AT & S AUSTRIA TECHNOLOGIE & SYSTEMTECHNIK
AKTIENGESELLSCHAFT

ANNUAL FINANCIAL REPORT AS OF 31 MARCH 2015

TABLE OF CONTENTS

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

AT & S AUSTRIA TECHNOLOGIE & SYSTEMTECHNIK
AKTIENGESELLSCHAFT

CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2015

TABLE OF CONTENTS

The consolidated financial statements of AT & S Austria Technologie & Systemtechnik Aktiengesellschaft as of 31 March 2015 prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and with section 245a (2) of the Austrian Commercial Code (UGB) have been translated into English. In case of different interpretations the German original is valid.

Consolidated Statement of Profit or Loss

€ in thousands	Note	2014/15	2013/14
Revenue	1	667,010	589,909
Cost of sales	2	(511,628)	(471,096)
Gross profit		**155,382**	**118,813**
Distribution costs	2	(31,595)	(30,901)
General and administrative costs	2	(28,005)	(24,143)
Other operating result	4	(5,696)	(6,835)
Non-recurring items	5	–	(3,004)
Operating result		**90,086**	**53,930**
Finance income	6	9,067	316
Finance costs	6	(14,170)	(11,406)
Finance costs - net		**(5,103)**	**(11,090)**
Profit before tax		**84,983**	**42,840**
Income taxes	7	(15,634)	(4,621)
Profit for the year		**69,349**	**38,219**
Attributable to owners of the parent company		69,279	38,168
Attributable to non-controlling interests		70	51
Earnings per share attributable to equity holders of the parent company (in € per share):	24		
- basic		1.78	1.24
- diluted		1.78	1.21

Consolidated Statement of Comprehensive Income

€ in thousands		2014/15	2013/14
Profit for the year		**69,349**	**38,219**
Items to be reclassified:			
Currency translation differences		161,373	(42,697)
(Losses) from the fair value measurement of hedging instruments for cash flow hedges, net of tax		(2,517)	(225)
Items not to be reclassified:			
Remeasurement of post-employment obligations		(6,757)	(728)
Other comprehensive income for the year		**152,099**	**(43,650)**
Total comprehensive income for the year		**221,448**	**(5,431)**
Attributable to owners of the parent company		221,350	(5,480)
Attributable to non-controlling interests		98	49

Consolidated Statement of Financial Position

€ in thousands	Note	31 Mar 2015	31 Mar 2014
ASSETS			
Property, plant and equipment	8	603,664	435,103
Intangible assets	9	45,211	9,145
Financial assets	13	96	96
Deferred tax assets	7	34,301	25,538
Other non-current assets	10	29,485	13,976
Non-current assets		712,757	483,858
Inventories	11	89,222	59,434
Trade and other receivables	12	143,130	110,999
Financial assets	13	780	836
Current income tax receivables		1,004	799
Cash and cash equivalents	14	273,919	260,133
Current assets		508,055	432,201
Total assets		1,220,812	916,059
EQUITY			
Share capital	22	141,846	141,846
Other reserves	23	150,774	(1,297)
Retained earnings		311,642	250,133
Equity attributable to owners of the parent company		604,262	390,682
Non-controlling interests		96	(2)
Total equity		604,358	390,680
LIABILITIES			
Financial liabilities	16	359,268	325,863
Provisions for employee benefits	17	33,726	24,755
Other provisions	18	7,545	9,736
Deferred tax liabilities	7	7,774	6,738
Other liabilities	15	4,757	3,244
Non-current liabilities		413,070	370,336
Trade and other payables	15	149,409	101,908
Financial liabilities	16	46,037	46,076
Current income tax payables		2,823	3,986
Other provisions	18	5,115	3,073
Current liabilities		203,384	155,043
Total liabilities		616,454	525,379
Total equity and liabilities		1,220,812	916,059

Consolidated Statement of Cash Flows

€ in thousands	2014/15	2013/14
Cash flows from operating activities		
Profit for the year	69,349	38,219
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	77,485	73,245
Changes in non-current provisions	6,079	1,917
Income taxes	15,634	4,621
Finance costs/income	5,103	11,090
Gains/losses from the sale of fixed assets	114	461
Release of government grants	(1,189)	(1,153)
Other non-cash expense/(income), net	1,010	(2,485)
Interest paid	(14,460)	(14,153)
Interest and dividends received	2,267	278
Income taxes paid	(16,436)	(8,380)
Net cash generated from operating activities before changes in working capital	**144,956**	**103,660**
Inventories	(16,011)	(474)
Trade and other receivables	(23,612)	(9,766)
Trade and other payables	36,926	9,828
Other provisions	1,611	1,511
Net cash generated from operating activities	**143,870**	**104,759**
Cash flows from investing activities		
Capital expenditure for property, plant and equipment and intangible assets	(165,318)	(90,906)
Proceeds from the sale of property, plant and equipment and intangible assets	539	630
Capital expenditure for financial assets	–	(12)
Net cash used in investing activities	**(164,779)**	**(90,288)**
Cash flows from financing activities		
Proceeds from borrowings	34,623	261,982
Repayments of borrowings	(16,249)	(185,450)
Proceeds from government grants	1,339	1,345
Dividends paid	(7,770)	(4,665)
Proceeds from capital increase	–	79,179
Sale of treasury shares	–	16,753
Net cash generated from financing activities	**11,943**	**169,144**
Net increase/(decrease) in cash and cash equivalents	**(8,966)**	**183,615**
Cash and cash equivalents at beginning of the year	260,133	80,226
Exchange gains/(losses) on cash and cash equivalents	22,752	(3,708)
Cash and cash equivalents at 31 Mar	**273,919**	**260,133**

Consolidated Statement of Changes in Equity

€ in thousands	Share capital	Other reserves	Retained earnings	Equity attributable to owners of the parent company	Non-controlling interests	Total equity
31 Mar 2013 *)	**45,914**	**42,351**	**216,630**	**304,895**	**(51)**	**304,844**
Profit for the year	–	–	38,168	38,168	51	38,219
Other comprehensive income for the year	–	(43,648)	–	(43,648)	(2)	(43,650)
thereof currency translation differences	–	*(42,695)*	–	*(42,695)*	*(2)*	*(42,697)*
thereof remeasurement of post-employment obligations		*(728)*	–	*(728)*	–	*(728)*
thereof change in hedging instruments for cash flow hedges, net of tax	–	*(225)*	–	*(225)*	–	*(225)*
Total comprehensive income for the year 2013/14	**–**	**(43,648)**	**38,168**	**(5,480)**	**49**	**(5,431)**
Dividends paid relating to 2012/13	–	–	(4,665)	(4,665)	–	(4,665)
Change in treasury shares, net of tax	16,753	–	–	16,753	–	16,753
Proceeds of share issue	79,179	–	–	79,179	–	79,179
31 Mar 2014	**141,846**	**(1,297)**	**250,133**	**390,682**	**(2)**	**390,680**
Profit for the year	–	–	69,279	69,279	70	69,349
Other comprehensive income for the year	–	152,071	–	152,071	28	152,099
thereof currency translation differences	–	*161,339*	–	*161,339*	*34*	*161,373*
thereof remeasurement of post-employment obligations	–	*(6,751)*	–	*(6,751)*	*(6)*	*(6,757)*
thereof change in hedging instruments for cash flow hedges, net of tax	–	*(2,517)*	–	*(2,517)*	–	*(2,517)*
Total comprehensive income for the year 2014/15	**–**	**152,071**	**69,279**	**221,350**	**98**	**221,448**
Dividends paid relating to 2013/14	–	–	(7,770)	(7,770)	–	(7,770)
31 Mar 2015	**141,846**	**150,774**	**311,642**	**604,262**	**96**	**604,358**

*) Adjusted taking into account IAS 19 revised.

Notes to the 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”) was incorporated in Austria. The Company is headquartered in Austria, Fabriksgasse 13, 8700 Leoben-Hinterberg.

The Group manufactures and distributes printed circuit boards and provides related services primarily in the segments Mobile Devices & Substrates, Industrial & Automotive, and Advanced Packaging. The products are manufactured in the European and Asian market and are directly distributed to original equipment manufacturers (OEM) as well as to contract electronic manufacturers (CEM).

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

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

B. ACCOUNTING AND MEASUREMENT POLICIES The consolidated financial statements have been prepared under the historical cost convention, except for securities and derivative financial instruments, which are measured at their fair values.

a. CONSOLIDATION PRINCIPLES The balance sheet date for all consolidated companies is 31 March 2015 with the following exceptions: Due to the legal situation in China, the financial year of AT&S (China) Company Limited and AT&S (Chongqing) Company Limited corresponds to the calendar year (balance sheet date: 31 December 2014), meaning that they were consolidated on the basis of the interim financial statements as of 31 March 2015.

The consolidated financial statements were approved for issue by the Management Board on 5 May 2015. The separate financial statements of the Company, which are included in the consolidation after adoption of the applicable accounting standards, will be presented for approval to the Supervisory Board on 8 June 2015. 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 shareholders in a way that might also affect the presentation of the consolidated financial statements.

GROUP OF CONSOLIDATED ENTITIES The Company controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In addition to the Company itself, the consolidated financial statements comprise the following fully consolidated subsidiaries

- AT&S Asia Pacific Limited, Hong Kong (hereinafter referred to as AT&S Asia Pacific), share 100%
- AT&S (China) Company Limited, China (hereinafter referred to as AT&S China), 100% subsidiary of AT&S Asia Pacific
- AT&S (Chongqing) Company Limited, China (hereinafter referred to as AT&S Chongqing), 100% subsidiary of AT&S Asia Pacific
- AT&S Japan K.K., Japan, 100% subsidiary of AT&S Asia Pacific
- AT&S (Taiwan) Co., Ltd., Taiwan (hereinafter referred to as AT&S Taiwan), 100% subsidiary of AT&S Asia Pacific
- AT&S India Private Limited, India (hereinafter referred to as AT&S India), share 100%
- AT&S Korea Co., Ltd., South Korea (hereinafter referred to as AT&S Korea), share 98.76%
- AT&S Americas LLC, USA (hereinafter referred to as AT&S Americas), share 100%
- AT&S Deutschland GmbH, Germany, share 100%
- AT & S Klagenfurt Leiterplatten GmbH in Liqu., Austria, share 100%

The subsidiary AT & S Klagenfurt Leiterplatten GmbH in Liqu. is in liquidation at the balance sheet date.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the equity interests issued and the liabilities incurred and/or assumed at the acquisition date. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The excess of the consideration transferred, any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interests in the acquiree over the fair value of the Group’s share of the identifiable net assets acquired is recorded as goodwill. For each business combination, the Group measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s identifiable net assets and, accordingly, recognises the full or proportional goodwill. If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in profit or loss.

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

METHODS OF CONSOLIDATION All significant intercompany balances and transactions have been eliminated so that the consolidated financial statements present the accounting information of the Group as if it was one single company.

Capital consolidation is made in accordance with IFRS 10 "Consolidated 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. Furthermore, uniform accounting and measurement methods are applied to all consolidated subsidiaries.

The Group considers transactions with non-controlling interests as transactions with equity holders of the Group. When non-controlling interests are acquired, the difference between the acquisition costs and the attributable share of net assets acquired in the subsidiary is deducted from equity. Gains or losses on the sale of non-controlling interests are also recognised in equity.

b. SEGMENT REPORTING An operating segment is a component of an entity that engages in business activities and whose operating results are reviewed regularly by the entity's chief operating decision-maker. Business activities involve earning revenues and incurring expenses, and these may also relate to business transactions with other operating segments of the entity. Separate financial information is available for the individual operating segments.

In the financial year 2011/12 the Management Board – with the Supervisory Board's approval – decided to improve the Group's organisational structure with the aim of adapting its operational processes even more effectively to its customers' needs. Three business units were created: Mobile Devices, Industrial & Automotive, and Advanced Packaging.

Following AT&S's entry into IC substrate manufacturing and allocation of the new business to the Mobile Devices Business Unit, that unit has been renamed as the Mobile Devices & Substrates Business Unit. Both mobile applications and substrates have an appropriate organisational structure, the management reporting, however, continues to be performed for the Mobile Devices & Substrates segment as a whole.

The business unit Mobile Devices & Substrates is responsible for the production of printed circuit boards for mobile end-user devices such as smartphones, tablets, digital cameras and portable media players. The printed circuit boards for these applications are largely produced in our Shanghai (AT&S China) facility. The production of IC substrates is planned to take place at the plant in Chongqing (AT&S Chongqing) which is currently under construction.

The business unit Industrial & Automotive supplies customers in the fields of automotive supplies, industrial applications, medical technology, aerospace and other sectors. Production for this business segment takes place at our plants in India, Korea and Austria.

The business unit Advanced Packaging specialises in new, technologically highly advanced applications. A variety of components are integrated directly into printed circuit boards in order to enable further reductions in the size of end-user devices while also enhancing the functionality. This new technology is useful in a wide range of applications. This business unit is still under development and is therefore not yet shown separately, but is included in "Others".

c. FOREIGN CURRENCIES The Group's presentation currency is the euro (€). The functional currency of the foreign subsidiaries is the respective local currency.

FOREIGN SUBSIDIARIES With the exception of equity positions (historical exchange rate), the balance sheets of AT&S India, AT&S China, AT&S Asia Pacific, AT&S Japan K.K., AT&S Korea, AT&S Americas, AT&S Chongqing and AT&S Taiwan are translated at the exchange rates on the balance sheet date. The profit and loss statements are translated at the average exchange rates of the financial year. The effect of changes in the exchange rate with regard to the foreign subsidiaries' net assets is recognised directly in equity.

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 "available-for-sale financial assets", are recognised in profit or loss. Translation differences from "available-for-sale financial assets" are recognised directly in equity.

d. REVENUE RECOGNITION Revenue comprises the fair value of considerations received in the course of the Group's ordinary activities. Revenue is recognised net of VAT, discounts and price reductions, and after elimination of intercompany sales. Revenue is realised as follows:

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

INTEREST AND DIVIDEND INCOME Interest income is recognised on a pro rata temporis basis, taking into account the effective interest rate of the asset. Dividend income from financial assets is recognised in profit or loss when the Group's right to receive payments is established.

e. INCOME TAXES The income tax burden is based on the profit for the year and accounts for deferred income taxes.

The Group provides for deferred income taxes using the balance-sheet oriented method. Under this method, the expected tax effect on differences arising between the carrying amounts in the consolidated financial statements and the taxable carrying amounts are taken into account by recognising deferred tax assets and tax liabilities. These differences will be reversed in the future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. A future change in tax rates would also have an impact on the deferred tax assets capitalised at the current balance sheet date.

Deferred income taxes and liabilities arise from the measurement of specific assets and liabilities, as well as tax loss carryforwards and amortisation of goodwill.

Deferred taxes on not yet realised profits/losses of available-for-sale financial assets and on not yet realised profits/losses from hedging instruments for cash flow hedges that are recognised in equity are also directly recognised in equity.

In accordance with IFRS, deferred income 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 are not recognized for temporary differences in connection with holdings in subsidiaries provided that the Group is able to control the timing of the reversal of the temporary differences and it is likely that the temporary differences will not be reversed in the foreseeable future.

f. PROPERTY, PLANT AND EQUIPMENT Items of property, plant and equipment are measured at 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 acquisition, construction or production of a qualifying asset are capitalised as part of the acquisition or production costs of this asset according to IAS 23.

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.

Scheduled depreciation is based on the following useful lives applicable throughout the Group:

Plants and buildings	10–50 years
Machinery and technical equipment	4–15 years
Tools, fixtures, furniture and office equipment	3–15 years

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

Expected costs for dismantling and removing assets at the end of their useful lives 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.

In accordance with IAS 17 "Leases", leased property, plant and equipment for which the Group bears substantially all the risks and rewards of ownership and which in economic terms constitute asset purchases with long-term financing are capitalised at their fair value or the lower present value of the minimum lease payments. Scheduled 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 and rental agreements are classified as operating leases and attributed to the lessor. Lease payments are recognised as an expense.

Profits or losses resulting from the closure or retirement of non-current assets, which arise from the difference between the net realisable value and the carrying amounts, are recognised in profit or loss.

g. INTANGIBLE ASSETS

PATENTS, TRADEMARKS AND LICENSES Expenditure on acquired patents, trademarks and licenses is capitalised at cost, including incidental acquisition expenses, and amortised on a straight-line basis over their useful lives, generally between two and ten years. Amortisation terms and methods are reviewed annually at the end of the financial year.

RESEARCH AND DEVELOPMENT COSTS Research costs are expensed as incurred and charged to cost of sales. Development costs are also expensed as incurred.

An intangible asset arising from development is 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 is verifiable.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- Its ability to reliably measure the expenditure attributable to the intangible asset during its development.

h. IMPAIRMENT LOSSES AND WRITE-UPS OF PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND NON-CURRENT ASSETS HELD FOR SALE

The Group regularly reviews property, plant and equipment and intangible assets for possible impairment. If evidence for impairment exists, an impairment test is carried out without delay. Property, plant and equipment in progress and intangible assets in the development phase are tested annually for impairment. If the recoverable amount of the respective 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. The discount rates applied correspond to the weighted cost of capital based on externally available capital market data that are typical in the industry and have been adapted to the specific risks.

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 largely recovered by sale rather than by continuing use in the business.

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

i. INVENTORIES

Inventories are stated at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less variable costs necessary to make the sale. Cost is determined by the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. Interest is not recognised.

j. TRADE AND OTHER RECEIVABLES

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

k. FINANCIAL ASSETS

Financial assets are recognised and derecognised using settlement date accounting. The fair values recognised in the statement of financial position 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 fair value, excluding transaction costs, in subsequent periods at their respective fair values. Realised and unrealised gains and losses are recognised in profit or loss in "Finance costs - net". 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 that are not quoted in an active market. In the statement of financial position the respective assets are recognised under the item “Trade and other receivables”.

AVAILABLE-FOR-SALE FINANCIAL ASSETS Available-for-sale financial assets relate to securities available-for-sale. Securities available-for-sale are instruments which management intends to sell as a reaction 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 time they are expected 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 gains and losses, net of income tax, are recognised in other comprehensive income and not taken through profit or loss until they are sold or considered as impaired.

Interest income and dividends from available-for-sale securities are recognised in profit or loss under “Finance costs - net”.

When a security available-for-sale is sold, the accumulated unrealised gain or loss previously recognised in equity is included in profit or loss in “Finance costs - net” in the reporting period.

When an available-for-sale security is considered impaired, the accumulated unrealised loss previously recognised in equity is recognised in profit or loss in “Finance costs - net”. An asset is impaired, if there are indications that the recoverable 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 every 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 fair value of non-listed equity instruments cannot be determined reliably, these financial assets will be measured at cost. Impairment losses, if any, are recognised in profit or loss, and the respective impairment losses are not reversed.

l. DERIVATIVE FINANCIAL INSTRUMENTS The Group enters, if possible, into derivative financial instruments to hedge against foreign currency fluctuations related to transactions in foreign currencies – in particular the US dollar. These instruments mainly include forward contracts, foreign currency options and foreign exchange swap contracts. They 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.

The Group does not hold any financial instruments for speculative purposes.

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

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

n. NON-CONTROLLING INTERESTS Non-controlling interests relate to 1.24% of equity interest in AT&S Korea.

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

o. PROVISIONS Provisions are recognised if the Group has a legal or constructive obligation to third parties, which is based on past events, it is probable that this will result in an outflow of resources, and the amount can be estimated reliably. The provisions are remeasured at each balance sheet date and their amounts 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. PROVISIONS FOR EMPLOYEE BENEFITS

PENSION 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 a special purpose entity (fund). These contributions are charged to staff costs. No provision has to be set up, as there are no additional obligations beyond the fixed amounts.

For individual members of the Management Board and certain executive employees, the Group has defined benefit plans that are measured 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 Management 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 future pension benefit is determined on the basis of years of service, expected remuneration and pension adjustments.

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

Staff costs recognised in the respective financial year are based on expected values and include the service costs. The net debt's net interest is recognised in "Finance costs - net". Remeasurements of the net debt are recognised in other comprehensive income and comprise gains and losses arising from the remeasurement of post-employment obligations.

PROVISIONS FOR SEVERANCE PAYMENTS Pursuant to Austrian labour regulations, severance payments have to be paid primarily on termination of employment by the employer or on the retirement of an employee. At each balance sheet date the liabilities are measured 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 severance payment obligations. In accordance with IAS 19 these liabilities are calculated using the projected unit credit method as described above and represent severance payment obligations not covered by plan assets. For employees who joined the Company as on or after of 1 January 2003, the severance payment obligation is fulfilled by regular contributions to a staff provision fund ("Mitarbeitervorsorgekasse"). These contributions are included in staff costs. The Company has no further payment obligations once the contributions have been paid.

For employees of the company in India obligations for severance payments are covered by life insurances. Furthermore, severance payment obligations exist for employees in South Korea and China. These obligations are measured in accordance with IAS 19 using the projected unit credit method as described above and represent severance payment obligations not covered by plan assets.

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

Anniversary bonuses are special one-off payments stipulated in the Collective Agreement which are dependent on remuneration 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 severance payments.

Staff costs recognised in the respective financial year include entitlements acquired and the actuarial results. Interest component is recognised in "Finance costs - net". At each balance sheet date the liabilities are measured by qualified and independent actuaries.

q. STOCK OPTION PLANS

The Group has issued stock option plans that are settled either in cash or in treasury shares, with the choice of settlement being with the entitled employees. These stock option plans are accounted for in accordance with IFRS 2 "Share-based Payment".

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

r. STOCK APPRECIATION RIGHTS

The Group introduced a long-term incentive programme based on stock appreciation rights (SAR). Stock appreciation rights relate to value increase in share prices based on the development of the share price. These rights are accounted for in accordance with IFRS 2 "Share-based Payment".

The fair value of the employee services rendered as consideration for the granting of SAR is recognised as an expense. Upon initial recognition and at every balance sheet date until the liabilities are settled, SAR liabilities are measured at fair value through profit or loss, applying the option price model. Reference is made to Note 15 "Trade and other payables".

s. LIABILITIES Liabilities are initially 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 average exchange rate prevailing at the balance sheet date.

t. GOVERNMENT GRANTS Government grants are recognised at their fair value where there is a reasonable assurance that the grants will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to property, plant and equipment are included in liabilities as deferred government grants; they are recognised in profit or loss on a straight-line basis over the expected useful lives of the related assets. Government grants relating to costs and property, plant and equipment are recognised in profit or loss in the other operating result.

u. CONTINGENT LIABILITIES, CONTINGENT ASSETS AND OTHER FINANCIAL OBLIGATIONS Contingent liabilities are not recognised in the statement of financial position, but disclosed in Note 21 in the notes to the consolidated 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 the inflow of an economic benefit is likely.

v. FIRST-TIME APPLICATION OF ACCOUNTING STANDARDS
The following new and/or amended standards and interpretations were applied for the first time in the financial year and pertain to the International Financial Reporting Standards (IFRS) as adopted by the EU.

IAS 32: The amendment to IAS 32 „Financial Instruments: Presentation“ clarifies that in order to offset financial assets and financial liabilities, an unconditional legally enforceable netting right cannot be contingent on the occurrence of a future condition and must also exist in the event of an insolvency of one of the parties involved. Additionally, the amendment lists examples for criteria under which a gross settlement of a financial asset and a financial liability may still lead to offsetting. The Group does not currently perform any offsetting, therefore there is no need for a different presentation.

IAS 36: The amendment to IAS 36 “Impairment of Assets” relates to disclosures regarding the recoverable amount of non-financial assets. It supersedes some of the disclosure requirements, included in IAS 36 as a result of the publication of IFRS 13, on the recoverable amount of cash-generating units to which significant goodwill or significant intangible assets with indefinite useful lives were allocated. The amendment has no impact on the Group’s disclosures.

IAS 39: The amendment to IAS 39 “Financial Instruments: Recognition and Measurement” on the novation of derivatives and continuation of hedge accounting responds to new legal and regulatory requirements with regard to over-the-counter derivatives and the change to central counterparties. Pursuant to the previous provisions of IAS 39, a derivative change to central counterparties would have resulted in a mandatory termination of hedge accounting, which is now no longer case, provided that the novation of a hedging instrument with a central counterparty meets certain criteria. The amendment has no impact on the Group’s recognition or measurement.

IFRS 10, IAS 27: IFRS 10, “Consolidated Financial Statements”, builds on existing principles by introducing a uniform consolidation model for all entities based on identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The standard became effective on 1 January 2014. However, the Group early adopted the standard with effect from 1 April 2013. Due to the new IFRS 10, IAS 27, “Investments in Associates and Joint Ventures”, was amended. The introduction of IFRS 10, “Consolidated Financial Statements”, did not have any effect on the Group’s scope of consolidation.

IFRS 12: IFRS 12, “Disclosure of Interests in Other Entities”, includes the revised disclosure requirements of IAS 27 or IFRS 10, IAS 31 or IFRS 11 and IAS 28 in one single standard and expands the disclosures with regard to subsidiaries in which non-controlling interests are significant. The introduction of IFRS 12, which was early adopted in the financial year 2013/14 by the AT&S Group, did not result in any changes in the notes to the consolidated financial statements of the AT&S Group, since the non-controlling interests in the Group’s equity are not classified as material.

w. FUTURE AMENDMENTS TO ACCOUNTING STANDARDS
The IASB and IFRIC issued additional standards and interpretations not yet effective in the financial year 2014/15.

These have already been in part adopted by the European Union. The following standards and interpretations have already been published by the time these consolidated financial statements were prepared and are not yet effective; they have not been adopted early in the preparation of these consolidated financial statements:

	Standard/Interpretation (Content of the regulation)	Effective date [1]	EU [2]	Expected impacts on the consolidated financial statements
IAS 19	Employee benefits (clarifies requirements with regard to employee contributions to a defined contribution plan)	01 Jul 2014	Yes	None
	Annual Improvements to IFRSs 2010-2012	01 Jul 2014	Yes	None
	Annual Improvements to IFRSs 2011-2013	01 Jul 2014	Yes	None
IFRIC 21	Levies (provides guidance on when to recognise a provision for levies)	01 Jan 2014	Yes [3]	None
IFRS 14	Regulatory deferral accounts (provides information on how to account for regulatory deferral accounts for first-time adopters of IFRS)	01 Jan 2016	No	None
IFRS 11	Accounting for Acquisition of Interests in Joint Operations (Amendments to IFRS 11)	01 Jan 2016	No	None
IAS 16, IAS 38	Property, Plant and Equipment/Intangible Assets Clarification of Acceptable Methods of Depreciation and Amortisation	01 Jan 2016	No	None
IAS 16, IAS 41	Property, Plant and Equipment/Agriculture: Bearer Plants	01 Jan 2016	No	None
IAS 27	Equity Method in Separate Financial Statement	01 Jan 2016	No	None
	Annual Improvements to IFRSs 2012-2014	01 Jan 2016	No	None
IAS 1	Disclosure initiative (Amendments to IAS 1)	01 Jan 2016	No	None
IFRS 10, IFRS 12, IAS 28	Investment companies: Application consolidate exception	01 Jan 2016	No	None
IFRS 15	Revenue from Contracts with Customers	01 Jan 2017	No	None
IFRS 9	Financial instruments (New rules on the classification and measurement of financial instruments, the provisions on hedge accounting and on impairment)	01 Jan 2018	No	Changes in fair values of financial instruments currently classified as “available-for-sale” by the Group will (in part) be recognised in profit or loss in the future.

[1] The Group intends to apply the new regulations for the first time in the fiscal year beginning subsequent to the effective date.
[2] Status of adoption by the EU.
[3] Deviating effective date in the EU: 17 Jun 2014

C. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group uses estimates and assumptions to determine the reported amounts of assets, liabilities, revenue and expenses, as well as other financial liabilities, 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.

DEVELOPMENT COSTS Capitalised development costs largely relate to the development of a new technology for the production of substrates for silicon semiconductor chips taking place at the new site in Chongqing, China. These development costs are capitalised because the criteria for capitalisation presented in the accounting methods were fully met as at 1 March 2014.

For the purposes of assessing impairment of capitalised development costs, management makes assumptions on the amount of the estimated future cash flows arising from the project, the discount rate to be applied, the growth rate and the period of inflow of the estimated future benefit.

An increase in significant assumptions would have the following impact on the impairment test as at 31 March 2015:

	Pre-tax discount Interest rate + 5.00%	growth rate + 5.00%
Capitalized development costs	no impairment required	no impairment required

A reduction in the same assumptions would have the following impact on the impairment test as at 31 March 2015:

	Pre-tax discount Interest rate - 5.00%	growth rate - 5.00%
Capitalized development costs	no impairment required	no impairment required

CALCULATION OF THE PRESENT VALUES OF PROJECTED EMPLOYEE BENEFIT OBLIGATIONS The present value of non-current employee benefits depends on various factors that are based on actuarial assumptions (refer to I.B.p. “Provisions for employee benefits”).

These actuarial assumptions used to calculate the pension expenses and the expected defined benefit obligations were subjected to stress tests using the following parameters: An increase in the interest rate, in the expected remuneration and/or in future pensions for the Austrian entities by the percentage points stated in the table below would affect the present values of the projected pension and severance payment obligations as follows as of 31 March 2015:

€ in thousands	Interest rate + 0.50%	Increase in renumeration + 0.25%	Increase in pensions + 0.25%
Pension obligation	(1,375)	154	624
Severance payments	(1,248)	633	–

A decrease in the same parameters for the Austrian companies would have the following effects on the present value of pension and severance payment obligations at 31 March 2015:

€ in thousands	Interest rate - 0.50%	Increase in renumeration - 0.25%	Increase in pensions - 0.25%
Pension obligation	1,560	(150)	(594)
Severance payments	1,366	(609)	–

Reference is made to Note 17 “Provisions for employee benefits”.

MEASUREMENT OF DEFERRED INCOME TAX ASSETS AND CURRENT TAX LIABILITIES Deferred income tax assets and liabilities are determined using the tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. A future change in tax rates would also have an impact on the deferred tax capitalised at the balance sheet date.

Deferred income tax assets in the amount of € 42.1 million were not recognised for income tax loss carryforwards in the Group of € 164.2 million. The major part of these non-capitalised tax loss carryforwards may be carried forward for an unlimited period of time. If they were subsequently expected to be realised, these deferred income tax assets would have to be recognised and a related tax income to be reported. Reference is made to Note 7 “Income taxes”.

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

OTHER ESTIMATES AND ASSUMPTIONS Further estimates relate to impairments of non-current assets and provisions, as well as the measurement of derivative financial instruments, allowances for doubtful accounts receivable and measurements of inventory. Reference is particularly made to Note 4 “Other operating result”, Note 8 “Property, plant and equipment”, Note 9 “Intangible assets” and Note 18 “Other provisions”.

II. Segment Reporting

The segment information presented below is prepared in accordance with the Management Approach Concept as depicted in the Group's internal reporting (refer to Section I.B.b. "Segment Reporting").

Following AT&S's entry into the new business with IC substrates and the allocation of the new business to the Mobile Devices business unit, that unit has been renamed Mobile Devices & Substrates business unit. Both mobile applications and substrates now have appropriate organisational structures, whereas management reporting continues to be performed for the Mobile Devices & Substrates segment as a whole.

The primary reportable segments consist of the business units Mobile Devices & Substrates, Industrial & Automotive and Others. The "Others" segment includes the business unit Advanced Packaging, which is in the development phase. The Advanced Packaging segment neither reaches the quantitative threshold levels, nor are this business unit's opportunities and risks material to the Group as a whole. It is therefore not presented as a segment of its own in segment reporting. The "Others" segment further includes general holding activities as well as the Group's financing activities. The central operating result control reference is the operating result before depreciation and amortisation. The respective reconciliation to Group amounts further includes the corresponding consolidation.

Transfers and transactions between the segments are executed at arm's length, as with independent third parties. The segment reporting is prepared in accordance with the principles set out in I.B. "Accounting and measurement policies".

FINANCIAL YEAR 2014/15

€ in thousands	Mobile Devices & Substrates	Industrial & Automotive	Others	Elimination/ Consolidation	Group
Segment revenue	455,192	301,790	10,913	(100,885)	667,010
Intersegment revenue	(73,115)	(18,898)	(8,872)	100,885	–
Revenue from external customers	382,077	282,892	2,041	–	667,010
Operating result before depreciation/ amortisation	**127,501**	**34,780**	**5,211**	**79**	**167,571**
Depreciation/amortisation	(67,368)	(8,874)	(1,243)	–	(77,485)
Operating result	**60,133**	**25,906**	**3,968**	**79**	**90,086**
Finance costs - net					(5,103)
Profit before tax					84,983
Income taxes					(15,634)
Profit for the year					**69,349**
Property, plant and equipment and intangible assets	567,909	70,036	10,930	–	648,875
Additions to property, plant and equipment and intangible assets	126,825	25,515	2,135	–	154,475

FINANCIAL YEAR 2013/14

€ in thousands	Mobile Devices & Substrates	Industrial & Automotive	Others	Elimination/ Consolidation	Group
Segment revenue	378,278	272,882	7,473	(68,724)	589,909
Intersegment revenue	(56,971)	(7,678)	(4,075)	68,724	–
Revenue from external customers	321,307	265,204	3,398	–	589,909
Operating result before depreciation/ amortisation	**106,756**	**21,504**	**(1,099)**	**14**	**127,175**
Depreciation/amortisation	(63,368)	(8,275)	(1,602)	–	(73,245)
Operating result	**43,388**	**13,229**	**(2,701)**	**14**	**53,930**
Finance costs - net					(11,090)
Profit before tax					42,840
Income taxes					(4,621)
Profit for the year					**38,219**
Property, plant and equipment and intangible assets	386,319	47,888	10,041	–	444,248
Additions to property, plant and equipment and intangible assets	94,275	7,940	8,883	–	111,098
Non-recurring items	–	3,004	–	–	3,004

INFORMATION BY GEOGRAPHIC REGION

Revenues broken down by customer region, based on ship-to-region:

€ in thousands	2014/15	2013/14
Austria	22,290	20,386
Germany	132,342	126,373
Other European countries	83,576	73,171
China	267,449	205,691
Other Asian countries	125,436	105,190
Americas	35,917	59,098
	667,010	589,909

52% of total revenue (51% in the financial year 2013/14) is attributable to the five largest customers in terms of revenue.

Property, plant and equipment and intangible assets broken down by domicile:

€ in thousands	31.03.2015	31.03.2014
Austria	49,019	33,473
China	567,867	386,279
Others	31,989	24,496
	648,875	444,248

III. Notes to the Consolidated Statement of Profit or Loss

1. REVENUE

€ in thousands	2014/15	2013/14
Main revenue	666,705	589,608
Incidental revenue	305	301
	667,010	589,909

2. TYPES OF EXPENSES

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

€ in thousands	2014/15	2013/14
Cost of materials	227,503	204,884
Staff costs	133,572	121,324
Depreciation/amortisation	67,755	67,819
Purchased services incl. leased personnel	46,744	39,713
Energy	37,786	33,483
Maintenance (incl. spare parts)	40,732	34,044
Transportation costs	13,086	11,052
Rental and leasing expenses	4,878	4,987
Change in Inventories	(12,231)	(5,666)
Other	11,403	14,501
	571,228	526,140

In the financial years 2014/15 and 2013/14, the item "Other" mainly relates to travel expenses, insurance expenses, IT service costs, legal and consulting fees.

3. RESEARCH AND DEVELOPMENT COSTS

In the financial year 2014/15 the Group incurred research and development costs in the amount of € 28,150 thousand (in the financial year 2013/14: € 25,977 thousand). The stated amounts represent only costs which can be directly allocated and which are recognised in the profit and loss under cost of sales. In these consolidated financial statements, development costs of € 29,789 thousand (in the financial year 2013/2014: € 146 thousand) were capitalised. Reference is made to Note 9 "Intangible Asset".

