AT&S

Annual Report **2007/08**

HYBRID GROWTH *by Birgit Knoechl*

Key Figures

	2007/08	IFRS 2006/07	2005/06
COMPANY KEY FIGURES (in € 1,000)			
Total revenues	485,744	467,403	374,698
EBIT (operating profit)	42,115	32,649	26,342
EBIT margin	8.7%	7.0%	7.0%
EBITDA	79,809	71,489	67,020
EBITDA margin	16.4%	15.3%	17.9%
Net income	41,290	31,305	28,320
Shareholders' interest in net income	42,691	31,813	28,149
Total assets	495,600	451,944	437,287
Shareholders' equity	225,761	220,222	249,774
Capital additions	111,420	95,231	57,569
CAPEX, net	102,882	61,870	52,898
Payroll (average, incl. leased personnel)	6,273	5,358	4,335
Net debt	156,307	110,615	34,673
KEY FINANCIAL FIGURES			
ROS	8.8%	6.8%	7.5%
ROE	18.9%	14.4%	11.3%
Equity ratio	45.6%	48.7%	57.1%
ROCE	10.0%	9.0%	8.8%
Net gearing	69.2%	50.2%	13.9%
KEY STOCK FIGURES (in €)			
Earinings per share	1.83	1.28	1.09
Cash earnings per share	3.44	2.85	2.66
Dividend per share	0.34 *	0.31	0.29
Dividend yield (book values)	3.5%	3.3%	3.0%
Closing stock price	10.29	19.40	16.79
Dividend yield (market values)	3.30%	1.60%	1.73%
Price/book ratio	1.06	2.07	1.74
Payout ratio	18.58%	22.94%	26.61%
EBITDA per share	3.41	2.88	2.59
EBIT per share	1.80	1.32	1.02
Number of shares outstanding	23,384,651	24,824,883	25,828,599

* Proposal for the Annual General Meeting on July 3, 2008.

Annual Report **2007/08**

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

Highlights 2007/08

Latest record results reflect success of long-term growth strategy

Revenues of EUR 485.7 million (m) and earnings of EUR 41.3m in 2008 mark AT&S's sixth successive year of growth and the best results in the Group's history.

Mobile telephone market continues to grow

Forecasts for the coming years again predict increases for the mobile telephone market, with a rise of 10% to 1.25 billion (bn) units expected in 2008. Growth will be driven primarily by new markets in Asia and Africa, and by high-end replacement business. As we primarily serve the high-tech end of the mobile telephone market, this development is naturally to our advantage.

Circuit boards for the car of the future

The automotive sector too is making use of increasingly expensive, complex electronics. Our years of experience in the use of HDI microvia technologies, our comprehensive wealth of knowledge, and the fact that our capacities are geared to selected technologies gives us the best possible starting point to reinforce our already strong standing in automotive markets.

Outstandingly positioned in European industrial markets

With a market share of 13%, we rank among the leading suppliers to the European industrial and medical segments. Our positioning as a full-range solutions provider is a key element in our strategy.

Product mix and capacity utilisation reflect trend towards increased complexity

As technological requirements continue to become more complex, the market for 2n2 and 3n3 HDI printed circuit boards is expect to expand by some 15% (2007–2010).

AT&S sets milestone in Shanghai

The second facility in Shanghai is now running at full speed, and the ramp-up of the third facility is already underway. This additional capacity (25% in 2008 and a further 10% in 2009) will permit us to participate in future growth in the market for handheld products (mobile telephones, MP3 players, digital cameras, games consoles, etc.).

New works in India adds still more capacity

In response to full utilisation of capacity at the existing Indian site and increased demand for standard multilayer and double-sided printed circuit boards, we are constructing a second facility in India. This will improve our position in this market and create additional capacities for the industrial and automotive segments.

Leoben-Hinterberg site celebrates 25th anniversary

We look back over many years of success at our Leoben-Hinterberg facility. We must never forget, however, that continuing change and adjustment and restructuring measures will be necessary to ensure that our Austrian locations have a long-term future.

Customer focus the highest priority

In the financial year just ended we won a number of awards for our outstanding performance, including Sony-Ericsson's Supplier Recognition Award.

Research & development at the leading edge

To retain our position as global technology leaders we are working closely with numerous international research institutions. Our activities include backing research into printed circuit boards of the future at the new Christian Doppler Laboratory at the Vienna University of Technology.

AT&S moves to its home stock exchange in Vienna

Vienna Stock Exchange has grown to have an international reputation. Its focus on small and midcaps is one reason for moving from the Frankfurt Stock Exchange to our home stock exchange in Vienna.

Table of Contents

Statement of the Board of Management

AT&S posted revenue gains for the sixth year in succession, in total EUR 485.7m. The compounded average annual growth rate (CAAGR) over the period is about 10%. This is impressive confirmation of the correctness of our growth strategy.

Dear shareholders,

In 2007 the printed circuit board market continued to grow very vigorously, and was up by 6% to USD 48 billion. This was reflected in heavy demand in the three principal AT&S businesses – Mobile Devices, Automotive and Industrial – and in good capacity utilisation at all our sites. As one of the leading companies in the PCB industry, we were well placed to take advantage of these developments. At EUR 485.7m, revenues in 2007/08 reached a record high. This represented an increase of 4% over 2006/07, the sixth annual increase in succession. Sales accounted for by our core business, the production of printed circuit boards, grew by 13%. Earnings per share of EUR 1.83 underline AT&S's impressive profitability.

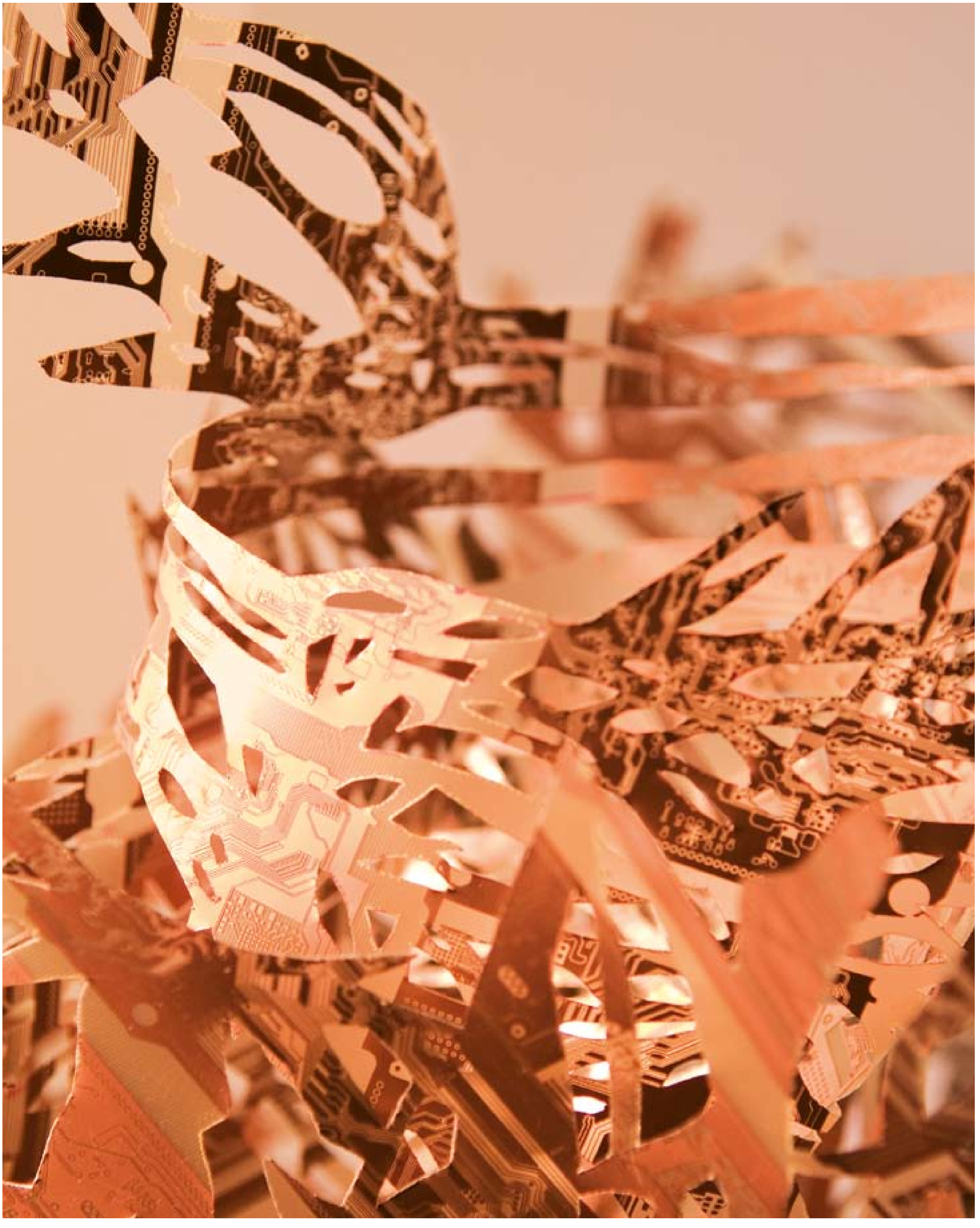
Revenue gains in all three core businesses, growth tempered by weak dollar

The gratifying increase in sales was primarily attributable to mobile devices business, which with 67% accounted for by far the largest contribution to revenues. The other two segments – Automotive and Industrial – also posted revenue gains, with shares of 10% and 21% respectively. This is clear confirmation of the correctness of our growth strategy, and the strong performance of our principal segments more than makes up for the lower proportion of Service business, which contributed only 2% this year. Revenues higher by 15% in US dollar terms were significantly ahead of overall market growth of 6%, showing that we were successful in capturing additional market share.

This makes it clear that the 11% fall in the value of the US dollar compared to 2006/07 was the only real drag on revenue growth. Our main competitors in the handheld business are Asian enterprises, and as such part of the extended dollar area. Prices for such PCBs are therefore dollar-linked, so that the decline of the dollar against the euro depresses printed circuit board prices and negatively impacts our revenues. As AT&S has now established a large part of its production for the handheld market in this extended US dollar area, these exogenous effects have a significantly reduced impact on our earnings. Other currency exposures have been hedged.

Participation in market growth based on farsighted planning

The electronics industry has responded to intense downward pressure on prices by relocating mass production to low-wage Asian and Eastern European countries. Many customers, particularly in the handheld sector, have relocated production facilities to Asia, which is an additional reason for a presence in the region, cost considerations aside. It should however be borne in mind that some types of business will definitely remain in Europe – such as prototyping, where rapid turnaround is the prime consideration. Where customers need smaller batches within a few days, Asia cannot compete, purely for logistical reasons.



Birgit Knoechl **Hybrid Growth**

Intense pressure on prices in the electronics industry has forced volume production to move to Asia. Design, prototyping and special business offer the greatest potential in Europe. With plants in both continents, AT&S is optimally positioned.

AT&S responded to these developments in good time with its globalisation strategy: it was clear to us that we would have to produce certain products in low-wage countries if we were to remain competitive. This is why we set up in India in 1999 and entered China in 2001, where we now have our largest production site. At the same time our European facilities have also grown, and are increasingly focusing their activities on profitable niche products for automotive, industrial and medical customers, as well as on orders with tight delivery times. With production both in Europe and in Asia, we enjoy something of a unique standing in the printed circuit board industry.

The 25-year anniversary of our original Leoben-Hinterberg works clearly demonstrates that there is still excellent business potential in Europe. However we must not lose sight of the need for our European operations to concentrate even more strongly on quick turnaround business and specialty orders. At our HDI factory in Leoben volume production is still considerable, but we have to accept that in the years to come this business will also have to be relocated to Asia, not least due to the behaviour of the US dollar. A strategic realignment at the site is now of the utmost priority. The potential is there and management is prepared to invest in the realignment. In partnership with the SPP facility, which specialises in small batches and prototypes and has now been relocated to the same site, HDI Leoben can successfully exploit opportunities in European markets.

Additional capacity in Shanghai to enable participation in growth of handheld market

The expansion of capacity in China is progressing rapidly and as planned. Milestones included the commissioning of the third and fourth production lines at the second Shanghai site, and work has also begun on the ramp-up of the third plant. The four production lines planned, together with the scope for additional expansion within the building, will ensure that capacity is sufficient to meet the requirements of existing and future customers in the coming years. There are plans to increase HDI capacity by 25% in 2008, and a further 10% in 2009. This ensures that AT&S will be able to enjoy its share of the vigorous growth of the mobile telephone market, where a rise of 10% to 1.25 billion units is forecast for 2008. The new capacity available also puts us in a strong position in the market for MP3 players, digital cameras and games consoles.

We are very proud of our sales performance – our customer portfolio includes five of the six top mobile phone manufacturers, making it the most broadly based in the industry. We have also been successful in further strengthening our position in the highly demanding Japanese market. AT&S's outstanding achievements in China have been recognised with a Supplier Award from Sony.

Start of mass production for automotive sector

So far, it has been difficult to make money in volume business for standard printed circuit boards for the automotive industry due to cut-throat competition on prices. The good news, however, is that standard boards are no longer able to meet the increasingly complex technological requirements, and demand is rising for HDI circuit boards, a technology in which AT&S is among the leading suppliers globally. This is an opportune springboard to growth, and a chance for us to advance from niche supplier in the segment to high-volume supplier to the automobile industry of the future.

Outstanding positioning in European industrial market

By aligning its Austrian sites with European industrial and medical technology niche markets, AT&S has quickly established a solid reputation in the European quick turnaround business. These additional services round out our portfolio and underpin our positioning as a full-range solutions provider. The current high capacity utilisation at all sites demonstrates the correctness of this strategy.

New plant in India adding more capacity for industrial and automotive segments

We intend to intensify the growth of our industrial and automotive activities, and have decided that we need to make better use of our opportunities for expansion in India. The cost advantages in that country permit us to produce small and medium-sized volumes competitively. The total value of the investment in this new plant is about EUR 35m, and the plant shall be generating first time revenues in financial 2009/10.

This expansion has become necessary because the existing Indian factory is currently running at full capacity, and demand from our existing customers for standard multilayer and double-sided circuit boards is clearly rising. We also wish to exploit future market opportunities in India more fully, so as to spread our costs and improve our competitive position there. This additional capacity is also our response to the highly favourable developments in our industrial and automotive markets, and will help improve ties between India and our European facilities.

Improved performance in Korea

One of our main tasks in 2007/08 was to improve profitability at our Korean facility. Secondment of experts from abroad resulted in significant improvement in production capacity, particularly towards the end of the year. And to demonstrate that the firm is an integral part of AT&S, the name has been changed from Tofic to AT&S Korea Ltd.

Research & development to retain the technological lead

We play a definite pioneering role in the development of new printed circuit boards, which sets us off from many of our industry peers. Our heavy investment in R&D means that we will continue to be able to provide our customers with innovative solutions in future. Part of this process is what we describe as a networking approach – we have the advantage of very close ties to numerous customers in highly diverse markets, so that our response to their needs, the technology roadmaps and the new PCB specifications can be practical and detailed. We then translate this expertise into real-life projects that are implemented jointly within the network of customers and suppliers of materials, machines and chemicals. This network enables us to carry out projects where our role is to act as an interface for the customer, coordinating the details and developing complete solutions which are then applied in practice. In the coming years the challenge will come from continuing miniaturisation, the growing complexity of the products and the development of new materials, together with the need for integrated components.

Heavy investment in research & development are a crucial factor in ensuring that AT&S continues to be a technology leader and can pursue its strategy of growth.

By expanding the plant in Shanghai and constructing a second factory in India, AT&S is creating the infrastructure on which future increases in market share can be based.

Outlook

To achieve our strategic goal of becoming the world's strongest-performing producer of printed circuit boards we must ensure that our customers consider us to be their partner of choice in the segments where we are already strong, and where miniaturisation plays a key role and high-tech solutions are required. If a solution is being sought, AT&S must be the first name that springs to the customer's mind. In the coming years our emphasis will be on continuing to pursue our successful policy of growth, with extensions to the Shanghai factory and construction of a second works in India to provide extra capacity. At the same time, the task will be to intensify the focus of our Austrian sites on specialist projects and quick turnaround business. In the coming financial year we shall also pay particular attention to our additional services – design, and the assembly of circuit boards for third parties – with the goal of building up our portfolio as a full service supplier. Our overriding concern during the next financial year will be to pay even closer attention to customer orientation and – with our custom-tailored solutions, flexibility, quality and delivery performance – to underwrite AT&S's continuing success.

For 2008/09 we are counting on further increases in our market share, and expect growth to continue uninterrupted. In light of the current macroeconomic risks, which have their root in the financial crisis and the weakness of the US dollar, we are not at present able to give any precise guidance for financial 2008/09.

As always at the end of a financial year, we should like to take the opportunity to express our gratitude to all our customers, suppliers and other business partners and the research institutions with which we cooperate in R&D for the confidence placed in us. Our especial thanks also go to all our staff, for their dedication and hard work. And we thank you, our shareholders, for not losing faith in us during these times of turbulence on the stock exchanges. Let us look forward together to a successful future.

The Board of Management

Harald Sommerer Chairman of the Board	Steen Hansen Member of the Board	Heinz Moitzi Member of the Board

Birgit Knoechl **Hybrid Growth**

Statement by the Chairman of the Supervisory Board

Serving customers from a single location is not consistent with a diversified and global corporate strategy. AT&S enjoys a unique position in the printed circuit board industry, with production facilities in Asia and Europe.

With revenues of EUR 485.7m and net income of EUR 41.3m, AT&S has once again showed that it is one of the most profitable companies in the printed circuit board industry. This performance is all the more impressive seen against the background of a steadily weakening US dollar, with a startling 11% drop against the euro compared to 2006/07. As a manufacturer in the dollar dominated printed circuit board industry, with the majority of its competitors in Asia, AT&S was particularly exposed to the effects of this currency depreciation. We were, however, able to successfully hold our own in this difficult economic climate – thanks to the combination of AT&S's increased presence in Asia and the judicious use of forward foreign currency hedges.

Electronics industry in changing times

The past few years have seen an unprecedented shift in the balance of power in the electronics industry around the globe: volume business has steadily migrated eastwards, and particularly to Asia. Capacity in high-wage countries has steadily been cut back. AT&S spotted this trend in good time, building up capacity for volume production in Asia and realigning its European plants to target new niche markets. Unlike many of our Asian competitors, AT&S attaches great importance to a global strategy. Interesting customers are not confined to the Far East – they can also be found in Europe and the USA. Thinking and acting globally also makes sense as a way of diversifying risk.

We expect that the electronics industry will continue to have a significant European and US presence: these markets are valued at USD 3.6bn and USD 4.7bn respectively, and offer enormous potential. However, we have to accept that volume production will only be possible in low-wage countries.

Make the most of regional strengths

It will be essential for each region to concentrate on its individual strengths and opportunities. Now, as in the past, our future success will hinge upon our continuing ability to identify and respond to trends at an early stage. For mobile devices particularly, the majority of AT&S's production will take place in Shanghai. At the same time, we shall need to adapt capacities and organisational structures in Europe to maximise our benefits from the potential discussed above. This means that cost containment, absolute reliability as a supplier and the highest quality standards will remain the priorities if AT&S is to continue to outclass its competitors.

Clear commitment to growth strategy

In order to accelerate the growth of our industrial and automotive business and to enable us to take advantage of market opportunities as they arise, we have decided to capitalise on our ability to expand in India by building a second works to complement the existing production facility in Nanjangud. This decision is a demonstration of our clear commitment to our forward-looking growth-oriented strategy, and will also enable our customer portfolio to be more evenly distributed between the various markets we serve.

Global player with local roots

In recent years we have grown to become a global player with factories in China, India and Korea. At the same time, we remain unmistakably true to our Austrian roots, with our facilities in Leoben, Fehring and Klagenfurt. The 25th anniversary of Leoben-Hinterberg shows that we can be proud of everything that we have achieved here. After an eventful start and the serious crises of the early nineties, AT&S's Austrian facilities drew on their high-tech expertise and the dedication of their staff to become the largest supplier in Europe and one of the most technological advanced manufacturers of printed circuit boards worldwide. However in the years to come there will be need for further restructuring measures and adjustments to secure the long-term future of our Austrian locations.

Outlook

We must take every opportunity offered to further extend and improve our position. In 2007 alone over a billion mobile telephones were sold, and robust growth continues to be predicted for the coming years. The demand is coming from new markets, most notably Asia and now increasingly Africa, and from a buoyant market for high-end replacements. The outlook for AT&S's other core segments – Automotive and Industrial – is also highly encouraging. In future, the task will be to build on existing strengths in order to make the most of new opportunities.

During the past financial year the AT&S Supervisory Board held four ordinary meetings, at which the Group's business objectives and the actions needed to attain them were extensively discussed with the Company's Board of Management.

In 2007/08 the Company again complied in all respects with the German Corporate Governance Code and Corporate Governance Declaration. A statement to this effect is posted on AT&S's corporate website.

The annual financial statements and management report of Austria Technologie & Systemtechnik Aktiengesellschaft (AT&S) for financial 2007/08 were audited by PwC Wirtschaftsprüfung AG, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, Austria, who awarded them an unqualified audit report.

Finally, I should like to say a special word of thanks to the Board of Management and the staff for their outstanding performance, and to the employee representatives for the exemplary spirit of cooperation shown.

Hannes Androsch
Chairman of the Supervisory Board

AT&S's strategic goal is to exploit available market opportunities, improve our standing in the marketplace and become the world's most profitable and best performing supplier of interconnection solutions.

Group Profile and Strategy

AT&S is the largest producer of circuit boards in Europe and India, with a major presence in China. We are among the leading international suppliers of high-tech HDI microvia products worldwide, and are constantly improving our position.

Leading manufacturer of printed circuit boards in Europe and India

Formed in 1987, AT&S today ranks among the largest manufacturers of printed circuit boards in Europe and India and has a significant presence in China. We are among the leading international suppliers of high-tech HDI microvia products worldwide and are constantly improving our position in this market segment. In the mobile devices sector we are particularly strongly placed, with a global market share of 14%. Our standing in the European automobile and industrial segments is equally good, with market shares of 14% and 13% respectively.

Global presence with production facilities in Europe and Asia

AT&S has developed exceptionally well over the past 10 years. Sales have advanced from EUR 150m to the current level of EUR 486m this year, an annual growth rate of about 10%. The total number of employees has climbed from 1,426 to 6,335.

AT&S has kept step with industry trends in establishing plants in China (Shanghai), India (Nanjangud) and Korea (Ansan). It should however be noted that the number of employees in Austria has increased too, from 1,426 to 2,047. AT&S also has a procurement and distribution company in Hong Kong, its own design centres in Bangalore (India) and Nörvenich (Germany), and numerous international sales offices. With this production and distribution structure, the aim is to be able to provide every customer, irrespective of size, with individual, tailored solutions.

Outstanding competitive ability

AT&S's competitive position has also greatly improved over the years. In Europe we have advanced to uncontested first place from our third place ranking in 1997, and today AT&S in Europe is bigger than its next three competitors put together. Worldwide we have climbed the rankings from 33 to 15, growing eight and a half times faster than the market. Thanks to these satisfactory developments that we have expanded our share of the global printed circuit board market from 0.5% in 1997 to 1.5% in 2007.

