year is also affected by the strained global economic situation. As a result, sales in the first quarter of the financial year 2009/10 were down by EUR 32.0m (27.7%) compared with the same period last year, and even in comparison with the already very weak fourth quarter of 2008/09 there was a reduction of EUR 15.3m (15.5%). In the second quarter, though, sales were already 6% higher than in the first quarter despite the difficult market environment, and in the third quarter they rose by a further 15%.

The bulk of sales – EUR 160m, or 59% – continued to be generated by Mobile Devices. As was to be expected given AT&S's strategy of concentrating on the generally more profitable high-end segment, falls in sales were registered particularly with customers concentrating on the low-cost segment. In spite of the gains in market share at the high technology end of the spectrum, the overall share contributed by Mobile Devices has fallen compared with last year. However, the third quarter compared with the preceding quarters showed a considerable increase again. Industrial business, with a nearly 30% share of sales in the first three quarters, continued to gain in importance, and was even somewhat higher than in the like period last year. Compared with the same period last year, Automotive sales in the first half of the financial year clearly reflected the crisis experienced by automobile manufacturers. In the second quarter, however, a 17% rise in sales compared with the preceding quarter signalled an upward trend. In the third quarter there was a further improvement of 15%. Services business (design, assembly and trading) has declined sharply due to the discontinuation of various activities in the segment.

In the Group's target markets, the long-term trend is still for the industry to move to Asia. However, changes in the customer base in the current financial year have meant a significant increase in the importance of sales revenues from producers in Canada and the USA. The proportion of sales in this market in the third quarter was 22%, while the share contributed by Asia fell back to 32%. Despite the economic crisis, sales to European customers remained stable as compared with last year as a result of gains in market share.

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

The initial decision at the beginning of June 2009 was therefore to implement a restructuring program involving a reduction in production capacity in Leoben-Hinterberg by nearly 50%. Subsequently, there was a strong upsurge in orders from European customers, not least as a result of market rationalisation, and in September the restructuring plan was adjusted to reflect the more lively demand and the better capacity utilisation to be expected – roughly 20% more than in the original plan. The reduction in staff redundancies by 100 people resulted in a corresponding decrease in the charge against profits under non-recurring items.

In addition to the adjustment in production capacities at Leoben-Hinterberg, measures to increase efficiency and reduce costs were implemented across the Group. The total burden of restructuring costs on operating results for the first three quarters of the financial year 2009/10 amounted to EUR 36.5m. On the basis of the measures taken and the ongoing increases in sales over the course of the current financial year, operating results adjusted for non-recurring items improved from a loss of EUR 11.8m in the first quarter to profits of EUR 3.1m in the second quarter and EUR 13.5m in the third quarter. This meant that the third quarter was actually among the most profitable since the record year 2000/01. For the first three quarters of the current financial year the adjusted operating results were once again positive, with a profit of EUR 4.8m.

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

### Significant risks, uncertainties and opportunities

There were no material differences in the categories of risk exposure in the course of the first three quarters of the financial year 2009/10, compared with those described in detail in the notes to the 2008/09 consolidated financial statements under II. Risk Report. Uncertainties in the banking sector continue to make for tensions in credit markets generally. However, the effect of any additional surcharges by the banks on financing costs is currently mitigated by the generally low level of interest rates. AT&S's liquidity risk and interest rate risk have been further reduced by taking up EUR 23.6m of an additional long-term credit agreement. The agreed long-term credit facility has been increased by EUR 50m. In the first three quarters there was also a significantly positive cash flow from operating activities despite the unfavourable earnings position. Currency futures and options continue to be used to protect against the effects of exchange rate risks on net US dollar exposures.

Free cash inflows (net cash flow from operating and investing activities) enabled net debt at the end of the period under review to be reduced in comparison with the position at the end of the last financial year. Reflecting the poor results for the first three quarters and the exchange translation losses, consolidated equity has however declined even more steeply, so that at the end of the first three quarters of the financial year 2009/10 the net gearing ratio was 84%, somewhat higher than the target ratio of 80%. In the second quarter, however, exceptional circumstances meant that for a time the ratio was more substantially in excess of the target. By the end of the next quarter, the net gearing ratio should once again be below the 80% target. It should, however, be borne in mind that the exchange rate fluctuations of the functional currencies of AT&S's foreign subsidiaries against the Group's reporting currency can cause considerable fluctuations in consolidated equity.

With respect to the opportunities and risks attaching to developments in the external environment for the rest of the financial year 2009/10, it should at present be assumed that total sales of the printed circuit board industry as compared with 2008/09 will decline worldwide. AT&S's strategy of concentrating on the more profitable high-end market segment means that losses of market share are to be expected, especially with customers that are focused on the low-cost segment. A policy of stronger growth in the high technology sector will be pursued. A shift in emphasis in customer and product portfolios has already been achieved in the course of the current financial year, and is reflected in the increase of European business and sales in the USA and Canada, and in the growing importance of Industrial business.

Changes implemented in the current financial year include the restructuring in the Leoben-Hinterberg facilities, the ending of trading activities, the transfer of logistics from Nörvenich and its integration into Leoben-Hinterberg, and the sale of AT&S ECAD, the Indian design subsidiary. Concentrating on its core business in printed circuit board production and enhanced efficiency will not only reduce the Group's business risks, but will also offer increased opportunities for sustainable improvements in earnings. Focusing on the introduction of new technologies, such as the integration of components inside printed circuit boards (embedding), should strengthen AT&S's market position and open up additional opportunities in its core business.