4. OTHER OPERATING RESULT

€ in thousands	2014/15	2013/14
Income from the reversal of government grants	309	321
Government grants for expenses	3,402	3,009
Income/(expenses) from exchange differences	987	(1,328)
Gains/(losses) from the sale of non-current assets	(114)	(461)
Impairments of property, plant and equipment*)	(5,966)	(4,996)
Start-up losses	(8,703)	(4,931)
Miscellaneous other income	4,389	1,551
	(5,696)	(6,835)

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

In den financial years 2014/15 and 2013/14, government grants for expenses mainly relate to export refunds as well as research and development awards. In 2013/14, start-up losses resulted from the construction of the new plant in Chongqing, China. In the financial year 2014/15, this item additionally includes costs relating to the implementation of a new line in Hinterberg-Leoben, Austria. In the financial year 2014/15, the item "Miscellaneous other income" mainly relates to the reduction in the provision for building space no longer used – reference is made to Note 18 "Other Provisions" – as well as to one-off income resulting from a compensation payment made by a supplier. In the financial year 2013/14, the item "Miscellaneous other income" mainly relates to subsequent incoming receivables and the derecognition of other liabilities written off.

5. NON-RECURRING ITEMS

€ in thousands	2014/15	2013/14
Staff costs	–	2,194
Net costs arising from other contractual obligations	–	810
	–	3,004

In the financial year 2014/15, non-recurring items did not exist. In the financial year 2013/14, costs incurred in the amount of € 3,004 thousand for the closure of the plant in Klagenfurt. Of this amount, € 2,194 thousand relate to social plan payments, and € 810 thousand relate to costs incurred for the reconstruction of rented buildings.

6. FINANCE COSTS - NET

€ in thousands	2014/15	2013/14
Interest income from financial assets at fair value through profit or loss and available-for-sale financial assets	35	32
Other interest income	2,232	245
Gains from the sale of cash equivalents	91	39
Foreign exchange gains, net	6,709	–
Finance income	**9,067**	**316**
Interest expense on bank borrowings and bonds	(11,308)	(10,392)
Net interest expense on personnel-related liabilities	(1,327)	–
Realised losses from derivative financial instruments, net	(690)	(178)
Foreign exchange losses, net	–	(311)
Other financial expenses	(845)	(525)
Finance costs	**(14,170)**	**(11,406)**
Finance costs - net	**(5,103)**	**(11,090)**

In accordance with IAS 23, the item “Interest expense on bank borrowings and bonds” includes capitalised borrowing costs in the amount of € 2,791 thousand (financial year 2013/14: € 531 thousand), net.

7. INCOME TAXES

The income taxes are broken down as follows:

€ in thousands	2014/15	2013/14
Current income taxes	14,564	11,022
Deferred taxes	1,070	(6,401)
Total tax expense	**15,634**	**4,621**

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

€ in thousands	2014/15	2013/14
Expected tax expense at Austrian tax rate	21,245	10,710
Effect of different tax rates in foreign countries	(5,354)	(4,002)
Non-creditable foreign withholding taxes	1,142	1,496
Effect of change in previously unrecognised tax losses and temporary differences	(938)	1,407
Effect of the change in tax rate	979	(3,292)
Effect of permanent differences	(1,479)	(1,714)
Effect of taxes from prior periods	39	9
Other tax effects, net	–	7
Total tax expense	**15,634**	**4,621**

The effect of the change in tax rates mainly results from the again applicable reduced tax rate of 15% with regard to the subsidiary AT&S (China) compared to the regular tax rate of 25% that had previously been applicable.

For the purposes of more transparency and an improved comparability, the previous year’s figures in the items “Effect of different tax rates in foreign countries” and “Effect of permanent differences” were adjusted.

Deferred income tax assets and liabilities consist of the following items of the statement of financial position and loss carryforwards:

€ in thousands	31 Mar 2015	31 Mar 2014
Deferred income tax assets		
Incom tax loss carryforwards including taxable goodwill	415	2,278
Non-current assets	23,435	16,158
Inventories	2,897	2,448
Trade and other receivables	16	14
Provisions for employee benefits	4,977	3,130
Trade and other payables	2,994	2,684
Temporary differences arising from shares in subsidiaries	46	306
Losses not yet realised from hedging instruments for cash flow hedges, recognised in equity	944	–
Others	1,682	1,072
Deferred income tax assets	37,406	28,090
Deferred income tax liabilities		
Non-current assets	(2,806)	(2,517)
Temporary differences arising from shares in subsidiaries	(7,675)	(6,663)
Gains not yet realised from securities available-for-sale, recognised in equity	(1)	(1)
Others	(397)	(109)
Deferred income tax liabilities	(10,879)	(9,290)
Deferred income tax assets, net	26,527	18,800

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes and liabilities relate to taxes levied by the same taxation authority. The amounts after setting off deferred income tax assets against deferred liabilities are as follows:

€ in thousands	31 Mar 2015	31 Mar 2014
Deferred income tax assets:		
- non-current	25,610	15,979
- current	8,691	9,559
	34,301	25,538
Deferred income tax liabilities:		
- non-current	(99)	(75)
- current	(7,675)	(6,663)
	(7,774)	(6,738)
Deferred income tax assets, net	26,527	18,800

At 31 March 2015 the Group has income tax loss carryforwards and tax-deductible amortisation of goodwill amounting to a total of € 171,820 thousand (at 31 March 2014: € 164,586 thousand), which for the most part can be carried forward for an unlimited period of time. For loss carryforwards amounting to € 164,163 thousand (at 31 March 2014: € 162,421 thousand), included in this figure, deferred income tax assets in the amount of € 42,083 thousand (at 31 March 2014: € 41,484 thousand) were not recognised since it is unlikely that they will be realised in the foreseeable future.

Deferred income taxes (net) changed as follows:

€ in thousands	2014/15	2013/14
Carrying amount at the beginning of the financial year	18,800	14,937
Currency translation differences	7,958	(2,613)
Income recognised in profit or loss	(1,070)	6,401
Income taxes recognised in equity	839	75
Carrying amount at the end of the financial year	26,527	18,800

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

	2014/15			2013/14		
€ in thousands	Income/ (expense) before taxes	Tax income/ (expense)	Income/ (expense) after taxes	Income/ (expense) before taxes	Tax income/ (expense)	Income/ (expense) after taxes
Currency translation differences	161,373	–	161,373	(42,697)	–	(42,697)
Gains/(losses) on the measurement of hedging instruments for cash flow hedges	(3,356)	839	(2,517)	(300)	75	(225)
Remeasurements of post-employment obligations	(6,757)	–	(6,757)	(728)	–	(728)
Other comprehensive income	151,260	839	152,099	(43,725)	75	(43,650)

IV. Notes to the Consolidated Statement of Financial Position

8. PROPERTY, PLANT AND EQUIPMENT

€ in thousands	Land, plants and buildings	Machinery and technical equipment	Tools, fixtures, furniture and office equipment	Prepayments and construction in progress	Total
Carrying amount 31 Mar 2014	46,996	267,635	4,865	115,607	435,103
Exchange differences	18,381	77,073	994	26,411	122,859
Additions	7,890	68,478	2,925	43,650	122,943
Disposals	(3)	(658)	–	–	(661)
Transfers	27,163	53,572	11	(80,746)	–
Impairment	–	(5,966)	–	–	(5,966)
Depreciation, current	(4,656)	(63,998)	(1,960)	–	(70,614)
Carrying amount 31 Mar 2015	**95,771**	**396,136**	**6,835**	**104,922**	**603,664**
At 31 Mar 2015					
Gross carrying amount	135,314	1,088,131	27,223	104,922	1,355,590
Accumulated depreciation	(39,543)	(691,995)	(20,388)	–	(751,926)
Carrying amount	**95,771**	**396,136**	**6,835**	**104,922**	**603,664**

€ in thousands	Land, plants and buildings	Machinery and technical equipment	Tools, fixtures, furniture and office equipment	Prepayments and construction in progress	Total
Carrying amount 31 Mar 2013	54,412	343,964	4,542	34,845	437,763
Exchange differences	(3,975)	(21,761)	(307)	(6,158)	(32,201)
Change in scope of consolidation	–	(84)	–	–	(84)
Additions	187	10,368	2,212	89,487	102,254
Disposals	(14)	(978)	(13)	–	(1,005)
Transfers	21	2,527	19	(2,567)	–
Impairment	–	(4,996)	–	–	(4,996)
Depreciation, current	(3,635)	(61,405)	(1,588)	–	(66,628)
Carrying amount 31 Mar 2014	**46,996**	**267,635**	**4,865**	**115,607**	**435,103**
At 31 Mar 2014					
Gross carrying amount	73,719	786,139	22,517	115,607	997,982
Accumulated depreciation	(26,723)	(518,504)	(17,652)	–	(562,879)
Carrying amount	**46,996**	**267,635**	**4,865**	**115,607**	**435,103**

The value of the land included in “Land, plants and buildings” amounts to € 1,858 thousand (at 31 March 2014: € 1,509 thousand).

Depreciation of the current financial year is recognised mainly in cost of sales, as well as distribution costs, and general and administrative costs as well as in start-up losses recognised in other comprehensive income.

In the financial year 2014/15, borrowing costs of € 2,557 thousand were capitalised with regard to qualifying assets (in the financial year 2013/14: € 531 thousand). A financing rate of 3.63% was applied (in the financial year 2013/14: 3.62%).

IMPAIRMENT Impairment of machinery and technical equipment amounted to € 5,966 thousand (in the financial year 2013/14: € 4,996 thousand) in the financial year 2014/15. This impairment resulted from a prototype line which can no longer be used and from machines that are no longer recoverable.

9. INTANGIBLE ASSETS

€ in thousands	Industrial property and similar rights and assets, and licenses in such rights and assets	Capitalised development costs	Goodwill	Prepayments	Other intangible assets	Total
Carrying amount 31 Mar 2014	1,313	140	–	7,692	–	9,145
Exchange differences	85	5,354	–	–	–	5,439
Additions	1,535	29,789	–	–	208	31,532
Amortisation, current	(697)	–	–	–	(208)	(905)
Carrying amount 31 Mar 2015	**2,236**	**35,283**	**–**	**7,692**	**–**	**45,211**
At 31 Mar 2015						
Gross carrying amount	16,572	35,283	7,767	7,692	–	67,314
Accumulated amortisation	(14,336)	–	(7,767)	–	–	(22,103)
Carrying amount	**2,236**	**35,283**	**–**	**7,692**	**–**	**45,211**

€ in thousands	Industrial property and similar rights and assets, and licenses in such rights and assets	Capitalised development costs	Goodwill	Prepayments	Other intangible assets	Total
Carrying amount 31 Mar 2013	1,952	–	–	–	–	1,952
Exchange differences	(21)	(6)	–	–	–	(27)
Additions	484	146	–	7,692	522	8,844
Disposals	(3)	–	–	–	–	(3)
Impairment	(375)	–	–	–	–	(375)
Amortisation, current	(724)	–	–	–	(522)	(1,246)
Carrying amount 31 Mar 2014	**1,313**	**140**	**–**	**7,692**	**–**	**9,145**
At 31 Mar 2014						
Gross carrying amount	14,681	140	6,307	7,692	–	28,820
Accumulated amortisation	(13,368)	–	(6,307)	–	–	(19,675)
Carrying amount	**1,313**	**140**	**–**	**7,692**	**–**	**9,145**

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

The Group's largest development project is the development of a new technology for the production of substrates for silicon semiconductor chips taking place at the new site in Chongqing, China. As the evidence required for the capitalisation of development costs was provided for this project, the corresponding costs were recognised in the consolidated financial statements.

In the financial year 2014/15, borrowing costs of € 234 thousand were capitalised with regards to capitalised development costs (in the financial year 2013/14: € 0 thousand). A financing rate of 3.63% was applied.

IMPAIRMENTS In the financial year 2014/15, there was no impairment to be recognised. In the financial year 2013/14 impairment amounted to € 375 thousand and was recognised for licences that can no longer be used.

The impairment test for the development project in Chongqing, China, not yet completed is based on calculations of the value in use. Value in use is determined annually in accordance with the DCF method, based on the following critical assumptions:

- Long-term growth rate: 5%
- (input tax) discount rate: 11.1%

As a result of the project's long-term nature and in order to adequately take into account cash outflows from the substrate business expected in future periods, the calculation of the value in use is based on the expected cash flows for the next ten years. A consideration over a shorter period of time would lead to a disproportionately increased weighting of cash inflows.

10. OTHER NON-CURRENT ASSETS

€ in thousands	31 Mar 2015	31 Mar 2014
Prepayments	6,878	5,467
Deposits made	5,013	4,190
Other non-current receivables	17,594	4,319
Carrying amount	29,485	13,976

Prepayments relate to long-term rent prepayments for the factory premises in China. Other non-current receivables comprise input tax reimbursements in China for the plant Chongqing under construction, which may only be recovered in the operating phase.

11. INVENTORIES

€ in thousands	31 Mar 2015	31 Mar 2014
Raw materials and supplies	32,558	21,839
Work in progress	22,533	15,576
Finished goods	34,131	22,019
Carrying amount	89,222	59,434

The balance of inventory write-downs recognised as an expense amounts to € 13,953 thousand as of 31 March 2015 (€ 9,899 thousand at 31 March 2014). As in the previous year, no material write-downs resulted from the measurement of inventories at net realisable value in the financial year 2014/15.

12. TRADE AND OTHER RECEIVABLES

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

€ in thousands	31 Mar 2015	31 Mar 2014
Trade receivables	113,886	94,118
VAT receivables	15,140	5,993
Other receivables from authorities	6,253	3,889
Prepayments	4,722	3,724
Energy tax refunds	1,937	2,245
Deposits	977	656
Other receivables	609	456
Impairments	(394)	(82)
	143,130	110,999

At 31 March 2015 as well as 31 March 2014, other receivables mainly include receivables resulting from prepaid expenses and accrued charges.

In connection with various financing agreements trade receivables amounting to € 32,000 thousand (at 31 March 2014: € 32,000 thousand) serve as collateral. Reference is made to Note 16 “Financial liabilities”.

Taking into account impairment, the carrying amounts of trade and other receivables approximate their fair values.

REMAINING MATURITIES OF RECEIVABLES All receivables at 31 March 2015 and 31 March 2014 have remaining maturities of less than one year.

DEVELOPMENT OF PAST DUE RECEIVABLES AND IMPAIRMENTS OF TRADE RECEIVABLES

31 Mar 2015: € in thousands	Carrying amount	thereof not impaired and not past due or insured	thereof not impaired and not insured and past due for the following periods: less than 3 months	between 3 and 6 months	between 6 and 12 months	more than 12 months
Trade receivables	113,886	112,508	957	27	–	–

31 Mar 2014: € in thousands	Carrying amount	thereof not impaired and not past due or insured	thereof not impaired and not insured and past due for the following periods: less than 3 months	between 3 and 6 months	between 6 and 12 months	more than 12 months
Trade receivables	94,118	93,298	678	60	–	–

There were no indications at the balance sheet date that trade receivables not impaired and overdue would not be paid.

Impairments of trade receivables have developed as follows:

€ in thousands	2014/15	2013/14
Impairments at the beginning of year	82	81
Utilisation	–	(70)
Addition	253	83
Currency translation differences	59	(12)
Impairments at the end of year	394	82

13. FINANCIAL ASSETS

The carrying amounts of the financial assets are as follows:

€ in thousands	31 Mar 2015	thereof non-current	thereof current
Financial assets at fair value through profit or loss	780	–	780
Available-for-sale financial assets	96	96	–
	876	**96**	**780**

€ in thousands	31 Mar 2014	thereof non-current	thereof current
Financial assets at fair value through profit or loss	836	–	836
Available-for-sale financial assets	96	96	–
	932	**96**	**836**

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

€ in thousands	31 Mar 2015	31 Mar 2014
Bonds	**780**	**836**

All bonds are denominated in euro (nominal currency).

AVAILABLE-FOR-SALE FINANCIAL ASSETS

€ in thousands	2014/15	2013/14
Carrying amount at the beginning of year	96	96
Disposals	–	–
Realised gains/(losses) from the current period, removed from equity	–	–
Exchange differences	–	–
Carrying amount at the end of year	**96**	**96**

All available-for-sale financial assets are denominated in euro.

14. CASH AND CASH EQUIVALENTS

€ in thousands	31 Mar 2015	31 Mar 2014
Bank balances and cash on hand	273,919	260,132
Restricted cash	–	1
Carrying amount	**273,919**	**260,133**

At 31 March 2014 restricted cash relates to AT&S India.

The reported carrying amounts correspond to the respective fair values.

15. TRADE AND OTHER PAYABLES

€ in thousands	31 Mar 2015	Remaining maturity Less than 1 year	Between 1 and 5 years	More than 5 years
Trade payables	97,785	97,785	–	–
Government grants	4,265	311	3,868	86
Liabilities to fiscal authorities and other state authorities	5,853	5,853	–	–
Liabilities to social security authorities	2,523	2,523	–	–
Liabilities from unconsumed vacations	5,303	5,303	–	–
Liabilities from stock options	418	54	364	–
Liabilities from stock appreciation rights	397	–	397	–
Liabilities to employees	29,133	29,133	–	–
Other liabilities	8,489	8,447	42	–
Carrying amount	**154,166**	**149,409**	**4,671**	**86**

€ in thousands	31 Mar 2014	Remaining maturity Less than 1 year	Between 1 and 5 years	More than 5 years
Trade payables	66,184	66,184	–	–
Government grants	3,457	312	2,981	164
Liabilities to fiscal authorities and other state authorities	3,195	3,195	–	–
Liabilities to social security authorities	1,912	1,912	–	–
Liabilities from unconsumed vacations	3,875	3,875	–	–
Liabilities from stock options	195	130	65	–
Liabilities to employees	19,697	19,697	–	–
Other liabilities	6,637	6,603	34	–
Carrying amount	**105,152**	**101,908**	**3,080**	**164**

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

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

Furthermore, the Group received grants for project costs for several research projects which are recognised in income on a pro rata basis according to the costs incurred and the grant ratio. Associated deferred amounts are included in government grants.

LIABILITIES FROM STOCK OPTIONS Due to the expiry of the stock option plan (2005 to 2008), the 1st meeting of the Nomination and Remuneration Committee of the Supervisory Board on 17 March 2009 passed a resolution to implement another stock option plan (SOP 2009 from 2009 to 2012) after it had been submitted for appraisal in the 55th meeting of the Supervisory Board on 16 December 2008. Granting of stock options was possible in the period between 1 April 2009 and 1 April 2012.

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

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

The exercise price is determined at the respective date of grant, representing the average AT&S share price over a period of six calendar months prior to the date of grant plus 10%. The exercise price, however, 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. The stock options may be exercised in full or in part after completion of the vesting period, not however during a restricted period. Options not exercised can be exercised after the expiration of the subsequent waiting period. Options not exercised within five years after the grant date become invalid and forfeit without compensation. In the event that a restricted period comprises the end of this five-year period, this restricted period will interrupt the five-year period concerned. After the end of the restricted period, stock options may still be exercised for a period corresponding to the interruption. Stock options not exercised by the end of this five-year period (extended as stated above if need be) become invalid and forfeit without compensation.

The stock options may be granted in the period between 1 April 2009 and 1 April 2012. A new stock option plan starting on 1 April 2013 was not completed.

The following table shows the development of the stock options in the financial years 2014/15 and 2013/14.

	Date of grant			
	1 April 2012	1 April 2011	1 April 2010	1 April 2009
Exercise price (in €)	9.86	16.60	7.45	3.86
31 Mar 2013	88,500	88,500	88,500	40,400
Number of options exercised	–	–	–	39,200
Number of options expired	–	–	–	1,200
31 Mar 2014	**88,500**	**88,500**	**88,500**	**–**
Number of options exercised	–	–	84,000	–
Number of options expired	1,500	1,500	1,500	–
31 Mar 2015	**87,000**	**87,000**	**3,000**	**–**
Remaining contract period of stock options	2 years	1 year	3 months	–
Fair value of granted stock options at the balance sheet date (in € thousands)				
31 Mar 2014	94	13	130	–
31 Mar 2015	**417**	**32**	**21**	**–**

Reference is made to Note 26 “Related party transactions”.

The weighted average share price on the day of execution of all options executed in the financial year 2014/15 is € 9.93 (in the financial year 2013/14: € 8.45).

These stock options are measured at fair value at the respective balance sheet date using the Monte Carlo method and based on model assumptions and valuation parameters stated below. These may differ from the values realised on the market for all stock options granted as of 1 April 2010, 1 April 2011 and 1 April 2012.

Risk-free interest rate	-0.19 to -0.24%
Volatility	30.16 to 30.97%

Volatility is calculated based on the daily share prices from 2 September 2013 until the balance sheet date.

The fair value of the stock options granted is recognised as expense over their term.

At 31 March 2015 the stock options’ exercisable intrinsic value is € 104 thousand (at 31 March 2014: € 59 thousand).

At 31 March 2015, 3,000 stock options are exercisable from the grant of 1 April 2010, and 17,400 stock options are exercisable from the grant of 1 April 2012. At 31 March 2014, 45,000 stock options are exercisable from the grant of 1 April 2010.

LIABILITIES FROM STOCK APPRECIATION RIGHTS Due to the expiry of the stock option plan (2009 to 2012), the 81st Supervisory Board meeting on 3 July 2014 passed a resolution to introduce a long-term incentive programme based on stock appreciation rights (SAR). SAR relate to the value increase in share prices based on the development of the share price. SAR may be granted in the period between 1 April 2014 and 1 April 2016.

Each SAR entitles the holder to the right to a cash settlement at the remaining amount between the exercise price and the closing rate of the AT&S share at the stock exchange with the main quotation (currently Vienna Stock Exchange) at the date the subscription right is exercised.

The exercise price of SAR is determined at the respective date of grant, corresponding to the average closing rate of the AT&S share at the Vienna Stock Exchange or at the stock exchange with the main quotation of the AT&S shares over a period of six calendar months immediately preceding the date of grant.

SAR may be exercised in full or in part after the respective completion of a three-year period following the date of grant, not however during a restricted period. Granted stock appreciation rights not exercised within five years after the grant date become invalid and forfeit without compensation.

SAR may only be exercised by the beneficiaries if the following requirements are met at the date of exercise:

- The beneficiary's employment contract with a company pertaining to the AT&S Group remains valid. Subject to certain conditions, rights may also be exercised within a year after termination of the employment contract.
- The required personal investment in the amount of 20% of the first amount granted (in SAR) in AT&S shares is held. If the personal investment is not fully established by the end of the three-year waiting period, the previously granted SAR become forfeit in full. The established personal investment is required to be held over the complete period of participation in the programme and will also apply to the granting in the subsequent years. The personal investment may only be wound down when exercise is no longer possible.
- The earnings per share (EPS) performance target was met. The level of attainment of the earnings per share performance indicator determines how many of the SAR granted may actually be exercised. The target value is the EPS value determined in the mid-term plan for the balance sheet date of the third year after the grant date. If the EPS target is attained at 100% or surpassed, the SAR granted may be exercised in full. If attainment is between 50% and 100%, the SAR granted may be exercised on a pro rata basis. If the EPS value attained is below 50%, the SAR granted become forfeit in full.

Number and allocation of SAR granted:

	Date of grant
	1 April 2014
Exercise price (in €)	7.68
31 Mar 2014	**–**
Number of stock appreciation rights granted	230,000
31 Mar 2015	**230,000**
Remaining contract period of stock appreciation rights	4 years
Fair value of granted stock appreciation rights at the balance sheet date (in € thousands)	
31 Mar 2014	–
31 Mar 2015	**1,192**

SAR are measured at fair value at the respective balance sheet date using the Monte Carlo method and based on model assumptions and valuation parameters stated below. These may differ from the values later realised on the market.

Risk-free interest rate	-0.19 to -0.24%
Volatility	34.39%

Volatility is calculated based on the daily share prices from 1 September 2011 until the balance sheet date.

The fair value of the SAR granted is recognised as expense over their term.

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

16. FINANCIAL LIABILITIES

€ in thousands	31 Mar 2015	Remaining maturity Less than 1 year	Between 1 and 5 years	More than 5 years	Interest rate in %
Bonds	101,505	1,822	99,683	–	5.00
Export loans	32,000	32,000	–	–	0.49
Loans from state authorities	508	–	508	–	0.75-2.00
Other bank borrowings	267,515	12,215	219,116	36,184	1.15-5.76
Derivative financial instruments [1)]	3,777	–	2,266	1,511	
Carrying amount	**405,305**	**46,037**	**321,573**	**37,695**	

€ in thousands	31 Mar 2014	Remaining maturity Less than 1 year	Between 1 and 5 years	More than 5 years	Interest rate in %
Bonds	101,305	1,822	99,483	–	5.00
Export loans	32,000	32,000	–	–	0.74
Loans from state authorities	510	177	333	–	0.75-2.00
Other bank borrowings	237,704	12,077	182,830	42,797	1.50-6.40
Derivative financial instruments [1)]	420	–	241	179	
Carrying amount	**371,939**	**46,076**	**282,887**	**42,976**	

[1)] Reference is made to Note 19 “Derivative financial instruments”.

The bond with a total nominal amount of EUR 100 million was placed by the Company on 18 November 2011 with a term to maturity of five years and is listed on the Second Regulated Market of the Vienna Stock Exchange. The bond has a denomination of € 1,000 and the annual fixed interest in the amount of 5.00% of the nominal value is payable on 18 November of each year in arrears.

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

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

Other bank borrowings include long-term financing in addition to the current liquidity needs.

In order to refinance the capital need for the plant in Chongqing, a long-term loan was raised under an OeKB equity financing program in the financial year 2012/13. The loan will be repaid in semi-annual instalments between September 2014 and February 2020. 80% of the loan carries a fixed interest rate and 20% a variable interest rate, with the variable portion scheduled to be repaid first. The main contract terms are as follows:

- Net debt/EBITDA max. 4
- Equity ratio at least 30%
- Change of control

In order to secure planned investments in Chongqing and to further optimise the funding of the Group, a promissory note loan was successfully placed in the total amount of € 158 million in February 2014. The loan comprises several tranches with terms to maturity of five, seven and ten years carrying variable and fixed interest rates. The loan was entered into in euros and US dollars. The variable interest rate denominated in euros was hedged in full by interest rate swaps.

The main contract terms are as follows:

- Equity ratio at least 35%
- Net Debt/EBITDA >3 (step-up covenant)
- Change of control within the meaning of the Austrian Takeover Act if this change of control significantly affects the ability to meet the loan obligations.

If the step-up covenant is exceeded, the margin increases by 75 basis points. The promissory note bond is recognised in other bank borrowings.

The contractually agreed (undiscounted) interest and redemption payments of the financial liabilities at 31 March 2015 in consideration of interest rate hedging are as follows in the next financial years:

€ in thousands	Bonds	Export loans	Loans from state authorities	Other bank borrowings	Derivative financial instruments
2015/16					
Redemption	–	32,000	–	11,611	–
Fixed interest	5,000	–	6	4,121	–
Variable interest	–	159	–	3,910	–
2016/17					
Redemption	100,000	–	213	11,679	–
Fixed interest	5,000	–	6	3,748	–
Variable interest	–	–	–	4,373	–
2017/18					
Redemption	–	–	251	42,764	–
Fixed interest	–	–	1	3,334	–
Variable interest	–	–	–	4,516	–
2018/19					
Redemption	–	–	150	148,907	–
Fixed interest	–	–	1	2,920	–
Variable interest	–	–	–	2,744	–
2019/20					
Redemption	–	–	44	16,068	2,266
Fixed interest	–	–	–	693	–
Variable interest	–	–	–	853	–
after 2019/20					
Redemption	–	–	–	36,360	1,511
Fixed interest	–	–	–	1,122	–
Variable interest	–	–	–	740	–

With the exception of the export loan, which will probably be prolongated again, no significant deviations from the agreed interest and redemption payments are expected regarding term or amount.

At the prior-year balance sheet date 31 March 2014 the contractually agreed (undiscounted) interest and redemption payments of the financial liabilities in consideration of interest rate hedging were as follows for the next financial years:

€ in thousands	Bonds	Export loans	Loans from state authorities	Other bank borrowings	Derivative financial instruments
2014/15					
Redemption	–	32,000	177	11,504	–
Fixed interest	5,000	–	5	4,183	–
Variable interest	–	240	–	3,134	–
2015/16					
Redemption	–	–	–	11,500	–
Fixed interest	5,000	–	5	4,121	–
Variable interest	–	–	–	2,985	–
2016/17					
Redemption	100,000	–	184	11,500	–
Fixed interest	5,000	–	5	3,748	–
Variable interest	–	–	–	2,967	–
2017/18					
Redemption	–	–	150	22,462	–
Fixed interest	–	–	–	3,334	–
Variable interest	–	–	–	2,967	–
2018/19					
Redemption	–	–	–	138,076	241
Fixed interest	–	–	–	2,920	–
Variable interest	–	–	–	2,530	–
after 2018/19					
Redemption	–	–	–	43,000	179
Fixed interest	–	–	–	1,832	–
Variable interest	–	–	–	1,319	–

The bonds, export loans, loans from state authorities and other 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		Fair values	
€ in thousands	31 Mar 2015	31 Mar 2014	31 Mar 2015	31 Mar 2014
Bonds	101,505	101,305	105,000	106,000
Export loans	32,000	32,000	32,000	32,000
Loans from state authorities	508	510	520	516
Other bank borrowings	267,515	237,704	270,801	239,037
Derivative financial instruments	3,777	420	3,777	420
	405,305	371,939	412,098	377,973

The calculation of the fair values is based on the discounted value of future payments using current market interest rates, or the fair values are determined based on quoted prices.

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

€ in thousands	31 Mar 2015	31 Mar 2014
Euro	351,610	359,401
US Dollar	53,534	10,016
Chinese Renminbi Yuan	161	2,522
	405,305	**371,939**

Bank borrowings are secured by trade receivables amounting to € 32,000 thousand (at 31 March 2014: € 32,000 thousand). Reference is made to Note 12 "Trade and other receivables".

The Group's unused credit lines are as follows:

€ in thousands	31 Mar 2015	31 Mar 2014
Export credit lines - secured	8,000	8,000
Other credit lines - secured	203,068	230,510
Credit lines - unsecured	–	20,000
	211,068	**258,510**

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

€ in thousands	31 Mar 2015	31 Mar 2014
Less than 1 year	2,113	2,102
Between 1 and 5 years	7,133	7,350
More than 5 years	2,709	4,228
	11,955	**13,680**

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 mainly include by a sale and lease back transaction concluded in the financial year 2006/07 for the properties and buildings in Leoben-Hinterberg and Fehring, Austria, with a non-cancellable lease period until December 2021. The stated amounts also include € 4,219 thousand at 31 March 2015 (at 31 March 2014: € 5,967 thousand) attributable to minimum lease payments from the operating lease for no longer used building spaces in Leoben-Hinterberg, which has already been included in the statement of financial position as other provisions. Reference is made to Note 18 "Other provisions".

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

€ in thousands	2014/15	2013/14
Leasing and rental expenses	3,551	3,123

17. PROVISIONS FOR EMPLOYEE BENEFITS

The provisions for employee benefits relate to pension commitments, severance payments and other employee benefits.

DEFINED CONTRIBUTION PLANS The majority of the Group's employees in Austria and part of its employees in India are covered by defined contribution plans that have been transferred to a pension fund. For employees in Austria, the pension plans are supplemented by death and endowment insurances. Employer contributions are determined on the basis of a certain percentage of current renumeration. Employer contributions under these plans amounted to € 472 thousand in the financial year 2014/15 and to € 475 thousand in the financial year 2013/14.

DEFINED BENEFIT PLANS The Group operates defined benefit plans for several members of the management board and other executive employees with no employee contribution required. The board members' and other executive employees' plans are partially funded through assets in pension funds and partially unfunded. Pension benefits of board members and executive employees are based on their salaries and years of service. Essentially, the Group is exposed to risks arising from these obligations as the Group cannot reliably establish future salary and pension benefits increases owing to longevity and inflation.

FUNDED SEVERANCE PAYMENTS The employees in India are entitled to severance payments upon retirement or, under certain circumstances, upon leaving the company, the amount of which depends on years of service and the remuneration received by the respective member of staff. The severance payments range between half of a monthly remuneration per year of service and a fixed maximum. Severance payment obligations are covered by a life insurance. Essentially, the Group is exposed to risks arising from these obligations as the Group cannot reliably establish future remuneration increases owing to inflation.

UNFUNDED SEVERANCE PAYMENTS Employees in Austria, South Korea and China are entitled to receive severance payments, which are based upon years of service and remuneration received by the respective member of staff and are generally payable upon retirement and, under certain circumstances, upon leaving the Company. For staff members having joined the company before 1 January 2003, the severance payments in Austria range from two to twelve months of final monthly salary, with staff members in South Korea and China also entitled to a fixed amount depending on years of service and salary. Essentially, the Group is exposed to risks arising from these obligations as the Group cannot reliably establish future remuneration increases owing to inflation.

For employees who joined on or after 1 January 2003 in Austria, regular contributions are paid to a staff provision fund ("Mitarbeitervorsorgekasse") without any further obligations on part of the Group. The contributions for the financial year 2014/15 amounted to € 288 thousand and for the financial year 2013/14 to € 267 thousand.

OTHER EMPLOYEE BENEFITS 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 in Austria are stipulated in the Collective Agreement.

EXPENSES for (defined benefit) pension obligations, severance payments and other employee benefits consist of the following:

	Retirement benefits		Severance payments		Other employee benefits	
€ in thousands	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14
Current service cost	98	91	1,366	1,497	261	1,060
Interest expense	136	138	549	524	149	144
Remeasurement of obligations from other employee benefits	–	–	–	–	1,121	152
Expenses recognised in profit for the period	**234**	**229**	**1,915**	**2,021**	**1,531**	**1,356**
Remeasurement of obligations from post-employment benefits	2,551	472	4,206	255	–	–
Expenses recognised in other comprehensive income	**2,551**	**472**	**4,206**	**255**	**–**	**–**
Total	**2,785**	**701**	**6,121**	**2,276**	**1,531**	**1,356**

Expenses for retirement, severance payments and other employee benefits are recognised in profit and loss under cost of sales, distribution costs and general and administrative costs. In the financial year 2014/15, net interest expense on personnel-related liabilities is presented in "finance costs – net" for the first time.

Amounts accrued in the STATEMENT OF FINANCIAL POSITION are:

€ in thousands	31 Mar 2015	31 Mar 2014
Funded pension benefits	5,546	3,091
Unfunded pension benefits	1,493	1,226
Unfunded severance payments	22,284	16,505
Fundend serverance payments	202	66
Other employee benefits	4,201	3,867
Provisions for employee benefits	**33,726**	**24,755**

Pension obligations and severance payments are as follows:

	Retirement benefits		Severance payments	
€ in thousands	31 Mar 2015	31 Mar 2014	31 Mar 2015	31 Mar 2014
Present value of funded obligations	15,862	13,010	1,014	674
Fair value of plan assets	(10,316)	(9,919)	(812)	(608)
Funded status funded obligations	5,546	3,091	202	66
Present value of unfunded obligations	1,493	1,226	22,284	16,505
Provisions recognised in the statement of financial position	**7,039**	**4,317**	**22,486**	**16,571**

The present value of projected pension benefits, the movement in plan assets (held to cover the pension benefits) and funded status are as follows:

	Funded retirement benefits		Unfunded retirement benefits	
€ in thousands	2014/15	2013/14	2014/15	2013/14
Present value of pension obligation				
Present value at beginning of year	13,010	11,949	1,226	1,175
Current service cost	98	91	–	–
Interest expense	424	444	39	43
Remeasurement from the change in financial assumptions	3,604	898	269	64
Remeasurement from adjustments based on past experience	(1,132)	(238)	21	5
Benefits paid	(142)	(134)	(62)	(61)
Present value at end of year	**15,862**	**13,010**	**1,493**	**1,226**

Fair value of plan assets		
Fair value at beginning of year	9,919	9,404
Contributions	–	42
Investment result	211	257
Interest income	327	350
Benefits paid	(141)	(134)
Fair value at end of year	**10,316**	**9,919**
Funded status funded pension benefits	**5,546**	**3,091**

At 31 March 2015, the average maturity of funded pension benefits is 17 years and of unfunded pension benefits 13 years.

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

in %	31 Mar 2015	31 Mar 2014
Debt securities	39%	34%
Equity securities	45%	44%
Real estate	4%	5%
Cash and cash equivalents	12%	17%
	100%	**100%**

A significant portion of plan assets is traded in an active market.