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

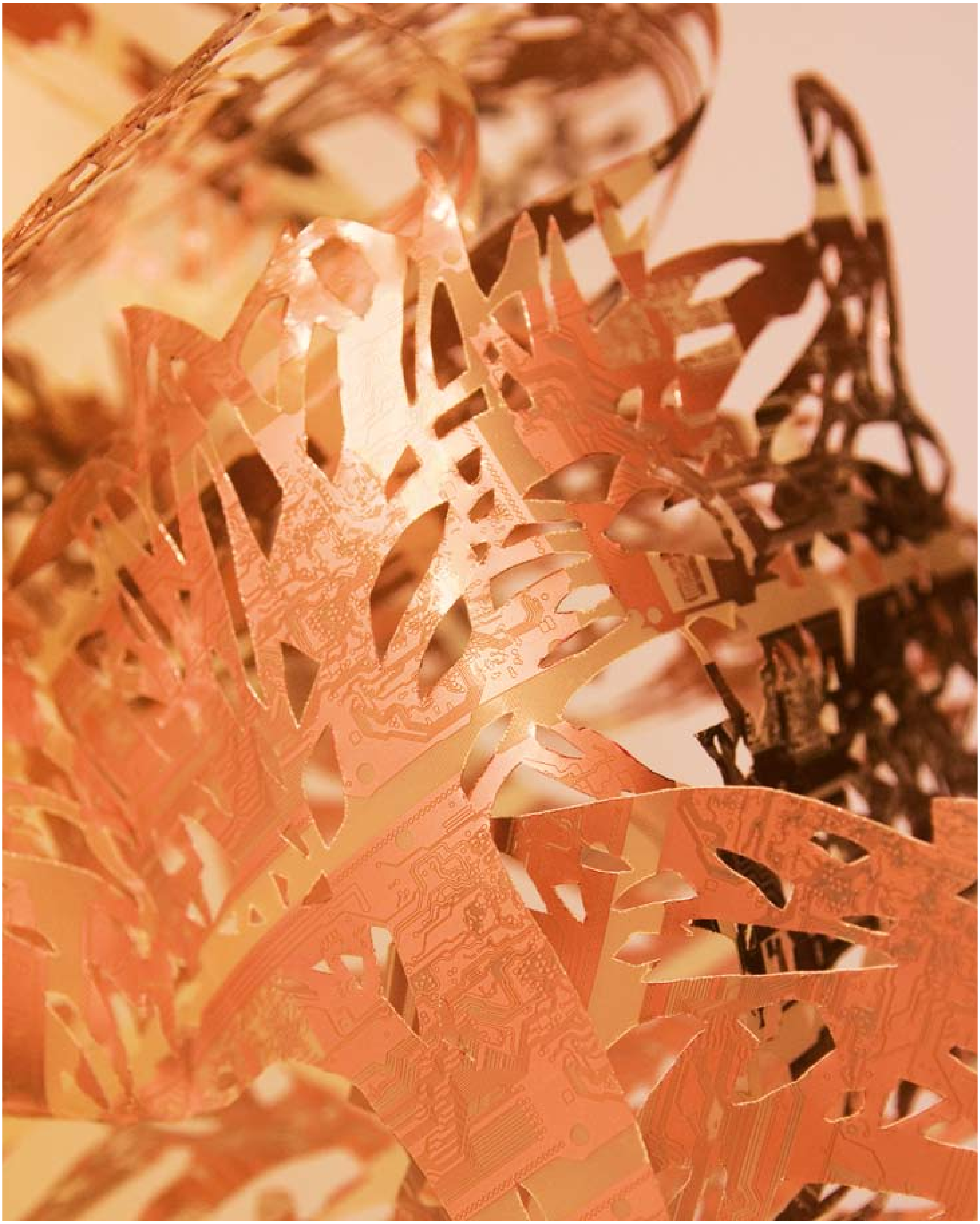
It is AT&S's declared goal to further extend its role as a technology pioneer, to drive the Group's growth forward and – as a global player – to be the world's most successful and strongest-performing producer of printed circuit boards. This goal is principally defined in terms of our customers' successes. For us, this means meeting all our partners' expectations and contributing to the production of end products of the highest possible quality at the lowest possible price.

Adhering strictly to the total cost leadership approach and constantly optimising business processes has enabled us to post an uninterrupted series of profits in recent years and to generate the resources needed for investment in the Group's future.

Thanks our policy of making countercyclical investments in new technologies, we have achieved leadership in the industry and now have excellent prospects of further profitable growth.

Knowledge of markets, customer-driven approach and production expertise the cornerstones of AT&S's success

Every company must ask itself what actually makes the success. In the case of AT&S it is an intimate knowledge of its markets, customer orientation, appropriate supply chain management processes, and our production skills. Our ability to carry out complex production processes at the highest level of quality to a tight processing deadline is also worthy of particular mention, since it permits us to produce the most intricate structures with very low reject rates.



Birgit Knoechl **Hybrid Growth**

AT&S Worldwide

With plants in Austria, India, China and Korea and a distribution network covering three continents, AT&S has a global presence and is capable of supplying its customers anywhere in the world.

Group companies
- AT&S Americas LLC
- AT&S Austria Technologie & Systemtechnik AG
- AT&S Asia Pacific Ltd
- AT&S China Company Ltd
- AT&S Deutschland GmbH
- AT&S Display Systems Entwicklung & Produktion GmbH
- AT&S ECAD Technologies Pvt. Ltd.
- AT&S India Private Ltd
- AT&S Japan K.K.
- AT&S Klagenfurt Leiterplatten GmbH
- AT&S Korea Co. Ltd.
- AT&S Verwaltungs GmbH & Co KG
- C2C Technologie für Leiterplatten GmbH
- DCC Development Circuits & Components GmbH
- IS Industrie-Service Dienstleistungs GmbH

Plants
Leoben, Austria
Fehring, Austria
Klagenfurt, Austria
Shanghai, China
Nanjangud, India
Ansan, Korea

Sales and distribution offices

Australia	Hong Kong
Austria	Hungary
California/USA	India
China	Ireland
Czech Republic	Japan
France	South Korea
Germany	Spain

Board of Management

Harald Sommerer

CEO and Chairman of the Board of Management, appointed until 30 June 2010

After completing a master's degree at Vienna University of Economics and Business Administration in 1990, Harald Sommerer obtained his doctorate with a thesis on "Financial innovations – opportunities for financial management in a volatile environment and the application of these instruments in Austria". He attended the Kellogg School of Management in Chicago from 1995 to 1997. Harald Sommerer began his career at the Creditanstalt banking group where he worked between 1991 and 1995. After a time at Bain & Company he joined AT&S as Chief Financial Officer in 1997, and in this position played a leading role in the IPO in 1999. Since 2005, Sommerer has been Chairman of the Board of Management, with responsibility for sales and marketing, communications, human resources, trading, strategy and business development, and Assembly Services. In addition to this role as Chairman of the Board of Management of AT&S, Harald Sommerer is also a member of the Supervisory Board of Zumtobel.

Steen Hansen

CFO, appointed until 31 March 2009

Steen Hansen has had an international education, which includes a Diploma from the Business School of Copenhagen (1981-1983) and a business diploma from the University of South Africa (1984-1988). He started his career at The East Asiatic Company in Denmark where he worked in an international capacity from 1979 to 1994. He then moved to Germany, where he was with Rasmussen & Schlötz (1994–1996), the ACO Group (1996–1999) and Roto Frank (1999–2003). In 2004, he was appointed Chief Financial Officer at AT&S. He is responsible for finance, controlling, IT, tax, legal matters, internal audit, purchasing, order management, logistics, and supply chain development.

Heinz Moitzi

CTO, appointed until 31 March 2013

After completing the higher technical college of electrical engineering, Heinz Moitzi was technician in measurement engineering at the Leoben University of Mining and Metallurgy. He began his AT&S career back in 1981. Originally head of the mechanical engineering and electroplating departments, Heinz Moitzi was promoted to production manager and ultimately plant manager at Hinterberg. He was project manager and COO at AT&S Shanghai from 2001 to 2004, and was then appointed Vice President for Production. In 2005, Heinz Moitzi was appointed Chief Technical Officer. He is responsible for production, quality management, and research and development.

Supervisory Board

The Supervisory Board advises the Board of Management on corporate strategy and objectives. It is made up of six external experts and three representatives of the staff council.

Hannes Androsch
Chairman of the Supervisory Board
Appointed for the first time in January 1995, appointed until the 16th Annual General Meeting in 2010
Other Supervisory Board memberships: ARC Austrian Research Center Seibersdorf (chairman), BAWAG Holding GmbH, bwin.com Interactive Entertainment AG (chairman, listed), FACC Fischer Advanced Composite Components AG (listed), Innovest Finanzdienstleistungs AG, Österreichische Salinen AG (chairman), Salinen Austria AG (chairman)

Willi Dörflinger
Deputy Chairman of the Supervisory Board
Appointed for the first time in July 2005, appointed until the 16th Annual General Meeting in 2010
Other Supervisory Board memberships: FACC AG, Kärntner Energieholding Beteiligungsgesellschaft m.b.H., KELAG, KNAPP AG, HWA AG (listed)
Member of the Board of Management: Steirische Industriellenvereinigung

Erich Schwarzbichler
Deputy Chairman of the Supervisory Board
Appointed for the first time in January 1995, appointed until the 16th Annual General Meeting in 2010
No further Supervisory Board memberships.

Karl Fink
Member of the Supervisory Board
Appointed for the first time in July 2005, appointed until the 16th Annual General Meeting in 2010
Other Supervisory Board memberships: Wienerberger AG (listed), ZPAD Bulstrad (chairman, listed)
Managing Director: Wiener Städtische Versicherung AG (listed)

Albert Hochleitner
Member of the Supervisory Board
Appointed for the first time in July 2005, appointed until the 16th Annual General Meeting in 2010
Other Supervisory Board memberships: Siemens AG Österreich, Infineon Technologies Austria AG, Capvis Equity Partners AG, Lazard Investment Banking (listed)
Chairman of Shareholders Council: EPCOS OHG
Member of the Boards of Management: IV Vereinigung Österr. Industrieller, Ludwig-Boltzmann-Gesellschaft

Georg Riedl
Member of the Supervisory Board
Appointed for the first time in January 1999, appointed until the 17th Annual General Meeting in 2011
Other Supervisory Board memberships: Porr Allgemeine Baugesellschaft – A. Porr AG (listed), bwin.com Interactive Entertainment AG (listed), Österreichische Salinen AG, Salinen Austria AG, Wiesenthal & Co AG, paysafecard.com Wertkarten AG, Porr Projekt Hochbau AG, Porr Technobau und Umwelt AG

Works Council delegates
Johann Fuchs
Gerhard Fürstler
Markus Schumy

Vision & Mission

Our mission: creating success for our customers, because this in the last analysis contributes materially to our own success.

AT&S delivers success – more than a slogan: a promise

To ensure this promise is kept, all parts of the Group must work together in harmony, like the cogs in a sophisticated machine. To achieve this, we are constantly working on refining our processes.

Success through performance

Our employees are crucial to the success of the Group. Their motivation, flexibility and knowledge are among the most important constituents of the Group's overall performance. AT&S's task, therefore, is 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 of course fundamental, and the Group attaches great importance to safety and cleanliness in the workplace, as well as to employees' health and physical well-being.

AT&S aims to motivate its employees by setting ambitious targets for the business and defining individual objectives, while providing a progressive working atmosphere in which a team-based cross-functional approach contributes to breaking down the barriers of hierarchy.

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

We share success

Since we believe that top performances should be recognised and rewarded, AT&S has a profit-sharing scheme which allows its staff to participate in the Group's financial success. AT&S delivers success – strong performance means that this promise is being kept, which is a major contribution to AT&S's longer-term prosperity.

Birgit Knoechl **Hybrid Growth**

Business Units and Products

AT&S has an outstanding reputation as a technology partner for the mobile devices, automotive and industrial sectors. Our additional services are a major contribution to our customers' success.

Global presence ensures optimal customer service

For us, the success of our customers is the key to a long-term and lasting business relationship, which is why AT&S's first priority in all its activities is an uncompromising focus on the customers' needs. The only way in which we can differentiate ourselves from our competitors is by working very closely with customers to provide products and ancillary services that are specifically customised to their requirements. Our objectives are to ensure that product quality and supply performance is of the highest order, and to deliver efficient service. Successful and satisfied customers are not only good for our image, they are essential to our continued success.

With sites in Europe and Asia and a service and distribution network that spans three continents, AT&S has a truly global presence and is ideally positioned to respond rapidly and flexibly to its customers' requirements. We are currently supplying around 500 customers in the mobile devices, automotive, industrial and medical technology sectors.

AT&S Mobile Devices

As a high-tech partner to the handheld industry, we have built up development partnerships with many of our most renowned customers, and support them with our global research and development activities. Modern supply chain management and the Group's global presence ensure optimal security of supply. With a global market share of 14% in 2007/08, we successfully held on to market share with existing customers and increased collaboration with new customers. AT&S is characterised by a broad-based customer portfolio which includes five of the six largest mobile telephone manufacturers, and the Group's sales successes now also include the Japanese and Korean markets. In addition to mobile telephones, we also have a strong standing in the markets for MP3 players, digital cameras and games consoles. Our customers value our expertise and highly professional service, as demonstrated by the latest Supplier Award from Sony.

Spotlight on highly complex technologies

The core products in the Mobile Devices portfolio are based on HDI microvia technology and are used in mobile telephones, PDAs, digital cameras, and portable music players. We are also able to respond to various customer requirements, including miniaturisation, for a range of different projects. Numerous additional processes are used to constantly improve the printed circuit boards and finishing techniques, which is in turn reflected in lower overall costs.

In the coming years the challenge will come from continuing miniaturisation and the growing complexity of the products, together with the new modular architecture of the applications. As technology leader, AT&S is ideally positioned to meet these challenges. Increased capacity at the Shanghai plant will allow us to make the most of future potential growth and successfully continue our Mobile Devices growth strategy.

AT&S Automotive

We are also highly successful as supplier of electromechanical interconnectors for the automotive market, and in Europe – our target market – we rank second, with a 14% market share. In addition to specialist technologies, we also provide quality and security of supply, working together with our customers to come up with competitive solutions. A global presence and local support are the best foundations for premium customer service.

Custom solutions

The product portfolio is tailored to the requirements of the automobile industry and includes a broad range of custom solutions. Global research and development activities constantly improve materials, and thus consistently improve the reliability of electronic components.

The trend in the automobile industry towards more complex HDI boards is making us an increasingly valuable supply partner in that sector. To date, we have chiefly been a niche supplier to the automobile industry, but the increasing calls for HDI printed circuit boards opens up an opportunity to break into an attractive volume business, and we expect to gain a significant advantage over our competitors.

AT&S Industrial

We have sharpened the focus on profitable niche markets in medicine, measurement and control engineering, industrial electronics, and defence and aerospace with the aim of safeguarding the future of the Austrian facilities. With a market share of 13% we rank among the leading suppliers to the European industrial sector. The concept of one-stop-shopping, which entails supplying all of a customer's needs from a single source, is an integral part of our strategy. The overarching objective is to offer made-to-measure packages for customers of all sizes, based on their specific requirements.

AT&S is a full service supplier and acts as a hands-on development partner. Our global sales, service, technology and supplier network provides the prerequisites for successful development and improved security of supply. Complementary ancillary services also help keep overall product costs in check.

Broad-based product portfolio and technical innovations

Our industrial customers have access to a highly diverse portfolio of products. The focus is principally on HDI microvia technology, and on flexible as well as multi-layer standard circuit boards. We are also working on ongoing improvement and development of new production processes and on major development projects, such as printed circuit boards with integrated active and passive components.

Our know-how and innovative strengths give us what we need to meet the technological challenges involved. One example is temperature management, where we have used our expertise to add value for our customers.

Solutions & Assembly Services: our service is key to our customers' success

In addition to developing and manufacturing printed circuit boards, as a total service provider we offer our customers a range of additional services, including design and population of circuit boards. Specialised prototype development and express services round out the portfolio.

Sales by segment

With 67%, Mobile Devices accounted for the lion's share of revenues in 2007/08. Industrial contributed 21%, and 10% came from Automotive. Solutions and Assembly Services' share of the total was 2%. We are confident that we will be able to use our technical expertise, global market presence and constantly improving products and processes to continue to grow in future and claim additional market share.

Our technical expertise, global market presence and constantly improving products and processes will enable us to continue our vigorous growth, and to win additional market shares.

AT&S Customers 2007/08

4G Systems a.p. microelectronic ABATEC Electronic ABB Automation Products AB-ELEKTRONIK ACOUSTA Actipass Composants Electroniques ADAXYS AEMtec AFL Stribel Production AIM AIR-City Ajkai Elektronikai AKAtech AKG Acoustics Aktiv-Kabel AlCATEL-LUCENT alpha-board Alpine Electronics ALPS Electric ALRE Altec Electronic AMETEK AEROSPACE Amkor Technology AN SYSTEMS Analog Devices Anstoß Regelgeräte ANTON PAAR AOA Apparatebau Gauting APAG Elektronik APT AQUAPOL Argard ARISTOCRAT TECHNOLOGIES ARNOLD & RICHTER ARRI-AUSTRIA Artesyn Technologies ASETRONICS ASSDEV Asteel Electronique Astral Meditech atg Luther & Maelzer atg test systems Atlantic Industrie ATLAS ELEKTRONIK ATOTECH AUMA Riester AUSTCO COMMUNICATION SYSTEMS austriamicrosystems AUSTRIAN GAMING Austrian Research Centers AVALON TECHNOLOGIES AVS-Leiterplatten AWEK Protech AWOS AWS Electronics AZD Praha B&W Engineering BACHMANN ELECTRONIC BAHNER ELEKTRONIK Balda Solutions Balluff BARCO ELECTRONIC SYSTEMS Basler BAUMER ELECTRIC BCM Electronics bebro electronic Beck IPC BECOM Beflex Behr-Hella Thermocontrol BeiJing Elcoteq Electronics Beijing GKI Electronics Beijing Hangxing Beijing SE PUTIAN Beijing Suohong Electronics Benchmark Electronics BENEDICT BENQ BERNECKER + RAINER Betronik BHARAT ELECTRONICS BHARAT HEAVY ELECTRICALS Bischoff Elektronik BITRON BJ Automotive BLANKOM Antennentechnik BLANKOM Digital BLS Bluetechnix Mechatronische Systeme BMK electronic solutions BMK Professional Electronics Böhm Fertigungstechnik Böning Automationstechnologie BOSCH Bourns BOXMARK Leather Braemac BRAUN Bright Shine International BTC Wireless BURGER ELECTRONIC BuS Elektronik Busch-Jaeger Elektro BvR Electronic C. & E. FEIN CAL COMP ELETRONICS Carant Antenna Card Access Services CE Infosys Celestica Cellpoint CENTRE FOR DEVELOPMENT CHERRY MICROSCHALTER Christian Rother CIGNET ELECTRONICS CIS ELECTRONIC Citizen Electronics Civa CM CMOTION CMS Electronics Cogelec COMAT COMMEND INTERNATIONAL COMNEON Compact Dynamics Connaught Electronics CONNECTRONICS Contec Contelec Continental Automotive Conzerve Systems CP SOLUTIONS Crypto CTS CURTIS/BALKAN Dallas Semiconductor DATACON Technology Datasensor DEFA DELPHI DENSO INDIA DEUTA-WERKE DFM DIALOG Elektrogeraete DIEHL Aerospace DIEHL AKO DIEHL Controls Digi International Digital Elektronik Digital Imaging Systems Digital-Logic DistriComponents DIVINET ACCESS TECHNOLOGIES DKD Elektronische Systeme Dongguan Primax Electronics Dr. Fritz Faulhaber Dr. Johannes Heidenhain Dr. Neuhaus Dräger Medical DREEFS DSE STEHLE-Elektronik Ducati Energia E.G.O. Control Systems E+E ELEKTRONIK EADS Defence & Security Eben Elektronik Eberle Controls ebm-papst Ecker Michelstadt EFB Effegi Elettronica Ehmann & Partner EIZO ekey biometric systems El. Ital. Avellino ELBAU ELBI International Elcom ELCON Systemtechnik ELCOTEQ Electronic Components ELECTRONIC PRODUCT Electronic Service Willms Elektro Automation Málaga Elektrobit System Test Elotec Fischer eLPe design Elrad International ELVYS EM Test Ladislav Heglas Emporia Telecom EN Electronic Network Ender Electronic Energetica Industries Enics Sweden EPCOS EPIQ EPIS Automation EPS electronic EPT Ericsson Erni Elektroapparate ESCATEC Electronics ETL Lauter & Co ETM ETRONEX Euro Wire & Cable Services EUROFUNK KAPPACHER Eurotron component Everel EVG EVI Audio EVK DI Kerschhaggl Faber Electronics FALCOM Wireless FAULHABER Motors Hungaria FB Elektronik FCT electronic Feinwerktechnik Feistkorn & Wolf FESTO FH Joanneum FIBCOM INDIA FIH Europe Flextronics FlipChip International FMS electronic FMT Fernmeldetechnik Fordahl Forschungszentrum Jülich FORSTER Foxconn Fraunhofer Gesellschaft Freescale Semiconducteurs Frequentis Fritz Kuebler FRIZ Biochem FRONIUS International FUBA Automotive Funkwerk GASSNER Gatema GBS Geldbearbeitungssysteme GE Medical Systems GE Transportation Systems GEBRUEDER LOEPFE General Electronic GES Manufacturing Services GESIG Giant Electronics Gillette Gleichmann Electronics GOHLKE Elektronik Gotive GRABNER INSTRUMENTS GRAF ELEKTRONIK Grundig Business Systems GTN Guangdong Whirlpool Electrical Gugler Elektronik Hale Electronic HAMEG Instruments Hammers Maschinenbau Hansen Tel HARMAN/BECKER Automotive Systems Harris Corporation HASEC ELEKTRONIK HE System Electronic Hechinger Electronic Helbako Hella Helmut Hund HELMUT MAUELL Helmut Rossmanith Herkules Elektronik HERTRICH COMPUTER High Tech Computer HIMACHAL Futuristic Communications HIND RECTIFIERS HIQUEL HIRSCHMANN Hon Hai Precision Industry Honeywell Hörmann Funkwerk Kölleda HP FABRICS HS - ELECTRONIC Huizhou BYD Electronics HUNTSMAN Hurst + Schröder Hydrometer Electronic HY-TECH IC-HAUS IDENCOM Germany IEC Electronics Corp IFM Electronic IGM ROBOTERSYSTEME IHLEMANN ILFA IMM Elektronik IMM Ingenieurbüro INCAP Infineon Technologies Ing. Buero W. Kanis Inmicro Insta Elektro INSTRUMENTATION INSYS Microelectronics Intedis INTEL INTER CONTROL InterDigital Communications Intersema Sensoric INTRACOM Intrarom Inventi IPG Laser i-Sirius Iskra EMS ITI ITK Dr. Kassen Jabil Circuit JANZ Automationsssysteme JENOPTIK Jurong Hi-Tech K K ELEKTROTECHNIK Kapsch Components KATEK Kathrein Burgstaedt KATHREIN WERKE Kaynes Technology KEBA Keith & Koep Keller KEMET Electronics KEYTRONIX K.G. NANDINI ENTERPRISES Kiekert Kirstein Kitron KNAPP Knowles Electronics KONTRON Kostal Industrie Elektrik Kristronics Kuhnke Kunshan Fushijin Kurz Gerhard KV-Elektronik Laird Technologies LARSEN & TOUBRO LATSCHBACHER Lawton & Yeo Design Associates Leadtech Communication Lear Corporation LED-Linear Legrand-BTicino Leica Camera Leiterplatten - Service LENO Electronics LENZING TECHNIK LEONI Bordnetz-Systeme Leopold KOSTAL LEXEDIS LINKWELL TELESYSTEMS LIPI DATA SYSTEM LIPPERT LTi Drives Luedtke Elektronic LUMITECH Lust Antriebstechnik LUST HYBRID TECHNIK Magna Electronics Europe MAN Roland Druckmaschinen Manner Sensortelemetrie Manufacturas y Accesories Marquardt MASER Engineering MATRIX VISION Maxon Motors MC Assembly MEDIORNET MEN Mikro Elektronik MESSTECHNIK SCHALLER Metro Count Metz-Werke Micro Modular Technologies Microdul Microelectronic Packaging Microtech electronic MIDAS COMMUNICATION MIPOT ML&S Modelleisenbahn ModemTec Moeller Gebäudeautomation MORION STOCK CORPORATION MOTOROLA MRS Electronic MSC Freiburg MSC Microcomputers Systems MTU Friedrichshafen Murata Power Solutions Murrelektronik NAMTAI Electronic NAP AUTOMOTIVE PRODUKTE Napatech Napino Auto & Electronics Navicron Nedap Nedap Power Electronics Neonode Sweden NEONSEVEN Nera Networks NeST Power Electronics NETSTAL MASCHINEN Neumüller Elektronik NEUTRON MIKROELEKTRONIK NOKIA Nokia Siemens Networks Novatech Technologies NOVOTECH ELEKTRONIK Novotechnik NSE NXP Semiconductors Oerlikon Neumag Austria Option ORDERMAN ORDYN TECHNOLOGIES OREGANO SYSTEMS OSA OPTO LIGHT OSRAM Otto Bock OTTRONIC Regeltechnik Overall Result OWASYS Pacom system PaderTeg Panasonic Electronic Devices PANTA PANTEL ELEKTRONIK PayTec PB communication PCB technology Pemstar Romania PerkinElmer Elcos Perlos Philips Austria Phonak Phonak Communications PHYTEC Messtechnik PILZ Pocitace Elektronika Software PolarComp Finland PREH Prehtronics Prettl Elektronik Privatquelle Gruber ProCom PRODUCTWARE PRO-HAN ProSourcing PROVICEMAN PST Electronica Punch Technix Purple Labs Racom Radiocrafts RAFI RAKON RANGSONS RAWE ELECTRONIC Research in Motion RFMD Riese Electronic GmbH RINKLIN Elektronik ROB Roedel Electronic Rogg Polycell ROHDE & SCHWARZ Roke Manor Research Rowa Kunststoffe RSG-ELOTECH Rueegger Elektronik Ruwido Austria GmbH S.I. Manufacturing SAGEM COMMUNICATION AUSTRIA SAIA-Burgess Samtel Color SANMINA SCHAUER SCHIEBEL Antriebstechnik Schneider Electric Schweers Intec Schweizer SCT SECURE METERS SEIDEL ELEKTRONIK SEIKA SELEX COMMUNICATIONS Sennheiser Sensopart Industriesensorik SensorDynamics Sensus Metering Systems Sepura SERO SFO Technologies SG Automotive SGS TEKNIKS MANUFACTURING Shanghai Suoguang SHENZHEN FUTAIHONG PRECISION Shenzhen Huawei Shimadzu SHYAM TELECOM SICK SICK STEGMANN Sieb und Meyer Siebe Appliance Controls SIEMENS Siemens VDO SIGMATEK SIIX Europe SIRI POWER PRODUCTS Sirona Dental Systems SITRONICS SKF OESTERREICH SkiData SKM ELECTRONIC Skyworks Solutions SMA Technologie SMD-Technik SMT & Hybrid SMT Solectron SONCEBOZ Automotive SONY Sony Ericsson SORCUS COMPUTER SpaceControl Speedy-Tech Electronics Sporteye SRT Resistor Technology Stabil Produkt Steca STELLWAG & PARTNER STMicroelectronics Tours Stollmann E+V StreamUnlimited Swarco Futurit Swissbit Germany SysCom electronic Taditel TATA CONSULTANCY SERVICES TB ING. CHR. OCHMANN TCB WANGJIE Te Tronik Teba Elektronik TECH-COM COMPUTER Techfaith Wireless TECHNOSERT Tecnomec Tecnotron Elektronik TECTRON TECWINGS Tekbox Digital Solutions TEKTRONIX Teleca Systems Teledyne Electronics Technologies Telegrafia Telit Communications Spa TESLA Blatnà Tesla Jihlava Titan Time Products TONFUNK TOPCALL International Toshiba International Tower Electronic Components TQ-Systems Track IT TREICHEL Elektronik Tricumed Medizintechnik TridonicAtco Troll Elektronik TRU-TECH Electronics TRW Automotive TT Electronic manufacturing systems TTC TELEKOMUNIKACE TURCK Beierfeld TYCO Electronics UAB KITRON Ubitronix System Solutions U-Freight ULTRATRONIK UniControls UNITED TELECOMS Unitron Hearing VALEO VARIOSYSTEMS vbe Kamm VDO Automotive Vectron International VEGA Grieshaber VERTU VICOS Videoton Vincotech VIPA Virtec VISHAY BCcomponents Austria GmH Visteon AUTOPAL Vital Electronics VOGT ELEKTRONIK VOIGT ELECTRONIC Vossloh-Schwabe W. Kolb Fertigungstechnik WALTRON Electronic-Gerätebau WEHRLE AUTOELEKTRONIK WEISTECH TECHNOLOGY WEP PERIPHERALS WEPTECH elektronik Werk BEFRA Electronic WERMA Signaltechnik Westkuestensysteme Whirlpool Sweden Wild Elektronik und Kunststoff WINDHAGER Zentralheizung Wipotec Wittmann Robot Wittronic WKK Technology Woodward SEG WSI Xenterio Yu Hua TelTech ZAVT ZELISKO ZENTRO-ELEKTRIK Zollner Elektronik ZVK Zydacron Austria