As a complement to its core business of producing printed circuit boards, in the medium term AT&S continues to see opportunities for growth and diversification in the solar industry. Since the summer of 2008 there has been a joint venture in this area with Solland Solar to develop and implement industrially photovoltaic modules with back-contacted cells. The continuation of the joint project has recently been agreed, and it is planned to begin setting up a prototype production line for photovoltaic modules in the Leoben-Hinterberg facility before the end of the current financial year. Estimates of the growth potential will be possible once the prototyping phase is completed.

### Outlook

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

The improvement in sales in the course of the first three quarters of the financial year 2009/10 signals an upwards trend, and on the basis of existing orders and information about future requirements sales in the fourth quarter are expected to be relatively robust, although for seasonal reasons lower than in the third quarter. Sales for the whole of the current financial year are expected to amount to roughly EUR 360m.

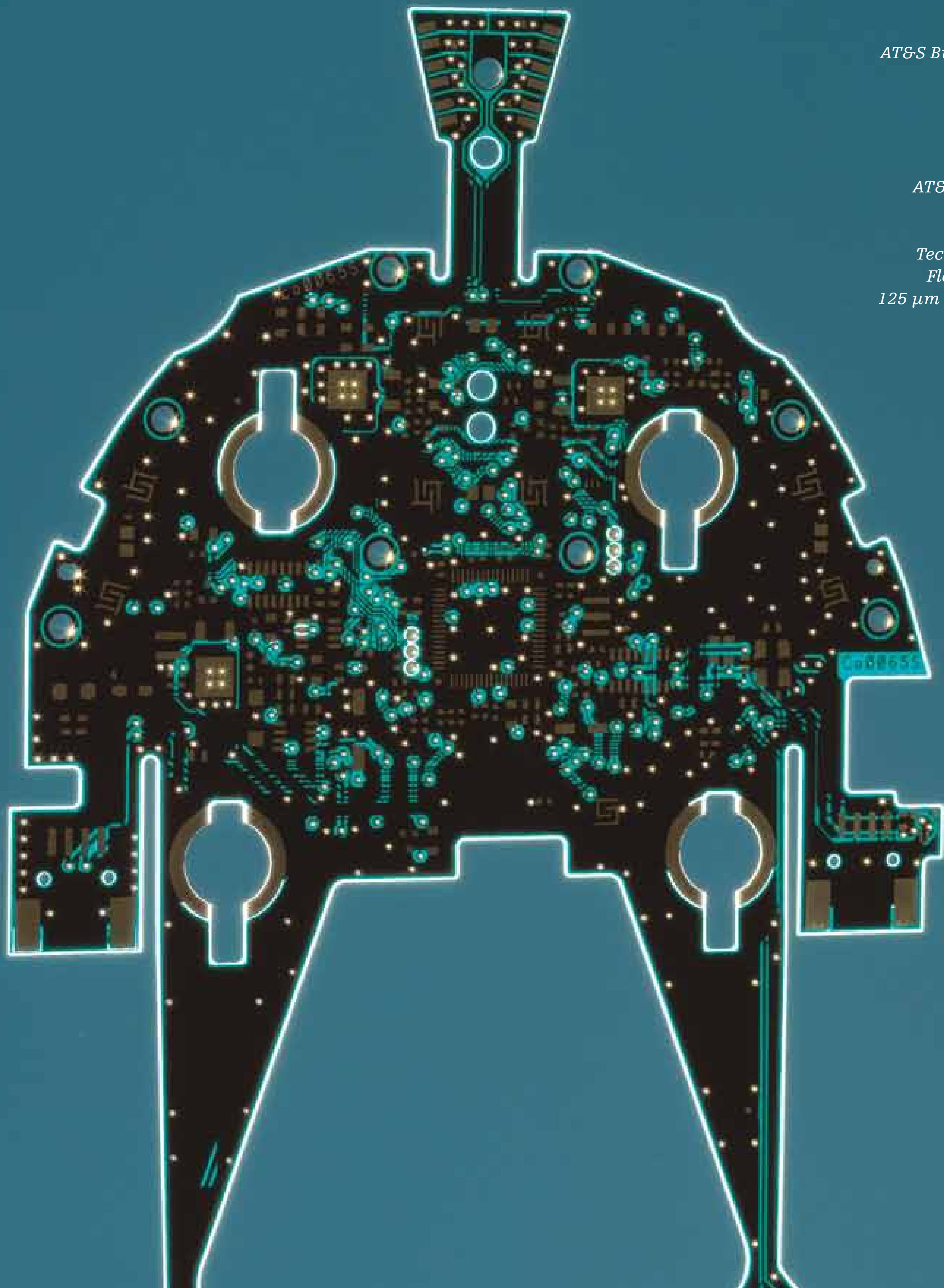
The cost savings from adjusting production capacities were already reflected in the positive results achieved in the second quarter, and were even more marked in the third quarter. They will also contribute to improved results in the fourth quarter. On the basis of the results achieved to date and the budgets for the fourth quarter, operating results for the whole financial year not including non-recurring items are expected to be clearly positive. Investments in new technologies are expected to bring a slight increase in investing activities in the final quarter; these will continue to be financed out of operating cash flow, so that there should be no increase in net debt as at the end of the current financial year.

Leoben-Hinterberg, 21 January 2010

The Management Board

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

# 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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