The aggregate movement in funded and unfunded severance payments is as follows:

	Funded severance payments		Unfunded severance payments	
€ in thousands	2014/15	2013/14	2014/15	2013/14
Present value of severance payment obligation				
Present value at beginning of year	674	723	16,505	14,657
Exchange differences	181	(116)	354	(23)
Service cost	50	45	1,316	1,452
Interest cost	64	49	544	519
Remeasurement from the change in demographic assumptions	–	(2)	(369)	(528)
Remeasurement from the change in financial assumptions	59	(64)	3,820	889
Remeasurement from adjustments based on past experience	12	55	680	(88)
Benefits paid	(26)	(16)	(566)	(373)
Present value at end of year	**1,014**	**674**	**22,284**	**16,505**

Fair value of plan assets		
Fair value at beginning of year	608	616
Exchange differences	149	(100)
Contributions	26	57
Investment result	(4)	7
Interest income	59	44
Benefits paid	(26)	(16)
Fair value at end of year	**812**	**608**
Funded status funded severance payments	**202**	**66**

At 31 March 2015, the average maturity of unfunded severance payments is 13 years.

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

€ in thousands	2014/15	2013/14
Present value at beginning of year	3,867	3,793
Exchange differences	305	(96)
Service cost	261	1,060
Interest expense	149	144
Remeasurement from the change in demographic assumptions	(286)	(53)
Remeasurement from the change in financial assumptions	493	49
Remeasurement from adjustments based on past experience	914	155
Benefits paid	(1,502)	(1,185)
Present value at end of year	4,201	3,867

At 31 March 2015, the average maturity of other employee benefits is 11 years.

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

	Retirement benefits		Severance payments		Other employee benefits (anniversary bonuses)	
	31 Mar 2015	31 Mar 2014	31 Mar 2015	31 Mar 2014	31 Mar 2015	31 Mar 2014
Discount rate	1.70 %	3.30 %	2.10 %	3.57 %	2.15 %	3.40 %
Expected rate of renumeration increase	2.25 %	2.25 %	3.40 %	3.32 %	5.00 %	5.38 %
Expected rate of pension increase	2.00 %	2.00 %	–	–	–	–
Retirement age	65	65	*)	*)	–	–

*) individual according to respective local legislation

18. OTHER PROVISIONS

€ in thousands	Total	Warranty	Restructuring	Others
Carrying amount 31 Mar 2014	12,809	893	10,816	1,100
Utilisation	(1,970)	(240)	(1,030)	(700)
Reversal	(2,578)	(530)	(1,612)	(436)
Addition	3,978	2,005	–	1,973
Interest effect	(21)	–	(21)	–
Exchange differences	442	387	–	55
Carrying amount 31 Mar 2015	12,660	2,515	8,153	1,992

€ in thousands	Total	Warranty	Restructuring	Others
Carrying amount 31 Mar 2013	12,059	405	11,210	444
Utilisation	(4,535)	(471)	(3,444)	(620)
Reversal	–	–	–	–
Addition	5,302	995	3,004	1,303
Interest effect	46	–	46	–
Exchange differences	(63)	(36)	–	(27)
Carrying amount 31 Mar 2014	12,809	893	10,816	1,100

€ in thousands	31 Mar 2015	31 Mar 2014
thereof non-current	7,545	9,736
thereof current	5,115	3,073
Carrying amount	12,660	12,809

WARRANTY PROVISION This item relates to the costs for already existing and expected complaints about products still under warranty. The accrued amount is the best estimate of these costs based on past experience and actual facts, which due to the uncertainty as to amount and timing are not yet recognised as liabilities. The amount of expected costs includes amounts taken over from product liability insurance.

PROVISION FOR THE RESTRUCTURING This provision relates to future vacancy costs for no longer used building space based on the non-cancellable property lease obligation as well as to a potential loss from the utilisation of the property by the lessor which is to be borne by the lessee. The value was adjusted due to the reduction in unused building space. The provision was largely recognised in the amount of the present value of the expenses expected to be incurred until the end of the non-cancellable property lease obligation in December 2021. Moreover, a provision for the closure of the plant in Klagenfurt recognised in the financial year 2013/14 was utilised in the financial year 2014/15.

OTHERS The item “Others” relates to provisions for risks from pending losses on onerous contracts as well as to provisions for the risk associated with pension scheme premiums in Asia resulting from the uncertain legal situation there.

19. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

The fair values of the derivative financial instruments are as follows at the balance sheet date:

	31 Mar 2015		31 Mar 2014	
€ in thousands	Assets	Liabilities	Assets	Liabilities
Interest rate swaps at fair value	–	3,777	–	420
Total market values	**–**	**3,777**	**–**	**420**
Current portion	**–**	**–**	**–**	**–**
Non-current portion	**–**	**3,777**	**–**	**420**

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

	31 Mar 2015		31 Mar 2014	
Currency	Nominal amount in 1,000 local currency	Market value € in thousands	Nominal amount in 1,000 local currency	Market value € in thousands
Euro	92,000	(3,777)	92,000	(420)

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

in months	31 Mar 2015	31 Mar 2014
Interest rate swaps	47 - 71	59 - 83

At 31 March 2015, the fixed interest rates for interest rate swaps are 1.01% and 1.405%, the variable interest rate is based on the 6-month EURIBOR.

Based on the various scenarios, the Group manages its cash flow interest rate risk by using interest rate swaps. Such interest rate swaps have the economic effect of converting loans from floating rates to fixed rates. If the Group takes out loans at floating rates, it swaps such loans into fixed rate loans. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals, the difference between the fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amounts. Gains or losses from the measurement of interest rate swaps are recognised in equity. Associated interest expenses were recognised in profit or loss under “finance costs”.

20. ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS

CARRYING AMOUNTS AND FAIR VALUES BY MEASUREMENT CATEGORY The carrying amounts and fair values of financial instruments included in several items in the statement of financial position by measurement category are as follows at the balance sheet date. Unless otherwise stated, carrying amounts correspond approximately to the fair values:

31 Mar 2015 € in thousands	Measurement categories in accordance with IAS 39 or measurement in accordance with other IFRSs	Level	Carrying amount	Fair value
Assets				
Non-current assets				
Financial assets	AFSFA	2	96	96
Current assets				
Trade receivables less impairments	LAR		113,492	
Other receivables	LAR		609	
Other receivables	–		29,029	
Trade and other receivables			**143,130**	
Financial assets	FAAFVPL	1	780	780
Cash and cash equivalents	LAR		273,919	
Cash and cash equivalents			**273,919**	
Liabilities				
Bonds	FLAAC	1	101,505	105,000
Other financial liabilities	FLAAC	2	300,023	303,321
Derivative financial instruments	DHI	2	3,777	3,777
Non-current and current financial liabilities			**405,305**	**412,098**
Trade payables	FLAAC		97,785	
Other payables	FLAAC		29,133	
Other payables	–		27,248	
Trade and other non-current and current payables			**154,166**	
Aggregated by measurement categories				
Assets				
Loans and receivables	LAR [1)]		388,020	
Available-for-sale financial assets	AFSFA [2)]		96	
Financial assets at fair value through profit or loss	FAAFVPL [3)]		780	
Liabilities				
Financial liabilities at amortised costs	FLAAC [4)]		528,446	
Derivatives as hedging instruments	DHI [5)]		3,777	

31 Mar 2014 € in thousands	Measurement categories in accordance with IAS 39 or measurement in accordance with other IFRSs	Level	Carrying amount	Fair value
Assets				
Non-current assets				
Financial assets	**AFSFA**	**2**	**96**	**96**
Current assets				
Trade receivables less impairments	LAR		94,036	
Other receivables	LAR		456	
Other receivables	–		16,507	
Trade and other receivables			**110,999**	
Financial assets	FAAFVPL	1	836	836
Cash and cash equivalents	LAR	1	15,321	15,321
Cash and cash equivalents	LAR		244,812	
Cash and cash equivalents			**260,133**	
Liabilities				
Bonds	FLAAC	1	101,305	106,000
Other financial liabilities	FLAAC	2	270,214	271,553
Derivative financial instruments	DHI	2	420	420
Non-current and current financial liabilities			**371,939**	**377,973**
Trade payables	FLAAC		66,184	
Other payables	FLAAC		19,697	
Other payables	–		19,271	
Trade and other non-current and current payables			**105,152**	
Aggregated by measurement categories				
Assets				
Loans and receivables	LAR [1]		354,625	
Available-for-sale financial assets	AFSFA [2]		96	
Financial assets at fair value through profit or loss	FAAFVPL [3]		836	
Liabilities				
Financial liabilities at amortised costs	FLAAC [4]		457,400	
Derivatives as hedging instruments	DHI [5]		420	

[1] Loans and receivables
[2] Available-for-sale financial assets
[3] Financial assets at fair value through profit or loss
[4] Financial liabilities at amortised cost
[5] Derivatives as hedging instruments

Three valuation hierarchies have to be distinguished in the fair value measurement.

- Level 1: The fair values are determined based on quoted market prices in an active market for identical financial instruments.
- Level 2: If quoted market prices in active markets are not available, the fair values are determined based on the results of a measurement method that is based to the greatest possible extent on market prices.
- Level 3: In this case, the fair values are determined using measurement models which are not based on observable market data.

NET RESULTS RELATING TO FINANCIAL INSTRUMENTS BY MEASUREMENT CATEGORY Net gains or net losses relating to financial assets and liabilities by measurement category are as follows:

€ in thousands	2014/15	2013/14
Loans and receivables	6,815	(2,065)
Financial assets at fair value through profit or loss	(29)	(87)
Available-for-sale financial assets	8	8
Financial liabilities at amortised cost	(8,712)	(9,768)
	(1,918)	(11,912)

The net results relating to financial instruments include dividend income, interest income and expenses, foreign exchange gains and losses, realised gains and losses on the disposal and sale, as well as income and expenses recognised in profit or loss from the measurement of financial instruments.

€ 427 thousand in net income (in 2013/14: € -1,420 thousand in net expense) of the total net result from financial instruments is included in the operating result, and € -2,345 thousand (in 2013/14: € -10,492 thousand in net expense) in "Finance costs – net".

FINANCIAL RISKS

In the following, the financial risks, which comprise the financing risk, the liquidity risk, the credit risk, and the foreign exchange risk, are addressed. In the Group Management Report, further risk categories and the related processes and measures are outlined.

Risk management of financial risks is carried out by the central treasury department (Group Treasury) under policies approved by the Management Board. Responsibilities, authorisations and limits are governed by these internal guidelines. Group Treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units.

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

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

On the liabilities side, 78% (in the previous year 84%) of the total bonds and bank borrowings are subject to fixed interest rates, taking into account interest rate hedging instruments. Reference is made to Note 16 "Financial liabilities".

The financial liabilities of the Group are linked with loan commitments that are customary in the market. These commitments are reviewed on a quarterly basis. In the case of non-compliance with the commitment, the lenders have a right of notice.

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

At 31 March 2015 the Group has liquidity reserves in the amount of € 485.9 million (at 31 March 2014: € 519.6 million), € 274.8 million (at 31 March 2014: € 261.1 million) of which is accounted for by cash (equivalents) and securities held for trading and available-for-sale securities, and € 211.1 million (at 31 March 2014: € 258.5 million) by available unused credit facilities. Thus, the liquidity reserves decreased by € 33.7 million year-on-year, with € 131.7 million (at 31 March 2014: € 180.2 million) included in the current reserves, which relate to AT&S in China and are subject to specific liquidity requirements.

The Group has a clearly positive operating cash flow. The net cash flow from operating activities for the financial year 2014/15 amounts to € 143.9 million (in 2013/14: € 104.8 million). Thus, the investments made in the reporting year could be financed mainly from the operating cash flow.

CREDIT RISK In the Group, credit risk refers to the potential payment default by customers. The Group always managed to establish strong partnerships with its largest customers. 52% of the Group's total revenue was attributable to its five largest customers.

The share in trade receivables outstanding at the balance sheet date roughly corresponds to the shares in revenue of the individual customers. The credit risk is kept at a minimum, on the one hand, by regular billing of delivered products and, on the other hand, by credit assessments and credit insurances. In case of identifiable financial difficulties, deliveries would only be made against advance payment.

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

FOREIGN EXCHANGE RISK As a globally operating entity, the AT&S Group is exposed to foreign exchange risk. "Natural hedges" exist in part through local added value created at the various plants. In the Group transaction risks are initially managed by closing positions (netting). Open positions are continuously analysed and hedged by using different hedging instruments such as forward contracts, currency options and currency swaps.

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

FINANCIAL MARKET RISKS

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

EVALUATION OF FINANCIAL MARKET RISKS BY SENSITIVITY ANALYSES

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

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 profit for the year would have been € 0.9 million lower (or higher, respectively) (in 2013/14: € 0.6 million), 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. The result of this interest rate sensitivity analysis is based on the assumption that the interest rates would deviate during an entire financial year by 100 basis points and the new interest rates would have to be applied to the amount of equity and liabilities at the balance sheet date.

A change in the euro exchange rate of 1% against the US dollar would have had an impact on the profit for the year in the amount of € 0.6 million (in 2013/14: € 1.1 million). This effect would have been due to the measurement of trade receivables and payables as well as financial balances and derivative financial instruments measured at fair value based on US dollars.

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

CAPITAL RISK MANAGEMENT

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

Based on the covenants defined in the credit agreements, the Group monitors its capital based on the equity ratio as well as the ratio of net debt to EBITDA (theoretical payback period for debts).

The Group’s strategy is not to fall below an equity ratio of 40% and not to exceed a theoretical payback period for debts of 3.0 years, creating sufficient leeway to cushion the occurrence of adverse business developments and to ensure the Company’s going concern also in times of crisis. It is acceptable if the values are temporarily exceeded.

At the balance sheet date, the equity ratio was 49.5% and thus significantly surpassed the previous year’s figure of 42.7%. At 0.8 years, the theoretical payback period for debts was below the already low previous year’s figure of 0.9 years.

The net gearing performance indicator used up until the previous year is no longer used as a central control reference as it is not directly reflected in the credit agreements.

21. CONTINGENT LIABILITIES AND OTHER FINANCIAL COMMITMENTS

Regarding non-cancellable leasing and rental agreements, reference is made to Note 16 “Financial liabilities”. At 31 March 2015 the Group has other financial commitments amounting to € 32,857 thousand (at 31 March 2014: € 59,548 thousand) in connection with contractually binding investment projects. Furthermore, at the balance sheet date the Group has contingent liabilities from bank guarantees in the amount of € 51 thousand (at 31 March 2014: € 703 thousand). Other guarantees or contingencies relating to the ordinary business operations do not exist at the balance sheet date.

22. SHARE CAPITAL

	Outstanding shares in thousand shares	Ordinary shares € in thousands	Share premium € in thousands	Treasury shares, net of tax € in thousands	Share capital € in thousands
31 Mar 2013	**23,323**	**28,490**	**63,542**	**(46,118)**	**45,914**
Change in treasury shares, net of tax	2,577	–	(29,365)	46,118	16,753
Proceeds of share issue	12,950	14,245	64,934	–	79,179
31 Mar 2014	**38,850**	**42,735**	**99,111**	**–**	**141,846**
31 Mar 2015	**38,850**	**42,735**	**99,111**	**–**	**141,846**

ORDINARY SHARES

After increasing the Company’s ordinary shares in the financial year 2013/14 by € 14,245 thousand by way of issuing 12,950,000 no-par value bearer shares, the ordinary shares as of 31 March 2015 amount to € 42,735 thousand (previous year: € 42,735 thousand) and are made up of 38,850,000 (previous year: 38,850,000) no-par value shares with a notional value of € 1.10 each.

APPROVED CAPITAL AND CONDITIONAL CAPITAL INCREASE

By resolution passed at the 20th Annual General Meeting on 3 July 2014, the Management Board was authorised until 2 July 2019 to increase the Company's ordinary shares, subject to approval by the Supervisory Board, by up to € 21,367.5 thousand by way of issuing up to 19,425,000 new no-par value bearer shares against contribution in cash or in kind, in one or several tranches, also by way of indirect rights offering after having been taken over by one or more credit institutions in accordance with § 153 (6) Austrian Stock Corporation Act (AktG). In doing so, the Management Board was authorised, subject to approval by the Supervisory Board, to fully or partially exclude the shareholders’s subscription right as well as to determine the detailed conditions for such issuance (in particular the issue amount, what the contribution in kind entails, the content of the share rights, the exclusion of subscription rights, etc.) (approved capital). The Supervisory Board was authorised to adopt amendments to the articles of association resulting from the issuance of shares from the approved capital.

Furthermore, by resolution of the 20th Annual General Meeting on 3 July 2014, the authorisation to issue convertible bonds as resolved in the Annual General Meeting on 7 July 2010 was revoked and simultaneously, the Management Board was authorised until 2 July 2019, subject to approval by the Supervisory Board, to issue one or several convertible bearer bonds at a total nominal amount of up to € 150,000.0 thousand and to grant to bearers of convertible bonds subscription rights and/or conversion rights for up to 19,425,000 new no-par value bearer shares of the Company in accordance with the convertible bond conditions to be defined by the Management Board and subject to approval by the Supervisory Board. The Management Board was authorised to fully or partially exclude the shareholders’ subscription right to convertible bonds. Convertible bonds may also be issued by a directly or indirectly 100%-owned company of AT & S Austria Technologie & Systemtechnik Aktiengesellschaft. In such a case, the Management Board was authorised, subject to approval by the Supervisory Board, to assume a guarantee for the convertible bonds on behalf of the issuing company and to grant conversion and/or subscription rights with regard to shares of AT & S Austria Technologie & Systemtechnik Aktiengesellschaft to the bearers of the convertible bonds.

Furthermore, in doing so, the Company’s ordinary shares were conditionally increased by up to € 21,367.5 thousand by way of issuance of up to 19,425,000 new no-par value bearer shares in accordance with § 159 (2) No. 1 Austrian Stock Corporation Act (AktG). This conditional capital increase is only carried out insofar as the bearers of convertible bonds issued based on the authorisation resolution passed at the Annual General Meeting on 3 July 2014 claim the right to conversion and/or subscription granted to them with regard to the Company's shares. Furthermore, the Management Board was authorised to determine, subject to approval by the Supervisory Board, the further details of carrying out the conditional capital increase (particularly the issue amount and the content of the share rights). The Supervisory Board was authorised to adopt amendments to the articles of association resulting from the issuance of shares from the conditional capital.

With regard to increasing the approved capital and/or the conditional capital increase, the following definition of amount in accordance with the resolutions passed at the 20th Annual General Meeting on 3 July 2014 is to be observed: The sum of (i) the number of shares currently issued or potentially to be issued from conditional capital in accordance with the convertible bond conditions and (ii) the number of shares issued from approved capital shall not exceed the total amount of 19,425,000.

OUTSTANDING SHARES The number of shares issued amounts to 38,850,000 at 31 March 2015 (38,850,000 at 31 March 2014).

TREASURY SHARES By a resolution passed at the 19th Annual General Meeting on 4 July 2013, the Management Board was again authorised (pursuant to § 65 (1) No. 8 of the Austrian Stock Corporation Act (AktG)) to acquire - within 30 months as from the resolution date - treasury shares to the maximum extent of up to 10% of the ordinary shares of the Company at a lowest price that may be no more than 30% lower than the average unweighted closing rate of the last 10 trading days and at a highest price per share of a maximum of up to 30% above the average unweighted closing rate of the last 10 trading days. The authorisation also includes the acquisition of shares of subsidiaries (§ 66 AktG). The acquisition may be carried out via the stock exchange, by means of a public offering or in any other legal way and for any legal purpose. The Management Board was also authorised to withdraw repurchased treasury shares as well as treasury shares already held by the Company without any other resolution of the Annual General Meeting. This authorisation may be exercised in full, in part or in several tranches. The Supervisory Board is authorised to resolve amendments to the articles of association that may result from the withdrawal of shares.

Since 15 May 2006, the Group has purchased a total of 2,632,432 treasury shares at the prevailing market price amounting to a total of € 47,484.0 thousand. In the financial year 2013/14, 2,577,412 treasury shares were sold in the course of the capital increase. At 31 March 2015, the Group no longer holds any treasury shares.

At the 19th Annual General Meeting on 4 July 2013, the Management Board in accordance with § 65 (1b) AktG was authorised again, for a period of five years as of the date the resolution was passed, i.e. up to and including 3 July 2018, upon approval by the Supervisory Board and without any further resolution of the Annual General Meeting, to sell or use the repurchased treasury shares or treasury shares already held by the Company also in a different way than via the stock exchange or by public offer, most notably to use treasury shares for the following purposes:

- Issuance to employees, executive employees and members of the Management Board of the Company or to an affiliated company, including the servicing of stock transfer programmes (particularly with regard to stock options, long-term incentive plans or other employee stock option plans),
- To serve issued convertible bonds, if any,
- As consideration for the acquisition of entities, investments or other assets, and
- For any other legal purpose,

and by doing so, to exclude the general purchase option of shareholders (subscription right exclusion). The authorisation may be exercised in full, in part and also in several tranches and may serve multiple purposes.

DIVIDEND PER SHARE In the financial year 2014/15 a dividend of € 0.20 was paid per share (in 2013/14: € 0.20).

23. OTHER RESERVES

The reclassification adjustments of the other comprehensive income realised in the profit for the year and the movement in other reserves are as follows:

€ in thousands	Currency translation differences	Available-for-sale financial assets	Hedging instruments for cash flow hedges	Remeasurement of obligations from post-employment benefits	Other reserves
Carrying amount as of 31 Mar 2013*)	**44,963**	**3**	**(89)**	**(2,526)**	**42,351**
Balance of unrealised changes before reclassification, net of tax	(42,695)	–	(314)	–	(43,009)
Transfer of realised changes recognised in the profit for the year, net of tax	–	–	89	–	89
Remeasurement of obligations from post-employment benefits	–	–	–	(728)	(728)
Carrying amount as of 31 Mar 2014	**2,268**	**3**	**(314)**	**(3,254)**	**(1,297)**
Balance of unrealised changes before reclassification, net of tax	161,339	–	(2,517)	–	158,822
Remeasurement of obligations from post-employment benefits	–	–	–	(6,751)	(6,751)
Carrying amount as of 31 Mar 2015	**163,607**	**3**	**(2,831)**	**(10,005)**	**150,774**

*) Adjusted taking into account IAS 19 revised.

With regard to the presentation of income taxes attributable to the individual components of the other comprehensive income, including reclassification adjustments, reference is made to Note 7 “Income taxes”.

V. 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 38,850,000. At 31 March 2015 no treasury shares are held, which would have had to be deducted in the calculation of earnings per share.

The weighted average number of outstanding shares for the basic earnings per share calculation amounts to 38,850 thousand in the financial year 2014/15 and to 30,821 thousand in the financial year 2013/14.

The weighted average number of outstanding shares for the diluted earnings per share calculation amounts to 38,850 thousand in the financial year 2014/15 and to 31,618 thousand in the financial year 2013/14.

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

in thousands	2014/15	2013/14
Weighted average number of shares outstanding – basic	38,850	30,821
Diluting effect	–	797
Weighted average number of shares outstanding – diluted	**38,850**	**31,618**

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.

	2014/15	2013/14
Profit for the year (€ in thousands)	69,279	38,168
Weighted average number of shares outstanding – basic (in thousands)	38,850	30,821
Basic earnings per share (in €)	**1.78**	**1.24**

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 same period. The potentially outstanding ordinary shares comprise the additional shares to be issued for exercisable options or subscription rights and are included in diluted earnings per share.

	2014/15	2013/14
Profit for the year (€ in thousands)	69,279	38,168
Weighted average number of shares outstanding – diluted (in thousands)	38,850	31,618
Diluted earnings per share (in €)	**1.78**	**1.21**

25. MATERIAL EVENTS AFTER THE BALANCE SHEET DATE

On 28 April 2015, AT&S announced its entry into a new generation of printed circuit boards, the so-called “substrate-like PCB”. This is achieved by expanding its capacities at the Chongqing site. As a consequence, the investment volume planned for this site until mid-2017 increased from the original amount of € 350 million to € 480 million.

Other than that, until 5 May 2015 no events or developments came to AT&S's attention that would have resulted in significant changes in the disclosure or measurement of the individual asset and liability items as at 31 March 2015.

26. RELATED PARTY TRANSACTIONS In connection with various projects, the Group received consulting services from companies where Supervisory Board chairman Mr. Androsch (AIC Androsch International Management Consulting GmbH) and Supervisory Board deputy chairman Mr. Dörflinger (Dörflinger Managmeent & Beteiligungs GmbH) are managing directors with the power of sole representation. The Group also received legal advice from Frotz Riedl Rechtsanwälte, where Supervisory Board member Mr. Riedl works as an independent lawyer.

€ in thousands	2014/15	2013/14
AIC Androsch International Management Consulting GmbH	380	387
Dörflinger Management & Beteiligungs GmbH	8	5
Frotz Riedl Rechtsanwälte	3	6
	391	**398**

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

MEMBERS OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD In the financial year 2014/15 and until the date of issuance of these consolidated financial statements the following persons served on the MANAGEMENT BOARD:

- Andreas Gerstenmayer (Chairman)
- Karl Asamer (Deputy Chairman)
- Heinz Moitzi

In the financial year 2014/15 the following persons were elected members of the SUPERVISORY BOARD:

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

Delegated by the Works Council:

- Wolfgang Fleck
- Sabine Fussi
- Franz Katzbeck
- Günther Wölfler

The number of outstanding stock options and staff costs from stock options granted are as follows:

	Number of outstanding stock options		Staff costs (€ in thousands)	
	31 Mar 2015	31 Mar 2014	2014/15	2013/14
Andreas Gerstenmayer	80,000	120,000	218	60
Heinz Moitzi	60,000	90,000	114	89
Total Management Board	140,000	210,000	332	149
Total other executive employees	37,000	55,500	99	46
	177,000	**265,500**	**431**	**195**

The number of outstanding stock appreciation rights and staff costs from stock appreciation rights granted are as follows:

	Number of outstanding stock appreciation rights	Staff costs (€ in thousands)
	31 Mar 2015	2014/15
Andreas Gerstenmayer	40,000	69
Karl Asamer	30,000	52
Heinz Moitzi	30,000	52
Total Management Board	100,000	173
Total other executive employees	130,000	224
	230,000	397

Reference is made to the comments on the stock option plans under Note 15 "Trade and other payables".

Total remuneration paid to the members of the Management Board and to executive employees in the financial year in accordance with IAS 24:

	2014/15			2013/14		
€ in thousands	Fixed	Variable	Total	Fixed	Variable	Total
Andreas Gerstenmayer	429	506	935	428	373	801
Karl Asamer	361	301	662	–	–	–
Heinz Moitzi	359	361	720	357	424	781
Executive employees	4,134	1,996	6,130	3,898	1,598	5,496
			8,447			7,078

IAS 24 includes key management personnel having authority and responsibility for directly or indirectly planning, directing and controlling the activities of the entity, including any managing director of that entity.

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

	Severance payments Financial year		Pensions Financial year	
€ in thousands	2014/15	2013/14	2014/15	2013/14
Expenses recognised in profit for the period	165	136	328	322
Remeasurement recognised in other comprehensive income	381	2	2,550	472

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

	2014/15			2013/14		
€ in thousands	Fixed	Variable	Total	Fixed	Variable	Total
Hannes Androsch	35	19	54	35	18	53
Willibald Dörflinger	28	9	37	26	9	35
Regina Prehofer	25	9	34	25	9	34
Karl Fink	24	9	33	23	9	32
Albert Hochleitner	25	9	34	23	9	32
Gerhard Pichler	25	9	34	24	9	33
Georg Riedl	25	9	34	24	9	33
Karin Schaupp	22	9	31	22	9	31
	209	82	291	202	81	283

Shareholdings and stock options of members of the Management Board and the Supervisory Board as of 31 March 2015:

	Shares	Stock options	Total shares and stock options	% capital
Management Board members	**16,786**	**140,000**	**156,786**	**0.40**
Supervisory Board members:				
Hannes Androsch	599,699	–	599,699	1.54
Other members of the Supervisory Board	42,250	–	42,250	0.11
Total Supervisory Board members	**641,949**	**–**	**641,949**	**1.65**
Private foundations:				
Androsch Privatstiftung	6,339,896	–	6,339,896	16.32
Dörflinger Privatstiftung	6,902,380	–	6,902,380	17.77
Total private foundations	**13,242,276**	**–**	**13,242,276**	**34.09**
	13,901,011	140,000	14,041,011	36.14

27. EXPENSES FOR THE GROUP AUDITOR

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

€ in thousands	2014/15	2013/14
Audit of consolidated and separate financial statements	124	125
Other assurance services	2	101
Other services	48	52
	174	278

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

28. NUMBER OF STAFF

The average numbers of staff in the financial year are as follows:

	2014/15	2013/14
Waged workers	5,924	5,488
Salaried employees	1,714	1,539
	7,638	7,027

The calculation of the number of staff includes an average of 3,264 leased personnel for the financial year 2014/15 and an average of 3,045 for the financial year 2013/14.

Leoben-Hinterberg, 5 May 2015

The Management Board

Andreas Gerstenmayer m.p.

Karl Asamer m.p.

Heinz Moitzi m.p.

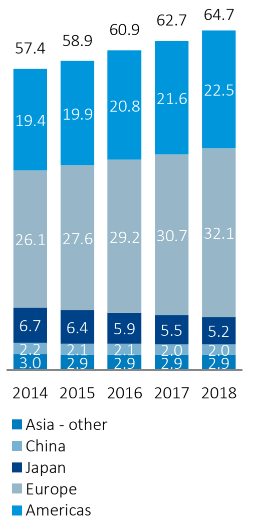
Group Management Report 2014/15

TABLE OF CONTENTS

1. Business development

1.1. Market and industry

PCB market
US$ in billions



Source: Prismark, Q4 2014

A printed circuit board (PCB) is a connection platform for electrical, electronic and mechanical components. It enables the mechanical mounting as well as the electrical connection of resistors, capacitors, microprocessors, memory components, sensors, connectors and many other components required for fully functioning electronic systems. Since almost every electronic device includes one or more printed circuit boards, they are an essential part of our everyday lives.

Printed circuit boards consist of electrically insulating carrier material (usually fibreglass mats saturated in epoxy resin) and conductive connections attached to them (normally made of etched copper layers). There are countless types of printed circuit boards, ranging from single-layer to highly complex multilayer models. The complexity of printed circuit boards and the related requirements for the different production processes are determined by several factors. These factors are the number of layers, the vertical connection of the individual layers and their minimum hole diameter, line width and spacing as well as the surface finish. Progressive miniaturisation of electronic components in end devices while simultaneously increasing power density increases the requirements for and the complexity of printed circuit boards. For many years, AT&S has placed its focus on the production of highly complex printed circuit boards for the most sophisticated applications. Over 75% of revenue are now achieved in this top category of technology.

IC substrates represent cutting edge technology for connection platforms. The most important difference from printed circuit boards are the achievable structures – a minimum of less than 10µm is possible. Unlike in the production of printed circuit boards, however, the cleanroom requirements to be met are far more complex, and alternative plating processes are required to form vertical connections. Other than traditional printed circuit boards, IC substrates may also consist of ceramic or glass materials.

INTERNATIONAL MARKET DEVELOPMENT The global printed circuit board market is strongly influenced by the highly developed but unpredictable electronics industry. As a result of rapidly changing customer needs and the shifting global economic climate, the markets for end devices and semiconductors are subject to greater and greater fluctuations. The printed circuit board industry is also subject to these macro trends determining the demand for electronic devices and systems. Additionally, the imbalance between supply and demand, the progressing geographic migration, the price decline and the fierce competition exert an influence over this highly fragmented market, which has become even more dynamic and more difficult to predict as a result. On a global scale, about 2,800 producers existed in 2013 (source: NTI, Aug. 2014). The top 30 entities hold a global market share of about 55% (source: Prismark, Q4 2014).

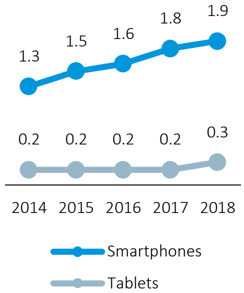
Independent market analysts predict an average annual growth of about 3% for the global printed circuit board market until 2019 (source: Prismark, Q4 2014), expecting above average growth rates for more advanced technologies such as HDI Microvia PCBs.

In 2014, global demand for printed circuit boards was at US$ 57.4 billion (source: Prismark, Q4 2014), meaning an increase of 2.3% on the previous year. The chart shows the different developments in the various regions. While the American, European and Japanese markets are becoming less and less important, Asia (excluding Japan) will claim a share of about 85% in the global production of printed circuit boards by 2019.

SMARTPHONES REMAIN GROWTH DRIVERS IN THE ELECTRONICS INDUSTRY

With about 1.3 billion devices sold, the smartphone market was by far the largest segment of the global electronics industry in 2014, and also the fastest growing (27% growth) year-on-year. Even if independent market analysts predict significantly lower average growth rates of about 9% for the coming years (source: IDC, March 2015), smartphones will remain one of the most important growth drivers in the future. Contrary to initial forecasts, which predicted an average annual growth of 13% (source: IDC, January 2014), the tablet PC market with its 4.5% growth was significantly less dynamic in January 2014 (source: IDC, March 2015) than in 2013. For the upcoming years, an average growth of about 3% p.a. is now expected (source: IDC, March 2015).

Smartphones and tablet PCs as growth drivers
Units sold in billions



Source: IDC, March 2015

In addition to the devices stated above, PCs, notebooks, server/memory computers, communication infrastructure devices and consumer products such as digital cameras and TV sets are key components of the market segments Computer, Communication and Consumer. AT&S management sees considerable market potential in wearable devices such as, e.g., smart watches, which require printed circuit board technologies of a similarly high quality as smartphones.

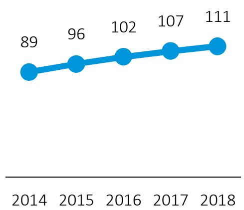
These market segments are largely driven by the mega trend “connectivity”. To connect individual devices – such as smartphones, tablets, computers, so-called smart devices such as smart watches, fitness trackers but also TVs and a variety of future everyday electrical devices – over the internet opens up new areas for growth, which will define the developments in these segments in the coming years under the keyword “Internet of Things”.

ABOVE-AVERAGE GROWTH IN AUTOMOBILE ELECTRONICS THROUGH NEW DEVICES

For the global automotive market, independent market analysts predict an average annual growth of about 5% until 2018. The share in electronics systems will show an annual growth of 5.5% over the same period (source: Prismark, Q4, 2014). With regard to printed circuit board demand for automobile electronics, an average annual growth of 4% is predicted (source: Prismark, Q4, 2014). The growth rates both for electronics systems and for printed circuit boards significantly exceed the average totals of the global electronics industry, which are forecast to grow 3,5% for electronics systems and 3,1% for printed circuit boards (source: Prismark, Q4 2014).

The automotive sector focuses on safety, information, reduced consumption and reduced emissions. Resilience, duration and temperature resistance thus define the high demands imposed on printed circuit boards in use. Applications in the fields of safety and information largely drive the demand for and the usage of HDI and Microvia printed circuit boards in this segment. Devices now using HDI and Microvia printed circuit boards range from navigation, multimedia and infotainment systems as well as emergency call and camera systems to electronic transmission control.

Sales volume of automotive market
Vehicles sold in millions

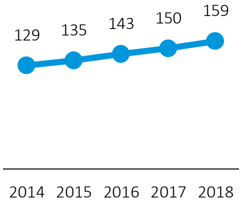


Source: KPMG, LMC Sep. 2013

In the future, the subject of “autonomous driving” will require the development of new central systems for collecting information and data provided by camera systems, radar and ultrasound sensors, as well as for analysing them and subsequently triggering the respective actuators for the braking, stability and steering systems. Due to the large data volume and the fast transmission rates needed, these new central computers also require HDI technology.

In the automobile electronics segment, AT&S is among the top ten printed circuit board suppliers in the world in terms of revenue (source: NTI, March 2014).