Birgit Knoechl **Hybrid Growth**

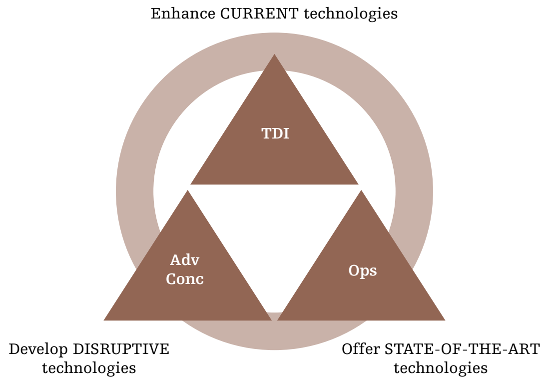
Research & Development

AT&S is one of the strongest performing producers of miniaturised printed circuit boards for special applications. Major R&D investment is the cornerstone of our strategy of sustainable growth.

AT&S is a leader in the field of manufacturing and supply of printed circuit boards for miniaturised applications, and as such significantly invests in R&D to ensure continuing growth with a clear focus on relevant and state-of-the-art products, processes and materials. In the year 2007/08 we, already positioned as a respected high technology supplier of PCBs, underpinned this position with the AT&S technology leader initiative, pioneered through the R&D function. Focusing primarily on establishing an industry benchmark with respect to high reliability for miniaturised technologies, the technology leader initiative leverages our global structure and competence complemented by the complete scientific capability at R&D's disposal from both internal and external resources. The success of this approach, coupled with clear strategic direction and world-class standards in project management have resulted in a portfolio of highly marketable new products and significant business opportunities through technology breakthroughs.

Vision and strategy: world leader in offering new technologies

"To be the world leader in offering miniaturisation-relevant, innovative and potentially disruptive new technologies for high reliability applications in highly compressed lead-times." To achieve this clear vision, our technology teams are organised in three main areas – operations, technology development and industrialisation (TDI), and advanced concepts. These activities act synergistically to clearly and rapidly offer new technologies to our customer base.



Ops: Operations
TDI: Technology Development and Industrialisation
Adv Conc: Advanced Concepts

Operations: offer state-of-the-art technologies

The main focus through 2007/08 was to clearly establish a technology transfer process enabling the main HDI facilities in Leoben and Shanghai to benefit from a synergistical relationship with R&D. The goal to offer state-of-the-art technologies, a clear "must have" for the AT&S client base, was clearly achieved with R&D focus through its operational arm (laboratories and technical support) to enhance the optimisation of processes and materials to achieve our vision.

Technology development and industrialisation (TDI): enhance current technologies

TDI is a new concept to provide focused industrialisation of new technologies in very rapid timeframes. Successful project leadership has clearly been demonstrated through projects such as FV1+ and release layer (see later) laying the foundation for excellence in project execution both now and even more so in the future.

Advanced concepts: develop disruptive technologies

The final segment is focused on developing potentially disruptive technologies, concepts that will bring a fundamental change to how the whole supply chain will work – from concept to customer.

Global AT&S technology platform

To complement this global approach and ensure lines of communication are clear and short, the AT&S technology platform has been established with its main task to allow communication between the main strategic functions in the Company. Although it is the intention to set up a similar TDI concept for all AT&S facilities, clear focus has been placed to achieve this capability primarily within the plants in Europe and China.

Network concept – core partnerships

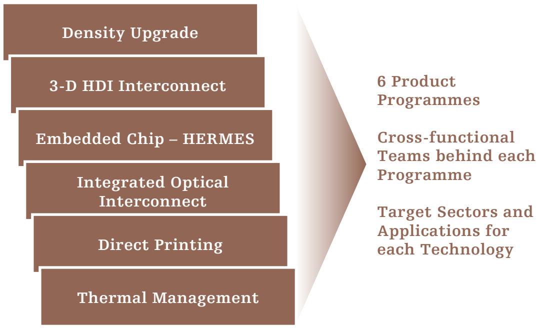
To tap the full potential from our core partnerships, the Research & Development team is leveraging the AT&S partner network to deliver relevant and innovative project material in faster and faster lead-time. Significant progress has been realised with regard to this activity and the introduction of partner performance rating will ensure that all our scientific associates are well informed of our requirements and manage their own activity to ensure our combined success.

Agile resource plan

To ensure rapid time to market of new technology requirements, R&D has focused to improve project management, leadership skills and technical breadth, coupling this upgrade with a project mindset that the best resource should be located at the project site. This has been typified with a clear willingness and management drive with regard to capability upgrades in the Shanghai and Leoben facilities.

R&D technology portfolio

With a clear focus on industry relevance combined with inventive flair, R&D's portfolio is tackling six relevant technology sectors as summarized below:



PCB density upgrade

FV1+

FV1+ is our most significant HDI density upgrade for the last five years and demanded by the next wave of roadmaps from the handheld sector. FV1+ will see the industrialisation for mass production of 50µm line width and significant upgrades in registration performance – leveraging the impressive installed capability in Shanghai and Leoben HDI facilities.

1.5-layer

This technology, developed by AT&S, is a new concept to support the packaging of high end surface mount devices. It relies on 25µm line and space technology to deliver next generation requirements at potentially class-leading cost levels.

Our research and development team can draw on the almost unlimited potential of AT&S's network of partners where necessary, the end effect of which is shorter lead times.

Extending our technology portfolio to support diversification in the coming years has led to our R&D department building up a comprehensive range of core competence. These provide a solid foundation for the present and future profitability of the Group.

3D HDI interconnect

Release layer technology

Again an AT&S developed technology – release layer is a proprietary concept and material that supports the realisation of new structures within a PCB. Main applications are around the formation of cavities or rigid-flex structures within a standard PCB.

Embedded components

Embedded discrete components (EDC)

EDC is a bi-lateral project focused on offering this new technology to Nokia as a technology jump for high end mobile phones. Through clear focus and dedication to the customer's requirements we have successfully overcome significant technological and commercial hurdles to become the first PCB supplier approved to Nokia's rigorous reliability standards.

HERMES – embedded chip in package

HERMES is our embedded active development and industrialisation project, and benefits from a significant EU framework programme 7 funding package that was put together through the R&D function. HERMES is a consortium of eleven European companies selected throughout the supply chain, each driving the adoption of the embedding concept. The project has enormous potential and is a clear entry in to the packaging industry. Significant commercial interest already exists within the timescales of the project (three years) and work is already initiated to drive more wide scale adoption of this technology through an upgraded sales and marketing approach.

Optical waveguides in PCBs

Integrated optical interconnects (IOI)

IOI is clearly a developing technology and needs further marked focused evolution. Significant success has been achieved this year with the IOI project picking up the coveted Frauenhofer prize rewarding high levels of innovation and potential within the institute.

Direct printing

Inkjet for production solutions

Our inkjet programme has been relaunched focusing on delivering short term successes for production facilities and leveraging that capability to deliver new concepts for PCB manufacture. Clear alignment has been made between the R&D and technical resources in both the Klagenfurt (etch resist printing) and SPP (legend/ident printing) facilities.

Thermal management solutions

So far this business year, the field of thermal management is being scoped with a view to initiate a clear project focusing on delivering relevant solutions to our customers.

IP generation – active areas

With a view to future protection of our core technology and business situation, a thorough review of the AT&S technology process has been conducted with the IP strategy earmarked as a core topic. Current activity has seen a remarkable increase in the number of ideas protected through the AT&S patent portfolio with numerous patent applications in 2007/08.

Through the development of our technology portfolio, coupled with potential diversification over the next years, R&D is building a core strength that will support the Companies profitability both now and in the future.

Birgit Knoechl **Hybrid Growth**

Staff

The motivation and skills of our staff are a crucial factor in AT&S's success, which is why we attach the greatest importance to training and continuing education programs internationally.

A growing industry needs highly skilled people
Growth is more than just a buzzword at AT&S. We are convinced that our operations will continue to expand globally, and that our industry will steadily gain in importance. To be able to make the most of the opportunities and to turn potential for growth into business success, we need the right people in the right places – dedicated, competent professionals who understand our business and are prepared to apply themselves to competing successfully at the international level. Customer orientation, permanent readiness to respond to new challenges, a passion for delivering top performances, perfection in the smallest detail – these are the keys to success.

International training and staff development
The Group has initiated a series of management development and training schemes worldwide to meet these ambitious targets. The programs will help high-flyers to develop the necessary capabilities, to grow as individuals, and to become the powerful managers of the future. Regardless of their level in the organisation, managers must fully understand the driving forces that ensure success in our various businesses. They must be able to transcend cultural borders in working with others anywhere in the Group. They must have an intimate understanding of customers' needs. And they must be able to muster the available resources effectively in order to achieve outstanding results. These are the challenges that our training programs are designed to help people to meet.

Next generation to underwrite future success
In addition to developing our present staff, we also attach great importance to encouraging the next generation. There are currently 35 apprentices in six different professions (mechatronics technician, chemistry laboratory technician, physics laboratory technician, mechanical engineering technician, electrical service technician, production technician). We also participate in the annual Girls' Day to try to encourage more women to become interested in technical apprenticeships.

Global presence offers international career prospects
AT&S's global structure requires the integration of different cultures and necessitates specific regional initiatives to harness the Group's full potential. Ongoing exchange of experiences internationally and the transfer of skills and expertise between our various locations are crucial to this effort. A five-strong delegation has been temporarily seconded to our new facility in Korea to help integrate our operations there. Currently, there are some 50 international experts on foreign postings working to ensure AT&S's continuing development.

Particular importance is attached to global corporate management: systematic involvement of the extended management circle in strategy planning and implementation processes, coupled with annual managers' meetings involving staff from around the world, is designed to encourage the widest possible application of relevant experience together with integration at a global level.

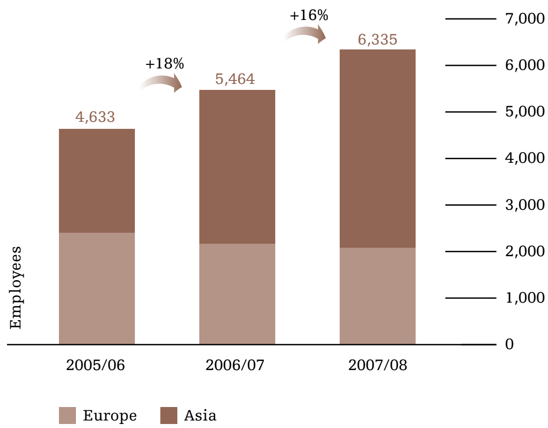
Our international manufacturing presence in Europe and Asia opens up a range of international career opportunities for our employees. Job mobility is actively encouraged, and staff are expected to take an active interest in new tasks, and to spend time working in other countries and different cultures. At present, about 40 staff are on longer-term overseas postings in China, India and Korea in various management capacities. And a number of employees are currently preparing for deployment to our new sales and marketing office in the USA.

Further increase in headcount – nearly 6,500 employees worldwide

At the end of financial 2007/08 AT&S employed 6,335 people. The recent sharp increase in numbers is chiefly attributable to recruitment of a local team as additional capacity came on line in Shanghai. Today we have about 4,250 employees in Asia, some 28% more than a year earlier. The number of employees in Europe remained more or less unchanged at 2,085. The average headcount for 2007/08 was 6,273.

With 6,335 staff at the end of March 2008, the number of employees was again up on the preceding year, and reached a new record level.

Staff numbers in Europe constant – strong growth in Asia



Quality, Environment, Health & Safety

The excellent quality of our products and processes, together with our outstanding customer service, are the key to AT&S's success in the circuit board industry. This is why the Group gives the highest priority to quality management.

To meet sustainable development objectives in a systematic way, it makes sense to introduce a comprehensive management system. AT&S is therefore combining quality, environmental issues, and health & safety in a single integrated management system. Harnessing synergies and bundling resources will help streamline operations and improve efficiency.

Quality management – a key AT&S success factor

Highly complex printed circuit boards are generally tailored to customers' individual requirements. A wide variety of technical competences combined with a quality management system to prevent errors where possible and correct them permanently, where necessary, is required in order to be able to meet customers' specific needs. Quality management is a critical success factor in printed circuit board production and is one of the principal cornerstones of AT&S's total cost leadership. It is also the bedrock of the long-term working relationships based on trust that we maintain with our customers, partners and suppliers. In an industry in which time to market and volume to market are among the principal growth and earnings drivers, we must come as close as possible to zero defects. For AT&S this applies in all the industries and sectors it serves, whether mobile devices, the automobile industry or industrial electronics. The commitment to quality is a paramount concern for every single AT&S employee.

Setting new standards

Being world class is not just a matter of conforming to a set of standards, it is also a question of outperforming the competition. Our admittedly highly ambitious objective is to prove to our customers that we can set new standards – aligned with the specific requirements of the customer segment in question. This particularly applies to the quality of our products and processes and the work of each and every employee. Improved quality is reflected in yields, customer service rates and a decline in the number of customer complaints. Regular yield meetings and an employee suggestion scheme for operations has been set up to help achieve this. The aim in 2008/09 is to successfully establish the notion of production excellence (ProdEx) throughout the AT&S Group.

Certification at the highest level attests sustainable use of resources

Regular certification of our quality, environmental and health & safety management system not only helps build trust and improve rapport with customers, it also helps us to improve long-term efficiency. The successful re-certification of all three segments to the highest standards under ISO 9001-2000, ISO/TS 16949, ISO 14001 and OHSAS 18001 underlines the excellence of the integrated management system. Compliance with the RoHS Directive, which prohibits the use of materials containing lead in electronics components, shows the importance AT&S attaches to maintaining the highest standards. We have also received excellent reviews in customer audits in all the sectors in which we operate. REACH, the EC Regulation governing the registration, evaluation, authorisation and restriction of chemicals, is a major factor in customer and supplier relationships.

Leading the world with high quality standards

For the future it will be vital that we continually improve, in order always to be able to provide our customers with high-quality products and services. We shall need to extend our customer service to include proactive and quality assuring technical support from the outset. The major technical challenges of the coming years are increasing miniaturisation, the optimisation of process parameters and the development of new materials. And as these challenges are taken up, new and improved analytical and test procedures will need to be developed to meet new standards of reliability. We shall need to intensify our collaboration in research and development even more – to ensure that we continue to be a world leader.

Environmental management – sustainable use of resources

Sustainable and economical use of available resources is of paramount importance to AT&S. In 1996/97 we were one of the first printed circuit board manufacturers to introduce environmental management in accordance with ISO 14001, and since then we have identified and taken advantage of considerable savings potential. All of our sites are now certified to this standard. This does not however mean that we shall not continue to set new objectives, implement new measures and ensure compliance with them – for us, environmental protection is an ongoing process of improvement.

Constantly improving environmental protection in the workplace

Given the visible damage to the environment worldwide and advancing climate change, increased efficiency in energy use with a consequent reduction in greenhouse gases in line with Kyoto targets is an urgent priority. During 2008/09 there will be further activities aimed at improving environmental protection measures and optimising the use of energy and other resources at all AT&S locations. Though the successes are no longer as spectacular as those achieved in the early days of the environmental management system, repeated comparisons of consumption at the individual sites in 2007/08 have once again led to a number of improvements. The consumption of compressed air was cut by up to 10%, and gas and electricity use was down by as much as 2% year-on-year.

A number of examples of current projects at the various sites are highlighted below:

- *Increasing energy efficiency:* at Leoben, cooling water that was being used purely in once-through cooling and only in part as process water is now also being used in various other processes. The waste heat is recovered using heat pumps and raised to a higher temperature. This saves 400,000 m^3 of natural gas annually.

- *Recycling and reuse of waste:* AT&S India is now successfully recycling waste, including drill dust and shavings, and nickel, silver and tin solutions. Photoresist waste is recovered and burned to generate energy. This helps save other forms of energy and also reduces $C0_2$ emissions.

- *Reduction of wastewater:* the increase from 40% to 50% in the use of circulation water in our Indian works has decreased wastewater volumes from over 600 m^3/day to under 500 m^3/day.

- *Improved use of resources:* our project to reduce the amount of hydrochloric acid used in etching in Nanjangud, which is now passing from the testing phase into the production process, has contributed significantly to more economical use of resources.

- *AT&S environmental management award:* AT&S China was named the 2007 Excellent Environmental Data Maintenance Company by the Minghong Environment Protection Bureau (MHEPB).

All sites successfully passed the ISO 14001 audit in February/March 2008 without problems.

AT&S stands for long-term commitment to the environment

We have proved time and time again that environment protection is a central and key commitment of ours, and that when it comes to environment management the letters of AT&S stand for

Assessment of environmental impact
Training of employees
Sustainable environmental protection

In 1996/97 we were one of the first printed circuit board manufacturers to introduce environmental management in accordance with ISO 14001, and since then we have identified and taken advantage of considerable savings potential.

Supply Chain Management

Supplier reliability and quality are vital to our customers. Just-in-time production in a sector as swiftly evolving as the printed circuit board industry requires exceptional competence in supply chain management.

Supply chain management – critical success factor for AT&S

Supplier reliability and quality are vital to our customers. In the age of just-in-time production goods or components are only delivered when they are needed, so as to keep inventories down. A production and distribution system of this kind in an extremely volatile market such as the printed circuit board industry, which is characterised by high product diversity and very short order times, requires exceptional competence in supply chain management. The goal is to achieve a better 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. For some large-scale customers we are responsible for inventory management: we ensure that stocks are maintained between specified minimum and maximum levels.

Global network of customers and suppliers

Close cooperation between all the participants along the entire value chain is in any event a core requirement for successful supply chain management. In 2007/08 AT&S's global network of 500 customers and 1,000 suppliers (including 35 key suppliers) moved an average of 190 shipments and 180 different parts numbers every day.

Customer loyalty and cost efficiencies through optimised planning tools

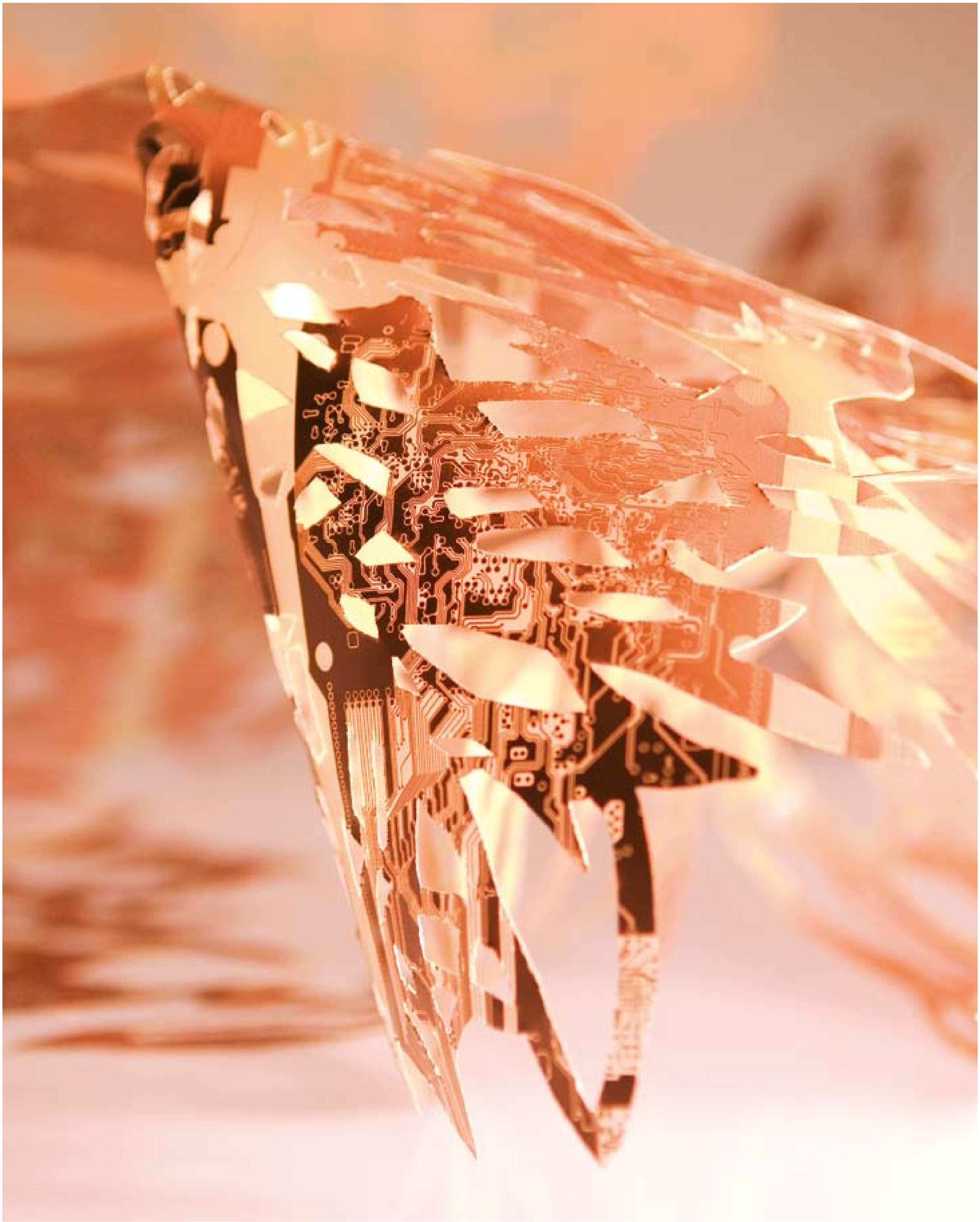
Appropriate software applications are used to ensure reliable end-to-end control of all product and information flows from suppliers, through the Group's internal processes, and onwards to customers. SAP's APO PP/DS software for production planning and demand scheduling in combination with global availability controls has enabled us to deploy a planning system in all our Austrian facilities and soon in our site in Shanghai that matches detailed production plans to plant capacities and checks availability with respect to each individual order. The system has generated considerable cost savings and at the same time further improved the customer service rate.

Cost efficiency starts with procurement

The first consideration for our global sourcing strategy is to make sure our worldwide portfolio of suppliers is used and coordinated to achieve the maximum possible cost efficiencies in procurement. New supplier markets in Asia and Eastern Europe are playing a key role, with the Group's global sourcing for Asia being managed by its procurement centre in Hong Kong.

Cost savings through inventory optimisation

Standardisation, improvements in efficiency, a variety of technical projects carried out in close cooperation with production facilities and specialist departments, and well managed negotiations resulted in greater procurement savings in 2007/08 than ever before. As part of the new SPICE project (spare parts inventory and cost enhancement), the entire MRO function (maintenance, repair, operations) will be re-analysed and restructured. This will reduce inventories by about one third and almost double inventory turnover of replacement parts. The impact of the inventory efficiency increases is best illustrated with numbers – of the 32,000 replacement parts currently available, only about 18,000 will be logged in the new system, and the remainder will be phased out. This development will result in considerable savings in the coming years.



Birgit Knoechl **Hybrid Growth**

Market Environment

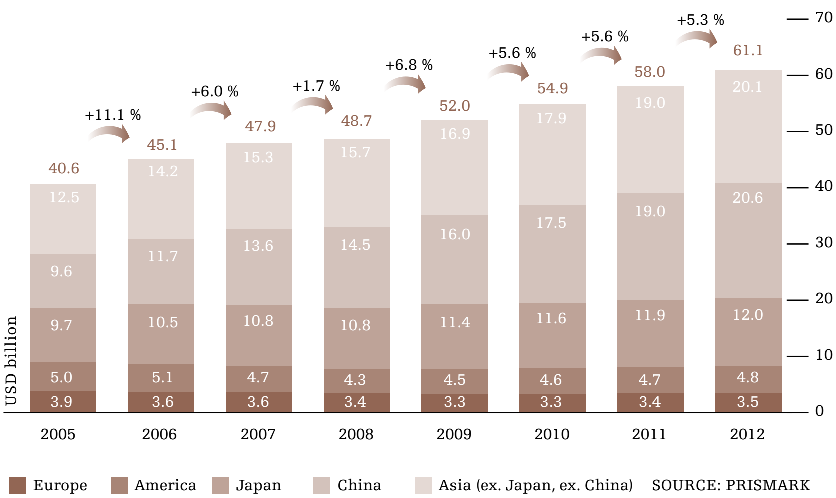
The global market for printed circuit boards in 2007 grew by 6% to EUR 47.9bn dollars, though regional trends were widely different.

Growth forecasts for the printed circuit board industry

The global market for printed circuit boards will continue to grow in the coming years, with average annual growth of 5% between 2007 and 2012. The main growth drivers will be silicon platform, HDI microvia and flexible printed circuit boards.

Overall, the global printed circuit board market grew by 6% in 2007, to USD 47.9 billion. Growth trends vary from region to region: the markets in Europe and the USA continue to contract slightly, and in the coming years growth in Asia will also slow. The forecast for 2008 assumes modest global growth of around 2%, while predicting an upswing for 2009.

Growth of printed circuit board market



Volume production in Asia, speciality and quick turnaround business in Europe

Continued heavy downward pressure on prices from Asian competitors means that volume production is increasingly relocating to Asia. Today almost 60% of all circuit boards are manufactured in Asia (not including Japan), roughly half of them in China. By 2012 China's share is expected to increase to about 67%. In Europe, design and prototyping business, and specialist and niche markets such as the automobile industry and industrial and medical technologies offer the greatest potential for growth.

Current trends in consumer markets

Continued vigorous growth of global mobile telephone market

The mobile telephone market will continue to grow strongly. For 2008, the leading mobile telephone manufacturers, our competitors and numerous market research organisations forecast growth of between 9% and 12%. AT&S's own marketing model puts growth at 10%, with mobile phone sales totalling 1.25 billion units for 2008. More moderate growth is predicted for 2009 and 2010.

Growth drivers for 2008 will be emerging markets such as Asia and, increasingly, Africa, together with the worldwide market for replacements, particularly in the high-end segment.

German automobile industry: domestic demand picks up and exports remain at high level

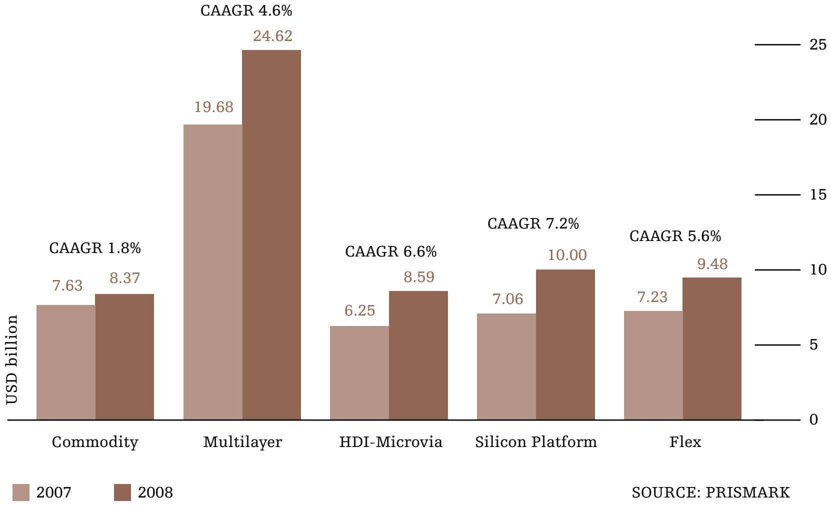
The German Association of the Automotive Industry (VDA) reports that in 2007 German automobile manufacturers – supported up by buoyant export business – increased production by 6% to set a new record for annual output. Exports in 2007 were once again up on the previous year, by 11%. According to the VDA, growth of the German domestic market has been somewhat muted: sales for 2007 fell 9% short of the previous year's total. The latest VDA figures show a more robust German domestic market as 2008 began, with sales up almost 11% on the previous year. Exports continue to fly high – an 8% year-on-year decline since the start of the year should be seen in the light of an unusually strong start to 2007, when year-on-year growth was 23%. The VDA also reports that for 2008 as a whole, domestic demand is expected to pick up, while exports will continue at their existing high level.

Positive expectations for Austrian, German and Swiss industrial electronics markets

The market for industrial electronics in Austria, Germany and Switzerland continued to do well in 2007, building on the strength and successes of the previous year. Order intake in 2007 was even up a modest 0.04%, and total sales were only 1.4% short of the very robust outcome for 2006. Sales were held at the previous year's levels thanks to manufacturers' focus on domestic customers and large batch production, and also as a result of the major quality issues that dogged Asian competitors. Short and long-term business expectations in the market for industrial electronics in 2008 are thoroughly encouraging.

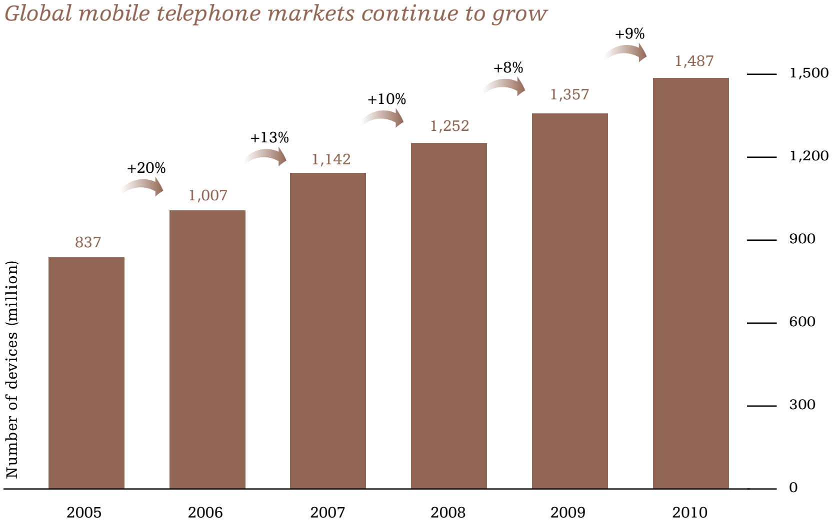
PCB market (by technologies)

Highly complex printed circuit boards as growth drivers



SOURCE: PRISMARK

Global mobile telephone markets continue to grow



SOURCE: AT&S STRATEGIC MARKETING

Business Developments

Revenues of EUR 486.7m in 2007/08 not only set a new record, but were also the most recent in an unbroken series of six successive increases. The operating profit (EBIT) of EUR 42.1m underlines the Group's impressive profitability.

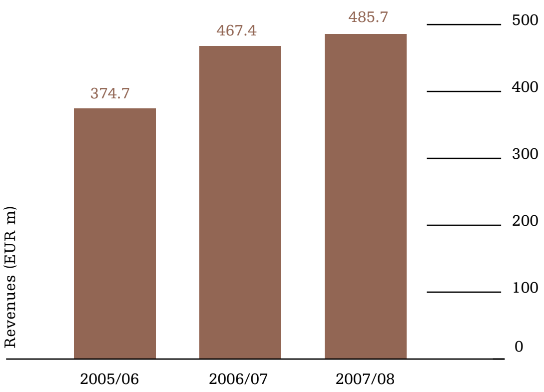
Profitability

Income statement

(€ m)	2007/08	as % of total revenues	2006/07	as % of total revenues	Change
Revenues	485.7	100%	467.4	100%	3.9%
Cost of sales	-396.5	-81.6%	-395.9	-84.7%	0.2%
Gross profit	89.2	18.4%	71.5	15.3%	24.8%
Selling costs	-23.1	-4.8%	-23.0	-4.9%	0.4%
General and administrative costs	-21.7	-4.5%	-20.4	-4.4%	6.4%
Other gains, net	-1.2	-0.2%	4.5	1.0%	-126.7%
Non-recurring items	-1.1	-0.2%	0	0.0%	-100.0%
Operating profit	42.1	8.7%	32.6	7.0%	29.1%
Financial result	3.1	0.6%	-0.5	-0.1%	-720.0%
Profit before tax	45.2	9.3%	32.1	6.9%	40.8%
Income tax expense	-3.9	-0.8%	-0.8	-0.2%	387.5%
Profit for the year	**41.3**	**8.5%**	**31.3**	**6.7%**	**31.9%**
Thereof equity holders of the Company	42.7	8.8%	31.8	6.8%	34.3%
Thereof minority interest	-1.4	-0.3%	-0.5	-0.1%	180.0%

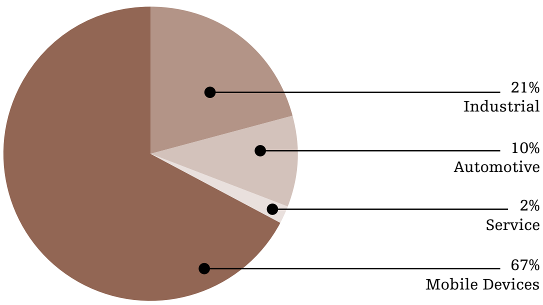
Revenues

AT&S's total revenues reached a new record level of EUR 485.7m. This was the sixth successive year of year-on-year revenue gains, and the compounded average annual growth rate (CAAGR) over the period is about 10%. This performance is all the more impressive when considered against the backdrop of an ever weakening US dollar: at the start of 2001/02 one euro traded for about USD 0.88, and by the end of 2007/08 it was worth roughly USD 1.58. 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. Higher volumes in Korea and a higher product mix also contributed to the increase.



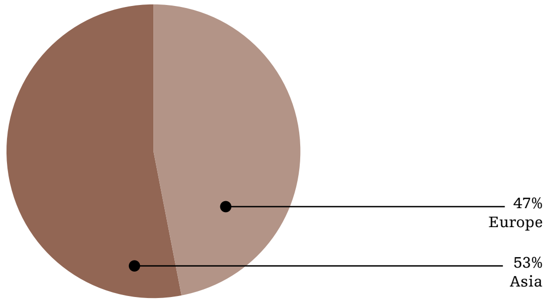
Revenues by segment

At 67%, Mobile Devices (formerly Telecom) made by far the largest contribution to total revenues, increasing its share by 7 percentage points compared with last financial year. In addition to increased demand for mobile telephones, growth of the Mobile Devices segment was attributable to projects for digital cameras and portable music players. The other two core segments – Automotive and Industrial – also posted revenue gains, accounting for 10% and 21% of the total respectively. The share contributed by Service (assembly, trading and design) fell to just 2% following completion of a major one-off project.



Production by region

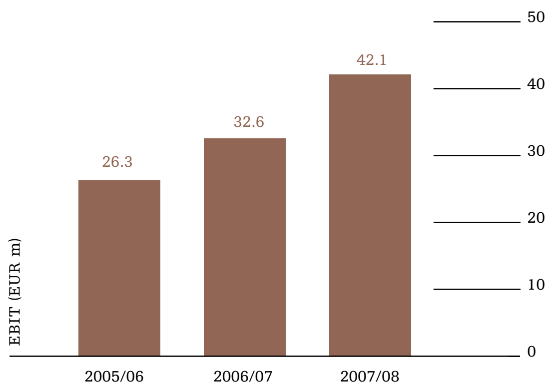
Production capacity built up in Asia over recent years has played a major role in the AT&S success story. Last year the second plant in Shanghai came into operation, and work has begun on the ramp-up of the third facility. Net capital investment of EUR 102.9m in 2007/08 was chiefly attributable to the construction of addition capacity in China. Asia accounted for more than 50% of sales for the first time in 2007/08, so that the bulk of operating costs were absorbed in dollar-linked Asia.



Earnings

Earnings in 2007/08 once again reflected AT&S's high profitability. Operating profit (EBIT) of EUR 42.1m was 29% up on the previous year, resulting in an EBIT margin of 8.7%, an increase of about 1.7 percentage points on the same period a year earlier.

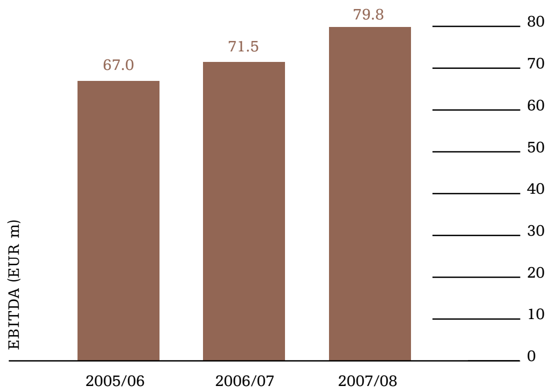
Continual improvements to production processes, availability of additional capacities in China and the resulting reduction of costs to a minimum, the improved product mix and the positive developments in India all had a positive impact on earnings.



One of the reasons for AT&S's success is its installed capacity in Asia. Financial 2007/08 was the first year in which more than 50% of the revenues also came from Asia.

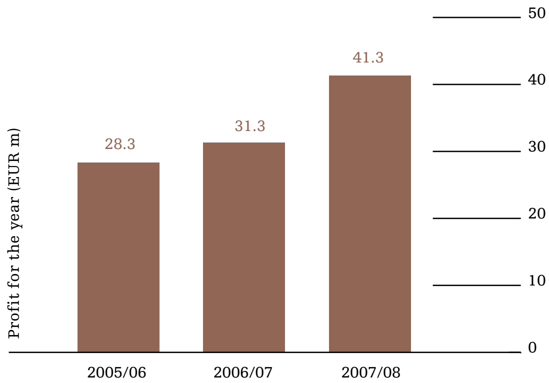
With its long-term currency hedges, AT&S has successfully neutralised the earnings impact of the weakness of the US dollar. Earnings per share were at a record high of EUR 1.83.

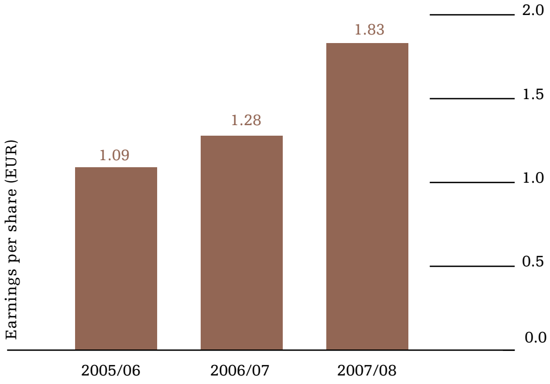
EBITDA of EUR 79.8m and the EBITDA margin of 16.4% were both at high levels for the printed circuit board industry, as in earlier years.



In 2007/08 consolidated net profit for the year was up 32% to EUR 41.3m. In addition to the higher EBIT, this increase was the result of a significantly improved financial result, largely made possible by AT&S's long-term currency hedges which made up for the effects of the weakened dollar.

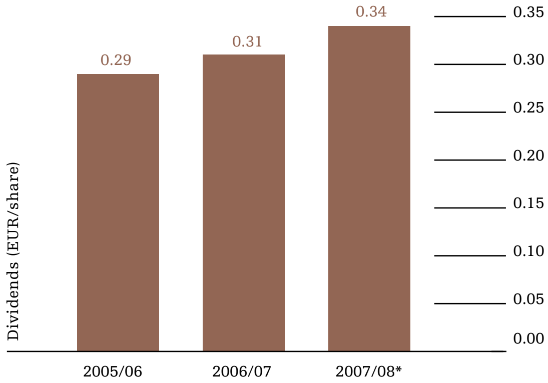
Earnings per share were at a record high of EUR 1.83. As a consequence of the reduced number of shares in circulation following buy-backs, the year-on-year increase comes out at 43%.





Dividends

On the basis of the financial year's strong business performance and taking into consideration the prospects of continuing growth in the coming years, the Board of Management will recommend to the Annual General Meeting the payment of a dividend of EUR 0.34 per share for financial 2007/08 on the shares in issue. This is again an increase on last year's dividend of EUR 0.31 per share, and the highest dividend in AT&S's history.



* Proposal for the Annual General Meeting on July 3, 2008.

Financial standing

Balance sheet (summary)

(€ m)	March 31, 2008	March 31, 2007	% of total as of March 31, 2008	Change
Non-current assets	318,5	262,1	64%	22%
Current assets	177,1	189,8	36%	-7%
TOTAL ASSETS	**495,6**	**451,9**	**100%**	**10%**
Equity	226,3	220,8	46%	2%
Non-current liabilities	59,3	37,6	12%	58%
Current liabilities	210,0	193,5	42%	9%
TOTAL EQUITY AND LIABILITIES	**495,6**	**451,9**	**100%**	**10%**

The emphasis in 2007/08 was on expanding capacity in China, with some additional investment in the Austrian facilities.