Sales volume of industrial electronics systems market
US$ in billions



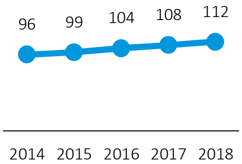
Source: Prismark Discovery Series, March 2015

STABLE GROWTH IN INDUSTRIAL ELECTRONICS Independent market analysts expect a growth of about 5% for 2015 in the industrial electronics systems market (source: Prismark, March 2015). The correlating growth in printed circuit boards for this segment is predicted to be about 3% for the same period (source: Prismark, March 2015).

The market for industrial electronics is highly fragmented and, as a result of the wide range of applications, marked by a wide variety of customers having quite sophisticated demands as regards the printed circuit board technologies used. The technology range in demand ranges from single and double sided PCBs, multilayer PCBs with a large number of layers as well as an increasing amount of HDI and Microvia PCBs to all types of flexible and rigid-flexible PCBs. In order to meet the resulting requirements – which are determined by area of application and the various product specifications – key success factors for printed circuit board producers are proximity to the customer, high flexibility and short delivery periods.

The industrial electronics segment is still very much shaped by applications in the areas of measurement and control technology, power electronics, lighting systems as well as diagnostic instruments, RFID readers but also railway technology. In the future, M2M (machine-to-machine and machine-to-man) communication modules driven by Industry 4.0 activities will enable further growth in this segment. AT&S is working together with several industry leaders in this new field of operations and is fully prepared to fulfil the new applications' requirements.

Sales volume of medical electronics systems market
US$ in billions



Source: Prismark Discovery Series, March 2015

THE MARKET FOR MEDICAL ELECTRONICS The global market for medical electronics systems obtained a value of US$ 96 billion in 2014 (source: Prismark Discovery Series, March 2015), meaning a stagnation year-on-year. Predictions by other analysts show significant deviations in market sizes. IC-Insight expected a total systems market of US$ 50.9 billion e.g. for 2014 (source: IC-Insight, December 2013). These deviations illustrate this market's complexity with regard to applications such as diagnostic and imaging devices, therapy applications, patient monitoring. Further areas of applications are surgical lighting, sterilisation systems, analytical instruments and molecular diagnostics. The deviating predictions with regard to the actual market volume of medical electronics are to be interpreted depending on the allocation of the above stated applications to the individual segments of the global electronics industry. Prices for medical technology, devices and systems range from low two-digit US$ amounts for fitness trackers to several 100,000 US$ for a computer tomography system.

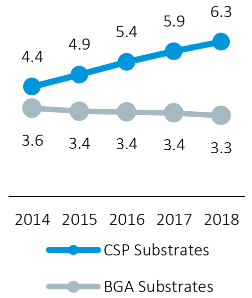
Growth forecasts differ to the same extent as the different market volume assessments. Prismark, for example, expects an average annual growth of about 4% for the coming years, while IC-Insight assumes that the market for medical electronics will increase by 7%.

Medical technology applications demand the highest standard of reliability with regard to the devices and, as a result, the printed circuit boards used in them. Additionally, miniaturisation and weight reduction are of utmost importance, particularly with regard to applications such as cardiac pacemakers, hearing aid devices or other mobile systems. The many years of experience gained in the development and miniaturisation of high quality printed circuit boards for the smartphone industry, combined with the fulfilment of this technology's highest quality requirements in the automotive segment, enable AT&S to acquire more and more customers in this market and to meet their demands in the best possible way.

THE MARKET FOR IC SUBSTRATES

Independent market analysts originally predicted a volume of US$ 8.9 billion for 2013, and a growth of 4% for 2014 (source: JMS, second half-year 2012). Due to the global decline of the computer market for desktop PCs resulting from the tablet growth, most recent analyses show a significantly lower market volume for so-called BGA substrates, but instead a stronger growth for CSP substrates. The total IC substrate market thus achieved a value of US$ 7.6 billion in 2013 (source: JMS, June 2014). A total market volume of US$ 8.0 billion was predicted for 2014, and an average annual growth of about 4.7% for the coming years. For BGA substrates, a market volume of US$ 3.6 billion was stated for 2014, and an average annual decline in demand by about 1.4% for the period from 2014 to 2018. For CSP substrates, a market volume of US$ 4.4 billion was calculated for 2014, and an average annual growth of about 9% for the years from 2014 to 2018 (source: JMS, June 2014).

Sales volume of IC substrates market for BGA and CSP technology
US$ in billions



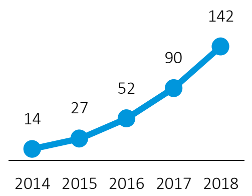
Source: JMS, June 2014

IC substrates are used in all segments of the electronics industry, with more than 80% of this technology being installed in smartphones, desktop computers, notebooks, tablets, servers and memory systems (source: Prismark, July 2014). Contrary to the great number of printed circuit board producers, there are only a few producers of IC substrates, with the top ten players having a market share of more than 80% between them (source: Prismark, July 2014). This environment enables AT&S to establish itself as one of the leading market suppliers in this high-tech segment in the coming years.

MINIATURISATION, FUNCTIONAL INTEGRATION AND MODULARISATION DETERMINE THE MARKET FOR EMBEDDED COMPONENT PACKAGING (ECP) AND EMBEDDED DIE PACKAGING

The embedded die packaging technology is currently being introduced to the market. Yole analysts estimate the total market volume for 2014 to be US$ 14 million and predict a market increase until 2018, reaching a total volume of about US$ 142 million. This corresponds to an average annual growth of about 78%. There are currently about a dozen suppliers for embedding technologies, with AT&S currently in a clear leading position in this new market, having a market share of 75% (source: Yole, March 2015).

Sales volume of Embedded Die packaging market
US$ in millions



Source: Yole, March 2015

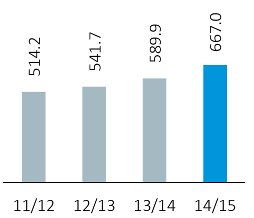
Paramount to ECP technology is miniaturisation by integrating components and thus functionality into the printed circuit board, as well as an improved reliability of the connector technology between components and printed circuit board. Further challenges include increasing mechanical stability and improving thermal and electrical properties for applications in the high frequency area, for power electronics but also for audio applications and high-speed data transfer.

ECP technology focuses on two different areas. So-called packages or system-in-package (SiP) modules currently represent the largest part. Typical examples for application include power modules, MOSFET and IGBT applications, MEMS modules, sensor and camera modules, audio and radio modules as well as DC/DC converters.

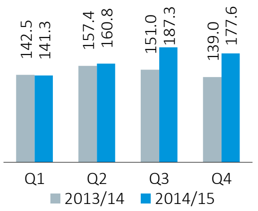
The second area relates to motherboards (main boards), including applications such as highly reliable printed circuit boards for rough environmental conditions (e.g. motor control in the automotive sector), notebooks, mobile internet devices, smartphones, hearing aid devices and RFID solutions.

1.2. Profit situation

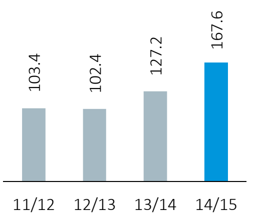
Development of revenue
€ in millions



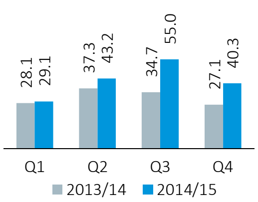
Revenue per quarter
€ in millions



Development of EBITDA
€ in millions



EBITDA per quarter
€ in million



AT&S was able to improve the previous year's extraordinarily positive business development in the financial year 2014/15 and achieved record results both in terms of revenue and profit. In the first quarter (typically the weakest quarter in the industry), revenue declined by € 1.2 million or 0.9% to € 141.3 million (previous year: € 142.5 million). The second and third quarters usually are the strongest quarters in terms of revenue for AT&S. In the second quarter of 2014/15, AT&S was able to increase its revenue by € 3.4 million or 2.1% to € 160.8 million (previous year: € 157.4 million), owing mainly to the strong demand in the Industrial & Automotive segment. This trend continued in the third quarter of 2014/15, leading to a sharp increase in revenue by € 36.3 million or 24.1% to € 187.3 million (previous year: € 151.0 million). The increase in demand was supported by a number of product launches and the ongoing successful positioning in the mobile communication high-end segment. Furthermore, AT&S was able to further increase production volumes due to optimised processes. Owing to the Chinese New Year and the associated production break, the fourth quarter is traditionally weaker than the second and third quarters. As a result of the continuously positive development in the Mobile Devices & Substrates segment, demand in the fourth quarter considerably exceeded expectations. Revenue rose by € 38.6 million or 27.8% to € 177.6 million (previous year: € 139.0 million). Revenue thus surpassed the already strong second quarter.

Result key data

€ in millions (unless otherwise stated)	2014/15	2013/14	±
Revenue	667.0	589.9	13.1%
Operating result before interest, tax, depreciation and amortisation (EBITDA)	167.6	127.2	31.8%
EBITDA margin (%)	25.1%	21.6%	
Operating result (EBIT)	90.1	53.9	67.0%
EBIT margin (%)	13.5%	9.1%	
Profit for the year	69.3	38.2	81.5%
Earnings per share (€)	1.78	1.24	43.5%
Investments	154.5	111.1	39.0%
Average number of staff (incl. leased personnel)	7,638	7,027	8.7%

In the reporting year 2014/15, AT&S achieved a total increase in Group revenue by € 77.1 million or 13.1% to € 667.0 million (previous year: € 589.9 million). A very high capacity utilisation in all business units made this positive development possible. In addition to its strong organic growth, AT&S also benefited from currency effects in the reporting year. About 65.1% of the 2014/15 revenue was invoiced in foreign currencies. The share in revenue of products manufactured in Asia rose from 75.9% in the previous year to 79.0% in the financial year. The regional revenue structure based on the entry point of delivery shows a share of 58.9% for Asia, after 52.7% in the previous year. The revenue share of the remaining regions showed a downward trend.

The Group's EBITDA at an amount € 167.6 million was up by € 40.4 million or 31.8 % on the previous year (€ 127.2 million). Currency effects from the Chinese renminbi, the Indian rupee, the Hong Kong dollar as well as the South Korean won increased the EBITDA by € 5.6 million or 4.4%. Non-capitalisable start-up costs for the new substrate plant in Chongqing impact the EBITDA at € 4.7 million (previous year: € 4.9 million) in the reporting year. The amount in the previous year included costs relating to the closure of the plant in Klagenfurt in the amount of € 3.0 million. Furthermore, the result was positively influenced by a supplier's compensation payment.

In the Mobile Devices & Substrates segment, AT&S achieved a revenue of € 455.2 million in the reporting year, meaning an increase by € 76.9 million or 20.3% as compared to the previous year (€ 378.3 million). The segment benefited from a strong demand in the ultimate two quarters of the reporting year, from the successful launch of new products and from positive currency effects. Additionally, the impact of the plant holidays due to the Chinese New Year in the fourth quarter was minimised. The segment's EBITDA was improved by € 20.7 million or 19.4% to € 127.5 million (previous year: € 106.8 million). Non-capitalisable start-up costs for the new substrate plant in Chongqing affect EBITDA and stood at € 4.7 million (previous year: € 4.9 million).

The Industrial & Automotive segment was able to increase its revenue by € 28.9 million or 10.6% to € 301.8 million in 2014/15 (previous year: € 272.9 million). Important drivers of this development were the trend towards more electronics in motor vehicles, the development towards Industry 4.0 and the stronger demand for mobile applications in the patient monitoring segment. The segment's EBITDA was increased by € 13.3 million or 61.8% to € 34.8 million (previous year: € 21.5 million). The increase still amounts to a notable 41.9% even after deducting the costs related to the closure of the plant in Klagenfurt (€ 3.0 million) from the previous year.

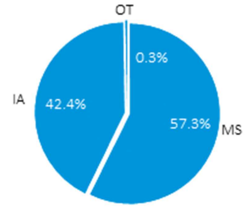
Development of profit

€ in millions	2013/14	One-off effects[1]	Currency effects[2]	Organic	2014/15
Revenue	589.9	–	21.4	55.7	667.0
Cost of sales	(471.1)	–	(18.1)	(22.4)	(511.6)
Gross profit	118.8	–	3.3	33.3	155.4
Distribution costs	(30.9)	–	(0.7)	(0.0)	(31.6)
General and administrative costs	(24.1)	–	(0.4)	(3.5)	(28.0)
Other operating result	(6.9)	(0.5)	0.2	1.5	(5.7)
Non-recurring items	(3.0)	3.0	–	–	–
Operating result before depreciation and amortisation (EBITDA)	127.2	3.2	5.6	31.6	167.6
Operating result (EBIT)	53.9	2.5	2.4	31.3	90.1
Finance costs - net	(11.1)	0.2	6.6	(0.8)	(5.1)
Profit before tax	42.8	2.7	9.0	30.5	85.0
Income taxes	(4.6)	0.0	(0.8)	(10.2)	(15.6)
Profit for the year (result after tax)	38.2	2.7	8.2	20.2	69.3

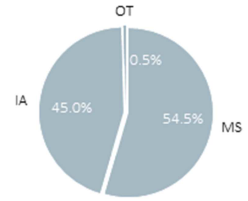
[1] Plant construction Chongqing, Klagenfurt closure
[2] Translation and valuation effects included in the consolidated financial statements

As compared to the previous year, the EBITDA margin increased by 3.5 percentage points from 21.6% to 25.1%. After deducting one-off effects (Chongqing start-up costs and Klagenfurt closure), the increase amounts to 2.9 percentage points, from 22.9% in the previous year to 25.8% in the reporting year. On the one hand, the improvement results from the degression of fixed costs due to the good capacity utilisation and from the improved product mix. Furthermore, by taking optimisation measures, cost of materials was decreased from a 34.7% ratio of revenue in the previous year to 34.1% in the reporting year. The ratio of staff costs to revenue amounted to 20.0% and thus improved slightly (previous year: 20.6%). This development also affects administrative and distribution costs, which increased below trend due to economies of scale. As compared to the previous year, interest on social capital in the amount of € 1.3 million was recorded in finance costs – net. The previous year's figures were not adjusted (expenses 2013/14: € 0.9 million) for reasons of immateriality. Furthermore, positive currency differences resulting from the measurement of foreign currency receivables and liabilities in the amount of € 0.7 million were recognised in profit or loss (previous year: expenses € 1.3 million).

Revenue from external customers by segment
in %

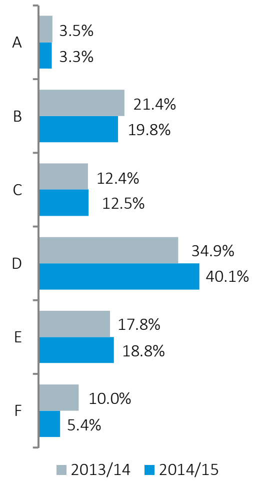


2014/15



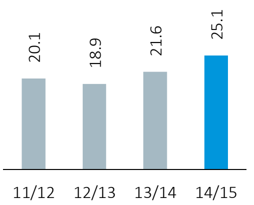
2013/14

Revenue by regions
in %

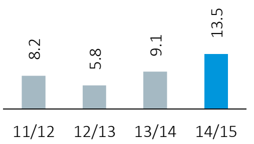


A - Austria
B - Germany
C - Other European countries
D - China
E - Other Asian countries
F - Americas

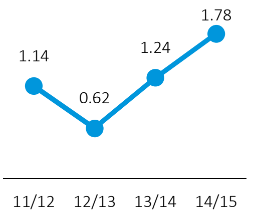
EBITDA margin
in %



EBIT margin
in %



Earnings per share
in €



Amortisation of intangible assets and depreciation of property, plant and equipment in the amount of € 71.5 million or 11.0% of fixed assets (previous year: € 67.9 million or 15.3% of fixed assets) reflect AT&S's high technical standards as well as its investment ratio. In addition to scheduled depreciation and amortisation, special write-offs were incurred in the amount of € 6.0 million or 0.9% of fixed assets (previous year: € 5.4 million or 1.2% of fixed assets) resulting from the impairment of technical equipment no longer in use. Special write-offs are made when there is no longer a potential of use in ongoing operations and the amount recoverable in a disposal falls below the carrying amount.

The operating result (EBIT) increased by € 36.2 million or 67.0% to € 90.1 million (previous year: € 53.9 million). The EBIT margin improved by 4.4 percentage points to 13.5% (previous year: 9.1%).

Finance costs – net improved from € -11.1 million to € -5.1 million. Interest expenses on financial liabilities rose from € 10.4 million to € 11.3 million. This is mainly due to the higher average gross debt resulting from borrowing measures in order to finance the new substrate plant in Chongqing. Capitalised interest on borrowed capital in the amount of € 2.8 million (previous year: € 0.5 million) directly related to the acquisition of qualifying assets was deducted from interest expenses. For the first time, finance costs – net include interest expenses in the amount of € 1.3 million resulting from social capital, which were included in the respective expense items in the previous year. The previous year's figures (€ 0.9 million) were not adjusted for reasons of immateriality.

In the reporting year, positive foreign exchange differences resulting from the measurement of liquid foreign currency funds and financial instrument exchange gains realised were recognised as income in the amount of € 6.6 million (previous year: expense € 0.3 million). Generally, finance costs – net are influenced by currency effects only to a limited extent, as the main part of the loans from credit institutions is made up of liabilities in euros. The main intra-group loans are long-term by nature and their repayment is neither scheduled nor probable in the foreseeable future. These loans are therefore recorded directly in equity through the statement of comprehensive income.

The Group's tax burden increased in relation to the profit for the year before tax and amounts to € 15.6 million (previous year: € 4.6 million). As compared to the prior year, the effective tax rate rose by 7.6 percentage points from 10.8% to 18.4%. This is due to a higher earnings share in countries with higher tax rates as well as the effect from tax rate changes. As a “high-tech company”, AT&S (China) Company Limited was able to regain its entitlement to more favourable tax rates in January 2015, with retroactive effect for the calendar year 2014. This entitlement begins on 1 January 2014, is valid for three years and depends on the yearly fulfilment of certain criteria. The negative effect on the result in the amount of € 1.3 million due to a remeasurement of non-current deferred tax assets was recorded as tax expense in the fourth quarter of 2014/15.

The profit for the year increased from € 38.2 million in the previous year by € 31.1 million or 81.5% to € 69.3 million, and earnings per share increased by € 0.54 or 43.5% from € 1.24 to € 1.78. It has to be taken into account in this context that the number of weighted shares increased from 30.8 million to 38.9 million due to the capital increase performed in the course of the financial year 2013/14.

1.3. Financial position

Development of statement of financial position

€ in millions	31 Mar 2014	One-off effects[1]	Currency effects	Organic	31 Mar 2015
Non-current assets	483.9	102.5	153.3	(26.9)	712.8
Current assets	432.2	(24.8)	89.2	11.5	508.1
Total assets	**916.1**	**77.7**	**242.5**	**(15.4)**	**1,220.8**
Equity	390.7	(14.7)	169.5	58.9	604.4
Non-current liabilities	370.3	102.8	33.4	(93.5)	413.1
Current liabilities	155.0	(10.4)	39.6	19.1	203.4
Total equity and liabilities	**916.1**	**77.7**	**242.5**	**(15.4)**	**1,220.8**

[1] Chongqing, Remeasurement of personnel provisions and measurement of hedging reserve to interest rate swap

In the financial year 2014/15, the total amount of the consolidated statement of financial position rose by € 304.7 million or 33.3% from € 916.1 million to € 1,220.8 million. This was mainly due to additions to assets for the new plant in Chongqing in the amount of € 79.1 million as well as positive exchange rate differences in the amount of € 242.5 million.

The increase in intangible assets by a total of € 36.1 million or 394.4 % to € 45.2 million (previous year: € 9.1 million) mainly results from capitalised development costs meeting the criteria of IAS 38 in the amount of € 29.8 million as well as exchange rate differences in the amount of € 5.4 million. Property, plant and equipment mainly rose due to additions in Chongqing in the amount of € 49.3 million, technology upgrades in Shanghai in the amount of € 47.7 million as well as exchange rate differences in the amount of € 122.9 million by a total of € 168.6 million or 38.7 % to € 603.7 million (previous year: € 435.1 million). Amortisation and depreciation in the amount of € 71.5 million (previous year: € 67.9 million) are taken into account in the net change in non-current assets. Non-current assets comprise input tax receivables in the amount of € 17.6 million (previous year: € 4.3 million) which can only be offset against VAT payables in over a year's time. Revaluations of the Chinese renminbi, the Indian rupee and the South Korean won contributed to an increase in non-current assets in the total amount of € 153.3 million.

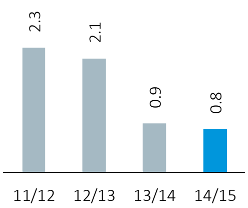
Net working capital

€ in millions (unless otherwise stated)	31 Mar 2015	31 Mar 2014	±
Inventories	89.2	59.4	50.1%
Trade receivables	113.5	94.0	20.7%
Trade payables	(97.8)	(66.2)	47.8%
Liabilities from investments	17.5	26.3	(33.4%)
Working capital trade	**122.4**	**113.5**	**7.9%**
Other current assets, payables, provisions	(27.1)	(21.8)	24.1%
Net working capital	**95.3**	**91.7**	**3.9%**
Net working capital in % of total revenue	14.3%	15.6%	
Days outstanding (in days):			
Inventories	64	46	38.2%
Receivables	62	58	6.7%
Payables	77	43	80.4%

Inventories rose by € 29.8 million or 50.1% from € 59.4 million to € 89.2 million. This is due to an increase in raw materials and supplies as well as finished goods and the above stated exchange rate effects. Trade receivables rose by € 19.5 million or 20.7% to € 113.5 million (previous year: € 94.0 million). The increase results from higher revenue as well as exchange rate effects. Days of receivables outstanding increased by 6.7% to 62 days (previous year: 58 days). The increase in days of receivables outstanding was restricted by a rigorous receivables management system, resulting in the days of receivables outstanding now being significantly below the days of liabilities outstanding. By permanently optimising payment targets and exchange rate effects, trade payables increased by € 31.6 million or 47.8% from € 66.2 million to € 97.8 million. This increase was achieved despite liabilities from investments having declined by € 8.8 million to € 17.5 million (previous year: € 26.3 million).

Equity increased by € 213.7 million or 54.7% from € 390.7 million to € 604.4 million. The positive Group result contributed to this increase in the amount of € 69.3 million (previous year: € 38.2 million). Positive currency differences from the translation of subsidiaries' net asset positions as well as from the translation of long-term loans to subsidiaries increased equity by € 161.4 million. The increase results from a considerable revaluation of the Chinese renminbi, the Indian rupee and the South Korean won in the second half-year. In contrast, currency translation differences affected equity by € 42.7 million in the previous year. Losses from the measurement of hedging instruments (interest rate hedge) in the amount of € 2.5 million (previous year: loss € 0.2 million) had a negative impact on equity. Actuarial losses mainly resulting from the low interest rates used reduce equity by € 6.8 million (previous year: € 0.7 million).

Net debt / EBITDA
Multiple



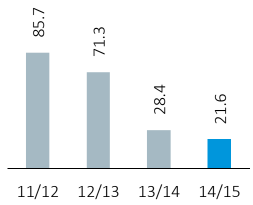
Non-current financial liabilities rose by € 33.4 million or 10.3% from € 325.9 million to € 359.3 million. The current portion decreased from € 46.1 million to € 46.0 million. An increase was reported for non-current other liabilities. Personnel provisions contained therein increased by € 9.0 million (previous year: € 2.5 million) as a result of changes in actuarial parameters.

Net debt

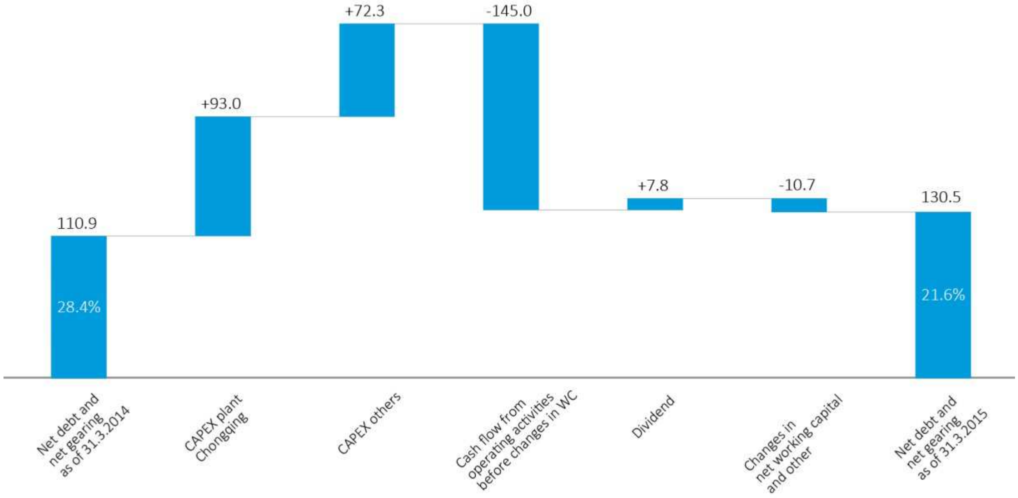
€ in millions (unless otherwise stated)	31 Mar 2015	31 Mar 2014	±
Financial liabilites, current	46.0	46.1	(0.1%)
Financial liabilities, non-current	359.3	325.9	10.3%
Cash and cash equivalents	(273.9)	(260.1)	5.3%
Financial assets	(0.9)	(0.9)	(6.4%)
Net debt	**130.5**	**110.9**	**17.7%**
Operating result before interest, tax, depreciation and amortisation (EBITDA)	167.6	127.2	31.8%
Net debt/EBITDA ratio	0.8	0.9	
Equity	604.4	390.7	54.7%
Total consolidated statement of financial position	1,220.8	916.1	33.3%
Equity ratio (%)	49.5%	42.7%	
Net gearing (Net debt/Equity) (%)	21.6%	28.4%	

Despite improved cash flows from operating activities before changes in working capital, net debt increased by € 19.6 million or 17.7% to € 130.5 million (previous year: € 110.9 million) as a result of the considerable amount of investment activities, the dividend paid and the increase in net current assets. The gearing ratio decreased to 21.6% as a result of the higher equity and was thus significantly below the previous year's level of 28.4%. The indicator net debt/EBITDA, representing a theoretical payback period for debts, improved from 0.9 to 0.8 years despite the slightly higher net debt due to the sharp EBITDA increase.

Net gearing
in %



Low increase in net debt, despite high investment activity
€ in millions
gearing in %



TREASURY ACTIVITIES AT&S financing is based on a four-pillar strategy aimed at minimising dependence on individual financing instruments:

Long-term, fixed interest bearing retail bonds are the strategy's foundation: They are advantageous due to high predictability and security for the Company resulting from fixed interest rates and permanency. However, the higher placement costs are a disadvantage. The term of the current retail bond at a carrying amount of € 101.5 million expires in November 2016.

Promissory note bonds serve as the second pillar: Their convincing feature is also their high predictability. In March 2014, € 156.5 million as well as US$ 2.0 million with terms of 5, 7 or 10 years were issued to 40 investors. An interest rate swap was used to convert future variable euro interest obligations into fixed interest payments.

Bank loans are used as the third pillar. € 109.3 million in loans were taken out from several national and international banks. These loans have maturities between 1 and 7 years and the majority of interest rates are fixed.

The fourth pillar consists of credit lines serving to cover liquidity fluctuations. At the reporting date, AT&S reported more than € 211.1 million in unused credit lines.

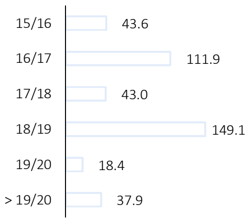
It is the AT&S treasury's most important task to secure sufficient liquidity reserves. Additionally, covenants defined in the credit agreements must be monitored in order to ensure that they are complied with.

At 0.8 years, the theoretical payback period for debts, defined as net debt/EBITDA, stood significantly below the target value of 4.0 years and has further improved despite the considerable amount of investment activities (previous year: 0.9 years). The equity ratio increased from 42.7% in the previous year to 49.5% in the reporting year.

Treasury keydata

	Covenant	31 Mar 2015	31 Mar 2014
Net debt/EBITDA ratio	< 4.0	0.8	0.9
Equity ratio	>35%	49.5%	42.7%

Redemption
€ in millions

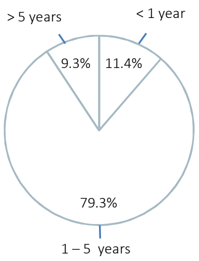


AT&S pursues a financing structure that is as balanced as possible, has an average duration and is consistent with the investment programme. At the reporting date, the duration amounted to 3.8 years (previous year: 4.8 years). The decrease results from the remaining bond maturities (due on 18 November 2016) and the promissory note bond having become shorter. As a result of the repayment of the bond and bank credits in the amount of € 111.9 million in 2016/17 and the repayment of parts of the promissory note bond as well as bank credits in the amount of € 149.1 million in 2018/19, the financing structure shows a high amount in both years.

Carrying amount of financial liabilities per maturity

€ in millions	31 Mar 2015	in %	31 Mar 2014	in %
Remaining maturity				
Less than 1 year	46.0	11.4%	46.1	12.4%
Between 1 and 5 years	321.6	79.3%	282.9	76.0%
More than 5 years	37.7	9.3%	43.0	11.6%
Total Financial Liabilities	405.3	100.0%	371.9	100.0%

Maturities of financial liabilities
in %



A further target was minimising interest rate risk by predominantly using fixed interest rates. 78.3% of financing is conducted at or was swapped to fixed interest rates, and only 21.7% is based on variable interest rates. This strategy resulted in the fact that AT&S only gained limited benefits from the general interest level decline in the reporting year.

AT&S operates an active finance management in order to achieve the above stated treasury target as cost-effectively as possible. In the financial year 2015/16, AT&S must take advantage of the currently low interest rates in financing and invest existing liquid funds profitably but risk-sensitively. These targets are supported by early conversion of liquid funds in currencies with higher interest rates and which are also continuously required by AT&S. Moreover, this serves as a natural kind of currency hedging.

In addition to this natural hedging and the interest rate hedging stated above, AT&S occasionally hedges foreign currency transaction risks in the short-term (less than one year). At the reporting date, there were no such hedging instruments. Currency translation risks resulting from the conversion of subsidiaries with different local currencies are not hedged.

CASH FLOW Based on the extremely positive development of the result, net cash generated from operating activities before changes in working capital significantly increased from € 103.7 million to € 145.0 million. However, while profit for the year increased from € 38.2 million to € 69.3 million, interest payments also increased from € 14.2 million to € 14.5 million, as did tax payments (from € 8.4 million to € 16.4 million) due to the increased profit for the year.

Net cash generated from operating activities was increased from € 104.8 million by € 39.1 million or 37.3% to € 143.9 million. While net cash generated from operating activities before changes in working capital increased by € 41.3 million or 39.8% to € 145.0 million, cash used in working capital only rose by € 2.7 million. This is the result of an optimised inventory management, a rigorous receivables management as well as an optimised creditor management. Other provisions resulted in an inflow of € 1.6 million.

Due to investment activities in Chongqing and Shanghai as well as various technological reinvestments at other locations, net cash used in investing activities amounted to € 164.8 million.

At € 11.9 million, net cash generated from financing activities was down by € 157.2 million on the exceptionally high amount of the previous year, which was due to a capital increase as well as the placing of promissory note bonds.

Free cash flows, i.e. cash flows from operating activities plus cash flows from investing activities, were negative at € 20.9 million as a result of the high investing activities and stood € 35.4 million below the previous year's amount of € 14.5 million (positive).

Cash flow statement (short version)

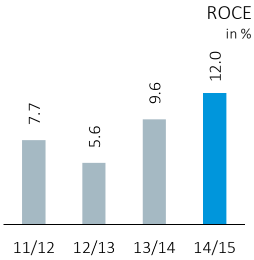
€ in millions	2014/15	2013/14	±
Cash flows from operating activities before changes in working capital	145.0	103.7	39.8%
Cash flows from operating activities	143.9	104.8	37.3%
Cash flows from investing activities	(164.8)	(90.3)	82.5%
Free cash flows	(20.9)	14.5	n.a.
Cash flows from financing activities	11.9	169.1	(92.9%)
Change in cash and cash equivalents	(9.0)	183.6	n.a.
Currency effects on cash and cash equivalents	22.8	(3.7)	n.a.
Cash and cash equivalents at end of the year	273.9	260.1	5.3%

Despite high investments, cash and cash equivalents still slightly increased from € 260.1 million to € 273.9 million, mainly resulting from the very strong cash flows from operating activities. This currently very high amount is used to ensure the financing of the new plant in Chongqing. As a consequence, sufficient cash is available for the investments in Chongqing that are planned for the next months.

AT&S PERFORMANCE SYSTEM In addition to revenue and EBITDA as primary reference values in the internal strategic corporate management, AT&S uses a further three key data to measure performance: ROCE, cash earnings and IRR. They serve to describe and control performance vis-à-vis investors, operative performance and performance vis-à-vis customers.

AT&S uses return on capital employed (ROCE) to measure its performance from the point of view of investors, using the result less finance costs – net in relation to the average capital employed. This illustrates the extent to which AT&S fulfils its investors' interest requirements. Average capital costs are derived from the minimum return expected by investors to provide equity or borrowings. The weighted average cost of capital (WACC) for the printed circuit board industry stands at about 10.1%. At a ROCE of 12.0%, AT&S was able to significantly surpass the WACC value in the reporting year. After deducting expenses as well as the average capital employed from the substrate business, ROCE amounted to 15.9% (previous year: 11.0%). The return on capital employed was thus significantly higher than the return expected by investors.

ROCE improved year-on-year mainly due to the significant increase in EBIT. As a result of considerable investment activities as well as positive currency effects, the average capital rose to € 618.2 million (previous year: € 511.9 million).

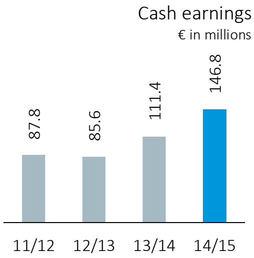


Return on capital employed (ROCE)

€ in millions	2014/15	2013/14	±
Operating Result (EBIT) before non-recurring items	90.1	56.9	58.2%
Non-recurring items	–	(3.0)	n.a.
Income taxes	(15.6)	(4.6)	238.3%
Operating result after tax (NOPAT)	**74.5**	**49.3**	**51.0%**
Equity - average	497.5	347.8	43.1%
Net debt - average	120.7	164.1	(26.5%)
Capital employed - average	**618.2**	**511.9**	**20.8%**
ROCE	12.0%	9.6%	

In addition to the investor-oriented indicator ROCE, AT&S uses cash earnings as a control reference. This indicator describes a company's operative financial efficiency.

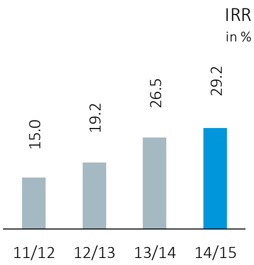
Owing to the significantly improved profit for the year and the slightly increased depreciation and amortisation, cash earnings rose by € 35.4 million or 31.7% to € 146.8 million (previous year: € 111.4 million).



Cash earnings

€ in millions (unless otherwise stated)	2014/15	2013/14	±
Profit for the year attributable to owners of the parent company	69.3	38.2	81.5%
Depreciation and amortisation and impairments of property, plant and equipment and intangible assets	77.5	73.3	5.8%
Cash earnings	146.8	111.4	31.7%
Cash earnings per share (€)	3.78	3.61	4.5%

The third performance indicator relates to the ability to implement innovations in a timely manner and in response to the market. AT&S measures this ability by using the innovation revenue rate (IRR) which expresses the revenue share of products featuring new and innovative technologies and launched on the market less than three years ago. For the financial year 2014/15, the IRR amounts to 29.2% (previous year: 26.5%). AT&S pursues a cycle of five years, i.e. an IRR of at least 20%.



Innovation Revenue Rate (IRR)

€ in millions	2014/15	2013/14	±
Main revenue	666.7	589.6	13.1%
Main revenue generated with innovative products	194.7	156.3	24.6%
IRR	29.2%	26.5%	

2. Significant events after the reporting period

On 28 April 2015, AT&S announced its entry into a new generation of printed circuit boards, the so-called "substrate-like PCB". This is achieved by expanding its capacities at the Chongqing site. As a consequence, the investment volume planned for this site until mid-2017 increased from the original amount of € 350 million to € 480 million.