Non-current assets represented 64% of AT&S's total assets of EUR 495.6m at March 31, 2008, with roughly 60% being property, plant and equipment. The 24% increase in property, plant and equipment is chiefly attributable to the capacity added in China, with some additional investment in the Austrian facilities.

Current assets were down 7% compared with the previous year, and represented 36% of total assets. This decline was chiefly attributable to the reduction in cash and cash equivalents arising from ongoing investment in capacity increases in Asia.

Long-term debt increased by 58% year-on-year and reflects the increased use of long-term borrowings in 2007/08 to finance capital investments. The proportion of debt accounted for by long-term borrowing will be increased again in 2008/09. Business climate permitting, there are plans to issue a five-year EUR 80m bond, with options to increase the volume.

Short-term borrowings have increased by 9% to EUR 210m. Investment in the Chinese facilities has also resulted in an increase in financial liabilities and trade payables.

The Group's equity ratio at 31 March 2008 was 46%, and the net gearing ratio 69%.

Shareholders' equity increased by 2% year on year, but the equity ratio declined from 49% to 46%. Net debt at March 31, 2007 amounted to EUR 156.3m, compared with EUR 110.6m a year earlier. The resulting gearing ratio rose from 50% (2006/07) to 69% (2007/08). The reduction in the equity ratio and the increase in net borrowings by EUR 45.7m 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. The equity ratio was also negatively affected by changes in exchange rates not favouring AT&S, particularly the rates for the renminbi yuan and the Hong Kong dollar. Foreign currency translation differences not affecting profit and loss but reducing equity amounted to EUR 24.6m in 2007/08. Between April 1, 2007 and March 31, 2008 the renminbi yuan (CNY) and the Hong Kong dollar (HKD) fell against the euro by 8% and 18% respectively.

Cash flow

Net cash generated from operating activities compared with last financial year rose by EUR 12.2m to EUR 61.8m. This was chiefly attributable to the EUR 10m improvement in consolidated net profit.

Net cash used in investing activities amounted to EUR 98.4m (2006/07: EUR 37.3m). Capital expenditure amounted to EUR 103.4m, of which EUR 92.9m was spent on expansion of operations in China. The marked difference in net cash outflows compared with last financial year principally relates to disposals of securities and sale-and-lease-back transactions in 2006/07. Outflows for investments of EUR 102.9m in 2007/08 were also EUR 8.2m higher than in the previous year.

Net cash generated from financing activities of EUR 22.9m were mainly the result of the increase in financial liabilities incurred to finance the investments in China. Share repurchases were significantly down year on year, while dividend payments were comparable those in the previous year.

Outlook

In financial 2008/09 we expect to continue to pursue our existing growth strategy, with further increases in AT&S's market share.

Positive outlook for all three core businesses

The majority of expert opinions are forecasting sustained growth for all three of the markets served by AT&S's core businesses, Mobile Devices, Automotive and Industrial. Particularly in replacement business in the mobile telephone market, demand for high-end devices will increase. AT&S is a technology leader, so this development works very much to our advantage. More and more, highly complex HDI microvia circuit boards – a technology we are in an outstanding position to supply – are also required in our other two businesses. We are ideally equipped to embark on serious volume production for the automobile industry in the coming years.

AT&S optimistic despite fears of recession

We remain optimistic about the future in spite of recent much discussed fears of recession. We expect growth in Asia, which currently contributes over 50% of our revenues, to remain strong. It should also not be forgotten that some products with low prices will be relatively unaffected by a recession. This includes handheld devices, an area where we have a strong presence. In the automotive segment we will be able to counter recessionary declines in two respects. First of all, as an electronics supplier we benefit from the steady rise in demand for electronics in motor vehicles. And secondly, we are also extremely well placed to pursue the opportunity of winning additional market shares.

Objectives and prospects for 2008/09

In the coming years we shall continue to stick rigorously to our strategy of growth. Strategic thrusts in the next financial year will include addition of new capacity in the third facility in Shanghai and construction of a second works in India. This will create additional capacities for the mobile devices, automotive and industrial businesses. At the same time we shall need to trim our costs again, and concentrate our Austrian production on the profitable niche markets in Europe in which there is less competition from Asia. In 2008/09 we will also place greater emphasis on additional services – such as design and assembly of printed circuit boards – to underline our standing as a highly professional and expert single source supplier of all-in-one solutions.

US dollar instability persists

The EUR/USD exchange rate and exchange rates of Asian currencies against the dollar remain difficult to predict. Our revenues and margins have suffered in recent years, as the Asian currencies pegged to the US dollar have accompanied it on its downward path. Capacity expansion for volume production in Asia has certainly helped to alleviate some of the negative impact on the earnings side. Other currency exposures have been hedged.

Market share gains and continuation of expansion strategy

For financial 2008/09 we expect to pursue our existing growth strategy, with further increases in AT&S's market share. However in light of the current macroeconomic risks arising from the financial crisis and the weakness of the US dollar, we are not able at this point to give any precise guidance.

Corporate Governance

AT&S's aim from the outset has been not merely to observe the minimum requirements of the German Corporate Governance Code, but to introduce the highest possible set of standards.

Corporate governance – the basis of transparent management

As a listed company, AT&S has explicitly committed itself to full compliance with the principles of good corporate governance by adopting the German Corporate Governance Code and signing the German Corporate Governance Declaration. From the very start, the aim has been to introduce the highest possible set of standards and not just merely to observe minimum requirements. In addition to statutory minimums, we also observe all the "shall" recommendations and the "should" suggestions of the German Corporate Governance Code. To prevent insider trading we have prepared internal insider rules and guidelines which are published on the AT&S website.

Shareholders and Annual General Meeting

Equal treatment of all investors, including providing them with comprehensive information, is something to which we attach especial importance. In addition to statutory publications (annual and quarterly reports, ad hoc announcements and directors' dealings) we also regularly report on the latest developments in the Group. All reports, releases and presentations are published on AT&S's website, www.ats.net.

The Annual General Meeting is transmitted live on the internet. We cooperate with the Austrian Shareholder Association (IVA) to give our shareholders the opportunity to exercise their votes online through proxies.

Board of Management

The Board of Management assumes responsibility for running the Group in the best interests of its shareholders and employees and the wider public. The Board of Management regularly submits up-to-date and comprehensive reports to the Supervisory Board on all matters pertaining to planning, business performance, risk exposure, risk management and compliance.

The compensation of the Board of Management comprises both fixed and variable elements. Calculation of the variable element is based on economic value added (EVA) and return on capital employed (ROCE), and includes stock options. More details of Board of Management compensation are shown on page 102 et seq. of the notes to the consolidated financial statements.

Supervisory Board

The Supervisory Board's role is to advise and monitor the Board of Management in the exercise of its managerial responsibilities. Expert committees are formed with responsibility for particular issues. As an example, the audit committee concerns itself with accounting matters, the annual audit, risk management and compliance.

The members of the Supervisory Board receive both fixed and performance-related compensation. We have undertaken to disclose individually all compensation and benefits awarded to members of the Supervisory Board for consultancy or agency services. Details of Supervisory Board compensation are shown on page 103 of the notes to the consolidated financial statements.

Directors' dealings

Pursuant to section 15a German Securities Trading Act (WpHG), purchases and sales of shares in the Company by members of Management and Supervisory Boards are immediately reported in writing to the Federal Financial Supervisory Authority (BaFin) and posted on the internet. Details of directors' holdings and dealings for financial 2007/07 are shown on page 46.

Share options

There are currently 13 senior executives in the Stock Option Plan. Their membership serves to ensure that management attitudes are aligned with shareholder interests. More information on share options is shown on pages 98 et seq. and 102 et seq. of the notes to the consolidated financial statements.

Corporate governance as a means of building public confidence

Compliance with strict corporate governance rules forms the basis of responsible management and control of the business. Provision of comprehensive information and the highest degree of transparency externally, together with ongoing development of effective management systems for internal control are high priorities for AT&S. This helps create confidence with domestic and international shareholders, customers, employees, media representatives and the general public and has a major impact on the ability to add permanent value to the Group.

Code of Business Ethics – clear guidelines for ethical and socially responsible behaviour

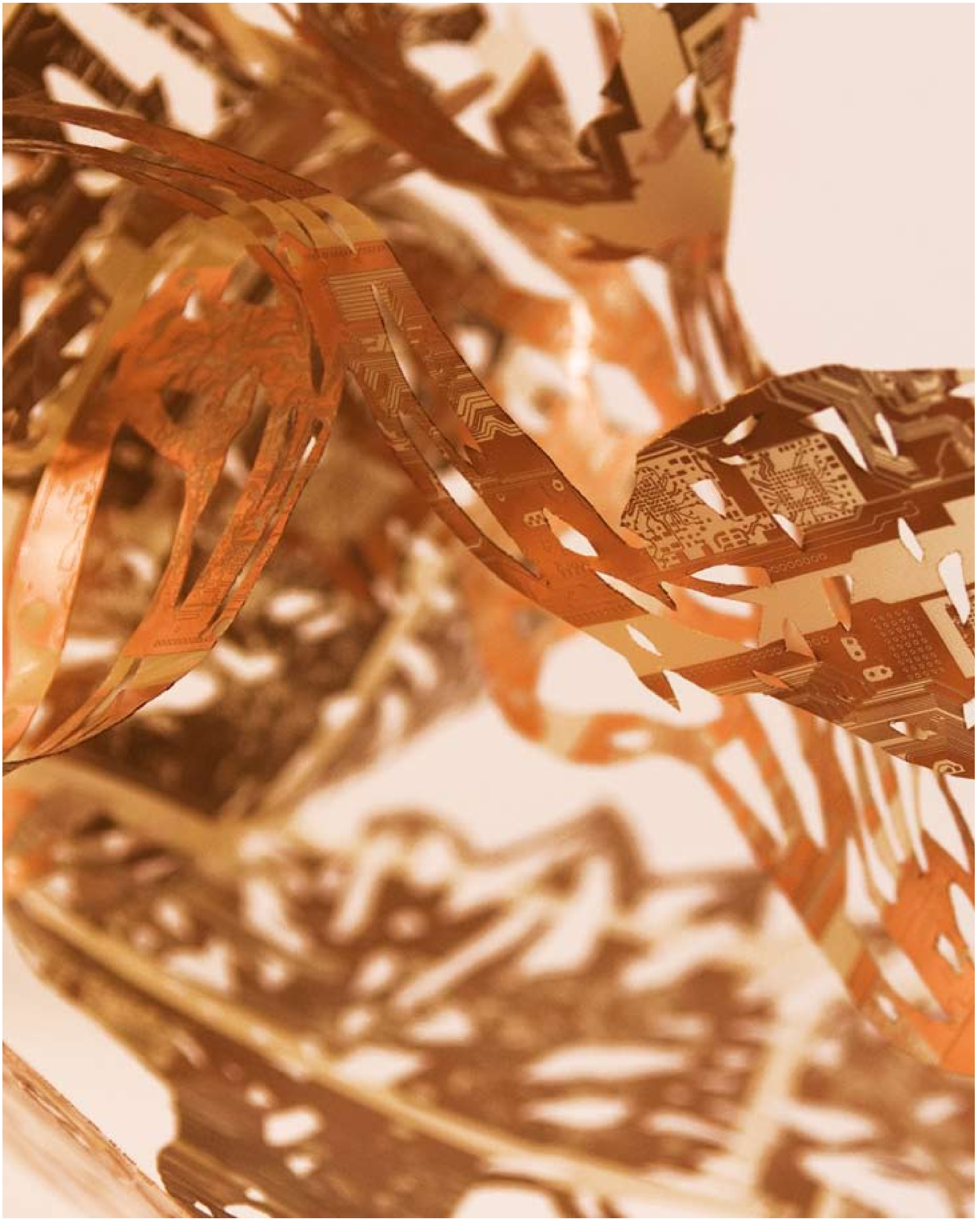
In addition to the principles of Corporate Governance, we have published a Code of Business Ethics which contains clear and simple guidelines for ethical and socially responsible behaviour by the Group in all business contexts. The Code applies to all our activities worldwide, and our employees are expected to observe it at all times in their day-today work. The Group's basic rules governing compliance and insider information, and its environmental protection policies, are also detailed here.

It is our duty and our strongest wish to adhere strictly to all corporate governance rules, as the cornerstone of shareholder confidence in the management and control of the business.

Directors' Holdings and Dealings

	SHARES				OPTIONS			
	Holdings March 31, 2007	Change	Holdings March 31, 2008	% capital	Holdings March 31, 2007	Change	Holdings March 31, 2008	Average strike price
Harald Sommerer [1]	40,000	1,500	41,500	0.16%	132,000	8,000	140,000	€ 18.59
H.S. Private Foundation	100,600	20,000	120,600	0.47%				
Total – Sommerer	140,600		162,100	0.63%				
Steen Hansen [1]	0		0	0.00%	84,000	21,000	105,000	€ 18.41
Heinz Moitzi [1]	1,672		1,672	0.01%	60,000	30,000	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 and dealings	**10,750,274**	**21,500**	**10,771,774**	**41.59%**	**276,000**	**59,000**	**335,000**	
Treasury stock [2] [3]	2,361,951	215,461	2,577,412	9.95%				
Other shares in issue	12,787,775		12,550,814	48.46%				
Total	**25,900,000**		**25,900,000**	**100.00%**	**276,000**		**335,000**	

[1] Options under Stock Option Plan.
[2] The nominal value of treasury stock at March 31, 2008 was EUR 2,835,153.
[3] Treasury stock is acquired for the purpose of meeting obligations under employee participation and stock options schemes, and for possible acquisitions.



Birgit Knoechl **Hybrid Growth**

AT&S Stock

Vienna Stock Exchange has grown to have an international reputation. Its focus on small and midcaps is one reason for moving from the Frankfurt Stock Exchange to AT&S's home stock exchange in Vienna.

Overarching principles – transparency, and timely and comprehensive information

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 its 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, we make it possible for our shareholders to participate in the voting at Annual General Meetings through proxies.

We make direct contact with investors

In addition to publishing mandatory reports and announcements, we make every effort to communicate directly with investors and analysts wherever possible. There were major investor conferences in Austria and Switzerland, and the Group was again represented at Vienna's Gewinnmesse, an investor oriented trade fair. Road shows in the German-speaking countries and in Belgium, Italy, Great Britain and Ireland also helped establish important contacts with investors. In May 2007 we hosted an investors' lunch, and held the annual Capital Markets Day for AT&S analysts in December 2007. The main focuses were on the Group's strategic alignment and the progress of its technological developments.

Share price

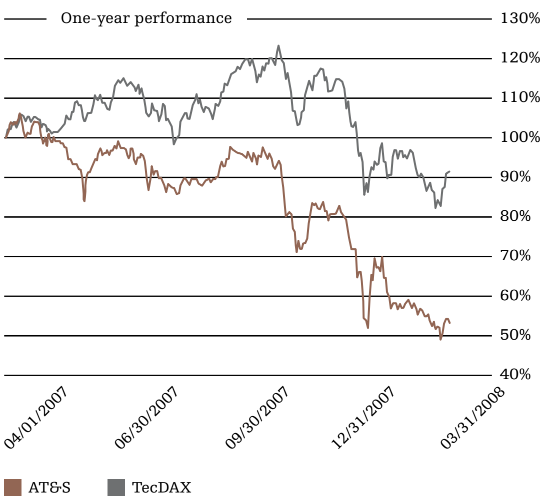
AT&S's shares have been quoted on the Frankfurt Stock Exchange since 1999. Unfortunately AT&S's strong operating performance was not reflected in its share price during 2007/08. Following a bright start early in the financial year with a high of EUR 20.44 on April 16, 2007, a downwards trend set in following turbulence on the stock exchanges, reaching its lowest point of EUR 9.00 on January 22, 2008. The closing price – EUR 10.29 – at March 31, 2008 was 47% lower than the price at the start of April 2007. With average daily volumes of 63,189 shares traded, or EUR 989,130, the stock's liquidity was down significantly on the previous year. On March 25, 2008 AT&S stock was dropped from the TecDAX, as it no longer met liquidity and market capitalisation criteria for inclusion in this index.

AT&S moves to its home stock exchange in Vienna

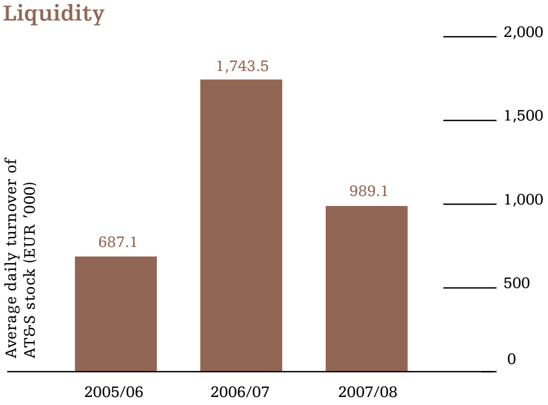
In May 2008 we decided to apply for delisting from the Frankfurt Stock Exchange and to move to our home stock exchange in Vienna. AT&S stock is listed in the Prime Market segment of the Vienna Stock Exchange. The first day of trading was May 20, 2008. The shares will be double listed for an interim period, and as of September 2008 are expected to list only in Vienna.

Since AT&S came to market 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 small and midcap investors that are so important to us. Now that it is no longer included in Frankfurt's TecDAX, AT&S's visibility for investors and analysts has suffered. On the Vienna Stock Exchange AT&S will be among the 30 largest stock exchange listed enterprises (not including property companies), which will mean more extensive media coverage and higher visibility.

AT&S against the TecDAX



Liquidity



AT&S share – overview

	2007/08	2006/07	2005/06
High	€ 20.44	€ 23.80	€ 18.06
Low	€ 9.00	€ 13.73	€ 10.55
Year end close (March 31)	€ 10.29	€ 19.40	€ 16.79
Average daily volume (shares traded)	63,189	92,441	45,943
Average daily volume (€)	989,130	1,743,537	687,064

Dividends

AT&S dividend policy is to align dividends with cash earnings. On the basis of the financial year's strong business performance and the prospects of continuing growth in the coming years, the Board of Management will recommend to the Annual General Meeting for financial 2007/08 a dividend of EUR 0.34 per share on the shares in issue. This represents a year-on-year increase of 10% and will be the highest dividend in the Group's history. Since 2001/02 the dividend has increased by about 11% per year, and by 89% overall.

Share buy-back program

A resolution of the 13th Annual General Meeting of July 3, 2007 authorises the repurchase of up to 10% of the issued share capital, or 2.59 million shares, before January 3, 2009. At March 31, 2008 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.

These repurchases are part of AT&S's longer-term strategy to optimise the balance sheet structure and give shareholders a great participation in the Group's success.

On the basis of strong business performance and the prospects of continuing growth in the coming years, the Board of Management will recommend to the Annual General Meeting the payment of a dividend for financial 2007/08 of EUR 0.34 per share on the shares in issue.

At 31 March 2008 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.

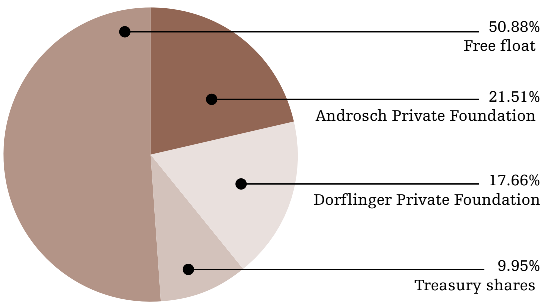
Outstanding research coverage

The number of analysts covering AT&S is exceptional in comparison with other Austrian enterprises of similar size. In 2007/08 a total of ten banks regularly issued research reports on AT&S.