Other than that, until 5 May 2015 no events or developments came to AT&S's attention that would have resulted in significant changes in the disclosure or measurement of the individual asset and liability items as at 31 March 2015.

3. Plants and branch offices

The AT&S group currently operates the following five active production plants specialising in different technologies:

Austria

LEOBEN AND FEHRING The Austrian plants mainly deliver to the European and to an increasing extent to the American market. Short turnaround times, special applications and the proximity to the customer are particularly important in Europe. The plant in Leoben successfully continued with the niche and prototype production which was launched in the past years. At the plant in Leoben, the market trend towards an increased digitisation is illustrated by more orders in the Industry 4.0 area and more connectivity between electronic devices (Internet of Things). Despite the high production capacity utilisation at the Leoben site, the flexibility to handle short-term requests was maintained. Production for the future market Advanced Packaging is also operated in Leoben. The production capacity utilisation of the plant in Fehring developed positively in the reporting year. An increased focus on IMS applications (aluminium is attached to the printed circuit board as a heat conductor) shows an extremely positive effect on the result. Additionally, synergies with other sites (Leoben and Nanjangud) are utilised in the outer layer manufacturing of multilayers. The decline in the original core business (double-layer printed circuit boards) was compensated by these measures.

China

SHANGHAI The plant in Shanghai produces HDI (high density interconnection) high-tech printed circuit boards in serial production for the Mobile Devices & Substrates segment and has customers all over the world. Capacity was well utilised in the financial year 2014/15; in some months, this plant continuously produced at maximum capacity. Moreover, demand for HDI printed circuit boards for the automobile industry has risen in 2014/15, which also led to an increase in the production of printed circuit boards for the Industrial & Automotive business unit.

China

CHONGQING AT&S wants to set another technological milestone at this second plant in China with the production of IC substrates (integrated circuit substrates). The cooperation with the technology partner turns out to be successful, and the building of the new site is on schedule. Certification of the newly developed processes by customers is planned for the end of the 2015 calendar year, with ramp-up and first revenues being scheduled for the 2016 calendar year. Additionally, entry into the next generation of printed circuit boards, the "substrate-like PCBs", is conducted at this site (refer to Section 2. "Significant events after the reporting period").

South Korea

ANSAN The positive development of the AT&S Korea subsidiary continued in the financial year 2014/15. In addition to the still very good utilisation of production capacities with regard to medical products for European and American customers, AT&S produced substantial volumes in the high-end mobile devices segment.

India

NANJANGUD Revenue and the operating result showed a very positive trend. Production volume per square metre of printed circuit board as well as manufacturing efficiency (material and energy consumption as well as maintenance costs) were significantly improved by taking targeted measures. The plant's capacity was continuously at a very high level.

Hong Kong

HONG KONG The company AT&S Asia Pacific in Hong Kong is the holding company for the Mobile Devices & Substrates segment and the location of Group-wide procurement related to this business unit. The proximity to the CEMs of the customers and to the suppliers is another locational advantage which the business partners highly appreciate. About half of the Group's revenue is carried out via this company.

Sales offices

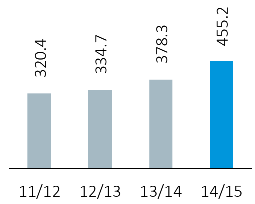
The sales offices in America, Germany, Japan and Taiwan continued to guarantee good and close contact with the customers in the financial year 2014/15.

4. Business development by segments

The AT&S Group breaks its operating activities down into three business units: Mobile Devices & Substrates, Industrial & Automotive and Others. The Mobile Devices & Substrates segment mainly covers the smartphone, tablet and digital camera applications. The Industrial & Automotive segment includes the industrial electronics, automotive, aviation & security and medical applications. The Others segment covers the activities of the Advanced Packaging segment (which is in the development phase) as well as higher-level Group activities. The Advanced Packaging segment neither reaches the quantitative thresholds, nor are this business unit's opportunities and risks material to the Group as a whole. It is therefore not presented as a segment of its own in segment reporting.

Demand for HDI printed circuit boards in the automobile industry continued to increase in 2014/15. This is shown in the significantly increased inter-segment revenue that rose from € 68.7 million to € 100.9 million and is to be eliminated in calculating Group revenue.

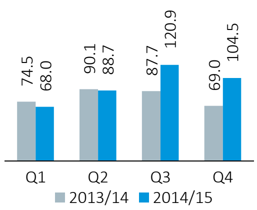
Mobile Devices & Substrates
Development of revenue
€ in millions



MOBILE DEVICES & SUBSTRATES SEGMENT

The applications of the Mobile Devices & Substrates segment require technologically sophisticated printed circuit boards and permanent process and product innovations. The strong growth in demand for smartphones all over the world is the key growth driver. The ever greater performance of these devices would not be possible without HDI (high density interconnection) printed circuit boards. AT&S is one of the leading suppliers of HDI technology around the world and ranked third in 2013 (source: Prismark: August 2014). With a share in revenue of 57.3% (previous year 54.5%), the Mobile Devices & Substrates segment still remains the largest segment of the AT&S Group.

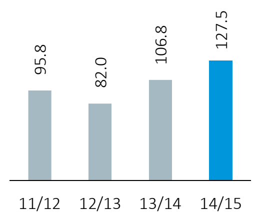
Mobile Devices & Substrates
Revenue from external customers by quarters
€ in millions



Mobile Devices & Substrates segment – overview

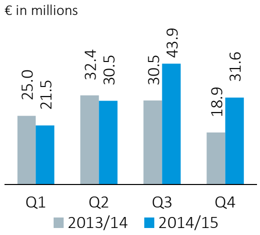
€ in millions (unless otherwise stated)	2014/15	2013/14	±
Segment revenue	455.2	378.3	20.3%
Revenue from external customers	382.1	321.3	18.9%
Operating result before depreciation and amortisation (EBITDA)	127.5	106.8	19.4%
EBITDA margin (%)	28.0%	28.2%	
Operating result (EBIT)	60.1	43.4	38.6%
EBIT margin (%)	13.2%	11.5%	
Investments	126.8	94.3	34.5%
Employees (incl. leased personnel), average	5,017	4,425	13.4%

Mobile Devices & Substrates
EBITDA Development
€ in millions



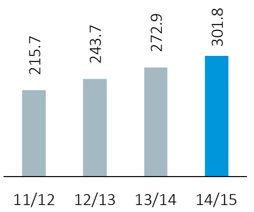
At € 455.2 million, revenue generated exceeded the previous year's figure of € 378.3 million by € 76.9 million or 20.3%. Also the first three quarters of 2014/15 showed the industry-specific seasonality with a weaker first quarter. After the increase in demand expected for the summer due to product launches in the mobile industry, demand rose again in autumn. Capacity was very high in these two quarters. However, the fourth quarter, which is usually weaker as a result of plant closures due to the Chinese New Year, continued to show a strong demand in the past financial year and exceeded the second quarter. AT&S minimised closure days in order to make use of the high demand's momentum and to meet its customers' demands. In terms of geography, more and more revenue is generated in Asia as in the previous year, because the majority of the big CEMs (contract electronic manufacturers) is located in Asia. Revenue development was also affected by positive exchange rate effects.

Mobile Devices & Substrates
EBITDA by quarters
€ in millions

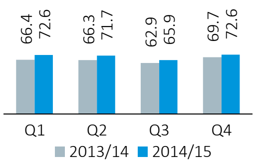


The segment's EBITDA at an amount of € 127.5 million was up by € 20.7 million or 19.4% on the previous year (€ 106.8 million). This was due to higher revenue, a better product mix, plants working at their capacity limits, positive exchange rate effects as well as efficiency-enhancing measures so as to compensate for the negative effects from start-up losses in Chongqing. At 28.0%, the Mobile Devices & Substrates segment's EBITDA margin was down by 0.2 percentage points on the previous year (28.2%).

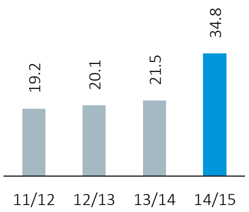
Industrial & Automotive
Development of revenue
€ in millions



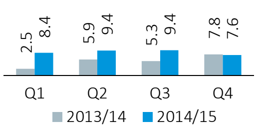
Industrial & Automotive
Revenue from external customers by quarters
€ in millions



Industrial & Automotive
EBITDA Development
€ in millions



Industrial & Automotive
EBITDA by quarters
€ in millions



The operating result (EBIT) increased by € 16.7 million or 38.6% to € 60.1 million (previous year: € 43.4 million). Compared to the previous year, special write-offs of technologies no longer in use increased by € 1.0 million to € 6.0 million (previous year: € 5.0 million).

The EBIT margin improved by 1.7 percentage points to 13.2% (previous year: 11.5%) because the total amount of depreciation and amortisation increased below trend.

Additions to assets rose by € 32.5 million or 34.5% to € 126.8 million (previous year: € 94.3 million). Aside from additions in the amount of € 47.7 million resulting from ongoing technology upgrades of the plant in Shanghai, non-current assets increased by € 79.1 million at the new site in Chongqing. The implementation of the first production line is still on schedule, and the first revenue is expected in the calendar year 2016.

INDUSTRIAL & AUTOMOTIVE SEGMENT

With a growth in revenue by € 28.9 million to € 301.8 million (previous year: € 272.9 million), the Industrial & Automotive segment generated an increase of 10.6%. The positive development was caused on the one hand by a still increasing demand in the automotive segment (the share in electronic components in vehicles for e.g. advanced driver assistance systems is continuously increasing) and on the other hand by a stronger demand in the industrial and medical technology segments.

Industrial & Automotive segment – overview

€ in millions (unless otherwise stated)	2014/15	2013/14	±
Segment revenue	301.8	272.9	10.6%
Revenue from external customers	282.9	265.2	6.7%
Operating result before depreciation and amortisation (EBITDA)	34.8	21.5	61.8%
EBITDA margin (%)	11.5%	7.9%	
Operating result (EBIT)	25.9	13.2	95.8%
EBIT margin (%)	8.6%	4.8%	
Investments	25.5	7.9	221.4%
Employees (incl. leased personnel), average	2,489	2,482	0.3%

Regarding the development of the Leoben, Fehring, Ansan and Nanjangud sites allocated to the Industrial & Automotive segment, refer to Section 3 of the Group Management Report. In general, the financial year 2014/15 was characterised by an once again improved capacity utilisation, further efficiency-enhancing measures and the elimination of one-off effects due to the closure of the Klagenfurt site in the amount of € 3.0 million. The segment result was, however, affected by negative exchange rate effects in the financial year 2014/15. In total, this resulted in an increase of EBITDA by € 13.3 million or 61.8% to € 34.8 million (previous year: € 21.5 million).

The EBITDA margin increased by 3.6 percentage points to an amount of 11.5% (previous year: 7.9%). After deducting closure costs relating to Klagenfurt, the previous year's amount is 9.0% and the increase 2.5%.

The operating result (EBIT) increased by € 12.7 million or 95.8% to € 25.9 million (previous year: € 13.2 million). At 8.6%, the Industrial & Automotive segment's EBIT margin significantly surpassed the previous year's amount of 4.8% due to the above stated effects.

Additions to assets rose by € 17.6 million or 221.4% to € 25.5 million (previous year: € 7.9 million). The main reason for the increase were the additions in Austria. Additionally, there were additions resulting from in-sourcing and efficiency-enhancing measures as well as for technological production upgrades at other sites.

OTHERS SEGMENT Aside from general holding activities, the Others segment also includes the Advanced Packaging business unit which is in the development phase. This business unit deals with embedding active and passive electronic components in printed circuit boards by using the ECP® technology patented by AT&S. The objective is to further miniaturise the printed circuit boards while improving heat distribution, electrical performance and service life at the same time. The business unit continued to significantly increase its revenues in the financial year 2014/15, more and more establishing itself as a development partner for its customers. Due to the business unit still being small in size, it is still not reported to be a segment of its own.

Others segment – overview

€ in millions (unless otherwise stated)	2014/15	2013/14	±
Segment revenue	10.9	7.5	46.1%
Revenue from external customers	2.0	3.4	(40.0%)
Operating result before depreciation and amortisation (EBITDA)	5.2	(1.1)	n.a.
EBITDA margin (%)	47.8%	(14.7%)	
Operating result (EBIT)	4.0	(2.7)	n.a.
EBIT margin (%)	36.4%	(36.1%)	
Investments	2.1	8.9	(75.9%)
Employees (incl. leased personnel), average	132	120	9.9%

5. Group

5.1. Employees

Following the vision and mission of "we care about people", the AT&S Group's HR activities are also continuously developed further. In accordance with this mission, a profound series of interviews with executives in charge was conducted in the financial year 2014/15 in order to ask them about their needs and expectations against the backdrop of the new challenges that AT&S wants to face in the coming years. This served to establish priorities for AT&S's HR activities, such as the further development of an international talent programme, but also working on AT&S leadership principles.

Employees' commitment, motivation and excitement represent key success factors for AT&S. AT&S offers to its employees all over the world a safe working environment that operates under essential values such as transparency, personal responsibility and trust. This serves as motivation and consequently increases the quality of products and services. Voluntary commitment to corporate social responsibility (CSR) measures as well as to the Electronic Industry Citizenship Coalition (EICC) code of conduct reinforce AT&S's global dedications to environmental, economic, labour, safety at work and ethical areas.

HUMAN RESOURCES IN FACTS AND FIGURES In the financial year 2014/15, the Group had an average full time equivalent employee count (taking leased personnel into consideration) of 7,638. This means there were 611 more full time equivalents compared to the average in the previous financial year. This development is due to the hiring of staff at the plant in Chongqing.

Average number of full time equivalents (incl. leased personnel)

	2014/15	2013/14	±
Mobile Devices & Substrates segment	5,017	4,425	592
Industrial & Automotive segment	2,489	2,482	7
Others	132	120	12
Total Group	7,638	7,027	611

LEADERSHIP PRINCIPLES In the financial year 2014/15, new leadership principles based on the AT&S vision and mission were prepared and communicated across the entire Group. OPEN-MINDEDNESS, COMMITMENT and RESPONSIBILITY are the values envisaged to ensure excellent leadership. In order to put these values into practice on all levels, an initiative was launched to raise awareness among executives and to educate them. In doing so, emphasis is placed on reinforcing strengths and building mutual sympathy and trust. Excellent leadership is ultimately the foundation for keeping employees motivated and remain loyal to a company in the long-term – it is thus essential for further business success. It includes, among others, talent management, further developing key competences and skills, advancing the establishment of an open feedback culture as well as supporting but also challenging employees.

SUPPORTING AND CHALLENGING – establishing a balance. It is AT&S's objective to continuously increase employee satisfaction. The only way to achieve this, however, is to deploy each person according to his or her skills and to develop him or her taking into account his or her existing potentials. This balance between supporting and challenging is an important basis for employee satisfaction, which, in turn, is the foundation upon which loyal, motivated and successful behaviour in accordance with the AT&S vision is built.

Based on the Company's aims for the following financial year, targets for individual employees in the area in which they specialise are defined in annual staff appraisal meetings. Additionally, potentials and further development opportunities within the current position but also with regard to potential other career paths are discussed.

Ongoing training of staff members including guidance at the workplace, internal and external training sessions, workshops and coaching sessions, are a priority in staff development in order to do justice to the vision "first choice for advanced applications". In the financial year 2014/15, € 869.8 thousand (previous year:

€ 452.3 thousand) was invested in external training sessions alone. Group-wide training costs therefore increased by 92.3% as compared to the previous year. This increase mainly resulted from higher staff development costs related to the entry into new technological fields. Furthermore, AT&S offers standard training to new employees so that they can familiarise themselves with the production process of printed circuit boards, the organisational structure and processes of AT&S as well as the Company's values. Multi-functional, international as well as intercultural training are also available in order to facilitate networking, ensure effective processes and an ongoing transfer of knowledge, and avoid the creation of cultural barriers. Training sessions especially developed for management, which are in line with AT&S's vision, mission and strategy, range from the essentials of leadership as well as carrying out appraisal meetings with employees to change management and strategy development.

AT&S attaches great importance to talent development, among other things in the area of apprentices in order to ensure that there will be young skilled staff in the future. At the end of the financial year, 599 apprentices were employed across the Group, 571 of which in India passing a training scheme of several years, 27 in Austria and 1 in Germany. By offering High Technology Experience tours as well as 'come and see' days and holiday internships, AT&S strives to give young people an idea of how exciting it would be to work for AT&S and to convince them of the benefits of technology professions. In cooperation with universities, practice-oriented Bachelor and Master degree dissertations are assigned in order to position AT&S as an appealing employer also among graduates. In the course of the so-called “International Talent Program”, talented graduates from different countries undergo a multi-level selection procedure and can then participate in an 18 to 24 month trainee programme where they gain extensive insights in theory and practice in the field of printed circuit board technology and production and are introduced to all production and development areas of AT&S. Not only specific knowledge, but also methodological and social skills are furthered, and what has been learned is put into practice.

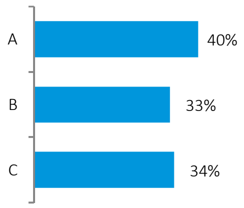
Expenditure on external training sessions

€ in thousands	2014/15	2013/14	±
Mobile Devices & Substrates segment	383.8	179.4	113.9%
Industrial & Automotive segment	283.5	210.2	34.9%
Others	202.5	62.7	223.0%
Total Group	869.8	452.3	92.3%

DIVERSITY & MOBILITY

AT&S unconditionally respects equal opportunities in relation to career paths and remuneration or training, irrespective of age, sex, background, religion, sexual orientation, ethnicity, disability, religious or political belief. Especially for an international company such as AT&S, a high level of diversity is a key to future success. At the end of the financial year, the proportion of female employees at AT&S amounted to 34%. At 40%, the female proportion in Europe and the United States is still significantly higher than in Asia. The female proportion in top management rose from 11% in the previous year to 16%. With regard to diversity and successfully assembled teams, AT&S is committed to further increase the number of female employees, particularly in executive positions.

Proportion of female employees in %



A - Europe and USA
B - Asia
C - Total

At all its sites across the world, AT&S employed people with 34 different nationalities. In its capacity as a globally operating company, AT&S offers a variety of career options at an international level. Aside from the “international talent program”, AT&S fosters international cooperation as well as professional mobility, primarily with regard to its employees but also in relation to external applicants. AT&S additionally offers intercultural training sessions, promotes language skills and places value in virtual cooperation in order to ensure the best possible communication and the highest possible efficiency. This also contributes to learning from one another and to uphold the principle of 'open-mindedness'.

At 30 years, the average age is relatively low as compared to the general demographic development, primarily resulting from the many young employees in China. Average age in Asia is 28.4 years and thus considerably lower than the average age in the United States and in Europe (39.1 years). The Group-wide average term of service (incl. leased personnel) stands at 5.4 years, with average term of service in the United States and Europe amounting to 11.9 and in Asia to 4.0 years. This mainly results from the fact that the company in Chongqing has only been established two years ago and has since been undergoing continuous development.

AT&S places a strong emphasis on sustainable corporate development, using measures aimed at motivating employees as well as recruiting new talent and encouraging their long-term loyalty.

Alongside competitive levels of remuneration AT&S also firmly believes in giving its staff the chance to be able to share in the financial success of the Company: this is important both for the motivation of staff members as well as for recruiting and retaining new talent. The global bonus system takes this core principle into account, with individually and collectively agreed bonus payments being distributed whenever specific hurdle rates are achieved. The first hurdle rate consists of positive EBIT for the overall Group, with the second one being linked to the attainment of particular EBIT and/or gross profit margins in relation to budgeted targets in the respective area of responsibility.

The extent of the amount distributed will depend on ROCE, cash earnings, the innovation revenue rate as well as the individual performance of each member of staff. The bonus system also specifies that in more challenging economic times in which set targets cannot be achieved, distribution of bonuses will be either reduced or entirely suspended. Details on how ROCE, cash earnings and the innovation revenue rate are determined can be found in Section 1.3. “Financial position” in the Group Management Report.

OUTLOOK Based on the mission statement “we care about people”, it is the objective of AT&S's HR programme to support AT&S's executive employees in the strategic positioning of the Group and to establish an AT&S knowledge society involving all staff members. Leverage of a successful management is considerable and ensures a sustainable corporate success. Management and knowledge interact successfully if all staff members identify with the corporate objectives, commit to achieve these objectives through their dedication and motivation, and are ready to contribute a high performance level.

5.2. Sustainability

Sustainable management and the careful use of available resources are a high priority for AT&S. As a key milestone, AT&S therefore included the topic of sustainability in its corporate mission in the financial year 2014/15.

- We reduce our ecological footprint
- We care about people

Taking into account sustainability aspects is one of the keys to the Company's continued success. By integrating sustainability into the Company's vision, AT&S shows a strong commitment to its stakeholders.

EMPLOYEES

Employees have a right to an entirely safe working environment. At the same time AT&S wants its people to be ambassadors of its values, and to play an active part in fulfilling its mission.

CUSTOMERS & SUPPLIERS

We would like our customers and suppliers to help us manage our supply chain so as to minimise the burden on the environment and our immediate surroundings. This applies to the procurement and use of chemicals and other materials, and to sustainable production methods and transportation.

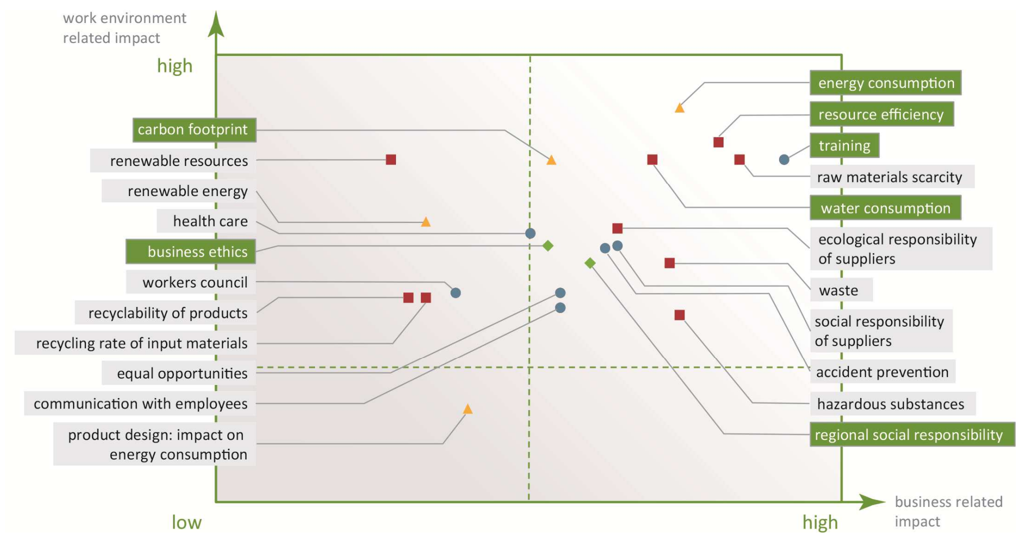
Our customers' and suppliers' needs and concerns are regularly raised through requests for feedback, and business review meetings and audits. This enables us to work with them to solve any problems.

INVESTORS

In our communications with investors, we set out to present sustainability as a key success factor. By reducing our consumption of energy, water and other resources, and keeping the social impact of our operations in mind, we minimise our production costs.

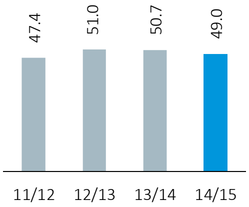
Sustainable business practices are also crucial to obtaining licences to operate for our production sites. And continuing to improve our sustainability performance ensures that we retain the permits that are awarded to us.

Supported by a number of employees from all types of departments and sites, central aspects of sustainability to AT&S were defined in the course of a comprehensive materiality analysis. By interviewing and involving departments such as production, sales, human resources, investor relations, environmental and safety at work, etc., a comprehensive idea of the different demands and key aspects impacting the Company was generated. Further details on the materiality analysis will be included in the 2014/15 Sustainability Report which will be published in July 2015.



Only those values and contributions were taken into consideration that may actually impact AT&S in order to effect changes. The following aspects were defined as key topics:

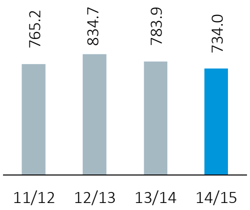
Carbon footprint
in kg CO_2 per sqm weighted PCB



ENERGY AND CARBON FOOTPRINT, WATER AND RESOURCES In order to produce its products, AT&S requires a lot of energy in the form of electricity and heat. This results in CO_2 emissions in production, but CO_2 emissions occurring in the delivery of products to customers are also calculated. AT&S describes these CO_2 emissions by using a key performance indicator – the total carbon footprint in kg CO_2 per sqm PCB produced.

Water is an essential component in the course of production. Innovative water recycling systems as well as high-quality treatment techniques already enable AT&S to reduce its water needs to a minimum. AT&S still aims to keep reducing water consumption by 3% each year. Freshwater consumption is also a key performance indicator.

Freshwater consumption
in litres per sqm weighted PCB



In order to reduce the ecological footprint according to the AT&S mission, AT&S strongly focuses on optimising the use of materials as well as raw materials and supplies. Projects differ depending on the respective focuses at the individual production sites. The uniform objective of all projects is to avoid waste, improve recycling rates and thus increase production efficiency. In the financial year 2014/15, material consumption rose based on an increase in production.

Purchase of significant materials

	Unit	2014/15	2013/14	2012/13
Gold	kg	596	484	585
Copper[1)]	t	3,550	3,144	2,014
Laminate	million sqm	13.4	12.5	11.2
Chemicals	tsd. t	92.9	87.2	86.1

[1)] Starting with financial year 2013/14 copper foils were included.

PLACE OF LEARNING In line with the AT&S mission "we care about people", highly qualified and motivated employees are key for the Company. It is the only way to achieve our vision together in the long term. More detailed descriptions of measures and offers as well as key data are presented in the chapter on human resources.

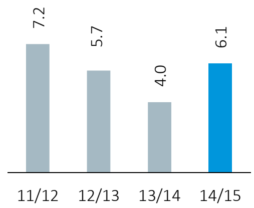
SHAPING THE FUTURE BY THINKING AHEAD Training and motivation of employees is not the only central aspect of our mission statement "we care about people" – the safety of our employees is also one of them. The same standards with regard to equipment safety systems but also personal protective gear for all employees are in place at all production plants. The introduction of OHSAS18001, a management system for occupational health and safety, as well as the measures that came with it, enabled AT&S to reduce accidents at work per one million working hours by 59% since the financial year 2004/2005. For the purposes of continuously improving this rate, AT&S strives to decrease accidents at work by 7% each year.

AT&S is aware of its social responsibility both internally and externally. This is heavily dominated by the mission statement “think global, act local”. AT&S places its focuses taking into account cultural and local requirements and needs. Examples include improving health care in India, aiding school students and university students in China or promoting universities and research centres in Austria.

The integrated management system has proven its worth as a framework for the successful implementation of the AT&S mission. The system includes the standards ISO/TS16949 for quality management, ISO14001 for environmental management and OHSAS18001 for occupational health and safety as well as further quality standards. As in the previous years, the integrated management system at Group level as well as at all sites was once again certified by the certifying body in a recertification audit in the financial year 2014/15. In the financial year 2014/15, AT&S became one of the first Austrian companies to successfully introduce certification according to ISO50001 – the standard for energy management – at both Austrian sites in Hinterberg and Fehring.

AT&S regards sustainability as a key contribution to our Company's successful future. Detailed examples, measures and objectives will be included in the 2014/15 Sustainability Report.

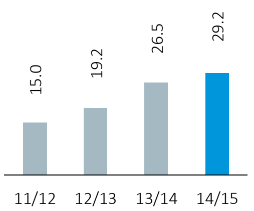
Number of accidents at work
Working hours lost per one million hours of work as of absence of more than one day



5.3. Research and development

IRR (Innovation Revenue Rate

in %



HIGHLIGHTS IN THE FINANCIAL YEAR 2014/15

- 29.2% of AT&S's total revenue is generated by products which have new, innovative technologies and that were launched on the market within the last three years (Innovation Revenue Rate).
- The “cool printed circuit board” wins the Innovation Award of the Austrian province of Styria and is among the top five projects competing for the Austrian Innovation Award.
- Substrate project: Successful completion of development phase and machine qualification, product qualification initiated.

For the second year in a row, AT&S generated over 20% of its revenue with products that have been on the market for less than three years. Those products are the result of consistently implementing our technology strategy and the development projects derived from it. This emphasises how much innovation means to AT&S. Not only does innovation make a key contribution to generating revenue, it also became one of the most significant features distinguishing AT&S from its competitors in the market.

DEVELOPMENT ACTIVITIES In its development activities, AT&S focuses on the core development areas:

1. Interconnect density
In this area, the goal is to miniaturise the printed circuit board and/or substrate as well as its structures and to increase the complexity / interconnect density.

2. Mechanical integration
Here, the printed circuit board is developed to assume additional functions as a component of the electronic device. It thus becomes flexible or rigid-flexible, a carrier of high-frequency electronics or a specialist for heating management.

3. Functionality integration
This development area focuses on integration of other electronic components into the printed circuit board. The printed circuit board then no longer acts as a traditional connector but assumes an entire electronic functionality in its capacity as a module.

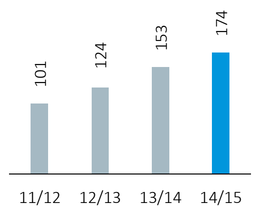
4. Printed solutions
Here, the focus is on new solutions that reduce the consumption of water and other natural resources (e.g. copper). New processes based on the printing technology are developed in order to minimise the use of natural resources.

Total expenses for research and development projects amounted to € 57.9 million in the financial year 2014/15. This corresponds to a research rate (i.e. relation to revenue) of 8.7% compared to 5.4% in the previous year. The value of the financial year 2014/15 was characterised by the high development expenses for the substrate business. After deducting expenses for this special project, the research rate amounts to 4.2% and the respective expenses for research and development increased by € 2.2 million or 8.4% to € 28.2 million (previous year: € 26.0 million). With this research rate remaining at such a high level, we are able to secure our position as technological leader also in the years to come.

Innovative strength and long-term competitiveness are also reflected in the number and quality of the patents. In the financial year 2014/15, AT&S filed 20 new patent applications all over the world. AT&S now has 114 patent families, resulting in 174 patents. Additionally, the IP portfolio was further extended through the purchase of licences particularly in the field of embedding technology in the past financial year 2014/15.

Development efficiency is ensured by closely and globally cooperating with customers, suppliers and research institutions. Key R&D partners with whom AT&S continuously initiates and carries out projects are, for example, the Fraunhofer Institute in Berlin, the Vienna University of Technology, Joanneum Research in Graz, the Christian Doppler Laboratories in Graz, the Montanuniversität Leoben and the Fudan University in Shanghai. AT&S internally performs a two-stage innovation process. Development activities in the fields of materials, processes and applications are carried out at the research institutions at Leoben-Hinterberg headquarter to the point where the basic technological feasibility has been reached. This area thus covers applied research and technology evaluation. After that, it is the responsibility of the local departments for technology development and implementation situated at the plants of AT&S to continue the experimental development of products and processes and to integrate these products and processes into existing production operations.

AT&S patents
Quantity



OUTLINES OF CURRENT RESEARCH AND DEVELOPMENT PROJECTS In the IC substrates project – the Group's largest development project – development phase and machine qualification were completed successfully. First line facilities have been installed and production of qualification lots was initiated. This qualification phase will determine the exact process parameters for mass production that will be used to produce at high yield and high volume. The qualification lots serve to evaluate the final product characteristics and long-term reliability. The findings established in the process help to further optimise the products. Certification by the customer is planned by the end of the calendar year 2015. With regard to interconnect density, qualification for product types completely new at AT&S constitutes a quantum leap in comparison to AT&S's existing product portfolio. After completing certification, the start-up phase and subsequent volume production is scheduled to take place in the fourth quarter of 2015/16.

The power module product portfolio, including embedded components, is continuously expanded towards higher performance categories. The development project EmPower focuses on highly efficient and miniaturised components in the area of electromobility. In the past year, functional high power packages were realised and are subsequently planned to be industrialised. Moreover, conceptual development for Hybrid Electrical Vehicles (HEV) was transferred to product development.

Also regarding the miniaturisation of printed circuit boards in mobile end devices, the development of a new technological leap was completed. Modified manufacturing processes are now available, fulfilling product requirements with regard to a higher interconnect density for the next generation. The first products in high-volume production are expected in the financial year 2015/16.

The trend towards miniaturisation while simultaneously increasing performance in electronic devices represents a great challenge to the manufacturers of the respective components. Part of this challenge is heat development in a narrower and narrower space. No matter if smartphones, lighting technology or electric cars are concerned: Innovations serving to counter overheating represent an important field of activity. After all, more than half of all product defects are caused by temperature having risen too high. Our new thermal solutions counteracting this issue resulted in winning the Innovation Award of the Austrian province of Styria and being nominated for the Austrian Innovation Award in the past financial year.

A first batch of products in a newly developing and technically very sophisticated league of printed circuit board production with regard to process control – printed circuit boards for high-frequency applications – was also launched in the past financial year. Printed circuit boards for high-frequency applications represent a fast-growing market because these products are required for contactless communication between people and devices, fields such as information, automobile, industry and medical technology as well as radar applications such as those already in use in state-of-the-art vehicles. In the future they will be a basic requirement for driverless cars and tools.

6. Risk and opportunities management

PRINCIPLES, STRUCTURES AND PROCESSES Risk and opportunities management is a fundamental part of the way in which the AT&S Group does its business. The quest to increase enterprise value involves not just opportunities but also the taking of risks. In order to identify risks at an early stage and deal with them in a pro-active manner, AT&S operates a group-wide Risk Management and Internal Control System as well as Internal Revision, as in accordance with Austrian Code of Corporate Governance (ÖCGK) requirements.

From an organisational perspective, the Risk Management, Internal Control System and Internal Revision functions come within the responsibility of the CFO. The overall board receives monthly updates from the Group Risk Manager and/or the internal auditor in the course of the Management Board meeting. The Supervisory Board is involved in audit committee meetings taking place twice a year. The proper functioning of the risk management system is also assessed once a year by the auditor in the course of the annual audit of financial statements pursuant to Rule 83 ÖCGK.

Operative risk management consists of a process for the purpose of risk identification and assessment which is to be carried out at least twice a year. Risks which comply with the criteria as set out in the risk strategy are aggregated taking into consideration various scenarios in relation to the overall risk position of the Group and recorded in the risk report sent to the Management Board and Supervisory Board, which is updated on a six-monthly basis. Risk controlling activities are achieved through measures aimed at minimising their effects and likelihood by those responsible.

The risks, uncertainties and opportunities facing the Group are generally based on worldwide developments on the printed circuit board and substrate market and can be summarised as follows:

Strategy

INVESTMENTS In order to make the most of growth potential and remain competitive, the Group undertakes major investments in new forms of technology as well as in the further development and capacity expansion of already existing technologies. There are particular opportunities to be gained from – but also risks to be taken into account in association with – entering into the substrates business (characterised through potentially attractive margins, entrance barriers and only a handful of competitors) through a strategic partnership with a world leading semiconductor manufacturer. Furthermore, the location at Chongqing in China offers competitive advantages over the largely Japanese dominated competition. The first revenues for the IC substrates segment can be anticipated in the calendar year 2016.

Risks in the field of investment, particularly with regard to entering the substrate business, and in general for the business activities of AT&S exist in the form of unrecognised or wrongly anticipated technological developments or changes in demand which could bear negatively on investment value.

COMPETITION The intensive focus on the high-tech segment coupled with the highest quality standards and consistently carried out cost controls meant that the Group was able to achieve a competitive advantage over a majority of its competitors in the HDI segment and thus effectively counter the intensive competition and the permanent ‘commodification’ (with a corresponding margin reduction). This strategy is also supported by the growth in the number of end products relevant to AT&S's HDI product range, from smartphones and other mobile applications as well as the automotive segment.