In 2007/08, the following analysts published research reports on AT&S:

- Bank Austria: Paul Wessely
- Citigroup Smith Barney: Chris Vagg
- Deutsche Bank: Uwe Schupp
- DZ Bank: Adrian Pehl, Dirk Schlamp
- Erste Bank: Vera Sutedja
- JP Morgan: Rod Hall
- Landesbank Baden-Württemberg: Stephan Wittwer
- Raiffeisen Centrobank: Danial Damaska
- Sal. Oppenheim: Nicolas von Stackelberg
- WestLB: Thomas Langer

Shareholdings



AT&S stock

	Frankfurt Stock Exchange	Vienna Stock Exchange
Security ID number	922230	969985
ISIN-code	AT0000969985	AT0000969985
Symbol	AUS	ATS
Reuters RIC	ATSV.DE	ATSV.VI
Bloomberg	AUS:GR	ATS:AV

Financial calendar

14th Annual General Meeting	July 3, 2008
Quarter 1 2008/09	July 24, 2008
Dividend payment date	July 25, 2008
Quarter 2 2008/09	October 23, 2008
Quarter 3 2008/09	January 27, 2009
Annual results 2008/09	May 14, 2009

Investor relations

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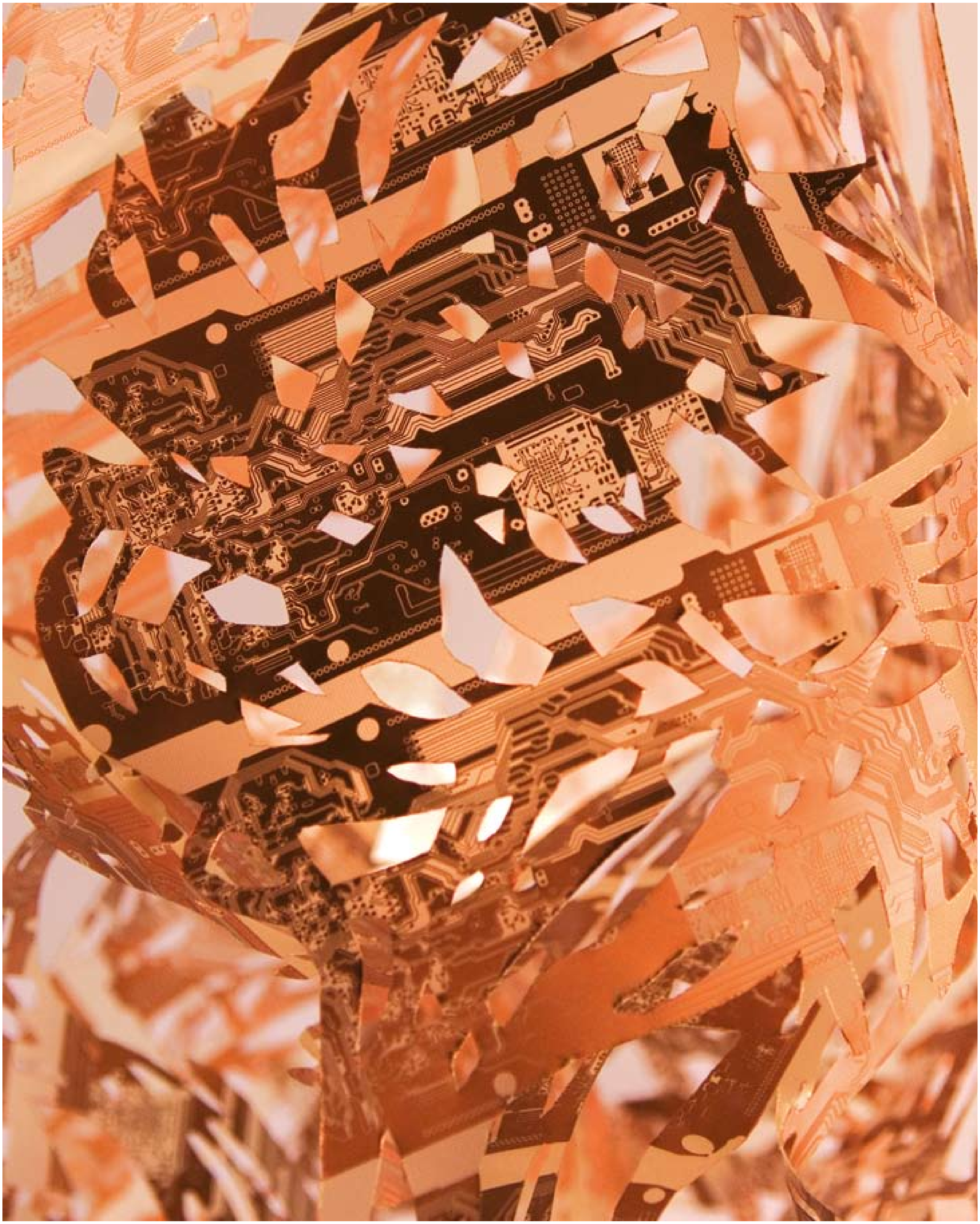
E-mail: ir@ats.net



Birgit Knoechl **Hybrid Growth**

Consolidated Financial Statements as of March 31, 2008

Table of Contents

Consolidated Income Statement

(in € 1,000)	Note	Financial year ended March 31, 2008	2007
Revenue	1	485,744	467,403
Cost of sales	2	(396,458)	(395,932)
Gross Profit		89,286	71,471
Selling costs	2	(23,097)	(22,945)
General and administrative costs	2	(21,734)	(20,421)
Other operating result	4	(1,227)	4,534
Non-recurring items	5	(1,113)	10
Operating profit		42,115	32,649
Financial income	6	11,377	6,570
Financial expense	6	(8,253)	(7,105)
Financial result		3,124	(535)
Profit before tax		45,239	32,114
Income tax expense	7	(3,949)	(809)
Profit for the year		**41,290**	**31,305**
Thereof equity holders of the company		42,691	31,813
Thereof minority interest		(1,401)	(508)
Earnings per share for profit attributable to equity holders of the Company	24		
- Basic earnings per share (in €)		1.83	1.28
- Diluted earnings per share (in €)		1.83	1.28

Consolidated Balance Sheet

		March 31,	
(in € 1,000)	Note	2008	2007
ASSETS			
Non-current assets			
Property, plant and equipment	8	297,750	240,268
Intangible assets	9	8,347	11,566
Financial assets	13	119	193
Overfunded retirement benefits	18	424	774
Deferred tax assets	7	9,391	7,089
Other non-current assets	10	2,461	2,281
		318,492	262,171
Current assets			
Inventories	11	51,714	49,815
Trade and other receivables	12	93,751	95,290
Financial assets	13	20,044	16,106
Non-current assets held for sale	14	2,151	3,865
Current income tax receivables		84	100
Cash and cash equivalents	15	9,364	24,597
		177,108	189,773
Total assets		**495,600**	**451,944**
EQUITY			
Share capital	23	45,658	49,529
Other reserves		(39,714)	(14,924)
Retained earnings		219,817	185,617
Equity attributable to equity holders of the company		225,761	220,222
Minority interest		530	545
Total equity		**226,291**	**220,767**
LIABILITIES			
Non-current liabilities			
Financial liabilities	17	39,301	17,072
Provisions for employee benefits	18	10,830	10,890
Other provisions	19	–	200
Deferred tax liabilities	7	7,280	6,872
Other long-term liabilities	16	1,852	2,598
		59,263	37,632
Current liabilities			
Trade and other payables	16	75,790	67,961
Financial liabilities	17	130,126	121,814
Current income tax payables		2,418	1,109
Other provisions	19	1,712	2,661
		210,046	193,545
Total liabilities		**269,309**	**231,177**
Total equity and liabilities		**495,600**	**451,944**

Consolidated Cash Flow Statement

(in € 1,000)	Financial year ended March 31, 2008	2007
Cash flows from operating activities		
Profit of the year	41,290	31,305
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	37,695	38,840
Income tax expense	3,949	809
Financial expense/(income)	(3,124)	535
(Gains)/losses from the sale of fixed assets	789	121
Release from government grants	(2,597)	(5,699)
Other non-cash expense/(income), net	220	3,368
Changes in working capital:		
- Inventories	(4,156)	(7,769)
- Trade and other receivables	(1,906)	(8,515)
- Trade and other payables	3,575	3,447
- Provisions for other liabilities and charges	(869)	1,042
Cash generated from operations	74,866	57,484
Interest paid	(7,737)	(5,186)
Interest received	292	316
Income tax paid	(5,593)	(3,011)
Net cash generated from operating activities	**61,828**	**49,603**
Cash flows from investing activities		
Capital expenditure for property, plant and equipment and intangible assets	(103,363)	(95,178)
Proceeds from sale of property, plant and equipment and intangible assets	481	33,308
Purchase of financial assets	–	(216)
Proceeds from sale of financial assets	4,513	22,718
Proceeds from sale of assets held for sale	–	223
Proceeds from loans granted	–	3,120
Acquisition of subsidiaries, net of cash acquired	–	(1,265)
Net cash used in investing activities	**(98,369)**	**(37,290)**
Cash flows from financing activities		
Proceeds from borrowings	74,570	68,500
Repayments of borrowing	(42,910)	(34,070)
Proceeds from government grants	2,477	590
Others, net	–	(184)
Proceeds from the exercise of stock options	651	808
Payments for the purchase of treasury shares	(4,590)	(42,864)
Dividends paid	(7,249)	(7,372)
Net cash generated from/(used in) financing activities	**22,949**	**(14,592)**
Net decrease in cash and cash equivalents	**(13,592)**	**(2,279)**
Cash and cash equivalents at beginning of the year	24,597	28,343
Exchange gains/(losses) on cash and cash equivalents	(1,641)	(1,467)
Cash and cash equivalents at end of the year	**9,364**	**24,597**

Consolidated Statement of Changes in Equity

(in € 1,000)	Share capital	Other reserves	Retained earnings	Equity attributable to equity holders of the Company	Minority interest	Total equity
March 31, 2006	**91,272**	**(3,341)**	**161,843**	**249,774**	**538**	**250,312**
Fair value gains/(losses) net of tax of available-for-sale financial assets	–	(933)	–	**(933)**	–	**(933)**
Currency translation differences	–	(10,650)	–	**(10,650)**	(10)	**(10,660)**
Net income/(expense) recognised directly in equity	–	(11,583)	–	**(11,583)**	(10)	**(11,593)**
Profit for the year	–	–	31,813	**31,813**	(508)	**31,305**
Total recognised income and expense in 2006/07		**(11,583)**	**31,813**	**20,230**	**(518)**	**19,712**
Stock option plan:						
- Value of employee services	89	–	–	**89**	–	**89**
- Change in stock options	375	–	–	**375**	–	**375**
Change in treasury stock net of tax	(42,207)	–	–	**(42,207)**	–	**(42,207)**
Dividend relating to 2005/06	–	–	(7,372)	**(7,372)**	–	**(7,372)**
Minority interest through acquisition and reclassifications of losses attributable to minority interest	–	–	(667)	**(667)**	525	**(142)**
March 31, 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 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 interest through acquisition and reclassifications of losses attributable to minority interest	–	–	(1,398)	**(1,398)**	1,398	**–**
March 31, 2008	**45,658**	**(39,714)**	**219,817**	**225,761**	**530**	**226,291**

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.

The Company has been listed in the Prime Standard segment of the Frankfurt Stock Exchange, Germany, since July 16, 1999. The listing on the Vienna Stock Exchange is planned (see also Note 27 "Material events after the balance sheet date").

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.

According to the framework and IFRS disclosure requirements, some items were combined or presented separately this year and prior year figures were adjusted accordingly for better comparison. Changes in measurement methods were not made.

a. Consolidation principles

The balance sheet date for all consolidated companies is March 31, 2008 with the following exception: Due to the legal situation in China the reporting year of AT&S China corresponds to the calendar year (December 31, 2007), its consolidation was performed on the basis of the interim financial statements as of March 31, 2008.

The consolidated financial statements have been approved for issue by the Board of Directors on May 13, 2008. 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 June 12, 2008. 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 Pvt. Ltd., India (hereinafter referred to as AT&S India),
- AT&S Verwaltungs GmbH & Co KG, Germany,
- AT&S Deutschland GmbH, Germany,
- C2C Technologie für Leiterplatten GmbH, Austria,
- AT&S (China) Company Ltd., China (hereinafter referred to as AT&S China),
- DCC – Development Circuits & Components GmbH, Austria,
- AT&S Klagenfurt Leiterplatten GmbH, Austria,
- AT&S Asia Pacific Ltd., Hong Kong (hereinafter referred to as AT&S Asia Pacific),
- AT&S Japan K.K., Japan,
- AT&S ECAD Technologies Ltd., India (hereinafter referred to as AT&S ECAD),
- AT&S ECAD Technologies Inc., USA,
- AT&S Korea Co. Ltd., South Korea (formerly Tofic Co., Ltd., hereinafter referred to as AT&S Korea),
- AT&S Americas LLC, USA (hereinafter referred to as AT&S Americas).

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 interest. 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 terms and methods are reviewed annually. In the past financial year, as of January 1, 2007 previous estimates of expected useful lives for certain machinery and technical equipment were reviewed and reassessed based on recent experience. This mainly relates to machinery and equipment with originally assessed useful lives of 5 - 7 years, which were extended by an average of 2.0 - 2.5 years. The effects of this change in estimates are recognised prospectively (refer to Note 8 "Property, plant and equipment").

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 expensed as incurred.

Government grants relating to the purchase of property, plant and equipment as well as investment premiums are included in current and non-current liabilities as other liabilities and are credited to the income statement on a straight-line basis over the expected useful lives of the related assets.

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 amortized cost is made.

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

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

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

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

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 U.S. 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 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,
- 13.31% in AT&S ECAD,
- 2.73% 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 labour regulations. At each balance sheet date the liabilities are remeasured by qualified and independent actuaries.

For employees who joined Austrian companies up to and including 2002 direct obligations of the company exist, which account for the major part of the Group's termination benefit obligations. In accordance with IAS 19 these liabilities are calculated using the projected unit credit method, taking into consideration the corridor method and represent termination benefit obligations not covered by plan assets. Actuarial gains or losses exceeding the corridor are charged or credited to income over the expected average remaining working lives of the employees covered by the plan. For employees who joined as of January 1, 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.

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. 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. 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 asset is not recognised in the consolidated financial statements, but disclosed, if it is likely that an economic benefit will result.

t. New accounting regulations
The IFRS already mandatory at the balance sheet were adopted in the preparation of the consolidated financial statements. The IASB issued a number of amendments to existing standards, as well as new standards and interpretations which are mandatory for accounting periods 2007/08. These regulations were also adopted by the EU and relate to the following areas:

IAS 1:	Amendment to Capital Disclosures
IFRS 7:	Financial Instruments: Disclosures
IFRIC 10:	Interim Financial Reporting and Impairment
IFRIC 11:	Group and Treasury Share Transactions pursuant to IFRS 2

The first-time adoption of these regulations had no material effect on the Group's financial position, cash flows and results of operations.

The first-time adoption of IFRS 7 and of the amendments to IAS 1 requires new disclosure regulations on financial instruments, but does not result in a change regarding the classification and measurement of the financial instruments included in the consolidated financial statements or the disclosures on taxes, as well as trade and other payables.

The IASB adopted further standards or amendments to standards and interpretations which are not yet mandatory for the accounting period 2007/08. 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 (mandatory for accounting periods beginning on or after January 1, 2009)

The Company will adopt this standard for the first time in the financial year beginning on April 1, 2009. The first-time adoption will not have an impact on the Group's assets and liabilities, financial position and results of operations.

The following standards or amendments to standards and interpretations were adopted by the IASB or IFRIC, respectively, however, at the time these consolidated financial statements were prepared had not yet been adopted by the EU:

IFRIC 12: Service Concession Arrangements (mandatory for accounting periods beginning on or after January 1, 2008)

IAS 23: Borrowing Costs (applicable to borrowing costs relating to qualifying assets to be capitalised for the first time on or after January 1, 2009)

IFRIC 13: Customer Loyalty Programmes (mandatory for accounting periods beginning on or after July 1, 2008)

IFRIC 14: The Limit on a Defined Benefit Asset: Minimum Funding Requirements and their Interaction (mandatory for accounting periods beginning on or after July 1, 2008)

IAS 1: Presentation of Financial Statements (revised September 2007 – mandatory for accounting periods beginning on or after January 1, 2009)

IFRS 3: Business Combinations (revised January 2008 – mandatory for accounting periods beginning on or after July 1, 2009)

IAS 27: Consolidated and Separate Financial Statements in accordance with IFRS (revised January 2008 – mandatory for accounting periods beginning on or after July 1, 2009)

IFRS 2: Share-based Payment (revised January 2008 – mandatory for accounting periods beginning on or after January 1, 2009)

IAS 32: Financial Instruments: Disclosures (revised February 2008 – mandatory for accounting periods beginning on or after January 1, 2009)

The effects of these new regulations 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.

Impairment of goodwill

The Group annually tests whether goodwill has suffered any impairment, in accordance with the accounting policy I.B.h. "Summary of significant accounting policies: Impairment and reversal of an impairment loss of property, plant and equipment, intangible assets and assets held for sale". The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. Reference is made to Note 9 "Intangible assets".

If from a sensitivity perspective the expected gross profit margin was 10% below the gross profit margin estimated by management, the Group would have to reduce the carrying amount of AT&S Korea's goodwill by TEUR 745. Neither a discount rate 10% higher than the management's estimate nor a growth rate 10% lower would result in impairment.

Projected benefit obligations

On March 31, 2008 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 benefit obligation	740	842

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 potential reduction of currently scheduled tax rates for AT&S China based on regulations for special high-technology companies would lower deferred tax assets by EUR 1.4 million at the balance sheet date.

Deferred tax assets in the amount of EUR 8.9 million were not recognised for tax loss carryforwards in the Group. 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 relocation of the Fohnsdorf (Austria) 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 76,367. Cash and cash equivalents, trading securities and securities available for sale account for TEUR 22,926 thereof and existing unused credit lines for TEUR 53,441 thereof.

The Company is authorized, subject to approval by the Supervisory Board, to issue up to 11,300,000 new shares of authorized 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 high cash flow from operating activities at its disposal.

With regard to liquidity risks, reference is also made to the detailed disclosures in Note 17 "Financial liabilities".

Market risks

Interest rate risk

The main interest rate risk on the assets side of the balance sheet relates 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, 67% of the borrowings are subject to fixed interest rates, and most of the remaining variable interest rate loans (33%) 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 possible, 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 1.2 million (2006/07: EUR 0.6 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 0.4 million (2006/07: EUR 0.2 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 0.9 million (2006/07: EUR 0.2 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. 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 automotive and industrial. In order to increase the existing customer portfolio, the focus is on the acquisition of new customers, on the development of the distribution network to better correspond to market requirements and increasingly on customers in the CEM and ODM (original design manufacturer) sectors.

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 March 31, 2008 account for 33% of total trade receivables (March 31, 2007: 39%) 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. The existing technology network was also expanded further. 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 optimize 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 (plus net provisions for employee benefits) less cash and cash equivalents (as well as current other financial assets excluding derivative financial instruments).

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 March 31, 2008 amounted to 69% (March 31, 2007: 50%).

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 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 profit	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”.

Financial year 2006/07:

(in € 1,000)	Europe	Asia	Not allocated and consolidation	Group
External sales	389,295	78,108	–	467,403
Intercompany sales	–	112,265	(112,265)	–
Total revenues	389,295	190,373	(112,265)	467,403
Segment result/Operating profit	26,759	29,148	(23,258)	32,649
Financial result				(535)
Profit before income tax				32,114
Income tax expense				(809)
Profit for the year				**31,305**
Total assets	158,735	275,941	17,268	451,944
Liabilities	56,602	36,466	138,109	231,177
Capital expenditures	10,205	85,025	–	95,230
Depreciation/amortisation of property, plant and equipment and intangible assets	17,999	20,841	–	38,840

Significant effects on the segment result:

(in € 1,000)	Europe	Asia	Not allocated and consolidation	Group
Impairments	250	510	–	760
Non-recurring items	10	–	–	10

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:

	Financial year ended March 31,	
(in € 1,000)	2008	2007
Mobile devices	323,371	280,382
Industrial	102,377	100,082
Automotive	50,234	41,133
Other	9,762	45,806
	485,744	**467,403**

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.

The breakdown by segment is made according to customer allocation customary in the industry and differs from the presentation in the prior year financial statements, where the breakdown was made by production method. The mobile devices segment mainly includes telecommunications. The prior year figures were adjusted for better comparison.

Revenue broken down by country is as follows:

	Financial year ended March 31,	
(in € 1,000)	2008	2007
Austria	22,022	25,628
Germany	120,033	122,359
Hungary	44,626	43,617
Other EU	31,862	47,831
Asia	203,237	167,075
Canada, USA	57,977	50,307
Other	5,987	10,586
	485,744	**467,403**

IV. Notes to the Income Statement

1. Revenue

(in € 1,000)	Financial year ended March 31, 2008	2007
Main revenue	485,430	467,076
Incidental revenue	314	327
	485,744	**467,403**

2. Types of expenses

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

(in € 1,000)	Financial year ended March 31, 2008	2007
Cost of materials	204,888	217,667
Personnel expenses	115,592	114,167
Depreciation/amortisation	35,003	38,080
Change in inventories	(2,816)	(8,877)
Energy	21,288	16,950
Maintenance	8,102	7,676
Transportation costs	8,519	9,018
Purchased services incl. leased personnel	29,677	25,027
Other	21,036	19,590
	441,289	**439,298**

3. Research and development costs

The Group incurred research and development costs in the amount of TEUR 8,651 and TEUR 2,618 in the financial years 2007/08 and 2006/07, respectively. The above amounts represent costs which can be directly allocated and which are expensed as incurred and have been charged to cost of sales as other expenses. The increase over the prior year, apart from the expansion of respective activities in the subsidiaries, is due to more comprehensive cost allocations.

4. Other operating result

(in € 1,000)	Financial year ended March 31, 2008	2007
Income from the reversal of government grants	2,064	5,252
Expenses/income from foreign exchange differences	(1,475)	373
Losses from the sale of non-current assets	(789)	(121)
Impairments/reversals of impairments of property, plant and equipment *)	135	(510)
Impairments/reversals of impairments of intangible assets **)	–	(250)
Impairments of assets held for sale ***)	(1,714)	–
Start-up losses ****)	(2,058)	(2,629)
Insurance reimbursements	15	11
Miscellaneous other income	2,595	2,408
	(1,227)	**4,534**

*) Reference is made to Note 8 "Property, plant and equipment".
**) Reference is made to Note 9 "Intangible assets".
***) Reference is made to Note 14 "Non-current assets held for sale".
****) The start-up losses are due to the construction of the third plant in 2007/08 and the second plant in 2006/07 in China.

5. Non-recurring items

Non-recurring items include the following:

(in € 1,000)	Financial year ended March 31, 2008	2007
Impairments of goodwill	(1,113)	–
Income from the reversal of provisions for restructuring	–	12
Other costs	–	(2)
	(1,113)	**10**

Reference is made to Note 9 "Intangible assets" and Note 19 "Other provisions".

6. Financial result

(in € 1,000)	Financial year ended March 31, 2008	2007
Interest income from financial assets at fair value	660	546
Other interest income	292	316
Gains from the sale of cash equivalents	881	291
Gains from the disposal of securities available for sale	–	1,068
Realised gains from derivative financial instruments, net	4,513	1,045
Gains from the measurement of derivative financial instruments at fair value, net	4,169	2,703
Gains from foreign exchange differences, net	862	–
Other financial income	–	601
Financial income	11,377	6,570
Interest expense on borrowings	(7,650)	(4,832)
Interest expense from finance leases	(144)	(242)
Losses from foreign exchange differences, net	–	(1,533)
Other financial expenses	(459)	(498)
Financial expenses	(8,253)	(7,105)
Financial result	**3,124**	**(535)**

7. Income taxes

The income tax expense is broken down as follows:

(in € 1,000)	Financial year ended March 31, 2008	2007
Current income taxes	7,059	3,651
Deferred taxes	(3,110)	(2,842)
Total tax expense	**3,949**	**809**

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

(in € 1,000)	Financial year ended March 31, 2008	2007
Expected tax expense at standard Austrian rate	11,310	8,029
Effect of different tax rates in foreign countries	(10,080)	(6,570)
Non-creditable foreign withholding taxes	1,867	174
Effect of change in previously unrecognised tax losses and temporary differences	3,268	405
Effect of the change in tax laws	(1,744)	–
Effect of permanent differences	(1,007)	(804)
Effect of taxes from prior periods	329	(417)
Other tax effects, net	6	(8)
Total tax expense	**3,949**	**809**

Deferred tax assets and liabilities consist of the following:

	March 31,	
(in € 1,000)	2008	2007
Deferred tax assets		
Tax loss carryforwards including taxable goodwill	5,411	4,467
Non-current assets	3,163	1,895
Inventories	1,155	356
Trade receivables	302	7
Retirement, termination benefit and other employee benefit obligations	1,001	549
Other non-current liabilities	967	1,531
Start-up losses	–	124
Other	682	617
Deferred tax assets	12,681	9,546
Deferred tax liabilities		
Non-current assets	(3,407)	(3,706)
Unrealised gains from securities available for sale, recognised in equity and not taken through profit or loss	(19)	(13)
Provisions for termination benefits	(775)	(805)
Foreign currency valuation	(1,621)	(644)
Temporary differences arising from shares in subsidiaries	(1,152)	–
Other taxable temporary differences	(3,573)	(4,002)
Other	(23)	(159)
Deferred tax liabilities	(10,570)	(9,329)
Deferred tax assets, net	**2,111**	**217**

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:

	March 31,	
(in € 1,000)	2008	2007
Deferred tax assets:		
- non-current	6,761	5,810
- current	2,630	1,279
	9,391	7,089
Deferred tax liabilities:		
- non-current	(5,123)	(6,161)
- current	(2,157)	(711)
	(7,280)	(6,872)
Deferred tax assets, net	**2,111**	**217**

At March 31, 2008 the Group has tax loss carryforwards and taxable goodwill amounting to a total of TEUR 54,911 (at March 31, 2007 TEUR 20,852). For loss carryforwards amounting to TEUR 34,757 (at March 31, 2007 TEUR 4,584) thereof no deferred tax assets were recognised in the amount of TEUR 8,866 (at March 31, 2007 TEUR 1,160), since it is unlikely that they could be realised in the foreseeable future. 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 changed as follows:

	Financial year ended March 31,	
(in € 1,000)	2008	2007
Carrying amount at the beginning of the financial year	217	(4,225)
Currency translation differences	(1,228)	(52)
Acquisition of subsidiaries	–	1,488
Income in the income statement	3,110	2,842
Income taxes recognised in equity	12	164
Carrying amount at the end of the financial year	**2,111**	**217**

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 March 31, 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 March 31, 2008	45,002	225,630	5,685	21,433	297,750
At March 31, 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**

(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 March 31, 2006	49,748	132,466	5,791	29,419	217,424
Exchange differences	(1,391)	(5,799)	(142)	(1,587)	(8,919)
Additions	4,460	3,463	302	6	8,231
Disposals	13,652	57,735	2,358	20,699	94,444
Transfers	32,746	280	81	–	33,107
Impairment	2,262	25,567	214	(28,118)	(75)
Reversals of impairment	–	510	–	–	510
Depreciation, current	2,411	32,507	2,302	–	37,220
Net carrying amount March 31, 2007	33,574	180,135	6,140	20,419	240,268
At March 31, 2007					
Gross carrying amount	37,888	434,054	22,134	20,419	514,495
Accumulated depreciation	4,314	253,919	15,994	–	274,227
Net carrying amount	**33,574**	**180,135**	**6,140**	**20,419**	**240,268**

The value of the land included in land, plants and buildings amounts to TEUR 1,470 (TEUR 1,802 as at March 31, 2007).