The opportunities related to Austrian AT&S plants exist due to high flexibility, high quality standards and the ability to react very quickly to changing specifications and technologies, as is required on the industrial market through various technological demands on the part of a number of customers. New forms of technology and projects are constantly being pushed in close cooperation with various different customers.

Advanced Packaging, a form of technology which AT&S made ready for the market under the ECP® brand name, also offers considerable potential in itself, and the segment was further expanded in the course of the previous financial year.

Competitor risks arise through potential quality improvements and technological developments in countries with low production costs. This could mean that the activities of the Group especially in Austria and possibly also at other manufacturing locations like those in China might become less competitive.

Market development

CUSTOMER BASE With the help of advanced production technologies and high quality standards, the AT&S Group has managed – largely due to its capacities in Asia – to establish itself as a reliable provider for some of the world's most renowned players in the electronics industry. The revenue generated with the five largest among these customers accounts for 52% of total revenue. The good business relations with these customers also offer excellent opportunities for the future.

However, a customer concentration of this kind also brings risks with it, for example in case there is a significant reduction in business with this customer. This therefore means that both the maintenance of AT&S's competitiveness as well as the continued broadening of its customer base and the development of new product segments to quickly increase compensation levels in case of a reduced quantity of sales with any of the individual main customers is of considerable importance.

ECONOMIC DEVELOPMENT Economic cycles and fluctuations when it comes to product demand in the industry for mobile end products, the automobile sector and the industry in general could have a negative effect on the Group's results, just as of course any upward trend in the economy can also lead to increased business opportunities. The wide-ranging positioning throughout the Mobile Devices & Substrates and Industrial & Automotive product segments enables the partial reduction of risks due to the different production cycles.

Procurement

COMMODITY PRICES Energy as well as raw material (gold, copper, laminate) price fluctuations can in the short-term have both a positive as well as a negative impact on achievable margins.

SUPPLIER BASE The strategy of the Group consistently focuses on a wide and diversified base of carefully selected suppliers with a view to reducing any dependencies on individual suppliers. There are therefore – with a few exceptions – alternative supplier options so as to respond to supply risks. The Group enjoys longstanding and stable customer-supplier relations with its main key suppliers with particular expertise and competitive standings.

Business environment

INTELLECTUAL PROPERTY The AT&S Group endeavours to utilise any opportunities for obtaining intellectual property as well as gaining access to promising patents through the development of own projects, cooperation schemes with partners and investments. Risks arise if the Group fails to protect its intellectual property, thus enabling the competition to utilise these technologies. Legal disputes on intellectual property might keep the Group from utilising or selling any technologies in dispute, and legal disputes on the misuse of third party intellectual property might result in substantial financial burdens. The new IC substrates segment in particular bears risks in this regard, with one of the reasons being the fact that AT&S needs to further augment its corresponding expertise in this field.

COMPLIANCE Any amendments to regulatory requirements, such as the prohibition of specific processes or materials, might lead to a rise in production costs. The Group might be subject to substantial penalties should any customer requirements on confidentiality or statutory provisions be violated. AT&S has implemented organisational measures aimed at preventing or minimising the occurrence of compliance risks. The expansion of such measures is ongoing.

LOCATION SPECIFIC RISKS A major part of the Group is located outside of Austria, particularly in Asia. This means that the Group might be subject to potential legal uncertainties, state intervention, trade restrictions or political unrest. Irrespective of the above, any production site of the Group may furthermore be exposed to fire, natural disasters, acts of war, shortages of supply or other events. The termination of land use rights, permits or lease contracts of specific plants might also have a negative impact on the production output of the Group.

The Group actively protects itself against such risks by weighing the risks and associated costs and has concluded insurance contracts to the extent customary for a company of this size if such contracts are available at costs which are reasonable in relation to the impending risks.

Operating business

PRODUCT QUALITY As previously, it will be the high quality of products, adherence to delivery deadlines and service quality which will offer the Group a chance to differentiate itself from the competition and utilise growth opportunities in the future. Any technical defects, quality deficiencies or difficulties in delivering products may expose the Group to warranty claims, claims for damages and contractual penalties, resulting in product recalls and the loss of customers. AT&S has in place a corresponding quality management system designed to rule out deficiencies in product quality and their negative consequences as far as possible. Furthermore, the Group is insured against major risks by virtue of an (extended) product liability insurance policy.

TECHNOLOGY AND PROJECT DEVELOPMENT The Group's know-how regarding project and technology development, particularly in China, makes it possible for the Group to utilise further promising growth opportunities, such as in particular the development of the IC Substrates business. At the same time, however, this entails special risks, also in view of the substantial volume of investment made at the Chongqing site. Complications in the further technological development and project development might result in major burdens for business development as well as the financial and administrative resources.

Organisation

EMPLOYEES The collective industry experience and management expertise of the employees of the AT&S Group form the basis for the utilisation of future opportunities. The business of the Group might suffer if employees in leading positions were to terminate their employment relations with the Group or if the Group was unable to continue to recruit and retain highly qualified engineers or sales personnel. AT&S continuously develops strategies for retaining key employees, recruiting valuable personnel and further expanding the skills of its staff members.

WAGE COSTS A substantial increase in wage costs, particularly at the production sites in China, might have a negative impact on the competitiveness of the Group.

Financial risks

FINANCIAL RISK For more information on financial, liquidity, credit and foreign exchange risks, please refer to Note 20 "Additional disclosures on financial instruments" in the notes to the consolidated financial statements.

TAX RISK The Company is active on a global basis and thus confronted with different tax systems. Unless the requirements for the formation of a provision or liability are met, both national and international tax risks are incorporated within financial risks and monitored accordingly. At present, the material tax risks are in relation to the company in India.

7. Internal Control and Risk Management System with regard to accounting

The accounting-related Internal Control and Risk Management system is an integral part of the Group-wide risk management system. According to the framework concept of COSO (The Committee of Sponsoring Organization of the Treadway Commission), under the concept of Company-wide risk management, the actual risk management as well as the Internal Control System (ICS) are subsumed. The main criteria of the Risk Management, the Internal Control System and Internal Revision of AT&S are specified in a Group-wide risk management and audit manual.

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

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

The internal financial reporting is done on a monthly basis as part of the Group reporting, with the financial information being reviewed and analysed by the Group Accounting department (part of Group Finance & Controlling). The monthly budget/actual variance with corresponding comments on the results of the segments, of the plants as well as of the Company is reported internally to the executives and to the members of the Supervisory Board.

The annual preparation of the budget is carried out by the Group Controlling department (as part of Group Finance & Controlling). Quarterly forecasts are drawn up during the year for the remaining financial year based on the quarterly results and current planning information. The forecasts with comments on the budget comparison and presentations on the impact of opportunities and risks up to the end of the financial year are reported to the Supervisory Board. In addition to regular reporting, multiple-year planning, project-related financial information or calculations on investment projects are prepared and submitted to the Supervisory Board.

8. Shareholding structure and disclosures on capital (disclosures according to § 243a UGB)

CAPITAL SHARE STRUCTURE AND DISCLOSURE OF SHAREHOLDER RIGHTS As of the reporting date at 31 March 2015, the Company's ordinary shares amount to € 42,735,000 and are made up of 38,850,000 no-par value shares with a notional value of € 1.1 per share. The voting right at the Annual General Meeting is exercised according to no-par value shares, with each no-par value share equalling one voting right. All shares are bearer shares.

Significant direct and indirect shareholdings in the group parent AT & S Austria Technologie & Systemtechnik Aktiengesellschaft (AT & S AG), which at the reporting date amount to at least 10%, are presented below:

	Shares	% capital	% voting rights
Dörflinger-Privatstiftung: Karl-Waldbrunner-Platz 1, A-1210 Vienna	6,902,380	17.77%	17.77%
Androsch Privatstiftung: Schottengasse 10, A-1010 Vienna	6,339,896	16.32%	16.32%

At the reporting date 31 March 2015, about 65.91% of the shares were in free float. With the exception of the shareholdings stated above, no other shareholder existed holding more than 10% of the voting rights in AT&S AG. No shares with special control rights exist. The exercise of the voting right by employees who hold shares in the Company is not subject to any limitations.

No special provisions exist on the appointment and dismissal of members of the Management Board and the Supervisory Board.

No compensation agreements are in place between AT&S AG and its Management Board and Supervisory Board members or employees that would become effective in the case of a public takeover bid.

By resolution passed at the 20th Annual General Meeting on 3 July 2014, the Management Board was authorised until 2 July 2019 to increase the Company's ordinary shares, subject to approval by the Supervisory Board, by up to € 21,367,500.00 by way of issuing up to 19,425,000 new no-par value bearer shares against contribution in cash or in kind, in one or several tranches, also by way of indirect rights offering after having been taken over by one or more credit institutions in accordance with § 153 (6) Austrian Stock Corporation Act (AktG). In doing so, the Management Board was authorised to determine, subject to approval by the Supervisory Board, the detailed conditions for such issuance (in particular the issue amount, what the contribution in kind entails, the content of the share rights, the exclusion of subscription rights, etc.) (approved capital). The Supervisory Board was authorised to adopt amendments to the articles of association resulting from the issuance of shares from the approved capital. The Annual General Meeting also passed the resolution to amend § 4 of the articles of association (ordinary shares) in accordance with this resolution.

Furthermore, by resolution of the 20th Annual General Meeting on 3 July 2014, the authorisation to issue convertible bonds as resolved in the Annual General Meeting on 7 July 2010 was revoked and simultaneously, the Management Board was authorised until 2 July 2019, subject to approval by the Supervisory Board, to issue one or several convertible bearer bonds at a total nominal amount of up to € 150,000,000.00 and to grant to bearers of convertible bonds subscription rights and/or conversion rights for up to 19,425,000 new no-par value bearer shares of the Company in accordance with the convertible bond conditions to be defined by the Management Board. In doing so, the Company's ordinary shares were conditionally increased by up to € 21,367,500.00 by way of issuance of up to 19,425,000 new no-par value bearer shares in accordance with § 159 (2) No. 1 AktG. This conditional capital increase is only carried out insofar as the bearers of convertible bonds issued based on the authorisation resolution passed at the Annual General Meeting on 3 July 2014 claim the right to conversion and/or subscription granted to them with regard to the Company's shares. Furthermore, the Management Board was authorised to determine, subject to approval by the Supervisory

Board, the further details of carrying out the conditional capital increase (particularly the issue amount and the content of the share rights).

With regard to increasing the approved capital and/or the conditional capital increase, the following definition of amount in accordance with the resolutions passed at the 20th Annual General Meeting on 3 July 2014 is to be observed: The sum of (i) the number of shares currently issued or potentially to be issued from conditional capital in accordance with the convertible bond conditions and (ii) the number of shares issued from approved capital shall not exceed the total amount of 19,425,000 (definition of amount of authorisations).

TREASURY SHARES By a resolution passed at the 19th Annual General Meeting on 4 July 2013, the Management Board was again authorised to acquire and to withdraw – within 30 months as from the resolution date – treasury shares to the maximum extent of up to 10% of the ordinary shares of the Company. Furthermore, the Management Board was authorised, for a period of five years as of the date the resolution was passed, i.e. up to and including 3 July 2018, upon approval by the Supervisory Board, to sell treasury shares also in a different way than via the stock exchange or by public offer, most notably to serve employee stock options, convertible bonds or to use such shares as a consideration for the acquisition of entities or other assets and for any other legal purpose.

As of 31 March 2015, the Group does not hold any treasury shares.

There are no off-balance sheet transactions between AT&S AG and its subsidiaries.

AT&S AG neither has granted any loans nor has it assumed any liabilities in favour of board members.

For further information, reference is made to the Notes in the notes to the consolidated financial statements (Note 22 “Share capital” as well as Note 16 “Financial liabilities”).

The Company's Corporate Governance Report pursuant to § 243b UGB is available at http://www.ats.net/de/unternehmen/corporate-governance/berichte/.

9. Outlook

The ever increasing demand for electronic end devices, the generally rising proportion of electronics in various applications as well as the interlinking of various electronic applications in both private and professional environments constitute mega trends in the years to come and will continue to result in an increase in demand for printed circuit boards. In order to counter the increasing price pressure in the industry, the focus will remain on the further development of the core business with high-tech products also in the financial year 2015/16. Against this backdrop, the development of innovative products and technologies remains a top priority for AT&S. In order to hedge this strategy, investments in technological upgrades at existing production plants are being continued in addition to research and development activities.

The entry into the IC substrate market segment constitutes a development of the current high-tech market of HDI printed circuit boards for AT&S. From a strategic perspective, this step represents an extraordinary opportunity for the development of the Group. After the construction of the building and the installation of the first line at the Chongqing site in the financial year 2014/15, the facilities will be certified in the financial year 2015/16. Ramp-up will be initiated in the calendar year 2016, and the first revenues are also expected to be achieved in the calendar year 2016. In parallel to this, the second line will be installed. As a result of the plant's ramp-up phase, AT&S expects start-up costs affecting the Group's profit for the year.

At the end of April, an expansion of the originally budgeted investments in the site until mid-2017 from € 350 million to € 480 million was announced: AT&S is positioning itself for the next printed circuit board technology generation and will, in addition to IC substrates, also produce substrate-like printed circuit boards in Chongqing from 2016. In doing so, AT&S wants to tap into the potential resulting from progressive miniaturisation and increasing modularisation, thus ensuring long-term and sustainably profitable growth in the high-end segment.

AT&S will make continuous investments in the new site in Chongqing also in 2015/16 and additionally make investments in further technology upgrades at existing sites. In these times which are characterised by high capital expenditure, management intends to pursue a cautious dividend policy in the following years.

Provided that the macroeconomic environment remains stable and customer demand remains strong, management assumes that capacity utilisation in the coming financial year will remain on a high level. Based on limited available capacities, revenue development is predicted to be similar to the financial year 2014/15. Based on the burden expected with regard to the Chongqing start-up, the EBITDA margin will stand between 18% and 20%, with the EBITDA margin in the core business remaining at more or less the level of the financial year 2014/15.

Leoben-Hinterberg, 5 May 2015

The Management Board

Andreas Gerstenmayer m.p.   Karl Asamer m.p.   Heinz Moitzi m.p.

Auditor's Report

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of AT & S Austria Technologie & Systemtechnik Aktiengesellschaft, Leoben-Hinterberg, for the fiscal year from 1 April 2014 to 31 March 2015. These consolidated financial statements comprise the consolidated statement of financial position as of 31 March 2015, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the fiscal year ended 31 March 2015, and the notes to the consolidated financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND FOR THE ACCOUNTING SYSTEM

The Company's management is responsible for the group accounting system and for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and the additional requirements under Section 245a UGB. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY AND DESCRIPTION OF TYPE AND SCOPE OF THE STATUTORY AUDIT

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

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

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

OPINION

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of 31 March 2015 and of its financial performance and its cash flows for the fiscal year from 1 April 2014 to 31 March 2015 in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

COMMENTS ON THE MANAGEMENT REPORT FOR THE GROUP

Pursuant to statutory provisions, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report for the Group is consistent with the consolidated financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

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

Vienna, 5 May 2015

PwC Wirtschaftsprüfung GmbH

signed:

Christian Neuherz
Austrian Certified Public Accountant

We draw attention to the fact that the English translation of this auditor's report according to Section 274 of the Austrian Commercial Code (UGB) is presented for the convenience of the reader only and that the German wording is the only legally binding version.

Disclosure, publication and duplication of the Consolidated Financial Statements together with the auditor's report according to Section 281 (2) UGB in a form not in accordance with statutory requirements and differing from the version audited by us is not permitted. Reference to our audit may not be made without prior written permission from us.

AT & S AUSTRIA TECHNOLOGIE & SYSTEMTECHNIK
AKTIENGESELLSCHAFT

FINANCIAL STATEMENTS AS OF 31 MARCH 2015

TABLE OF CONTENTS

AT & S AUSTRIA TECHNOLOGIE & SYSTEMTECHNIK AKTIENGESELLSCHAFT
LEOBEN-HINTERBERG

BALANCE SHEET AS OF 31 MARCH 2015
(Prior year for comparison)

ASSETS	31 March 2015 EUR	31 March 2014 EUR
A. NON-CURRENT ASSETS		
I. Intangible assets		
1. Industrial property rights and similar rights, and licences thereto	1,694,012.63	937,850.87
2. Prepayments	7,691,700.00	7,691,700.00
	9,385,712.63	8,629,550.87
II. Property, plant and equipment		
1. Buildings on third party land	611,367.12	307,165.58
2. Machinery and technical equipment	28,768,479.54	15,877,794.14
3. Other assets, fixtures and furniture	1,576,425.17	1,505,347.37
4. Prepayments and construction in progress	945,834.35	140,000.00
	31,902,106.18	17,830,307.09
III. Financial assets		
1. Shares in affiliated companies	287,336,365.29	274,964,365.29
2. Loans to affiliated companies	118,877,518.37	95,102,820.52
3. Securities	92,003.81	92,003.81
4. Other loans and advances	4,129,389.19	3,543,184.01
	410,435,276.66	373,702,373.63
	451,723,095.47	400,162,231.59
B. CURRENT ASSETS		
I. Inventories		
1. Raw materials and supplies	5,814,145.90	5,593,299.75
2. Work in progress	3,983,561.73	4,302,455.43
3. Finished goods and goods for resale	13,804,625.68	14,723,593.44
	23,602,333.31	24,619,348.62
II. Receivables and other assets		
1. Trade receivables	42,861,042.80	38,778,579.70
2. Receivables from Group enterprises	16,098,972.25	2,489,293.23
3. Other receivables and assets	6,650,635.02	5,539,467.19
	65,610,650.07	46,807,340.12
III. Securities and shares		
1. Other securities and shares	732,000.00	732,000.00
	732,000.00	732,000.00
IV. Cash on hand, bank balances	154,118,346.52	202,836,587.01
	244,063,329.90	274,995,275.75
C. PREPAID EXPENSES AND DEFERRED CHARGES	1,416,095.16	1,771,537.42
TOTAL ASSETS	**697,202,520.53**	**676,929,044.76**

SHAREHOLDERS' EQUITY AND LIABILITIES	31 March 2015 EUR	31 March 2014 EUR
A. SHAREHOLDERS' EQUITY		
I. Share capital	42,735,000.00	42,735,000.00
II. Capital reserves		
Appropriated	163,270,702.50	163,270,702.50
III. Revenue reserves		
1. Statutory reserve	4,273,500.00	4,273,500.00
2. Other reserves (Free reserves)	17,505,782.55	17,505,782.55
IV. Unappropriated retained earnings	36,874,815.29	15,734,956.75
thereof prior period unappropriated retained earnings carried forward	*7,964,956.75*	*14,718,229.34*
	264,659,800.34	243,519,941.80
B. GOVERNMENT GRANTS	1,101,517.19	1,519,716.43
C. PROVISIONS		
1. Provisions for severance payments	17,352,576.72	11,760,355.72
2. Provisions for pensions	1,493,347.96	1,226,494.77
3. Tax provisions	579,097.00	18,000.00
4. Other provisions	32,384,374.89	28,363,557.85
	51,809,396.57	41,368,408.34
D. LIABILITIES		
1. Bonds	100,000,000.00	100,000,000.00
2. Bank loans and overdrafts	248,404,945.21	259,515,583.00
3. Trade payables	8,747,239.18	8,296,376.55
4. Payables to Group enterprises	14,417,458.98	16,516,477.26
5. Other liabilities,	8,062,163.06	6,192,541.38
thereof taxes	*2,575,823.78*	*1,084,439.46*
thereof social security payables	*1,246,619.80*	*1,134,749.00*
	379,631,806.43	390,520,978.19
TOTAL EQUITY AND LIABILITIES	**697,202,520.53**	**676,929,044.76**
CONTINGENT LIABILITIES	51,317.25	700,381.92

AT & S AUSTRIA TECHNOLOGIE & SYSTEMTECHNIK AKTIENGESELLSCHAFT
LEOBEN-HINTERBERG
INCOME STATEMENT FOR THE PERIOD
FROM 1 APRIL 2014 TO 31 MARCH 2015
(Prior year for comparison)

	2014/15 EUR	2013/14 EUR
1. Revenue	290.005.915,37	262.445.392,22
2. Changes in inventories of work in progress and finished goods	448.513,65	800.124,36
3. Other own work capitalized	556.205,00	0,00
4. Other operating income		
a) Income from disposal of non-current assets excluding financial assets	19.728,46	85.966,67
b) Income from the reversal of provisions	658.346,87	32.661,34
c) Other	32.036.941,94	19.774.409,95
5. Cost of materials and purchased services		
a) Cost of materials	-183.308.000,83	-163.364.091,28
b) Cost of purchased services	-14.323.795,80	-13.624.923,42
6. Staff costs		
a) Wages	-22.036.229,26	-20.883.018,52
b) Salaries	-32.584.378,58	-28.091.341,92
c) Expenses for severance payments and contributions to staff provision funds	-2.026.422,02	-2.686.272,11
d) Expenses for pensions	-461.298,40	-575.695,21
e) Expenses for statutory social security, payroll-related taxes and mandatory contributions	-13.578.705,95	-12.597.585,11
f) Other social benefits	-680.988,17	-618.987,28
7. Depreciation and amortization		
a) of Property, plant and equipment and intangible assets	-7.514.592,92	-6.991.929,42
b) less amortization of government grants	311.593,50	293.268,09
8. Other operating expenses		
a) Taxes not included in line 20	-213.227,51	-958.449,75
b) Other	-29.755.000,04	-35.847.792,94
9. Subtotal of lines 1 to 8 (Operating result)	**17.554.605,31**	**-2.808.264,33**
10. Income from participating interests	11.166.476,56	15.020.477,46
thereof from Group enterprises	*11.166.476,56*	*15.020.477,46*
11. Income from other long-term securities and loans	5.398.679,70	4.998.859,02
thereof from Group enterprises	*5.390.450,70*	*4.990.630,02*
12. Other interest and similar income	1.548.957,85	246.677,07
thereof from Group enterprises	*304,33*	*58.659,19*
13. Income from the disposal and write-up of fixed financial assets and current securities	14.452.851,77	15.002,37
a) Income from affiliated companies	14.384.591,61	0,00
thereof from write-up	*12.372.000,00*	*0,00*
14. Expenses on fixed financial assets and current securities	-235.268,44	-2.478.382,04
thereof Relating to affiliated companies	*-235.268,44*	*-1.725.777,49*
15. Interest and similar expenses	-21.697.926,11	-12.188.334,15
16. Subtotal of lines 10 to 15 (Financial result)	**10.633.771,33**	**5.614.299,73**
17. Net operating income	**28.188.376,64**	**2.806.035,40**
18. extraordinary income	1.612.267,31	0,00
19. extraordinary result	**1.612.267,31**	**0,00**
20. Taxes on income	-890.785,41	-364.807,99
21. Net income for the year	**28.909.858,54**	**2.441.227,41**
22. Appropriation to earnings reserves		
Statutory reserve	0,00	-1.424.500,00
23. Prior period unappropriated retained earnings carried forward	7.964.956,75	14.718.229,34
24. Unappropriated retained earnings	**36.874.815,29**	**15.734.956,75**

NOTES TO THE FINANCIAL STATEMENTS

TABLE OF CONTENT

1. GENERAL INFORMATION

The financial statements of AT & S Austria Technologie & Systemtechnik Aktiengesellschaft (hereinafter referred to as “AT&S”) as of 31 March 2015 have been prepared in accordance with the provisions of the Austrian Commercial Code (UGB) as amended. The financial statements, prepared under Austrian generally accepted accounting principles, present a true and fair view of the assets and liabilities, the financial situation of the Company as of 31 March 2015, as well as of the results of its operations for the year then ended.

In particular, the principles of going concern and individual valuation were adhered to in the valuation of assets and liabilities. The principle of prudence was applied as all identifiable risks and impending losses were taken into account. Only the profits realised at the balance sheet date were recognised. Previously applied valuation methods were maintained.

If assets or liabilities pertain to several items of the balance sheet, they are disclosed under the respective item they are stated.

2. GROUP RELATIONS AND RESTRUCTURING OPERATIONS

Since 31 March 1999, AT&S has been a parent company within the meaning of Section 244 UGB.

By applying the provisions of Section 245a UGB, the consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), complemented by notes and comments that are statutory under commercial law. A management report for the Group is also prepared.

AT&S prepares the consolidated financial statements for the largest group of companies.

Advantage was taken of the exemptions provided under Section 241 (3) UGB (*nondisclosure*).

In the financial year no corporate action have been carried out.

3. ACCOUNTING AND VALUATION METHODS

3.1. Non-current assets

Intangible and tangible assets are recognised at acquisition or production cost plus incidental acquisition cost less scheduled and unscheduled amortisation/depreciation.

Scheduled amortisation/depreciation is charged on a straight-line basis according to the useful life.

	Useful life
Intangible assets	4 - 10 years
Buildings on third party land	10 - 15 years
Machinery and technical equipment	5 - 15 years
Other assets, fixtures and furniture	3 - 10 years

For additions during the first half of the financial year, the full annual amortisation/depreciation was charged, for additions during the second half of the financial year, half of the annual amortisation/depreciation was charged. With regard to additions, amortisation/depreciation is calculated on the basis of the date of their initial use.

The option to immediately write off low-value assets pursuant to Section 226 (3) UGB was used.

Financial assets are stated at acquisition costs or the lower market values at the balance sheet date.

3.2. *Current assets*

Raw materials and supplies as well as merchandise are valued at acquisition costs taking into account the strict lower of cost or market principle. Spare parts are valued at acquisition costs less a percentage with regard to discounts granted for asset classes. Discounts and bonuses received, as well as transport costs and customs were taken into account.

Finished and unfinished goods were valued at production costs.

At 31 March 2015, production costs of unfinished and finished goods were determined based on full costs as provided by the option set forth under Section 203 (3) UGB.

Receivables and other assets are stated at nominal values. Provisions are made for identifiable specific doubtful accounts.

Receivables denominated in foreign currencies are translated using the exchange rate at the date of the original transaction or the lower bank buying rate at the balance sheet date.

Current securities are valued at acquisition costs or the lower market prices at the balance sheet date. With regard to current securities, write-ups in the amount of EUR 48,400.00 (prior year: EUR 104,400.00) were omitted for tax purposes.

In the past, treasury shares were valued at acquisition costs or the lower market value at the balance sheet date. In 2013/14, the Company sold all treasury shares held, which led to a loss on the disposal in the previous year amounted to EUR 752,604.55.

3.3. *Provisions*

The provisions for severance payments are calculated pursuant to IFRS measurement requirements (IAS 19) based on the “projected unit credit method”, applying a discount rate of 1.70% (prior year: 3.30%) and a pensionable age according to the provisions of the 2003 pension reform and taking into account company-specific staff turnover by using an adequate turnover rate. The calculation is made taking into account the provisions of the expert opinion KFS/RL 2 and 3 dated 5 May 2004 by the Institute of Business Administration, Tax Law and Organisation of the Chamber of Public Accountants and Tax Advisors. 3.00 % as a value adjustment for salaries and wages were recognised (prior year: 3.00%). The defined benefit obligation (DBO) amounts to EUR 20,067,976.00 (prior year: EUR 15,380,888.00) at the balance sheet date.

Pursuant to the expert opinion concerning issues regarding the application of the expert opinions on the accounting of pension and severance payment obligations pursuant to the provisions of the Financial Reporting Act (KFS/RL 2 and 3) in respect of IAS 19 (2011) (*Fachgutachten „Zweifelsfragen bei Anwendung der Fachgutachten über die Bilanzierung von Pensions- und Abfertigungsverpflichtungen nach den Vorschriften des Rechnungslegungsgesetzes (KFS/RL 2 und 3) im Hinblick auf IAS 19 (2011)“)* of the expert committee for company law and auditing of the Chamber of Public Accountants and Tax Advisors, the continued application of the corridor method is no longer permissible for the financial years starting on or after 1 January 2013. The actuarial losses existing at 31 March 2013 in the amount of EUR 4,525,665.00 will be spread over a maximum period of five years. In the financial year 2014/15, thus one-fifth of this amount, or EUR 905,132.72 , was recognised in the income statement.

In the financial year 2014/15, net interest expense is presented in “interest and similar expenses” for the first time. The change in the interest rate results in an expense of EUR 3,635,241.00 (previous year: EUR 888,569.00), the total interest expense for the fiscal year 2014/15 amounted to EUR 4,137,341.00 (previous year: EUR 1,407,723.00). A reclassification of the previous year's figures from the personnel expenses in the financial result was not carried out.

The provisions for pensions are calculated pursuant to IFRS measurement requirements (IAS 19) based on the “projected unit credit method”, applying a discount rate of 1.70% (prior year: 3.30%) based on the mortality tables AVÖ 2008-P. The pensionable age was determined according to the provisions of the 2003 pension reform. 2.25 % as a value adjustment for pension were recognised (prior year: 2.25%). The defined benefit obligation (DBO) of unfunded benefit obligations amounts to EUR 1,493,348.00 (prior year: EUR 1,226,495.00) at the balance sheet date. Moreover, pension obligations were in part transferred to APK Pensionskasse Aktiengesellschaft, Vienna.

In the financial year 2014/15, net interest expense for pension is presented in “interest and similar expenses” for the first time. The change in the interest rate results in an expense of EUR 268,401.00 (previous year: EUR 64,367.00), the total interest expense for the fiscal year 2014/15 amounted to EUR 307,838.00 (previous year: EUR 107,267.00). A reclassification of the previous year's figures from the personnel expenses in the financial result was not carried out.

The provision for anniversary bonuses are calculated pursuant to IFRS measurement requirements (IAS 19) applying the “projected unit credit method” based on entitlements pursuant to collective agreements, applying a discount rate of 1.70% (prior year: 3.30%) as well as taking into account company-specific staff turnover by using an adequate turnover rate. 3.00 % as a value adjustment for salaries and wages were recognised (prior year: 3.00%).

Net interest expense also for anniversary bonuses are presented in “interest and similar expenses“ in the financal result for the first time. The change in the interest rate results in an expense of EUR 486,977.00 (previous year: EUR 126,220.00), the total interest expense for the fiscal year 2014/15 amounted to EUR 568,881.00 (previous year: EUR 211,720.00). A reclassification of the previous year's figures from the personnel expenses in the financial result was not carried out.

Other provisions are calculated in accordance with statutory requirements taking into account all identifiable risks and uncertain liabilities.

3.4. Liabilities

Liabilities are stated at the amount repayable.

Liabilities denominated in foreign currencies are translated using the exchange rate at the date of the original transaction or the higher bank selling rate at the balance sheet date.

4. BREAKDOWN AND COMMENTS ON BALANCE SHEET ITEMS

4.1. Non-current assets

Reference is made to page 93 for the development of non-current asset items.

AT&S Austria Technologie & Systemtechnik AG

Non-current assets movement statement for the year ended 31 March 2015

	Acquisition/Production cost									
	Acquisition cost 1 Apr 2014 EUR	Additions EUR	Disposals EUR	Transfers EUR	Balance as of 31 Mar 2015 EUR	Accumulated amortization/ depreciation EUR	Book value 31 Mar 2015 EUR	Book value 31 Mar 2014 EUR	Amortization/ depreciation current year EUR	Write-up 31 Mar 2015 EUR
I. Intangible assets										
1. Industrial property and similar rights and assets, and licenses and licences thereto	13.504.403,63	1.483.092,14	208.032,29	0,00	14.779.463,48	13.085.450,85	1.694.012,63	937.850,87	726.930,38	0,00
thereof low-value assets		*208.032,29*	*208.032,29*						*208.032,29*	*0,00*
2. Prepayments	7.691.700,00	0,00	0,00	0,00	7.691.700,00	0,00	7.691.700,00	7.691.700,00	0,00	0,00
Subtotal	21.196.103,63	1.483.092,14	208.032,29	0,00	22.471.163,48	13.085.450,85	9.385.712,63	8.629.550,87	726.930,38	0,00
II. Property, plant and equipment										
1. Buildings on third party land	565.320,87	369.437,57	0,00	0,00	934.758,44	323.391,32	611.367,12	307.165,58	65.236,03	0,00
2. Machinery and technical equipment	183.012.543,99	18.661.279,57	1.643.425,93	140.000,00	200.170.397,63	171.401.918,09	28.768.479,54	15.877.794,14	5.804.567,03	0,00
3. Other assets, fixtures and furniture	14.023.459,02	990.695,40	581.274,34	0,00	14.432.880,08	12.856.454,91	1.576.425,17	1.505.347,37	917.859,48	0,00
thereof low-value assets		*185.623,04*	*185.623,04*						*185.623,04*	*0,00*
4. Prepayments and construction in progress	140.000,00	945.834,35	0,00	-140.000,00	945.834,35	0,00	945.834,35	140.000,00	0,00	0,00
Subtotal	197.741.323,88	20.967.246,89	2.224.700,27	0,00	216.483.870,50	184.581.764,32	31.902.106,18	17.830.307,09	6.787.662,54	0,00
III. Financial assets										
1. Shares in affiliated companies	311.672.066,62	0,00	0,00	0,00	311.672.066,62	36.707.701,33	287.336.365,29	274.964.365,29	0,00	12.372.000,00
2. Loans to affiliated companies	97.491.874,39	39.978.416,42	16.448.938,63	0,00	121.021.352,18	2.143.833,81	118.877.518,37	95.102.820,52	0,00	0,00
3. Securities	92.003,81	0,00	0,00	0,00	92.003,81	0,00	92.003,81	92.003,81	0,00	0,00
4. Other loans and advances	3.543.184,01	586.205,18	0,00	0,00	4.129.389,19	0,00	4.129.389,19	3.543.184,01	0,00	0,00
Subtotal	412.799.128,83	40.564.621,60	16.448.938,63	0,00	436.914.811,80	38.851.535,14	410.435.276,66	373.702.373,63	0,00	12.372.000,00
Total	631.736.556,34	63.014.960,63	18.881.671,19	0,00	675.869.845,78	236.518.750,31	451.723.095,47	400.162.231,59	7.514.592,92	12.372.000,00

4.2. Additional disclosures pursuant to Section 238 No. 2 UGB

	Book value 31 March 2015 EUR	Share %	Shareholders' equity EUR	Result of the past financial year EUR		Book value 31 March 2014 EUR
Shares in affiliated companies						
AT&S Deutschland GmbH, Nörvenich, Germany	1,053,000.00	100	524,040.95	67,179.55	1)	1,053,000.00
AT&S India Private Limited, Nanjangud, India	16,898,516.89	100	10,956,524.88	7,288,483.24	1)	16,898,516.89
AT & S Klagenfurt Leiterplatten GmbH in Liqu., Leoben	0.00	100	-6,521,336.06	-1,114.99	2)	0.00
AT&S Asia Pacific Limited, Hongkong, People's Republic of China	229,768,865.92		245,613,108.30	14,108,487.65		229,768,865.92
AT&S Korea Co., Ltd., Ansan-City, South Korea	39,609,538.14	98.76	17,001,309.09	5,672,057.98	1)	27,237,538.14
AT&S Americas, LLC, San José, California, USA	6,444.34	100	248,107.72	221,537.57	1)	6,444.34
Total	287,336,365.29					274,964,365.29

1) Figures based on International Accounting Standards as of 31 March 2015
2) Financial statements as of 31 March 2015 pursuant to the Austrian Commercial Code (UGB)

Shares in affiliated companies were valued at acquisition cost or at their fair values at the balance sheet date.

The book values of the shares in affiliated companies were tested for impairment in accordance with the DCF method based on the budgeting for the next years. In fiscal year 2014/15, a write-up of EUR 12,372,000.00 (prior year: EUR 0.00) was recorded.

4.3. Loans pursuant to Section 227 UGB

The item „Loans to affiliated companies" includes an amount of EUR 14,254,012.45 (prior year: EUR 407,294.67) which falls due within one year.

In connection with the loans write-ups in the amount to EUR 2,143,833.81 (prior year: EUR 0.00) were omitted due to tax reasons.

4.4. *Receivables and other assets*

4.4.1. Additional disclosures pursuant to Section 225 (3) and Section 226 (5)UGB

	Book value as of 31 March 2015 EUR	of which with a remaining maturity > 1 year EUR
Trade receivables	42,861,042.80	0.00
Receivables from affiliated companies	16,098,972.25	0.00
Other receivables and assets	6,650,635.02	0.00
Total	65,610,650.07	0.00

	Book value as of 31 March 2014 EUR	of which with a remaining maturity > 1 year EUR
Trade receivables	38,778,579.70	0.00
Receivables from affiliated companies	2,489,293.23	0.00
Other receivables and assets	5,539,467.19	0.00
Total	46,807,340.12	0.00

The Company's receivables from affiliated companies include trade receivables in the amount of EUR 4,932,495.69 (prior year: EUR 2,489,293.23), other assets in the amount of EUR 11,166,476.56 (prior year: EUR 0,00)

4.4.2. Income that will affect cash flow only after the balance sheet date

Other assets include the following material income that will affect cash flow only after the balance sheet date:

	31 March 2015 EUR	31 March 2014 EUR
Energy tax reimbursements	1,937,129.63	2,188,540.21
Discounts earned	150,000.00	0,00
Research activities	6,307.67	0,00
Subsidy for partial retirement	1,273.30	0,00
Tax-free premiums	3,169,810.50	2,006,758.15
Total	5,264,521.10	4,195,298.36

4.5. *Shareholders' equity*

4.5.1. Share capital

After increasing the Company's ordinary shares in the financial year 2013/14 by EUR 14,245,000.00 thousand by way of issuing 12,950,000 no-par value bearer shares, the ordinary shares as of 31 March 2015 amount to EUR 42,735,000.00 (previous year: EUR 42,735,000.00) and are made up of 38,850,000 (previous year: 38,850,000) no-par value shares with a notional value of EUR 1.10 each.

4.5.2 Approved capital and conditional capital increase

By resolution passed at the 20th Annual General Meeting on 3 July 2014, the Management Board was authorised until 2 July 2019 to increase the Company's ordinary shares, subject to approval by the Supervisory Board, by up to EUR 21,367,500.00 by way of issuing up to 19,425,000 new no-par value bearer shares against contribution in cash or in kind, in one or several tranches, also by way of indirect rights offering after having been taken over by one or more credit institutions in accordance with section 153 (6) Austrian Stock Corporation Act (AktG). In doing so, the Management Board was authorised, subject to approval by the Supervisory Board, to fully or partially exclude the shareholders's subscription right as well as to determine the detailed conditions for such issuance (in particular the issue amount, what the contribution in kind entails, the content of the share rights, the exclusion of subscription rights, etc.) (approved capital). The Supervisory Board was authorised to adopt amendments to the articles of association resulting from the issuance of shares from the approved capital.

Furthermore, by resolution of the 20th Annual General Meeting on 3 July 2014, the authorisation to issue convertible bonds as resolved in the Annual General Meeting on 7 July 2010 was revoked and simultaneously, the Management Board was authorised until 2 July 2019, subject to approval by the Supervisory Board, to issue one or several convertible bearer bonds at a total nominal amount of up to EUR 150,000,000.00 and to grant to bearers of convertible bonds subscription rights and/or conversion rights for up to 19,425,000 new no-par value bearer shares of the Company in accordance with the convertible bond conditions to be defined by the Management Board and subject to approval by the Supervisory Board. The Management Board was authorised to fully or partially exclude the shareholders' subscription right to convertible bonds. Convertible bonds may also be issued by a directly or indirectly 100%-owned company of AT & S Austria Technologie & Systemtechnik Aktiengesellschaft. In such a case, the Management Board was authorised, subject to approval by the Supervisory Board, to assume a guarantee for the convertible bonds on behalf of the issuing company and to grant conversion and/or subscription rights with regard to shares of AT & S Austria Technologie & Systemtechnik Aktiengesellschaft to the bearers of the convertible bonds.

Furthermore, in doing so, the Company's ordinary shares were conditionally increased by up to EUR 21,367,500.00 by way of issuance of up to 19,425,000 new no-par value bearer shares in accordance with section 159 (2) No. 1 Austrian Stock Corporation Act (AktG). This conditional capital increase is only carried out insofar as the bearers of convertible bonds issued based on the authorisation resolution passed at the Annual General Meeting on 3 July 2014 claim the right to conversion and/or subscription granted to them with regard to the Company's shares. Furthermore, the Management Board was authorised to determine, subject to approval by the Supervisory Board, the further details of carrying out the conditional capital increase (particularly the issue amount and the content of the share rights). The Supervisory Board was authorised to adopt amendments to the articles of association resulting from the issuance of shares from the conditional capital.

With regard to increasing the approved capital and/or the conditional capital increase, the following definition of amount in accordance with the resolutions passed at the 20th Annual General Meeting on 3 July 2014 is to be observed: The sum of (i) the number of shares currently issued or potentially to be issued from conditional capital in accordance with the convertible bond conditions and (ii) the number of shares issued from approved capital shall not exceed the total amount of 19,425,000.

4.5.3 Treasury shares/Reserve for treasury shares

By a resolution passed at the 19th Annual General Meeting on 4 July 2013, the Management Board was again authorised (pursuant to section 65 (1) No. 8 of the Austrian Stock Corporation Act (AktG)) to acquire - within 30 months as from the resolution date - treasury shares to the maximum extent of up to 10% of the ordinary shares of the Company at a lowest price that may be no more than 30% lower than the average unweighted closing rate of the last 10 trading days and at a highest price per share of a maximum of up to 30% above the average unweighted closing rate of the last 10 trading days. The authorisation also includes the acquisition of shares of subsidiaries (section 66 AktG).

The acquisition may be carried out via the stock exchange, by means of a public offering or in any other legal way and for any legal purpose. The Management Board was also authorised to withdraw repurchased treasury shares as well as treasury shares already held by the Company without any other resolution of the Annual General Meeting. This authorisation may be exercised in full, in part or in several tranches.

Furthermore, at the 19th Annual General Meeting on 4 July 2013, the Management Board was authorised (pursuant to section 65 (1b) AktG), for a period of five years as of the date the resolution was passed, i.e. up to and including 3 July 2018, upon approval by the Supervisory Board and without any further resolution of the Annual General Meeting, to sell or use the repurchased treasury shares or treasury shares already held by the Company also in a different way than via the stock exchange or by public offer, most notably to use treasury shares for the following purposes:

a) Issuance to employees, executive employees and members of the Management Board/managing directors of the Company or of an affiliated company, including the servicing of stock transfer programmes (particularly with regard to stock options, long-term incentive plans or other employee stock option plans),

b) To serve issued convertible bonds, if any,

c) As consideration for the acquisition of entities, participating interests or other assets, and

d) For any other legal purpose,

and by doing so, to exclude the general purchase option of shareholders (subscription right exclusion). The authorisation may be exercised in full, in part and also in several tranches and serve multiple purposes. At the balance sheet date, AT & S Austria Technologie & Systemtechnik Aktiengesellschaft does not hold any treasury shares (prior year: 0 shares).

4.5.2. Limitation for the distributable profit

According to Section 235 No. 1 UGB there is a limitation for the distributable profit amounted at EUR 12,372,000.00, resulting from the write-up of investment in an affiliated company.

4.6. Provisions

4.6.1. Other provisions

Breakdown:

	31 March 2015 EUR	31 March 2014 EUR
Holidays not yet consumed	3,471,992.51	2,836,477.82
Other personnel expenses	7,170,586.92	6,048,521.21
Holiday bonus/Christmas bonus	2,100,464.13	1,949,510.98
Anniversary bonuses	2,997,907.48	2,548,488.01
Impending losses arising from derivative financial instruments	3,776,562.83	420,085.73
Compensatory time off	1,060,344.27	887,087.06
Impending losses arising from pending transactions	531,286.98	1,181,020.72
Warranty and claims	153,000.00	422,634.47
Legal and advisory expenses	356,253.50	446,583.38
Debtors' discounts	286,736.89	282,676.17
Stock options	417,715.00	195,129.00
Stock appreciation rights	397,262.00	0,00
Restructuring of the plant Leoben-Hinterberg	8,153,050.29	10,507,948.30
Remuneration to the Supervisory Board	291,150.00	283,450.00
Customer bonuses	813,121.29	0,00
Other accruals < EUR 150,000	406,940.80	353,945.00
Total	32,384,374.89	28,363,557.85

The item „Restructuring of the plant Leoben-Hinterberg" mainly includes the costs related to future lease payments for unused product areas as well as to a potential loss from the utilisation by the lessor which is to be borne by the lessee.

Stock Option Plan (2009 to 2012)

Due to the expiry of the stock option plan (2005-2008), the stock option plan (SOP 2009 from 2009 to 2012) was approved in the 1st meeting of the nomination and compensation committee of the Supervisory Board on 17 March 2009, after it had been submitted for examination in the 55th Supervisory Board Meeting on 16 December 2008. The stock options may be granted in the period between 1 April 2009 and 1 April 2012.

Each of these options entitles the holder to the right to

- Either purchase a no-par value share of AT&S at the exercise price or
- To demand for a cash settlement at the remaining amount between the exercise price and the closing rate of the AT&S share at the Vienna Stock Exchange, or at stock exchange where the AT&S share is primarily listed, at the date the option is exercised by the beneficiary.

Under the "SOP 2009", 138,000 stock options were granted at an exercise price of EUR 3.86 per share on 1 April 2009, 135,000 stock options at an exercise price of EUR 7.45 per share on 1 April 2011, 118,500 stock options at an exercise price of EUR 16.60 per share on 1 April 2011, and 118,500 stock options at an exercise price of EUR 9.86 per share on 1 April 2012.

Exercise price:

The exercise price of the stock options is determined at the respective date of grant, representing the average closing rate of the AT&S share at the Vienna Stock Exchange, or the share price at the stock exchange where the AT&S share is primarily listed, over a period of six calendar months prior to the date of grant plus a surcharge of 10% calculated on the basis of the aforementioned average price. The price is the closing rate with regard to the XETRA trading or any comparable successor system. The exercise price, however, corresponds at least to the prorated amount of the share capital attributable to a share in AT&S.

Exercise period:

Granted stock options vest gradually as stated below:

- 20% of the stock options granted may be exercised after a period of two years after allocation.
- 30% of the stock options granted may be exercised after a period of three years after allocation.
- 50% of the stock options granted may be exercised after a period of four years after allocation.

The stock options may be exercised in full or in part after completion of the vesting period, not however during a restricted period. Options not exercised can be exercised after the expiration of the subsequent waiting period. Options not exercised within five years after the grant date become invalid and forfeit without compensation. In the event that a restricted period comprises the end of this five-year period, this restricted period will interrupt the five-year period concerned. After the end of the restricted period, stock options may still be exercised for a period corresponding to the interruption. Stock options not exercised by the end of this five-year period (extended as stated above if need be) become invalid and forfeit without compensation.

Requirements for the exercising of stock options:

The options may only be exercised by beneficiaries whose employment relationship with a company of the AT&S Group is in effect at the time the option is exercised. Options may be exercised under certain conditions within one year after the employment relationship is terminated. The options may neither be transferred nor pledged.

Number and allocation of granted options:

	Andreas Gerstenmayer	Harald Sommerer	Thomas Obendrauf	Steen E. Hansen	Heinz Moitzi	Executive employees	Total
	Number	Number	Number	Number	Number	Number	Number
1 April 2009	0	40,000	1,500	30,000	30,000	36,500	138,000
thereof expired	0	0	-1,500	0	0	-4,200	-5,700
thereof exercised	0	-40,000	0	-30,000	-30,000	-32,300	-132,300
1 April 2010	40,000	0	1,500	30,000	30,000	33,500	135,000
thereof expired	0	0	-1,500	0	0	-1,500	-3,000
thereof exercised	-40,000	0	0	-30,000	-30,000	-29,000	-129,000
1 April 2011	40,000	0	30,000	0	30,000	18,500	118,500
thereof expired	0	0	-30,000	0	0	-1,500	-31,500
1 April 2012	40,000	0	30,000	0	30,000	18,500	118,500
thereof expired	0	0	-30,000	0	0	-1,500	-31,500
Total	80,000	0	0	0	60,000	37,000	177,000

The options exercised during the financial year had a value of EUR 208,482.00 when these options were exercised.

Valuation of the stock options at the balance sheet date:

The stock options are valued at fair value at the respective balance sheet date using the Monte Carlo method. The fair value of the stock options granted is recognised in the balance sheet over the term to maturity of the stock options.

Fair value of the share options granted:

Granted on:	1/4/2010	1/4/2011	1/4/2012
	EUR	EUR	EUR
Fair value as of 31 March 2015	21,495.00	32,103.00	416,556.00

Stock Appreciation Rights Plan (2014 bis 2016)

Due to the expiry of the stock option plan (2009 to 2012), the 81st Supervisory Board meeting on 3 July 2014 passed a resolution to introduce a long-term incentive programme based on stock appreciation rights (SAR). SAR relate to the value increase in share prices based on the development of the share price. SAR may be granted in the period between 1 April 2014 and 1 April 2016.

Each SAR entitles the holder to the right to a cash settlement at the remaining amount between the exercise price and the closing rate of the AT&S share at the stock exchange with the main quotation (currently Vienna Stock Exchange) at the date the subscription right is exercised.

Under the stock appreciation rights plan “SAR 2014-2016“ 230,000 SAR were granted at an exercise price EUR 7.68 per share.

Exercise price:

The exercise price of SAR is determined at the respective date of grant, corresponding to the average closing rate of the AT&S share at the Vienna Stock Exchange or at the stock exchange with the main quotation of the AT&S shares over a period of six calendar months immediately preceding the date of grant.

Exercise period:

SAR may be exercised in full or in part after the respective completion of a three-year period following the date of grant, not however during a restricted period. Granted stock appreciation rights not exercised within five years after the grant date become invalid and forfeit without compensation.

Requirements to exercise:

SAR may only be exercised by the beneficiaries if the following requirements are met at the date of exercise:

- The beneficiary's employment contract with a company pertaining to the AT&S Group remains valid. Subject to certain conditions, rights may also be exercised within a year after termination of the employment contract.
- The required personal investment in the amount of 20% of the first amount granted (in SAR) in AT&S shares is held. If the personal investment is not fully established by the end of the three-year waiting period, the previously granted SAR become forfeit in full. The established personal investment is required to be held over the complete period of participation in the programme and will also apply to the granting in the subsequent years. The personal investment may only be wound down when exercise is no longer possible.
- The earnings per share (EPS) performance target was met. The level of attainment of the earnings per share performance indicator determines how many of the SAR granted may actually be exercised. The target value is the EPS value determined in the mid-term plan for the balance sheet date of the third year after the grant date. If the EPS target is attained at 100% or surpassed, the SAR granted may be exercised in full. If attainment is between 50% and 100%, the SAR granted may be exercised on a pro rata basis. If the EPS value attained is below 50%, the SAR granted become forfeit in full.

Number and allocation of SAR granted:

	Andreas Gerstenmayer	Karl Asamer	Heinz Moitzi	Executive employees	Total
	Number	Number	Number	Number	Number
1 April 2014	40,000	30,000	30,000	130,000	230,000
Total	40,000	30,000	30,000	130,000	230,000

Valuation of SAR at the balance sheet date:

SARs are measured at fair value at the respective balance sheet date using the Monte Carlo method. The fair value of the SAR granted is recognised as expense over their term.

Fair Value of SAR granted:

Granted on :	1 April 2014
	EUR
Fair value as of 31 March 2015	1,191,786.00

4.7. Liabilities

4.7.1. Additional disclosure to liabilities

Name:	Balance sheet value as of 31 March 2015 EUR	Remaining maturity up to 1 year EUR	Remaining maturity between 1 and 5 years EUR	Remaining maturity more than 5 years EUR
Bonds	100,000,000.00	0.00	100,000,000.00	0.00
Bank loans and overdrafts	248,404,945.21	44,042,747.82	172,862,197.39	31,500,000.00
Trade payables	8,747,239.18	8,747,239.18	0.00	0.00
Payables to affiliated companies	14,417,458.98	14,417,458.98	0.00	0.00
Other liabilities	8,062,163.06	7,553,893.06	508,270.00	0.00
Total	379,631,806.43	74,761,339.04	273,370,467.39	31,500,000.00

Name:	Balance sheet value as of 31 March 2014 EUR	Remaining maturity up to 1 year EUR	Remaining maturity between 1 and 5 years EUR	Remaining maturity more than 5 years EUR
Bonds	100,000,000.00	0.00	100,000,000.00	0.00
Bank loans and overdrafts	259,515,583.00	44,064,414.81	172,451,168.19	43,000,000.00
Trade payables	8,296,376.55	8,296,376.55	0.00	0.00
Payables to affiliated companies	16,516,477.26	16,516,477.26	0.00	0.00
Other liabilities	6,192,541.38	5,859,263.38	333,278.00	0.00
Total	390,520,978.19	74,736,532.00	272,784,446.19	43,000,000.00

Payables to affiliated companies include trade payables in the amount of EUR 14,417,458.98 (prior year: EUR 16,516,477.26).

4.7.2. Expenses that will affect cash flow only after the balance sheet date

The item “Other liabilities” includes the following material expenses that will affect cash flow only after the balance sheet date:

	31 March 2015 EUR	31 March 2014 EUR
Interest with regard to bonds	1,821,917.81	1,821,917.81
Regional health insurance	1,246,619.80	1,134,749.00
Tax authority	782,458.94	677,708.33
Wages and salaries	128,940.56	125,296.35
Communities	100,278.12	90,122.29
Total	4,080,215.23	3,849,793.78

4.8. Collaterals

	Balance sheet value as of 31 March 2015 EUR	thereof secured by collateral EUR
Bank loans and overdrafts	248,404,945.21	32,000,000.00
Prior year:	259,515,583.00	32,000,000.00

Assigned receivables are provided as collateral to banks.

4.9. Contingent liabilities pursuant to Section 199 UGB

	Balance 31 March 2015 EUR	of which to affiliated companies EUR
From guarantees	51,317.25	51,317.25
Prior year:	700,381.92	700,381.92

4.9.1. AT&S India Private Limited

In the financial year 2002/03, a guarantee agreement was entered into between Deutsche Bank AG, Bangalore, India, and AT&S:

Assumption of liability for an operating loan of INR 180,000,000.00 (EUR 2,678,352.22). At the balance sheet date EUR 51,317.25 (prior year: EUR 24,669.86) are outstanding.

4.9.2. AT&S (China) Company Limited

In the financial year 2010/11, a guarantee agreement was entered into between China Construction Bank, Shanghai, People’s Republic of China, and AT&S. This agreement replaces the two guarantee agreements from the financial years 2006/07 and 2009/10:

The assumption of a credit line in the amount of EUR 45,000,000.00 is expired in fiscal year 2014/15. Therefore, the balance sheet date amount outstanding is amounted to EUR 0.00 (previous year: EUR 675,712.06).

4.10. Obligations from the use of tangible assets not recognised in the balance sheet

	In the following financial year EUR	In the next 5 financial years EUR
Obligations from sale and lease back transactions	1,472,154.42	7,360,772.10
Prior year:	1,486,972.50	7,434,862,50
Obligations from rental agreements	318,410.00	768,609.00
Prior year:	346,263.00	1,095,605.00
Total	1,790,564.42	8,129,381.10
Prior year:	1,833,235.50	8,530,467.50

4.11. Other financial obligations

At the balance sheet date, orders in the amount of EUR 3,691,439.00 (prior year: EUR 903,150.00) were outstanding for replacement and expansion investments.

4.12. Derivative financial instruments and off-balance sheet transactions pursuant to Section 237 No. 8a UGB

Derivative financial instruments are used at AT&S to hedge against possible interest rate and exchange rate fluctuations and to partially cover existing and expected, but not yet fixed foreign currency liabilities/receivables. The fair value corresponds to the market value.

	Nominal amount 31 March 2015	Fair value in EUR 31 March 2015	Book value in EUR 31 March 2015
Interest-related products			
Swaps	EUR 92,000,000.00	-3,776,562.83	-3,776,562.83

	Nominal amount 31 March 2014	Fair value in EUR 31 March 2014	Book value in EUR 31 March 2014
Interest-related products			
Swaps	EUR 92,000,000.00	-420,085.73	-420,085.73

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

in months	31 March 2015	31 March 2014
interest related products: Swaps	47 – 71	59 – 83

AT&S AG committed itself, by a declatration, to ensure that the required financial means to settle liabilities are made available with regard to a subsidiary within its control. As of 31 March 2015, there are only liabilities of the subsidary of AT&S AG.

5. COMMENTS ON INCOME STATEMENT ITEMS

		2014/15 EUR	2013/14 EUR
1.	**Net sales**		
	Abroad	265,694,121.45	239,781,923.11
	Domestic	24,311,793.92	22,663,469.11
		290,005,915.37	262,445,392.22

		2014/15 EUR	2013/14 EUR
2.	**Other operating income**		
	Income from intercompany transactions	17,473,417.46	14,875,249.32
	Income from exchange differences	7,731,838.10	642,304.37
	Income from non-taxable premium	1,163,052.35	915,673.01
	Residual of other operating result	5,668,634.03	3,341,183.25
		32,036,941.94	19,774,409.95

3. **Personnel expenses**

		2014/15 EUR	2013/14 EUR
a)	**Expenses for severance payments and contributions to staff provision funds**		
	Members of the Management Board and executive employees	236,905.16	83,965.17
	Other employees	1,789,516.87	2,602,306.94
		2,026,422.02	2,686,272.11

Expenses for severance payments and contributions to staff provision funds include severance payments in the amount of EUR 1,738,337.45 (prior year: EUR 2,470,299.00).

		2014/15 EUR	2013/14 EUR
b)	**Expenses for pensions**		
	Members of the Management Board and executive employees	73,053.80	69,784.84
	Other employees	388,244.60	505,910.37
		461,298.40	575,695.21

4. Other operating expenses	2014/15 EUR	2013/14 EUR
Third party services	10,057,786.09	9,335,236.05
Maintenance of factory building and equipment	2,728,576.58	2,181,963.16
Legal and consulting fees	2,427,331.47	2,611,496.44
Freight outward customers	2,128,043.81	2,046,547.05
Rental and leasing expenses	2,037,271.96	1,908,180.20
Travel expenses	1,846,132.63	1,638,074.03
Insurance expenses	1,496,141.23	1,680,595.31
Marketing costs and comissions for sales agents	987,212.18	1,004,867.60
Loss of accounts receivable	720,989.87	868,761.98
Cost of cleaning of buildings	625,315.34	593,873.16
Expenses for company car	182,666.30	176,936.74
Expenses for capial increase	0.00	4,193,410.64
Residual of other operating expenses	4,517,532.58	7,607,850.58
	29,755,000.04	35,847,792.94

5. Extraordinary income

The extraordinary income includes a reversal for provision for restructuring amounted to EUR 1,612,267.31 (prior year: EUR 0.00). The first-time recognition was also recorded in the extraordinary result.

6. Expenses for the auditor

The expenses for the auditor are disclosed in the consolidated financial statements of AT & S Austria Technologie & Systemtechnik Aktiengesellschaft, 8700 Leoben-Hinterberg.

6. ADDITIONAL DISCLOSURES PURSUANT TO THE AUSTRIAN COMMERCIAL CODE (UGB)

6.1. Capitalisable deferred taxes

The option to capitalise deferred taxes assets on temporary differences between the commercial result and tax result was not used. The capitalisable amount pursuant to Section 198 (10) UGB amounts to EUR 2,809,009.00 (prior year: EUR 2,225,622.00).

6.2. Taxes on income

In accordance with the Austrian Tax Reform Act 2005 (*Steuerreformgesetz 2005)* Federal Law Gazette (*BGBl.*) I 2004/57, the income tax rate has been 25% since 1 January 2005.

In accordance with Section 9 (8) of the Austrian Corporate Tax Act (KStG) 1988, AT&S as group parent formed a tax group with the following subsidiaries as group members:

- AT & S Klagenfurt Leiterplatten GmbH in Liqu., Leoben
- AT&S Korea Co., Ltd., Ansan-City, South Korea

To compensate for tax effects arising from the allocation of taxable profit/loss, the parties to the contract are obligated to pay tax compensation.

Based on the tax group, the position "taxes on income" was with EUR 7,569.69 lower.

The extraordinary results of EUR 1,612,267.31 leaded to a tax on income of EUR 100,766.71.

6.3. *Board members, employees*

In the financial year the average number of staff was:

	2014/15	2013/14
Waged workers	658	643
Salaried employees	420	385
Total	1,078	1,028

Members of the Management Board and the Supervisory Board:

In the financial year, the following persons served as members of the Management Board:

- Andreas Gerstenmayer (Chairman)
- Karl Asamer (Deputy chairman)
- Heinz Moitzi

In the financial year, the following persons were appointed as members of the Supervisory Board:

- Hannes Androsch (Chairman)
- Willibald Dörflinger (First Deputy chairman)
- Regina Prehofer (Second Deputy chairman)
- Karl Fink
- Albert Hochleitner
- Gerhard Pichler
- Georg Riedl
- Karin Schaupp

Delegated by the works council:

- Wolfgang Fleck
- Sabine Fussi
- Franz Katzbeck
- Günther Wölfer

Total remuneration of the members of the Management Board:

	2014/15			2013/14		
	fixed	variable	Total	fixed	variable	Total
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Andreas Gerstenmayer	429	506	935	428	373	801
Karl Asamer	361	301	662	0	0	0
Heinz Moitzi	359	361	720	357	424	781
Total	1,149	1,168	2,317	785	797	1,582

The variable portion of the remuneration of Mr Andreas Gerstenmayer includes remuneration with regard to stock options in the amount of TEUR 124 (prior year: TEUR 0). The variable portion of the remuneration of Mr Heinz Moitzi includes remuneration with regard to stock options in the amount of TEUR 43 (prior year: TEUR 114).

Number of granted stock options as of the balance sheet date less exercised or forfeited stock options of the members of the Management Board:

	31 March	
	2015	2014
Andreas Gerstenmayer	80,000	120,000
Heinz Moitzi	60,000	90,000
Total	140,000	210,000

As of 31 March 2015, the exercise price of EUR 16.60 (70,000 shares) of the stock options granted to the Management Board as of 1 April 2011, of EUR 9.86 (70,000 shares) as of 1 April 2012 exceeds or is less than the current price of the shares as of the balance sheet date (EUR 14,615).

Number of stock appreciation rights as of the balance sheet date less exercised or forfeited stock appreciation rights of the members of the Management Board:

	31 March	
	2015	2014
Andreas Gerstenmayer	40,000	0
Karl Asamer	30,000	0
Heinz Moitzi	30,000	0
Total	100,000	0

As of 31 March 2015, the exercise price of EUR 7.68 (100,000 pieces) of the stock appreciation rights of the the Management Board as of 1 April 2014, is less than the current price of the shares as of the balance sheet date (EUR 14.615).

With regard to members of the Supervisory Board, remuneration in the amount of EUR 291,150.000 (prior year: EUR 283,450.00) was recognised as expenses and is proposed to the Annual General Meeting.

Shareholdings of the Management and the Supervisory Board of the Company at the balance sheet date:

	Shares		
	Balance 31/3/2015	Balance 31/3/2014	Change
Management Board			
Andreas Gerstemayer	10,000	0	+ 10,000
Karl Asamer	4,000	0	+ 4,000
Heinz Moitzi	2,786	2,786	0
Supervisory Board			
Hannes Androsch	599,699	599,699	0
Androsch Privatstiftung*	6,339.896	6,339,896	0
Dörflinger Privatstiftung*	6,902.380	6,902,380	0
Gerhard Pichler	26,768	26,768	0
Georg Riedl	15,482	15,482	0

*) The indicated number of shares held in AT & S Austria Technologie & Systemtechnik Aktiengesellschaft includes all direct and indirect investments. Thus, for the Androsch Private Foundation, this information also includes those shares held by AIC Androsch International Management Consulting GmbH, which is owned by the Androsch Private Foundation. For the Dörflinger Private Foundation, it also includes those shares held by Dörflinger Management & Beteiligungs GmbH, whose majority owner is the Dörflinger Private Foundation.

Leoben-Hinterberg, 5 May 2015

The Management Board:

Andreas GERSTENMAYER m.p.

Heinz MOITZI m.p.

Karl ASAMER m.p.

Management Report 2014/15

1. Company profile

AT & S Austria Technologie & Systemtechnik Aktiengesellschaft (hereinafter referred to as “AT&S”), together with its subsidiaries all over the world, is one of the leading companies in the industry and the largest manufacturer of printed circuit boards (PCB) in Europe and India. The subsidiary in Shanghai operates the largest factory specializing in HDI technology in China. AT&S’s product portfolio comprises single-sided, double-sided, multilayer, HDI (high density interconnection, a multilayer PCB with extremely fine structures), flexible, rigid-flexible and semiflexible printed circuit boards. The service spectrum comprises diverse techniques for the treatment of printed circuit boards, using different basic materials.

Using its global presence via subsidiaries in Asia, Europe and the US, AT&S supplies groups operating worldwide. At the same time, AT&S also meets the demand of smaller companies, manufacturing prototypes and small batches. AT&S's two production plants are located in Leoben-Hinterberg and Fehring. The subsidiaries' production plants are located in India, China and South Korea. Using these production capacities, AT&S serves both the existing volume production in Asia and the European niche market. Products are directly sold to Original Equipment Manufacturers (OEM) and Contract Electronic Manufac-turers (CEM).

Technologically, AT&S is one of the leading manufacturers of printed circuit boards, the crucial prerequisite being its outstanding performance in the area of research and development. AT&S develops new innovative techniques within customer, supplier and research institution networks. The continuous optimisation of business processes is one of the crucial core elements of AT&S's company strategy.

The core business of AT&S and its subsidiaries is the development and manufacture of printed circuit boards for large and small batches as well as prototypes. Printed circuit boards are customised and manufactured according to customer specifications. Using embedding technology, AT&S is now also able to offer assembly and chip packaging services.

2. Market and industry

Printed circuit boards are an essential part of electronic devices. They are used to mechanically mount microprocessors and their electrical components. Almost every electronic device contains one or more printed circuit boards and thus is part of our everyday life.

Printed circuit boards consist of electrically insulating material and conductive connections (conductors) attached to them. The insulating material typically used is fibre-reinforced plastic. The complexity of printed circuit boards depends primarily on the vertical connection of several layers, circuit density, physical dimensions, the number of layers, the minimum hole diameter and the surface finish. Global trends, such as miniaturisation while simultaneously increasing conductor density, increase the requirements with regard to printed circuit boards. It is particularly in the field of high quality printed circuit boards that the technologically highly complex applications of AT&S are increasingly used.

INTERNATIONAL MARKET DEVELOPMENT The global printed circuit board market is characterised by rapid change and high cyclicality. It is also a highly competitive and highly fragmented market.

On a global scale, about 2,800 producers existed in 2013 (source: NTI, Aug. 2014). The top 30 entities hold a global market share of about 55 % (source: Prismark, Q4 2014).

Independent market analysts predict an average annual growth of about 3% for the overall printed circuit board industry until 2019 (source: Prismark, Q4 2014). An above average growth rate for printed circuit boards that support high-tech applications is expected.

Demand for printed circuit boards is characterised by a continuous long-term growth. In 2014, demand was at USD 57.4 billion (source: Prismark, Q4 2014), meaning an increase of about 2.3 % on the previous year. Market surveys predict a decline in demand for printed circuit boards in the US, Europe and Japan, whereas, however, a strong market growth in Asia excluding Japan is expected.

MOBILE COMMUNICATION AS A GROWTH DRIVER For the upcoming years, independent market analysts expect an average annual growth of about 9 % for the total smartphone market and 3 % for the total tablet market. In 2014, sales in smartphones increased worldwide by 27 % compared to the previous year (source: IDC, Mar. 2015). The 2014 global tablet PC market increased on the previous year by 4.5 % (source: IDC, Mar. 2015).

In addition to smartphones and tablets, this market segment also includes PCs, ultrabooks, notebooks, servers, telecommunication infrastructure, game consoles, digital cameras and similar devices such as smart watches. Management expects demand to grow with regard to these applications and regards this trend towards wearable electronics as an opportunity for AT&S.

These market segments are largely driven by the mega trend "connectivity". To connect individual devices – such as smartphones, tablets, computers, so-called smart devices such as smart watches, fitness trackers but also TVs and a variety of future everyday electrical devices – over the internet opens up new areas for growth, which will define the developments in these segments in the coming years under the keyword "Internet of Things".

ABOVE-AVERAGE GROWTH IN AUTOMOBILE ELECTRONICS THROUGH NEW DEVICES For the global automotive market, independent market analysts predict an average annual growth of about 5% for the upcoming years. With regard to printed circuit board demand for automobile electronics, a higher average annual growth of 5.5 % is predicted in comparison to the automotive market (source: Prismark, Q4, 2014).

The automotive sector focuses on safety, information, reduced consumption and reduced emissions and affordable mobility. Resilience, duration and temperature resistance thus define the high demands imposed on printed circuit boards in use. The high-tech applications increase demand for HDI and Microvia printed circuit boards. AT&S was among the first to realise this trend and therefore has a good market position. Devices now using HDI and Microvia printed circuit boards range from navigation, multimedia and infotainment systems as well as emergency call and camera systems to electronic transmission control.

In the future, the subject of "autonomous driving" will require the development of new central systems for collecting information and data provided by camera systems, radar and ultrasound sensors, as well as for analysing them and subsequently triggering the respective actuators for the braking, stability and steering systems. Due to the large data volume and the fast transmission rates needed, these new central computers also require HDI technology.

In the automobile electronics segment, AT&S is among the top ten printed circuit board suppliers in the world in terms of revenue (source: NTI, March 2014).

STABLE GROWTH IN INDUSTRIAL ELECTRONICS Independent market analysts expect a growth of about 5% for 2015 in the industrial electronics systems market (source: Prismark, March 2015). The correlating growth in printed circuit boards for this segment is predicted to be about 3% for the same period (source: Prismark, March 2015). The lower growth in share of printed circuit boards is caused by increasing low-end printed circuit technology in application like LED lamps, inverters for photovoltaics, generators as well as for electromotive power units. Market analysts expect a growth of about 5% until 2019 due to the global effort of energy efficiency for all applications (source: Prismark, March 2015).

The market for industrial electronics is highly fragmented and, as a result of the wide range of applications, marked by a wide variety of customers having quite sophisticated demands as regards the printed circuit board technologies used. The technology range in demand ranges from single and double sided PCBs, multilayer PCBs with a large number of layers as well as an increasing amount of HDI and Microvia PCBs to all types of flexible and rigid-flexible PCBs. In order to meet the resulting requirements – which are determined by area of application and the various product specifications – key success factors for printed circuit board producers are proximity to the customer, high flexibility and short delivery periods.

The industrial electronics segment is still very much shaped by applications in the areas of measurement and control technology, power electronics, lighting systems as well as diagnostic instruments, RFID readers but also railway technology. In the future, M2M (machine-to-machine and machine-to-man) communication modules driven by Industry 4.0 activities will enable further growth in this segment. Due to the current launch of this application area it is too early for a serious market and growth estimation. AT&S is working together with several industry leaders in this new field of operations and is fully prepared to fulfil the new applications' requirements.

THE MARKET FOR MEDICAL TECHNOLOGY APPLICATIONS The global market for medical electronics systems obtained a value of US-$ 96 billion in 2014 (source: Prismark Discovery Series, March 2015), meaning a stagnation year-on-year. Predictions by other analysts show significant deviations in market sizes. IC-Insight expected a total systems market of US-$ 50.9 billion for 2014 (source: IC-Insight, December 2013) and MarketsAndMarkets predict for the same period a value of the market of US-$ 38.8 billion (source: MarketsAndMarkets, September 2014). These deviations illustrate this market's complexity with regard to applications such as diagnostic and imaging devices (e.g. X-ray, ultrasound, computer tomography), therapy applications (e.g. cardiac pacemakers, defibrillators, dialysis facilities, infrared radiation), patient monitoring (pulsometers, oxygen meters, anaesthesia and telemetry systems, cardio devices). Further areas of applications are surgical lighting, sterilisation systems, analytical instruments, molecular diagnostics and an increasing range of medicals gadgets in the area of fitness and wellness. The deviating predictions with regard to the actual market volume of medical electronics are to be interpreted depending on the allocation of the above stated applications to the individual segments of the global electronics industry.