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

Effects of changes in useful lives
The adjustments of useful lives due to recent experiences in the prior year have a positive effect of TEUR 8,327 on the result in the financial year 2007/08 (TEUR 2,847 in 2006/07) as compared to the originally assumed useful lives. Reference is made to Note I.B.f. "Property, plant and equipment".

Impairment
For some property, plant and equipment, which fulfilled the criteria for impairment, an impairment to their recoverable amount had to be recognised. The impairment charge amounted to TEUR 137 in the financial year 2007/08 (TEUR 510 in the financial year 2006/07). The determination of this amount was based on available estimates for the sale of these assets under market conditions and arm's length transactions.

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":

	March 31,	
(in € 1,000)	2008	2007
Machinery and technical equipment	9,636	9,963
Accumulated depreciation	(5,651)	(4,217)
Net carrying amount	**3,985**	**5,746**

	March 31,	
(in € 1,000)	2008	2007
Tools, fixtures, furniture and office equipment	29	46
Accumulated depreciation	(22)	(26)
Net carrying amount	**7**	**20**

Reference is made to Note 17 "Financial liabilities".

Sale and lease-back
In December 2006 the Company sold land, plants and buildings in Leoben-Hinterberg and Fehring to a property leasing company, and leased them back as operating lease under a sale and lease back agreement over the non-cancellable lease term of 180 months (15 years). A book profit of TEUR 54 resulted from this sale and lease back transaction in the financial year 2006/07.

Collateralisation
In connection with the collateralisation of various financing agreements property, plant and equipment in the amount of TEUR 2,680 (TEUR 3,610 at March 31, 2007) was mortgaged. Part of property, plant and equipment was acquired through finance leases. Reference is made to Note 17 "Financial liabilities".

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 March 31, 2007	3,065	8,486	15	11,566
Exchange differences	(31)	(1,463)	–	(1,494)
Additions	440	–	102	542
Transfers	389	–	–	389
Impairment	–	1,113	–	1,113
Amortisation, current	754	–	11	765
Net carrying amount March 31, 2008	**2,331**	**5,910**	**106**	**8,347**
At March 31, 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**

(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 March 31, 2006	3,282	1,185	73	4,540
Exchange differences	(23)	(550)	(5)	(578)
Acquisitions of subsidiaries	2	7,851	–	7,853
Additions	786	–	–	786
Transfers	116	–	(41)	75
Impairment	250	–	–	250
Amortisation, current	848	–	12	860
Net carrying amount March 31, 2007	**3,065**	**8,486**	**15**	**11,566**
At March 31, 2007				
Gross carrying amount	13,192	8,486	35	21,713
Accumulated amortisation	10,127	–	20	10,147
Net carrying amount	**3,065**	**8,486**	**15**	**11,566**

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

Impairment
Impairments in the financial year 2007/08 relate to the impairment of goodwill of AT&S ECAD based on impairment tests for goodwill explained below.

In the past financial year 2006/07 some intangible assets that fulfilled the criteria for impairment were written down to their recoverable amount. The impairment loss amounted to TEUR 250. The determination of this amount was based on available estimates for the sale of these assets under conditions of market and third-party transactions.

Impairment test for goodwill
For the purpose of the impairment test, goodwill is allocated to the cash-generating units AT&S ECAD and AT&S Korea within the Asia segment.

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 ECAD a detailed planning horizon of three years was used. The value in use of AT&S Korea is based on a seven-year detailed planning.

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 two companies operate.

Key assumptions used for value-in-use calculation:

	AT&S ECAD	AT&S Korea
Gross profit margin[1]	25.6%	14.5%
Growth rate[2]	3.0%	3.0%
Discount rate[3]	16.9%	16.0%

[1] Budgeted gross profit margin
[2] Weighted average growth rate for the projection of cash flows according to the 3 or 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 ECAD in the amount of TEUR 1,113. Goodwill of AT&S Korea remained unchanged.

10. Other non-current assets

	March 31,	
(in € 1,000)	2008	2007
Prepayments	1,577	1,740
Deposits made	861	128
Other non-current receivables	23	413
Carrying amount	**2,461**	**2,281**

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

11. Inventories

(in € 1,000)	March 31, 2008	2007
Raw materials and supplies	17,974	18,895
Work in progress	13,334	12,819
Finished goods	20,406	18,101
Carrying amount	**51,714**	**49,815**

The write-down of inventories amounted to TEUR 4,340 at March 31, 2008 (TEUR 4,121 at March 31, 2007).

In connection with various financing agreements inventories in the amount of TEUR 750 (TEUR 1,953 at March 31, 2007) 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)	March 31, 2008	2007
Trade receivables	78.229	76.611
VAT receivables	8.799	9.146
Energy tax refunds	2.264	1.299
Deposits	244	190
Insurance reimbursements	1.010	4.458
Prepayments	633	709
Public grants, not yet received	166	248
Other receivables	3.314	3.517
Impairments	(908)	(888)
	93.751	**95.290**

Maturity of receivables

All receivables at March 31, 2008 and March 31, 2007 have remaining maturities of less than one year.

Factoring

In the financial year 2007/08, at the balance sheet date receivables in the amount of TEUR 11,059 were transferred to a bank under a genuine factoring arrangement.

In connection with various financing agreements trade receivables amounting to TEUR 43,200 (TEUR 43,200 at March 31, 2007) 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

(in € 1,000)	March 31, 2008	2007
Carrying amount	**93,751**	**95,290**
Thereof: trade and other receivables not impaired and not overdue or not insured, resp.	91,855	92,578
Thereof: trade and other receivables not impaired and not insured and overdue for the following periods:		
less than 3 months	1,425	2,116
between 3 and 6 months	110	319
between 6 and 12 months	40	110
more than 12 months	321	167

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 ended March 31, 2008	2007
Impairment at the beginning of the financial year	888	380
Acquisition of subsidiaries	–	3
Utilization	(434)	(76)
Reversal	(119)	–
Addition	590	588
Currency translation differences	(17)	(7)
Impairment at the end of the financial year	**908**	**888**

13. Financial assets

The carrying amounts of financial assets are as follows:

(in € 1,000)	March 31, 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**

(in € 1,000)	March 31, 2007	thereof non-current	thereof current
Financial assets at fair value through profit or loss	16,119	74	16,045
Available-for-sale financial assets	180	119	61
	16,299	**193**	**16,106**

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)	March 31, 2008	2007
Bonds	13.391	13.477
Derivative financial instruments*)	6.578	2.642
	19.969	**16.119**

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

All bonds held are denominated in euro. With regard to bonds in the amount of TEUR 12,497 (TEUR 12,432 at March 31, 2007) a repurchase agreement with a short term to maturity was concluded. Reference is made to Note 17 "Financial liabilities".

Securities held to maturity

(in € 1,000)	March 31, 2008	2007
Acquisition cost	1,000	1,000
Measurement	(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)	March 31, 2008	2007
Available-for-sale securities, at fair value	171	157
Other available-for-sale financial assets	23	23
Carrying amount	**194**	**180**

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

(in € 1,000)	Financial year ended March 31, 2008	2007
Carrying amount at the beginning of the financial year	157	21,823
Additions	–	–
Disposals	–	(20,043)
Unrealised gains/(losses) from the current period, recognised in equity	21	(30)
Reclassification of (gains) included in equity	–	(1,067)
Currency translation differences	(7)	(526)
Carrying amount at the end of the financial year	**171**	**157**

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 ended March 31, 2008	2007
Carrying amount at the beginning of the financial year	3,865	3,986
Disposals	–	(121)
Impairment	(1,714)	–
Carrying amount at the end of the financial year	**2,151**	**3,865**

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.

Assets held for sale mainly relate to the Europe segment.

15. Cash and cash equivalents

(in € 1,000)	March 31, 2008	2007
Bank balances and cash on hand	7,848	10,410
Time deposits	794	179
Highly liquid investments with a total maturity of less than three months	–	13,814
	8,642	24,403
Restricted cash	722	194
Carrying amount	**9,364**	**24,597**

At March 31, 2008 restricted cash relates to AT&S Korea, AT&S ECAD and AT&S India (at March 31, 2007 to AT&S China).

The reported carrying amounts correspond to the respective fair values.

16. Trade and other payables

(in € 1,000)	March 31, 2008	Less than 1 year	Remaining maturity 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 fiscal 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**

(in € 1,000)	March 31, 2007	Less than 1 year	Remaining maturity Between 1 and 5 years	More than 5 years
Trade payables	38,194	38,194	–	–
Government grants	1,409	221	750	438
Liabilities from stock options	600	–	600	–
Liabilities to fiscal authorities and other public taxing bodies	2,888	2,888	–	–
Social security payables	1,958	1,958	–	–
Liabilities from unconsumed vacations	4,877	4,877	–	–
Payables to employees	11,687	11,687	–	–
Other liabilities	8,946	8,136	810	–
Carrying amount	**70,559**	**67,961**	**2,160**	**438**

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

Government grants

Government grants relate 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:

- 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.

Liabilities from stock options

At the Supervisory Board Meeting held on November 8, 2004 a stock option plan 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 Frankfurt stock exchange or on 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 April 1, 2005 and April 1, 2008 at an exercise price 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 March 31, 2008.

		Date of grant		
		April 1, 2005	April 1, 2006	April 1, 2007
Exercise price	€	15.46	17.99	22.57
March 31, 2006		133,500	–	–
Number of options granted		–	148,000	–
Number of options forfeited		9,000	5,000	–
Number of options exercised		–	–	–
Number of options expired		–	–	–
March 31, 2007		124,500	143,000	–
Number of options granted		–	–	149,000
Number of options forfeited		4,000	15,000	20,000
Number of options exercised		2,000	–	–
Number of options expired		–	–	–
March 31, 2008		**118,500**	**128,000**	**129,000**
Weighted average remaining life of stock options		0.6 years	1.6 years	2.6 years

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 April 1, 2005 amounts to TEUR 34 as of March 31, 2008 and TEUR 678 as of March 31, 2007 and will be accounted for over their lives. The fair value of stock options granted as of April 1, 2006 amounts to TEUR 53 as of March 31, 2008 and TEUR 729 as of March 31, 2007 and will be accounted for over their lives. The fair value of stock options granted as of April 1, 2007 amounts to TEUR 56 as of March 31, 2008 and will be accounted for over their lives. 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 April 1, 2005, as of April 1, 2006 and as of April 1, 2007:

Risk-free interest rate	3.07–3.33%
Volatility	37.74%
Dividend per share	0.33
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 January 1, 2003 until the balance sheet date.

17. Financial liabilities

(in € 1,000)	March 31, 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**	–	

(in € 1,000)	March 31, 2007	Less than 1 year	Remaining maturity Between 1 and 5 years	More than 5 years	Interest rate in %
Export loans	38,334	38,334	–	–	3.8–6.4
Loans from state authorities:					
- European Recovery Program	384	128	256	–	1.5
- Public authorities	796	460	336	–	2.0–2.5
Other bank borrowings	92,813	80,890	11,923	–	3.0–6.5
Liabilities from finance leases	5,628	1,948	3,680	–	2.8–3.4
Derivative financial instruments*)	931	54	877	–	
Carrying amount	**138,886**	**121,814**	**17,072**	–	

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

Other bank borrowings mainly relate to the financing of the plants in China and South Korea.

The loan repayment follows an agreed repayment schedule and ends at June 30, 2008. The interest rate is fixed over the remaining term of the loan. The main obligations and commitments to the creditor are as follows:
- to hold 100% of the shares in AT&S China throughout the duration of the credit agreement and to exercise operative control and management over AT&S China,
- to provide evidence of all required licenses, rights etc. for the planned operations of AT&S China on an annual basis,
- the ratio of consolidated net debt and consolidated EBITDA should not exceed 4.5 : 1
- no additional debt shall be incurred apart from that relating to daily business transactions,
- no contingent liabilities or credits exceeding 5% of the consolidated balance sheet total shall be taken on or granted.

In the financial year 2007/08 additional funds (on the basis of a G4 guarantee of the Republic of Austria) were raised for the expansion of the China plant, which have to be repaid according to the repayment schedule mainly in semi-annual instalments until March 31, 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 are as follows in 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 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 March 31,		Estimated fair values March 31,	
(in € 1,000)	2008	2007	2008	2007
Export loans	36,475	38,334	36,629	35,991
Loans from state authorities	834	1,180	814	1,139
Other bank borrowings	128,012	92,813	127,702	95,052
Liabilities from finance leases	3,507	5,628	3,507	5,628
Derivative financial instruments	599	931	3,599	931
	169,427	**138,886**	**169,251**	**138,741**

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

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

(in € 1,000)	March 31, 2008	2007
Euro	165,618	132,596
Korean won	2,680	3,589
U.S. dollar	34	1,937
Japanese yen	338	576
Indian rupee	757	188
	169,427	**138,886**

Bank borrowings are secured as follows:
- by property, plant and equipment amounting to TEUR 2,680 (at March 31, 2007: TEUR 3,610). Reference is made to Note 8 “Property, plant and equipment”;
- By inventories and trade receivables amounting to TEUR 43,950 (at March 31, 2007: TEUR 45,153). Reference is made to Note 11 “Inventories” and Note 12 “Trade and other receivables”;
- By securities amounting to TEUR 12,497 (at March 31, 2007: TEUR 12,432). Reference is made to Note 13 “Financial assets”;
- By assignment of rights from the hedge against political risk for the location in China amounting to TEUR 66,250 at March 31, 2008 (at March 31, 2007: TEUR 26,250), as well as for the site in South Korea amounting to TEUR 3,139 (at March 31, 2007: TEUR 4,485).

Lines of credit at March 31, 2008 are as follows:

(in € 1,000)	Credit lines	Used
Export credit lines – committed	41,861	36,475
Other credit lines – committed	106,901	87,346
Credit lines – uncommitted	70,000	41,500
	218,762	**165,321**

Leases

Total future minimum lease payments from finance and non-cancellable operating leases at March 31, 2008 are as follows:

(in € 1,000)	Finance leases	Operating leases
Not later than 1 year	3,582	3,881
Between 1 and 5 years	–	12,370
Later than 5 years	–	21,687
Total minimum lease payments	3,582	**37,938**
Future finance charges on finance leases	(75)	
Present value of minimum lease payments under finance leases	**3,507**	
Of which not later than 1 year	3,507	

Operating leases

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 land, plant and buildings of the Company. Reference is made to Note 8 “Property, plant and equipment”.

Non-cancellable leasing and rental expenses are as follows:

(in € 1,000)	Financial year ended March 31, 2008	2007
Leasing and rental expenses	3,531	2,572

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 a defined contribution plan. 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 347 in the financial year 2007/08 and to TEUR 561 in the financial year 2006/07.

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 January 1, 2003 regular contributions are paid to a staff provision fund ("Mitarbeitervorsorgekasse"). The contributions for the financial year 2007/08 amounted to TEUR 352 and for the financial year 2006/07 to TEUR 267.

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:

	Retirement benefits Financial year ended March 31,		Termination benefits Financial year ended March 31,		Other employee benefits Financial year ended March 31,	
(in € 1,000)	2008	2007	2008	2007	2008	2007
Current service cost	204	205	1,329	1,084	352	387
Interest expense	402	364	527	470	85	69
Exchange differences	–	–	–	(13)	–	(16)
Past service cost	195	194	–	241	–	–
Actuarial loss/(gain)	25	19	177	70	(152)	(79)
Expected return on plan assets	(363)	(292)	(14)	(10)	–	–
Total expenses	**463**	**490**	**2,019**	**1,842**	**285**	**361**

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

Amounts accrued in the *balance sheet* are:

	March 31,	
(in € 1,000)	2008	2007
(Overfunded) retirement benefits	**(424)**	**(774)**
Underfunded retirement benefits	878	1,188
Underfunded termination benefits	7,983	7,866
Other employee benefits	1,969	1,836
Provisions for employee benefits	**10,830**	**10,890**
Accrued retirement, termination and other employee benefits, net	10,406	10,116

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

(in € 1,000)	Retirement benefits March 31, 2008	2007	Termination benefits March 31, 2008	2007
Present value of funded obligations	7,811	7,670	383	344
Fair value of plan assets	(8,042)	(7,009)	(160)	(168)
	(231)	661	223	176
Present value of unfunded obligations	825	919	11,948	11,145
Unrealised actuarial gains/(losses)	55	(777)	(4,188)	(3,455)
Unrecognised past service cost	(195)	(389)	–	–
Liabilities/(receivables) in the balance sheet, net	**454**	**414**	**7,983**	**7,866**
thereof receivables (overfunded benefits)	(424)	(774)	–	–
thereof provisions (underfunded benefits)	878	1,188	7,983	7,866

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

(in € 1,000)	Funded retirement benefits Financial year ended March 31, 2008	2007	Unfunded retirement benefits Financial year ended March 31, 2008	2007
Movement in projected benefit obligation				
Benefit obligation at beginning of year	5,974	5,501	1,188	1,070
Exchange differences	–	(5)	–	–
Current service cost	147	146	57	59
Interest expense	358	305	43	59
Past service cost	195	194	–	–
Actuarial loss/(gain)	1	19	24	–
Reclassification of unfunded retirement benefit obligations to funded retirement benefit obligations	487	–	(487)	–
Benefits paid	(197)	(186)	–	–
Benefit obligation at end of year	6,965	5,974	**825**	**1,188**
Movement in plan assets				
Fair value of plan assets at beginning of year	6,748	5,897		
Exchange differences	–	(5)		
Contributions to plan assets	422	750		
Expected return on plan assets	363	292		
Benefits paid	(197)	(186)		
Fair value of plan assets at end of year	7,336	6,748		
Funded status funded retirement benefits	**(371)**	**(774)**		
thereof overfunded	(424)	(774)		
thereof underfunded	53	–		

Plan assets amounting to TEUR 7,336 at March 31, 2008 and to TEUR 6,748 at March 31, 2007 have been transferred into a pension fund. The diversification of the portfolio is as follows:

	March 31,	
(in %)	2008	2007
Debt securities	41%	44%
Equity securities	35%	37%
Real estate	4%	4%
Cash and cash equivalents	20%	15%
	100%	**100%**

The aggregate movement in projected termination benefits, the change in plan assets and funded status are as follows:

	Funded termination benefits Financial year ended March 31,		Unfunded termination benefits Financial year ended March 31,	
(in € 1,000)	2008	2007	2008	2007
Movement in projected benefit obligation				
Benefit obligation at beginning of year	338	305	7,694	7,350
Exchange differences	(35)	(20)	(107)	(2)
Current service cost	33	29	1,296	1,055
Interest cost	25	21	502	449
Actuarial loss/(gain)	46	–	143	70
Obligations assumed as a result of acquisitions	–	–	–	241
Reclassification of unfunded termination benefit obligations to funded termination benefit obligations	–	28	–	(28)
Benefits paid	(19)	(25)	(1,774)	(1,441)
Benefit obligation at end of year	388	338	**7,754**	**7,694**
Movement in plan assets				
Fair value of plan assets at beginning of year	166	127		
Exchange differences	(15)	(9)		
Contributions to plan assets	(8)	64		
Actual return on plan assets	14	10		
Actuarial loss/(gain)	12	–		
Benefits paid	(10)	(26)		
Fair value of plan assets at end of year	159	166		
Funded status funded termination benefits	**229**	**172**		

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

	Financial year ended March 31,	
(in € 1,000)	2008	2007
Benefit obligation at beginning of year	1,836	1,503
Exchange differences	(55)	(16)
Current service cost	352	386
Interest expense	86	69
Actuarial loss/(gain)	(152)	(79)
Benefits paid	(98)	(27)
Accrued obligation for other employee benefits at end of year	**1,969**	**1,836**

The actuarial assumptions are as follows:

	Retirement benefits March 31,		Termination benefits March 31,		Other employee benefits (anniversary bonuses) March 31,	
	2008	2007	2008	2007	2008	2007
Discount rate	5.25%	4.75–8%	5.25–8%	4.75–8%	4–8%	4,75%
Expected return on plan assets	5.13%	5.14%	8%	8%	–	–
Expected rate of compensation increase	2.5%	2.25 %	3.25–7%	3–6.5%	3.25–10%	3%
Expected rate of pension increase	2.25%	2%	–	–	–	–
Retirement age (women/men)	–/58–65	–/58–65	Individual according to 2003 pension reform	Individual according to 2003 pension reform	–	–

19. Other provisions

			Restructuring		
(in € 1,000)	Total	Warranty	Closure Augsburg plant	Relocation Fohnsdorf plant	Other
March 31, 2007	2,861	188	168	1,023	1,482
Utilisation	(1,779)	(70)	(64)	(497)	(1,148)
Reversal	(24)	–	–	–	(24)
Addition	733	561	–	–	172
Exchange differences	(79)	(55)	–	–	(24)
March 31, 2008	**1,712**	**624**	**104**	**526**	**458**

	March 31,	
(in € 1,000)	2008	2007
thereof non-current	–	200
thereof current	1,712	2,661
	1,712	**2,861**

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.

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 October 4, 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 relates to costs from contractual obligations amounting to TEUR 306 (March 31, 2007: TEUR 785) and other costs amounting to TEUR 220 (March 31, 2007: TEUR 238). With regard to the impact on the result, reference is made to Note 5 "Non-recurring items".

Other

Other provisions are provisions for 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:

(in € 1,000)	March 31, 2008 Assets	March 31, 2008 Liabilities	March 31, 2007 Assets	March 31, 2007 Liabilities
Forward contracts at fair value	2,558	–	2,113	38
Currency swaps at fair value	3,476	–	72	16
Currency options at fair value	544	–	457	–
Interest rate swaps at fair value	–	599	–	877
	6,578	599	2,642	931
Net of current portion:				
Forward contracts at fair value	2,558	–	2,087	38
Currency swaps at fair value	3,476	–	24	16
Currency options at fair value	544	–	457	–
Interest rate swaps at fair value	–	290	–	–
Non-current portion	–	309	74	877

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

Currency	March 31, 2008 Nominal amount (in 1,000 local currency)	March 31, 2008 Fair value (in € 1,000)	March 31, 2007 Nominal amount (in 1,000 local currency)	March 31, 2007 Fair value (in € 1,000)
U.S. dollar	70,267	6,578	89,442	2,617
Japanese yen	–	–	50,000	(29)
		6,578		**2,588**

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

Currency	March 31, 2008 Nominal amount (in 1,000 local currency)	March 31, 2008 Fair value (in € 1,000)	March 31, 2007 Nominal amount (in 1,000 local currency)	March 31, 2007 Fair value (in € 1,000)
Euro	10,000	(599)	10,000	(877)

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

	in months
Forward contracts	10
Currency swaps	12
Currency options	3
Interest rate swaps	27

At March 31, 2008, 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 by measurement category are presented as follows at March 31, 2008:

(in € 1,000)	Fair values through profit or loss	Fair values in equity	(Amortised) cost	Carrying amounts
Assets				
Non-current assets				
Financial assets	–	96	23	119
Current assets				
Trade and other receivables	–	–	93,751	93,751
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 payables	–	–	47,165	47,165
Financial liabilities	290	–	129,836	130,126

22. Contingent liabilities and other financial commitments

At March 31, 2008 the Group has other financial commitments amounting to TEUR 20,413 (TEUR 54,959 at March 31, 2007) in connection with contractually binding investment projects. Regarding non-cancellable leasing and rental agreements reference is made to Note 17 “Financial liabilities”. At the balance sheet date the Group has contingent liabilities to customs authorities and from bank guarantees in the amount of TEUR 350 (TEUR 112 at March 31, 2007). 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)
March 31, 2006	**25,842**	**30,800**	**82,827**	**391**	**(22,746)**	**91,272**
Capital reduction	–	(2,310)	(20,046)	–	22,356	–
Stock option plans:						
Value of services rendered	–	–	–	89	–	89
Change in stock options	–	–	484	(109)	–	375
Change in treasury shares	(2,304)	–	–	–	(42,207)	(42,207)
March 31, 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)
March 31, 2008	**23,323**	**28,490**	**63,294**	**226**	**(46,352)**	**45,658**

Retraction of treasury shares

Based on an authorisation granted at the 11th Annual General Meeting on July 5, 2005 and the Supervisory Board's approval by circular resolution, the Management Board of the Company as of April 20, 2006 decided to retract 2,100,000 treasury shares that had been repurchased between January 1, 2002 and April 30, 2003 and thereby reduce the share capital. 2,100,000 treasury shares were retracted on May 3, 2006. Thus the share capital amounts to TEUR 28,490 and is made up of 25,900,000 no-par value shares with a notional amount of EUR 1.1 per share.

The capital reduction is part of the Company's longer-term strategy to optimise the balance sheet structure of the Company and to provide the shareholders with a greater share in the Company's success.

Outstanding shares

The number of shares issued amounts to 25,900,000 after the reduction of the share capital. At March 31, 2008, 2,577,412 treasury shares were held by the Group, 23,322,588 shares were outstanding.

Ordinary shares

At March 31, 2008, the registered share capital amounted to TEUR 28,490 and was made up of 25,900,000 no-par value shares with a notional value of EUR 1.1 per share.

Authorised share capital

By a resolution passed at the 11th Annual General Meeting on July 5, 2005 the Management Board was authorised to increase the share capital by a nominal amount of up to TEUR 12,430 until July 4, 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 July 5, 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 July 4, 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 July 3, 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 July 3, 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 July 5, 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
At the 11th Annual General Meeting on July 5, 2005, at the 12th Annual General Meeting on July 4, 2006 and again at the 13th Annual General Meeting on July 3, 2007 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 18 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 being subject to an additional shareholders' resolution, or to use them for the Group's stock option plan.

For this purpose, between May 15, 2006 and March 31, 2008, the Group purchased 2,632,432 shares at the prevailing price amounting to a total of TEUR 47,484. In the financial year 2007/08 52,400 shares were used for servicing the Company's stock option plan.

At the 13th Annual General Meeting on July 3, 2007 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 July 3, 2012, 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 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 authorization can be exercised in its entirety or in several parts.

Dividend per share
In the financial year 2007/08 a dividend of EUR 0.31 was paid per share (in the financial year 2006/07 EUR 0.29).

Stock option plans
At the Supervisory Board Meeting held on June 15, 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 August 1, 2000 and April 1, 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 July 1 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 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 March 31, 2008.

		Date of grant		
		April 1, 2004	April 1, 2003	April 1, 2002
Exercise price	€	16.81	8.63	14.18
March 31, 2006		88,000	51,200	26,500
Number of options granted		–	–	–
Number of options forfeited		7,400	5,500	–
Number of options exercised		16,600	17,700	26,500
Number of options expired		–	–	–
March 31, 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		–	–	–
March 31, 2008		**36,500**	**–**	**–**
Weighted average remaining life of stock options		0.4 years	–	–

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

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

The Group opted to account for only those stock options which were granted after November 7, 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 fair value of those stock options which were granted at April 1, 2004 amounts to TEUR 465 and will be accounted for spread over their terms. Reference is made to Note 28 "Related party transactions".

The following valuation parameters may deviate from those subsequently realised on the market.

	Date of grant April 1, 2004
Risk-free interest rate	2.34–2.72%
Volatility	53.4–63.6%
Dividend per share	0.22
Weighted average lives of options	3.7 years
Expected life of the options (in months)	28.5–52.5

Volatility is calculated based on daily share prices over the past three years.

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 March 31, 2008 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 23.4 million in the financial year 2007/08 and to 24.8 million in the financial year 2006/07.

The weighted average number of outstanding shares for the diluted earnings per share calculation amounted to 23.4 million in the financial year 2007/08 and to 24.9 million in the financial year 2006/07.

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

	Financial year ended March 31,	
(in 1,000)	2008	2007
Weighted average number of shares outstanding – basic	23,385	24,825
Diluting effect of options	–	60
Weighted average number of shares outstanding – diluted	**23,385**	**24,885**

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 ended March 31,	
	2008	2007
Profit for the year (in € 1,000)	42,691	31,813
Weighted average number of outstanding shares – basic (in 1,000)	23,385	24,825
Basic earnings per share (in €)	**1.83**	**1.28**

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 ended March 31,	
	2008	2007
Profit for the year (in € 1,000)	42,691	31,813
Weighted average number of outstanding shares – diluted (in 1,000)	23,385	24,885
Diluted earnings per share (in €)	**1.83**	**1.28**

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 March 31, 2008 prepared under Austrian GAAP serve as the basis for the distribution of dividends. These financial statements as of March 31, 2008 reported retained earnings amounting to TEUR 13,526 (March 31, 2007: TEUR 31,459).

The payment of dividend is subject to approval by the Annual General Meeting. The Management Board proposes to the Annual General Meeting to distribute a dividend of EUR 0.34 per outstanding share from the retained earnings totalling TEUR 13,526 and to carry forward the remaining balance to new account.

26. Acquisitions and liquidations
Acquisitions
In the 52nd Supervisory Board Meeting on March 13, 2008 the proposal for a capital increase at AT&S Korea Co. Ltd. (formerly Tofic Co., Ltd.) was approved. The capital increase in the amount of KRW 24,000 million or approx. EUR 15 million was carried out in March 2008. Since the minority shareholders waived their subscription rights, the share of the Company in AT&S Korea now amounts to 97.27%.

Incorporations
Based on the authorization by the Supervisory Board granted by circular resolution the distribution company AT&S Americas was incorporated in the USA in March 2008.

Liquidations
In the 45th Supervisory Board Meeting on June 14, 2006 the resolution on the liquidation of AT&S Scandinavia AB, Sweden, was passed. The liquidation was carried out in the financial year 2007/08.

27. Material events after the balance sheet date
Change of stock exchange
By a resolution adopted by the Management Board on May 7, 2008 – subject to the approval by the Supervisory Board – it was decided to apply for the listing of the Company's shares at the Vienna Stock Exchange and for the delisting at the Frankfurt Stock Exchange. In this context, the Company seeks a listing at the Vienna Stock Exchange in the Prime Market segment. According to plan, upon the approval by the Frankfurt Stock Exchange of the delisting the share would be listed for three months in Germany as well as in Austria, and after that period exclusively in Vienna.

Bond issue
On May 13, 2008 the Management Board passed the resolution to issue a bond in the form of a public offering pursuant to § 3 (1) No. 9 of the Austrian Capital Market Act ("Kapitalmarktgesetz") without a prospectus with a volume of EUR 80 million and the option to further increase this amount and a maturity of five years in the subsequent weeks, depending on the market environment.

Property of AT&S Verwaltungs GmbH & Co KG
On May 13, 2008 a mutually binding contract of sale offer with a condition precedent relating to the land and building of AT&S Verwaltungs GmbH & Co KG was concluded. According to this offer, the buyer is obliged to accept the offer by April 20, 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 minimum return.

Reference is made to Note 14 "Non-current assets held for sale".

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

	Financial year ended March 31,	
(in € 1,000)	2008	2007
AIC Androsch International Management Consulting GmbH	367	369
Dörflinger Management & Beteiligungs GmbH	6	14
	373	**383**

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 1,251 in the financial year 2007/08 (TEUR 1,441 in the financial year 2006/07). The outstanding liabilities as of March 31, 2008 amounted to TEUR 382 (March 31, 2007: TEUR 303).

Members of the Management Board and the Supervisory Board

In the financial year 2007/08 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 2007/08 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
- Gerhard Fürstler
- Markus Schumy

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

	Number of granted stock options March 31,		Personnel expenses Financial year ended March 31, (in € 1.000)	
	2008	2007	2008	2007
Dr. Harald Sommerer	140,000	132,000	119	205
Dkfm. Steen Ejlskov Hansen	105,000	84,000	92	143
Ing. Heinz Moitzi	90,000	60,000	122	100
Total Management Board	335,000	276,000	333	448
Total other executive employees	77,000	83,500	131	71
	412,000	**359,500**	**464**	**519**

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 ended March 31, 2008			Financial year ended March 31, 2007		
(in € 1,000)	fixed	variable *)	total	fixed	variable *)	total
Ing. Willibald Dörflinger	–	–	–	–	(5)	(5)
Dr. Harald Sommerer	456	463	919	456	374	830
Dkfm. Steen Ejlskov Hansen	366	232	598	366	223	589
Ing. Heinz Moitzi	266	156	422	266	142	408
Executive employees	2,997	719	3,716	2,987	810	3,797
			5,655			**5,619**

*) 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 ended March 31,	
(in € 1,000)	2008	2007
Dr. Harald Sommerer	184	134
Dkfm. Steen Ejlskov Hansen	13	20
Executive employees	15	32
	212	**186**

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

	Termination benefits Financial year ended March 31,		Retirement benefits Financial year ended March 31,	
(in € 1,000)	2008	2007	2008	2007
Management Board and executive employees	205	118	529	497

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

	Financial year ended March 31, 2008			Financial year ended March 31, 2007		
(in € 1,000)	fixed	variable	total	fixed	variable	total
Dkfm. Dr. Hannes Androsch	18	11	29	17	10	27
Ing. Willibald Dörflinger	9	5	14	9	5	14
Dr. Erich Schwarzbichler	15	5	20	14	5	19
Dr. Georg Riedl	9	5	14	9	5	14
Dipl.-Ing. Albert Hochleitner	9	5	14	7	5	12
Dkfm. Karl Fink	9	5	14	8	5	13
	69	**36**	**105**	**64**	**35**	**99**

Shareholdings of Management Board and Supervisory Board members and their relatives at March 31, 2008:

	Shares	Options	Total shares and options	% capital
Management Board members	43,172	335,000	378,172	1.46
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:				
Private foundation Dörflinger	4,574,688	–	4,574,688	17.66
Private foundation Sommerer	120,600	–	120,600	0.47
Private foundation Androsch	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
	10,771,774	**335,000**	**11,106,774**	**42.88**

29. Number of staff

Average number of staff in the financial year:

	Financial year ended March 31,	
	2008	2007
Waged workers	4,919	4,170
Salaried employees	1,354	1,188
	6,273	**5,358**

The calculation of the number of staff includes an average of 2,547 temporary workers for the financial year 2007/08 and an average of 1,603 for the financial year 2006/07.

Leoben-Hinterberg, May 13, 2008

The Management Board:

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

Group Management Report

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. The demand for these technologically complex products is already increasing also from the area industrial and medical technology.

With a global presence in Asia and Europe AT&S supplies internationally operating corporations such as Nokia, Siemens, Sony-Ericsson, Motorola, RIM and Hella. 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 was able to expand its volume production as well as the European niche business. The fact that AT&S stands out for its quality as manufacturer of printed circuit boards by flexibility, command of latest technologies and supply reliability is reflected by various awards, such as the recent Supplier Award from Sony.

AT&S manufactures a broad range of printed circuit boards: single-sided, double-sided (with or without plated-through holes), multi-layer (up to 22 layers), HDI-Microvia, 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. The offer is complemented by trading (trade in printed circuit boards), which is already doing well in the market.

Business development and climate

In the financial year 2007/08 the AT&S Group again managed to stay ahead of competitors. With total revenues of EUR 485.7 million, prior year revenues of EUR 467.4 million were exceeded by EUR 18.3 million or 3.9%.

The mobile devices segment, which has been characterised by strong sales in the past, with EUR 323.4 million contributed the major portion of net sales. With a share of sales amounting to EUR 102.4 million, the industrial segment positioned itself as the second largest business segment within the AT&S Group. Sales of EUR 50.2 million could be generated with automotive customers.

In the past financial year the AT&S Group generated an operating result of EUR 42.1 million, which is EUR 9.5 million above the prior year figure of EUR 32.6 million. Regarding sales, the Group managed to increase its sales profitability by 2 percentage points in the past financial year to 8.8 percentage points, which corresponds to an increase of 6.8% year-on-year.

This year's result of the Group at EUR 41.3 million represents the highest figure since the foundation of the Group. Compared to the prior year, the group result could be raised by EUR 10 million or 31.9%, respectively.

At the balance sheet date March 31, 2008 the equity of the AT&S Group amounted to EUR 225.8 million. The equity ratio of the capital and reserves attributable to the Company's equity holders was 45.6% and thus approx. 3 percentage points below the respective prior year figure of 48.7%. For the past financial year 2007/08 the return on equity was 18.9%, which corresponds to an increase of 4.5 percentage points over the prior year figure of 14.4%.

In the financial year 2007/08 net debts of AT&S increased EUR 45.7 million over the prior year figure of EUR 110.6 million to EUR 156.3 million. The rise in net debts results primarily from additional borrowings to finance the investments in China. Thus, the net gearing rose 19 percentage points from 50.2% in the prior year to 69.2%.

In the course of the investment activities of AT&S a total of EUR 111.4 million was invested in intangible assets and in property, plant and equipment.

The average number of staff (including hired labour) employed by AT&S amounted to 6,273, and thus was by 915 staff higher than in the previous year (2006/07: 5,358). The most significant staff increases occurred at the Asian locations.

Well trained and motivated staff is a key factor in keeping up with international competition. Therefore, AT&S pays special attention to training and education programs which are designed to promote intercultural skills in addition to professional competencies. This is accompanied by a transparent and performance-oriented compensation system (economic value added) 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. That is why in the financial year 2007/08 the Group at all locations had been working on further improving environmental measures and on optimizing the use of energy and resources. A logical consequence of this was that all locations passed the monitoring audit in accordance with ISO 14001 in February / March 2008 without any deviations.

AT&S China was granted the "Excellent Environmetal Data Maintenance Company 2007" award by the Minghong Environment Protection Buereau (MHEPB), China, for its efforts in environmental management.

Regarding the use of financial instruments and the comments on financial risk management, reference is made to the disclosures in the notes to the consolidated financial statements.

For significant risks and uncertainties of AT&S reference is made to the risk report in the notes to the consolidated financial statements.

Corporate structures

As of March 31, 2008 the share capital of AT&S amounts to EUR 28,490,000 and is made up of 25,900,000 voting shares with a notional value of EUR 1.10 per share.

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

	Shares	% capital	% voting rights
Dörflinger private foundation: Franz Josefs Kai 5 A-1010 Vienna	4.574.668	17,66 %	19,61 %
Dkfm. Dr. Hannes Androsch: Neustift am Walde 44 A-1190 Vienna	445.853	1,72 %	1,91 %
Androsch private foundation: Franz Josefs Kai 5 A-1010 Vienna	5.570.666	21,51 %	23,89 %

Thus, 25.8% of the voting rights are under the control of Dkfm. Dr. Hannes Androsch.

At the balance sheet date 2,577,412 treasury shares are held under the share repurchase pro-gram. The share repurchase program adopted on July 3, 2007 authorises the Management Board to repurchase up to 10% of the share capital of AT&S AG on the market until January 2, 2009.

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

Until July 4, 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 can issue convertible bonds of up to EUR 100,000,000, 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.

Subsidiaries and representative offices

- In order to meet the growing capacity demands, additional capacities were created at the wholly owned subsidiary AT&S (China) Company Limited. In addition to the commissioning of a fourth production line in plant II, the ramp-up of the third plant was already started.

- In order to document the integration of the Korean affiliate by name, Tofic Co. Ltd. was renamed to AT&S Korea Co. Ltd. The equity of the company was also increased by KRW 24 billion (approx. EUR 15 million) by the issue of new shares in March 2008, which were fully subscribed for by AT&S. Thus, the investment in AT&S Korea could be raised to 97.3%.

- In the financial year 2007/08 the share capital of the wholly owned subsidiary AT&S Asia Pacific Limited was increased by HKD 350 million (approx. EUR 32 million). The liquid funds generated by the capital increase enabled AT&S Asia Pacific Limited to meet the financing need caused by the capacity expansion of the Asian group companies.

- As of March 12, 2008 a new subsidiary was incorporated in San Jose, CA, USA. The main task of AT&S Americas LCC is to adequately service existing customers (such as Apple and Motorola) locally. With this presence AT&S underscores its willingness to offer the highest possible service level for US customers.

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.

The developments were advanced in the four competence centers of AT&S – processes, materials, new technologies and laboratory. In doing so, the existing international research and development networks which the four centres can draw on are of great help.

In order to maintain its position among the global technology leaders also in the future, AT&S is cooperating with numerous international research institutions. Among other things, AT&S supports the research carried out by the new Christian Doppler laboratory at the Vienna University of Technology aimed at developing the printed circuit board of the future.

In the financial year 2007/08 research activities focused on the integration of construction elements and the development of rigid-flex solutions.

Outlook

For the financial year 2008/09 AT&S expects to win further market shares and thus to continue its growth. The capacities of the third plant in Shanghai will be expanded as planned and the construction of a new plant in Nanjangud, India, will be started. Due to the current macroeconomic risks associated with the financial crisis and the development of the US dollar the Company at this point is not able to make an exact forecast.

Leoben-Hinterberg, May 13, 2008

The Management Board

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

Statement of all Members of the Management Board

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, May 13, 2008

The Management Board

Harald Sommerer
Chairman of the Board

Steen Hansen
Member of the Board

Heinz Moitzi
Member of the Board

PRICEWATERHOUSECOOPERS

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 financial year from April 1, 2007 to March 31, 2008. These consolidated financial statements comprise the consolidated balance sheet as at March 31, 2008, the consolidated income statement, consolidated cash flow statement and consolidated statement of changes in equity for the year ended March 31, 2008, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

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

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, 2008, and of its financial performance and its cash flows for the financial year from April 1, 2007 to March 31, 2008 in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Report on the 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.

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

Vienna, May 13, 2008

PwC Wirtschaftsprüfung GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

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

Glossary

CAAGR	Compounded average annual growth rate
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COO	Chief Operating Officer
CTO	Chief Technical Officer
CSR	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
EC	European Community
EDC	Embedded discrete components
EPS	Earnings per share
EU	European Union
EVA	Economic value added
Handheld	Portable device with built-in power supply used for a range of applications, e.g., mobile telephone, PDA, MP3 player, digital camera
HDI microvia	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
IOI	Integrated optical interconnect
IP	Intellectual property
IPO	Initial public offering
ISO	International Organization for Standardization
ISO 14001	Environmental management standard
ISO 9001-2000	Quality management standard
ISO/TS 16949	Technical interpretation of ISO 2000 reflecting the requirements of international automotive manufacturers
IVA	Austrian Shareholder Association
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
Kyoto targets	Mandatory targets for greenhouse gas emissions named after Kyoto in Japan, where the relevant Climate Conference took place
Mobile Devices	AT&S business segment, includes mobile telephones, PDAs, MP3 players and digital cameras

MP3	MPEG-1 Audio Layer 3 – non-lossless data format for compression of audio files
MRO	Maintenance, repair, operations
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
PCB	Printed circuit board
PDA	Personal digital assistant (small personal computer)
P/E ratio	Price/earnings ratio
PP/DS	APO PP/DS (production planning and demand scheduling) – SAP software for supply chain management
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
ProdEx	Production excellence
R&D	Research and development
REACH	EC Regulation governing the registration, evaluation, authorisation and restriction of chemicals
Roadmap	Synonym for strategy or project plan
ROCE	Return on capital employed – a measure of how effectively and profitably a company uses capital
RoHS	Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (EU Directive)
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 a pre-determined period of time
Solutions & Assembly Services	AT&S services, including assembly of printed circuit boards
SPICE	Spare parts inventory and cost enhancement
SPP	AT&S facility – special products and prototypes
Supply chain	Multi-enterprise network, linking suppliers to customers
TDI	Technology development and industrialisation
TecDAX	Selection index of Frankfurt Stock Exchange for mid-sized companies (mid caps) from technology sectors, which includes 30 constituents which are admitted to the Prime Standard segment of the Regulated Market
Trading	AT&S functions as a middleman, procuring circuit boards that it does not manufacture itself from its business partners in Asia for European customers
VDA	German Association of the Automotive Industry
Vendor-managed inventory	Supplier-managed inventory system, improving the performance of the supply chain by allowing vendors to schedule supplies based on access to the customer's inventory and demand data
Yield	Yield as percentage of production

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Fabriksgasse 13
8700 Leoben
Austria

Design
section.d design.communication GmbH

Artist cooperatoion
section.a art.design.consulting GmbH

HYBRID GROWTH by Birgit Knoechl

Printed by
Druckerei Kenad & Danek Ges.m.b.H.

HYBRID GROWTH
by Birgit Knoechl

A hybrid describes something that has been put together, something crossed. For her work "Hybrid Growth", the Austrian artist, Birgit Knoechl, crosses the two worlds of technology and nature. The thin cores, the opaque intermediate layers of a circuit board bonded in places with copper, on which Birgit Knoechel draws organic structures, originate from technology. The artist gets her inspiration for these plant-like forms directly from nature. Starting with root branching, blossom formations, or leaf types, Knoechl creates a plant framework that she lays over the design of the circuit boards. The technical, function-related drawing on the circuit board thereby enters into communication with the artist's natural, living drawing.

In a second step, Knoechl frees her drawing by exposing the lines with a cutter. Thus the graphic line melts into one with the material and transforms it into a vegetative net that the artist forms into three-dimensional growth structures. The photo series invites the readers of the AT&S annual report 2007/08 to an inspiring journey through Birgit Knoechl's abstract world of plants, in which nature and technology melt together in a unique way.

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