Medical technology applications demand the highest standard of reliability with regard to the devices and, as a result, the printed circuit boards used in them. Additionally, miniaturisation and weight reduction are of utmost importance, particularly with regard to applications such as cardiac pacemakers, hearing aid devices or other mobile systems. The many years of experience gained in the development and miniaturisation of high quality printed circuit boards for the smartphone industry, combined with the fulfilment of this technology's highest quality requirements in the automotive segment, enable AT&S to acquire more and more customers in this market and to meet their demands in the best possible way.

THE MARKET FOR IC SUBSTRATES Independent market analysts originally predicted a volume of US$ 8.9 billion for 2013, and a growth of 4% for 2014 (source: JMS, second half-year 2012). Due to the global decline of the computer market for desktop PCs resulting from the tablet growth, most recent analyses show a significantly lower market volume for so-called BGA substrates, but instead a stronger growth for CSP substrates. The total IC substrate market thus achieved a value of US$ 7.6 billion in 2013 (source: JMS, June 2014). A total market volume of US$ 8.0 billion was predicted for 2014, and an average annual growth of about 4.7% for the coming years. For BGA substrates, a market volume of US$ 3.6 billion was stated for 2014, and an average annual decline in demand by about 1.4% for the period from 2014 to 2018. For CSP substrates, a market volume of US$ 4.4 billion was calculated for 2014, and an average annual growth of about 9% for the years from 2014 to 2018 (source: JMS, June 2014).

IC substrates are used in all segments of the electronics industry, with more than 80% of this technology being installed in smartphones, desktop computers, notebooks, tablets, servers and memory systems (source: Prismark, July 2014). Contrary to the great number of printed circuit board producers, there are only a few producers of IC substrates, with the top ten players having a market share of more than 80% between them (source: Prismark, July 2014). This environment enables AT&S to establish itself as one of the leading market suppliers in this high-tech segment in the coming years.

MINIATURISATION, FUNCTIONAL INTEGRATION AND MODULARISATION DETERMINE THE MARKET FOR EMBEDDED COMPONENT PACKAGING (ECP) AND EMBEDDED DIE PACKAGING The embedded die packaging technology is currently being introduced to the market. Yole analysts estimate the total market volume for 2014 to be US$ 14 million and predict a market increase until 2018, reaching a total volume of about US$ 142 million. This corresponds to an average annual growth of about 78%. There are currently about a dozen suppliers for embedding technologies, with AT&S currently in a clear leading position in this new market, having a market share of 75% (source: Yole, March 2015).

Paramount to ECP technology is miniaturisation by integrating components and thus functionality into the printed circuit board, as well as an improved reliability of the connector technology between components and printed circuit board. Further challenges include increasing mechanical stability and improving thermal and electrical properties for applications in the high frequency area, for power electronics but also for audio applications and high-speed data transfer.

ECP technology focuses on two different areas. So-called packages or system-in-package (SiP) modules currently represent the largest part. Typical examples for application include power modules, MOSFET and IGBT applications, MEMS modules, sensor and camera modules, audio and radio modules as well as DC/DC converters.

The second area relates to motherboards (main boards), including applications such as highly reliable printed circuit boards for rough environmental conditions (e.g. motor control in the automotive sector), notebooks, mobile internet devices, smartphones, hearing aid devices and RFID solutions.

3. BUSINESS DEVELOPMENT

3.1. Financial performance

In the financial year 2014/15, AT&S's NET SALES rose by EUR 27.6 million, or 10.5%, to EUR 290.0 million year-on-year, owing to an increase in merchandise sales with an Asian subsidiary.

The EBIT-MARGIN increased from -1.1 % in the past financial year to currently 6.1 % in the financial year under review. The rise results beside the increased business volume from the lapse of the transaction costs for the capital increase carried out in the financial year 2013/14, higher exchange gains and the swop of interest on social capital to the financial result.

The FINANCIAL RESULT in the financial year 2014/15 has been positively influenced by a subsidiary's dividend distribution in the amount of EUR 11.2 million (2013/14: EUR 15.0 million). Interest expenses increased by EUR 9.5 million to EUR 21.7 million compared to the previous year due to changed reporting of interest on social capital and due to the interest expenses for the promissory note bonds issued last year. Income from loans to subsidiaries remained almost unchanged at EUR 5.4 million (prior year EUR 5.0 million). The financial result increased significantly from EUR 5.6 million to EUR 10.6 million due to a write-up on investment in affiliates in the amount of EUR 12.4 million, realized exchange rate differences in the amount of EUR 2.1 million and higher interest gains of EUR 1.5 million (prior year EUR 0.2 million).

The EXTRAORDINARY RESULT contains a reversal of a restructuring reserve of EUR 1.6 million.

Owing to the described effects on the operating result and the financial result, the NET INCOME FOR THE YEAR thus is positive and amounts to EUR 28.9 million (prior year EUR 2.4 million).

3.2. Financial position

As a result from investments in a new production line, the book value of PROPERTY, PLANT AND EQUIPMENT rose from EUR 17.8 million to EUR 31.9 million. The book value of intangible assets increased from EUR 8.6 million to EUR 9.4 million.

A write-up increased the SHARES IN AFFILIATED COMPANIES from EUR 275.0 million to EUR 287.3 million. The book value of loans to affiliated companies increased from EUR 95.1 million to EUR 118.9 million due to new company loans.

In the short term CURRENT ASSETS the inventories declined from EUR 24.6 million to EUR 23.6 million due to a decrease in merchandise. The increase of receivables and other current assets from EUR 46.8 million to 65.6 million is based – beside higher trade receivables – primary on dividend receivables.

Liquid funds declined from EUR 202.8 million to EUR 154.1 million.

At the balance sheet date 31 March 2015, the SHAREHOLDERS' EQUITY amounts to EUR 264.7 million (prior year EUR 243.5 million), having risen by EUR 28.9 million year on year. The dividend payment of EUR 7.8 million reduced the shareholders' equity. At the balance sheet date, the equity ratio had increased from 36.0% to 38.0%.

In the financial year 2014/15, AT&S's NET DEBT increased from EUR 156.0 million to currently EUR 193.6 million. Net debt is calculated as the aggregate of bonds and bank loans and overdrafts, less cash on hand and bank balances as well as "other securities and shares" in current assets (without treasury shares). The gearing ratio, i.e. the ratio of net debt to equity, increased from 64.0% in the previous year to 73.1%.

3.3. Cash flow statement

Cash flow statement subtotals show the following amounts in comparison to past financial years (calculated in accordance with expert opinion KFS/BW2 of the Austrian Chamber of Public Accountants and Tax Advisors):

In EUR million	2014/15	2013/14	2012/13
Net cash flow from operating activities	17.3	32.4	16.0
Net cash flow from investing activities	-46.7	-13.2	-40.1
Net cash flow from financing activities	-19.3	161.2	37.8

The net cash flow from operating activities declined in the financial year 2014/15. Apart from a positive operating cash flow, this development mainly results from a significant increase in outstanding receivables. In total, this resulted in a positive cash flow from operating activities in the amount of EUR 17.3 million.

With respect to investing activities, AT&S invested a total of EUR 22.4 million in intangible assets and property, plant and equipment in the financial year 2014/15. It was mainly these payments and a new loan to affiliated companies that resulted in a net cash flow from investing activities in the amount of EUR -46.7 million.

The dividend payment as well as the scheduled loan repayments led to a cash out from financing activities of EUR 19.3 million.

4. Employees

Following the vision and mission of “we care about people”, the AT&S Group's HR activities are also continuously developed further. In accordance with this mission, a profound series of interviews with executives in charge was conducted in the financial year 2014/15 in order to ask them about their needs and expectations against the backdrop of the new challenges that AT&S wants to face in the coming years. This served to establish priorities for AT&S's HR activities, such as the further development of an international talent programme, but also working on AT&S leadership principles.

Employees' commitment, motivation and excitement represent key success factors for AT&S. AT&S offers to its employees all over the world a safe working environment that operates under essential values such as transparency, personal responsibility and trust. This serves as motivation and consequently increases the quality of products and services. Voluntary commitment to corporate social responsibility (CSR) measures as well as to the Electronic Industry Citizenship Coalition (EICC) code of conduct reinforce AT&S's global dedications to environmental, economic, labour, safety at work and ethical areas.

The average number of staff at AT&S AG (taking into consideration temporary workers) was 1,223 in the financial year 2014/15, meaning an increase of 82 on the average number in the previous year (2013/14: 1,141).

LEADERSHIP PRINCIPLES In the financial year 2014/15, new leadership principles based on the AT&S vision and mission were prepared and communicated across the entire Group. OPEN-MINDEDNESS, COMMITMENT and RESPONSIBILITY are the values envisaged to ensure excellent leadership. In order to put these values into practice on all levels, an initiative was launched to raise awareness among executives and to educate them. In doing so, emphasis is placed on reinforcing strengths and building mutual sympathy and trust. Excellent leadership is ultimately the foundation for keeping employees motivated and remain loyal to a company in the long-term – it is thus essential for further business success. It includes, among others, talent management, further developing key competences and skills, advancing the establishment of an open feedback culture as well as supporting but also challenging employees

SUPPORTING AND CHALLENGING – establishing a balance. It is AT&S's objective to continuously increase employee satisfaction. The only way to achieve this, however, is to deploy each person according to his or her skills and to develop him or her taking into account his or her existing potentials. This balance between supporting and challenging is an important basis for employee satisfaction, which, in turn, is the foundation upon which loyal, motivated and successful behaviour in accordance with the AT&S vision is built.

Based on the Company's aims for the following financial year, targets for individual employees in the area in which they specialise are defined in annual staff appraisal meetings. Additionally, potentials and further development opportunities within the current position but also with regard to potential other career paths are discussed.

Ongoing training of staff members including guidance at the workplace, internal and external training ses-sions, workshops and coaching sessions, are a priority in staff development in order to do justice to the vision “first choice for advanced applications”. Beside the staff development in relating to the entry in new technologies, standard trainings to new employees are offered to familiarize themselves with the production process of printed circuit boards, the organizational structure and processes of AT&S as well as the Company’s values. Multi-functional, international as well as intercultural training are also available in order to facilitate networking, ensure effective processes and an ongoing transfer of knowledge, and avoid the creation of cultural barriers. Training sessions especially developed for management, which are in line with AT&S's vision, mission and strategy, range from the essentials of leadership as well as carrying out appraisal meetings with employees to change management and strategy development.

AT&S attaches great importance to talent development, among other things in the area of apprentices in order to ensure that there will be young skilled staff in the future. At the end of the financial year, 599 apprentices were employed across the Group and thereof 27 in Austria. By offering High Technology Experience tours as well as 'come and see' days and holiday internships, AT&S strives to give young people an idea of how exciting it would be to work for AT&S and to convince them of the benefits of technology professions. In cooperation with universities, practice-oriented Bachelor and Master degree dissertations are assigned in order to position AT&S as an appealing employer also among graduates. In the course of the so-called “International Talent Program”, talented graduates from different countries undergo a multi-level selection procedure and can then participate in an 18 to 24 month trainee programme where they gain extensive insights in theory and practice in the field of printed circuit board technology and production and are introduced to all production and development areas of AT&S. Not only specific knowledge, but also methodological and social skills are furthered, and what has been learned is put into practice.

DIVERSITY & MOBILITY AT&S unconditionally respects equal opportunities in relation to career paths and remuneration or training, irrespective of age, sex, background, religion, sexual orientation, ethnicity, disability, religious or political belief. Especially for an international company such as AT&S, a high level of diversity is a key to future success. At the end of the financial year, the proportion of female employees at AT&S amounted to 34%. At 40%, the female proportion in Europe and the United States is still significantly higher than in Asia. The female proportion in top management rose from 11% in the previous year to 16%. With regard to diversity and successfully assembled teams, AT&S is committed to further increase the number of female employees, particularly in executive positions.

At all its sites across the world, AT&S employed people with 34 different nationalities. In its capacity as a globally operating company, AT&S offers a variety of career options at an international level. Aside from the “international talent program”, AT&S fosters international cooperation as well as professional mobility, primarily with regard to its employees but also in relation to external applicants. AT&S additionally offers intercultural training sessions, promotes language skills and places value in virtual cooperation in order to ensure the best possible communication and the highest possible efficiency. This also contributes to learning from one another and to uphold the principle of 'open-mindedness'.

AT&S places a strong emphasis on sustainable corporate development, using measures aimed at motivating employees as well as recruiting new talent and encouraging their long-term loyalty.

Alongside competitive levels of remuneration AT&S also firmly believes in giving its staff the chance to be able to share in the financial success of the Company: this is important both for the motivation of staff members as well as for recruiting and retaining new talent. The global bonus system takes this core principle into account, with individually and collectively agreed bonus payments being distributed whenever specific hurdle rates are achieved. The first hurdle rate consists of positive EBIT for the overall Group, with the second one being linked to the attainment of particular EBIT and/or gross profit margins in relation to budgeted targets in the respective area of responsibility.

The bonus system is based on key data EBIT, cash earnings and ROCE since financial year 2010/11 and has not been changed in comparison to prior years.

5. Sustainability

Sustainable management and the careful use of available resources are a high priority for AT&S.

As a key milestone, AT&S therefore included the topic of sustainability in its corporate mission in the financial year 2014/15:

- We reduce our ecological footprint
- We care about people

Taking into account sustainability aspects is one of the keys to the Company's continued success. By integrating sustainability into the Company's vision, AT&S shows a strong commitment to its stakeholders.

EMPLOYEES

Employees have a right to an entirely safe working environment. At the same time AT&S wants its people to be ambassadors of its values, and to play an active part in fulfilling its mission.

CUSTOMERS & SUPPLIERS

We would like our customers and suppliers to help us manage our supply chain so as to minimise the burden on the environment and our immediate surroundings. This applies to the procurement and use of chemicals and other materials, and to sustainable production methods and transportation.

Our customers' and suppliers' needs and concerns are regularly raised through requests for feedback, and business review meetings and audits. This enables us to work with them to solve any problems.

INVESTORS

In our communications with investors, we set out to present sustainability as a key success factor. By reducing our consumption of energy, water and other resources, and keeping the social impact of our operations in mind, we minimise our production costs.

Sustainable business practices are also crucial to obtaining licences to operate for our production sites. And continuing to improve our sustainability performance ensures that we retain the permits that are awarded to us.

Supported by a number of employees from all types of departments and sites, central aspects of sustainability to AT&S were defined in the course of a comprehensive materiality analysis. By interviewing and involving departments such as production, sales, human resources, investor relations, environmental and safety at work, etc., a comprehensive idea of the different demands and key aspects impacting the Company was generated. Further details on the materiality analysis will be included in the 2014/15 Sustainability Report which will be published in July 2015.

ENERGY AND CARBON FOOTPRINT, WATER AND RESOURCES In order to produce its products, AT&S requires a lot of energy in the form of electricity and heat. This results in CO_2 emissions in production, but CO_2 emissions occurring in the delivery of products to customers are also calculated. AT&S describes these CO_2 emissions by using a key performance indicator – the total carbon footprint in kg CO_2 per sqm PCB produced.

Water is an essential component in the course of production. Innovative water recycling systems as well as high-quality treatment techniques already enable AT&S to reduce its water needs to a minimum. AT&S still aims to keep reducing water consumption by 3% each year. Freshwater consumption is also a key perfor-mance indicator.

In order to reduce the ecological footprint according to the AT&S mission, AT&S strongly focuses on optimis-ing the use of materials as well as raw materials and supplies. Projects differ depending on the respective focuses at the individual production sites. The uniform objective of all projects is to avoid waste, improve recycling rates and thus increase production efficiency. In the financial year 2014/15, material consumption rose based on an increase in production.

PLACE OF LEARNING In line with the AT&S mission "we care about people", highly qualified and motivated employees are key for the Company. It is the only way to achieve our vision together in the long term. More detailed descriptions of measures and offers as well as key data are presented in the chapter on human resources.

SHAPING THE FUTURE BY THINKING AHEARD Training and motivation of employees is not the only central aspect of our mission statement "we care about people" – the safety of our employees is also one of them. The same standards with regard to equipment safety systems but also personal protective gear for all employees are in place at all production plants. The introduction of OHSAS18001, a management system for occupational health and safety, as well as the measures that came with it, enabled AT&S to reduce accidents at work per one million working hours by 59% since the financial year 2004/2005. For the purposes of continuously improving this rate, AT&S strives to decrease accidents at work by 7% each year.

AT&S is aware of its social responsibility both internally and externally. This is heavily dominated by the mission statement "think global, act local". AT&S places its focuses taking into account cultural and local requirements and needs. Examples include improving health care in India, aiding school students and university students in China or promoting universities and research centres in Austria.

The integrated management system has proven its worth as a framework for the successful implementation of the AT&S mission. The system includes the standards ISO/TS16949 for quality management, ISO14001 for environmental management and OHSAS18001 for occupational health and safety as well as further quality standards. As in the previous years, the integrated management system at Group level as well as at all sites was once again certified by the certifying body in a recertification audit in the financial year 2014/15. In the financial year 2014/15, AT&S became one of the first Austrian companies to successfully introduce certification according to ISO50001 – the standard for energy management – at both Austrian sites in Hinterberg and Fehring.

6. Research and development

- 29.2% of AT&S's total revenue is generated by products which have new, innovative technologies and that were launched on the market within the last three years (Innovation Revenue Rate).
- The “cool printed circuit board” wins the Innovation Award of the Austrian province of Styria and is among the top five projects competing for the Austrian Innovation Award.
- Substrate project: Successful completion of development phase and machine qualification, product qualification initiated.

For the second year in a row, AT&S generated over 20% of its revenue with products that have been on the market for less than three years. Those products are the result of consistently implementing our technology strategy and the development projects derived from it. This emphasises how much innovation means to AT&S. Not only does innovation make a key contribution to generating revenue, it also became one of the most significant features distinguishing AT&S from its competitors in the market.

DEVELOPMENT ACTIVITIES In its development activities, AT&S focuses on the core development areas:

1. Interconnect density
In this area, the goal is to miniaturise the printed circuit board and/or substrate as well as its structures and to increase the complexity / interconnect density.

2. Mechanical integration
Here, the printed circuit board is developed to assume additional functions as a component of the electronic device. It thus becomes flexible or rigid-flexible, a carrier of high-frequency electronics or a specialist for heating management.

3. Functionality integration
This development area focuses on integration of other electronic components into the printed circuit board. The printed circuit board then no longer acts as a traditional connector but assumes an entire electronic functionality in its capacity as a module.

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

Innovative strength and long-term competitiveness are also reflected in the number and quality of the patents. In the financial year 2014/15, AT&S filed 20 new patent applications all over the world. AT&S now has 114 patent families, resulting in 174 patents. Additionally, the IP portfolio was further extended through the purchase of licences particularly in the field of embedding technology in the past financial year 2014/15.

Development efficiency is ensured by closely and globally cooperating with customers, suppliers and research institutions. Key R&D partners with whom AT&S continuously initiates and carries out projects are, for example, the Fraunhofer Institute in Berlin, the Vienna University of Technology, Joanneum Research in Graz, the Christian Doppler Laboratories in Graz, the Montanuniversität Leoben and the Fudan University in Shanghai. AT&S internally performs a two-stage innovation process. Development activities in the fields of materials, processes and applications are carried out at the research institutions at Leoben-Hinterberg headquarter to the point where the basic technological feasibility has been reached. This area thus covers applied research and technology evaluation. After that, it is the responsibility of the local departments for technology development and implementation situated at the plants of AT&S to continue the experimental development of products and processes and to integrate these products and processes into existing production operations.

OUTLINES OF CURRENT RESEARCH AND DEVELOPMENT PROJECTS In the IC substrates project – the Group's largest development project – development phase and machine qualification were completed successfully. First line facilities have been installed and production of qualification lots was initiated. This qualification phase will determine the exact process parameters for mass production that will be used to produce at high yield and high volume. The qualification lots serve to evaluate the final product characteris-tics and long-term reliability. The findings established in the process help to further optimise the products. Certification by the customer is planned by the end of the calendar year 2015. With regard to interconnect density, qualification for product types completely new at AT&S constitutes a quantum leap in comparison to AT&S's existing product portfolio. After completing certification, the start-up phase and subsequent volume production is scheduled to take place in the fourth quarter of 2015/16.

The power module product portfolio, including embedded components, is continuously expanded towards higher performance categories. The development project EmPower focuses on highly efficient and miniatur-ised components in the area of electromobility. In the past year, functional high power packages were real-ised and are subsequently planned to be industrialised. Moreover, conceptual development for Hybrid Elec-trical Vehicles (HEV) was transferred to product development.

Also regarding the miniaturisation of printed circuit boards in mobile end devices, the development of a new technological leap was completed. Modified manufacturing processes are now available, fulfilling product requirements with regard to a higher interconnect density for the next generation. The first products in high-volume production are expected in the financial year 2015/16.

The trend towards miniaturisation while simultaneously increasing performance in electronic devices repre-sents a great challenge to the manufacturers of the respective components. Part of this challenge is heat development in a narrower and narrower space. No matter if smartphones, lighting technology or electric cars are concerned: Innovations serving to counter overheating represent an important field of activity. After all, more than half of all product defects are caused by temperature having risen too high. Our new thermal solutions counteracting this issue resulted in winning the Innovation Award of the Austrian province of Styria and being nominated for the Austrian Innovation Award in the past financial year.

A first batch of products in a newly developing and technically very sophisticated league of printed circuit board production with regard to process control – printed circuit boards for high-frequency applications – was also launched in the past financial year. Printed circuit boards for high-frequency applications represent a fast-growing market because these products are required for contactless communication between people and devices, fields such as information, automobile, industry and medical technology as well as radar applications such as those already in use in state-of-the-art vehicles. In the future they will be a basic requirement for driverless cars and tools.

7. Subsidiaries and representative offices

The AT&S Group currently has five production plants specialising in different technologies and will be presented as follows.

LEOBEN AND FEHRING The Austrian plants mainly deliver to the European and to an increasing extent to the American market. Short turnaround times, special applications and the proximity to the customer are particularly important in Europe. The plant in Leoben successfully continued with the niche and prototype production which was launched in the past years. At the plant in Leoben, the market trend towards an increased digitisation is illustrated by more orders in the Industry 4.0 area and more connectivity between electronic devices (Internet of Things). Despite the high production capacity utilisation at the Leoben site, the flexibility to handle short-term requests was maintained. Production for the future market Advanced Packaging is also operated in Leoben. The production capacity utilisation of the plant in Fehring developed positively in the reporting year. An increased focus on IMS applications (aluminium is attached to the printed circuit board as a heat conductor) shows an extremely positive effect on the result. Additionally, synergies with other sites (Leoben and Nanjangud) are utilised in the outer layer manufacturing of multilayers. The decline in the original core business (double-layer printed circuit boards) was compensated by these measures.

SHANGHAI The plant in Shanghai produces HDI (high density interconnection) high-tech printed circuit boards in serial production for the Mobile Devices & Substrates segment and has customers all over the world. Capacity was well utilised in the financial year 2014/15; in some months, this plant continuously produced at maximum capacity. Moreover, demand for

HDI printed circuit boards for the automobile industry has risen in 2014/15, which also led to an increase in the production of printed circuit boards for the Industrial & Automotive business unit.

CHONGQING AT&S wants to set another technological milestone at this second plant in China with the production of IC substrates (integrated circuit substrates). The cooperation with the technology partner turns out to be successful, and the building of the new site is on schedule. Certification of the newly developed processes by customers is planned for the end of the 2015 calendar year, with ramp-up and first revenues being scheduled for the 2016 calendar year.

ANSAN The positive development of the AT&S Korea subsidiary continued in the financial year 2014/15. In addition to the still very good utilisation of production capacities with regard to medical products for European and American customers, AT&S produced substantial volumes in the high-end mobile devices segment.

NANJANGUD Revenue and the operating result showed a very positive trend. Production volume per square metre of printed circuit board as well as manufacturing efficiency (material and energy consumption as well as maintenance costs) were significantly improved by taking targeted measures. The plant's capacity was continuously at a very high level.

HONGKONG The company AT&S Asia Pacific in Hong Kong is the holding company for the Mobile Devices & Substrates segment and the location of Group-wide procurement related to this business unit. The proximity to the CEMs of the customers and to the suppliers is another locational advantage which the business partners highly appreciate. About half of the Group’s revenue is carried out via this company.

The sales offices in America, Germany, Japan and Taiwan continued to guarantee good and close contact with the customers in the financial year 2014/15.

8. Significant events after the balance sheet date

On 28 April 2015, AT&S announced its entry into a new generation of printed circuit boards, the so-called “substrate-like PCB”. This is achieved by expanding its capacities at the Chongqing site. As a consequence, the investment volume planned for this site until mid-2017 increased from the original amount of € 350 million to € 480 million.

Other than that, until 5 May 2015 no events or developments came to AT&S's attention that would have resulted in significant changes in the disclosure or measurement of the individual asset and liability items as at 31 March 2015.

9. Capital share structure and disclosure of shareholder rights

As of the balance sheet date 31 March 2015, the Company’s share capital amounts to EUR 42,735,000 and is made up of 38,850,000 no-par value shares with a notional value of EUR 1.1 per share. The voting right at the Annual General Meeting is exercised according to no-par value shares, with each no-par value share equalling one voting right. All shares are bearer shares.

Significant direct and indirect shareholdings in AT&S, which at the reporting date amount to at least 10%, are presented below:

	Shares	% capital	% voting rights
Dörflinger-Privatstiftung, Karl-Waldbrunner-Platz 1, A-1210 Wien	6,902,380	17.77 %	17.77 %
Androsch-Privatstiftung, Schottengasse 10, A-1010 Wien	6,339,896	16.32 %	16.32 %

At the reporting date 31 March 2015, about 65.91% of the shares were in free float. With the exception of the shareholdings stated above, no other shareholder existed holding more than 10% of the voting rights in AT&S. No shares with special control rights exist. The exercise of the voting right by employees who hold shares in the Company is not subject to any limitations.

No special provisions exist on the appointment and dismissal of members of the Management Board and the Supervisory Board.

No compensation agreements are in place between AT&S AG and its Management Board and Supervisory Board members or employees that would become effective in the case of a public takeover bid.

By resolution passed at the 20th Annual General Meeting on 3 July 2014, the Management Board was authorised until 2 July 2019 to increase the Company's ordinary shares, subject to approval by the Supervisory Board, by up to € 21,367.5 thousand by way of issuing up to 19,425,000 new no-par value bearer shares against contribution in cash or in kind, in one or several tranches, also by way of indirect rights offering after having been taken over by one or more credit institutions in accordance with § 153 (6) Austrian Stock Corporation Act (AktG). In doing so, the Management Board was authorised to determine, subject to approval by the Supervisory Board, the detailed conditions for such issuance (in particular the issue amount, what the contribution in kind entails, the content of the share rights, the exclusion of subscription rights, etc.) (approved capital). The Supervisory Board was authorised to adopt amendments to the articles of association resulting from the issuance of shares from the approved capital.

Furthermore, by resolution of the 20th Annual General Meeting on 3 July 2014, the authorisation to issue convertible bonds as resolved in the Annual General Meeting on 7 July 2010 was revoked and simultaneously, the Management Board was authorised until 2 July 2019, subject to approval by the Supervisory Board, to issue one or several convertible bearer bonds at a total nominal amount of up to € 150,000 thousand and to grant to bearers of convertible bonds subscription rights and/or conversion rights for up to 19,425,000 new no-par value bearer shares of the Company in accordance with the convertible bond conditions to be defined by the Management Board and subject to approval by the Supervisory Board. The Management Board was authorised to fully or partially exclude the shareholders' subscription right to convertible bonds. Convertible bonds may also be issued by a directly or indirectly 100%-owned company of AT & S Austria Technologie & Systemtechnik Aktiengesellschaft. In such a case, the Management Board was authorised, subject to approval by the Supervisory Board, to assume a guarantee for the convertible bonds on behalf of the issuing company and to grant conversion and/or subscription rights with regard to shares of AT & S Austria Technologie & Systemtechnik Aktiengesellschaft to the bearers of the convertible bonds.

Furthermore, in doing so, the Company's ordinary shares were conditionally increased by up to € 21,367.5 thousand by way of issuance of up to 19,425,000 new no-par value bearer shares in accordance with § 159 (2) No. 1 Austrian Stock Corporation Act (AktG). This conditional capital increase is only carried out insofar as the bearers of convertible bonds issued based on the authorisation resolution passed at the Annual General Meeting on 3 July 2014 claim the right to conversion and/or subscription granted to them with regard to the Company's shares. Furthermore, the Management Board was authorised to determine, subject to approval by the Supervisory Board, the further details of carrying out the conditional capital increase (particularly the issue amount and the content of the share rights). The Supervisory Board was authorised to adopt amendments to the articles of association resulting from the issuance of shares from the conditional capital.

With regard to increasing the approved capital and/or the conditional capital increase, the following definition of amount in accordance with the resolutions passed at the 20th Annual General Meeting on 3 July 2014 is to be observed: The sum of (i) the number of shares currently issued or potentially to be issued from conditional capital in accordance with the convertible bond conditions and (ii) the number of shares issued from approved capital shall not exceed the total amount of 19,425,000.

There are no off-balance sheet transactions between AT&S and its subsidiaries.

AT&S neither has granted any loans nor has it assumed any liabilities in favour of board members.

10. Risk and opportunities management

PRINCIPLES, STRUCTURES AND PROCESSES Risk and opportunities management is a fundamental part of the way in which the AT&S Group does its business. The quest to increase enterprise value involves not just opportunities but inevitably the taking of risks as well. In order to identify these risks at an early stage and deal with them in a pro-active manner, AT&S operates a group-wide Risk Management and Internal Control System and has Internal Revision, as in accordance with Austrian Code of Corporate Governance (ÖCGK) requirements.

From an organisational perspective, the Risk Management, Internal Control System and Internal Revision functions come within the responsibility of the CFO. The overall board receives monthly updates from the Group Risk Manager and/or the internal auditor in the course of the Management Board meeting. The inclusion of the Supervisory Board takes place within the framework of at least twice yearly audit committee meeting. The proper functioning of the risk management system is also assessed once a year by the auditor in the course of the annual audit of financial statements pursuant to Rule 83 ÖCGK.

Operative risk management consists of a process for the purpose of risk identification and assessment which is to be carried out at least twice a year. Risks which comply with the criteria as set out in the risk strategy are aggregated taking into consideration various scenarios in relation to the overall risk position of the Group and recorded in the risk report sent to the Management Board and Supervisory Board, which is updated on a six monthly basis. Risk controlling activities are achieved through measures aimed at minimising their effects and likelihood by those responsible.

The risks, uncertainties and opportunities facing the Group are generally based on worldwide developments on the printed circuit board market and can be summarised as follows:

STRATEGY

INVESTMENTS In order to make the most of growth potential and remain competitive, the Group undertakes major investments in new forms of technology as well as in the further development and capacity expansion of already existing technologies (miniaturisation, rigid-flexible, etc.). There are particular opportunities to be gained from entering into the substrates business (characterised through potentially attractive margins, entrance barriers and only a handful of competitors) through a strategic partnership with a world leading semiconductor manufacturer. Furthermore, the location at Chongqing in China offers competitive advantages over the largely Japanese dominated competition. Initial sales for the IC substrates segment can be anticipated in the calendar year 2016.

Risks in the field of investment, particularly with regard to entering the substrate business, and in general for the business activities of AT&S exist in the form of unrecognised or wrongly anticipated technological developments or changes in demand which could bear negatively on investment value.

COMPETITION The intensive focus on the high-tech segment coupled with the highest quality standards and consistently carried out cost controls meant that the Group was able to achieve a competitive advantage over a majority of its competitors in the HDI segment and thus effectively counter the intensive competition and the permanent ‘commodification’ (with a corresponding margin reduction). This strategy is also supported by the growth in the number of end products relevant to AT&S's HDI product range, from smartphones and other mobile applications as well as the automotive segment.

The opportunities related to Austrian AT&S plants exist due to high flexibility, high quality standards and the ability to react very quickly to changing specifications and technologies, as is required on the industrial market through various technological demands on the part of a number of customers. New forms of technology and projects are constantly being pushed in close cooperation with various different customers.

Advanced Packaging, a form of technology which AT&S made ready for the market under the ECP® brand name, also offers considerable potential in itself, and the segment was further expanded in the course of the previous financial year.

Competitor risks arise through potential quality improvements and technological developments in countries with low production costs. This could mean that the activities of the Group especially in Austria and possibly also at other manufacturing locations like those in China might become less competitive.

MARKET DEVELOPMENT

CUSTOMER BASE With the help of advanced production technologies and high quality standards, the AT&S Group has managed – largely due to its capacities in Asia – to establish itself as a reliable provider for some of the world's most renowned players in the electronics industry. The revenue generated with the five largest among these customers accounts for 52% of total revenue. The good business relations with these customers also offer excellent opportunities for the future.

However, a customer concentration of this kind also brings risks with it, for example in case there is a significant reduction in business with this customer. This therefore means that both the maintenance of AT&S's competitiveness as well as the continued broadening of its customer base and the development of new product segments to quickly increase compensation levels in case of a reduced quantity of sales with any of the individual main customers is of considerable importance.

ECONOMIC DEVELOPMENT Economic cycles and fluctuations when it comes to product demand in the industry for mobile end products, the automobile sector and the industry in general could have a negative effect on the Group's results, just as of course any upward trend in the economy can also lead to increased business opportunities. The wide-ranging positioning throughout the Mobile Devices & Substrates and Industrial & Automotive product segments enables the partial reduction of risks due to the different production cycles.

PROCUREMENT

COMMODITY PRICES Energy as well as raw material (gold, copper, laminate) price fluctuations can in the short-term have both a positive as well as a negative impact on achievable margins.

SUPPLIER BASE The strategy of the Group consistently focuses on a wide and diversified base of carefully selected suppliers with a view to reducing any dependencies on individual suppliers. There are therefore – with a few exceptions – alternative supplier options so as to respond to supply risks. The Group enjoys longstanding and stable customer-supplier relations with its main key suppliers with particular expertise and competitive standings.

BUSINESS ENVIRONMENT

INTELLECTUAL PROPERTY The AT&S Group endeavours to utilise any opportunities for obtaining intellectual property as well as gaining access to promising patents through the development of own projects, cooperation schemes with partners and investments. Risks arise if the Group fails to protect its intellectual property, thus enabling the competition to utilise these technologies. Legal disputes on intellectual property might keep the Group from utilising or selling any technologies in dispute, and legal disputes on the misuse of third party intellectual property might result in substantial financial burdens. The new IC substrates segment in particular bears risks in this regard, with one of the reasons being the fact that AT&S needs to further augment its corresponding expertise in this field.

COMPLIANCE Any amendments to regulatory requirements, such as the prohibition of specific processes or materials, might lead to a rise in production costs. The Group might be subject to substantial penalties should any customer requirements on confidentiality or statutory provisions be violated. AT&S has implemented organisational measures aimed at preventing or minimising the occurrence of compliance risks. The expansion of such measures is ongoing.

LOCATION SPECIFIC RISKS A major part of the Group is located outside of Austria, particularly in Asia. This means that the Group might be subject to potential legal uncertainties, state intervention, trade restrictions or political unrest. Irrespective of the above, any production site of the Group may furthermore be exposed to fire, natural disasters, acts of war, shortages of supply or other events. The termination of land use rights, permits or lease contracts of specific plants might also have a negative impact on the production output of the Group. The Group actively protects itself against such risks by weighing the risks and associated costs and has concluded insurance contracts to the extent customary for a company of this size if such contracts are available at costs which are reasonable in relation to the impending risks.

OPERATING BUSINESS

PRODUCT QUALITY As previously, it will be the high quality of products, adherence to delivery deadlines and service quality which will offer the Group a chance to differentiate itself from the competition and utilise growth opportunities in the future. Any technical defects, quality deficiencies or difficulties in delivering products may expose the Group to warranty claims, claims for damages and contractual penalties, resulting in product recalls and the loss of customers. AT&S has in place a corresponding quality management system designed to rule out deficiencies in product quality and their negative consequences as far as possible. Furthermore, the Group is insured against major risks by virtue of an (extended) product liability insurance policy.

TECHNOLOGY AND PROJECT DEVELOPMENT The Group's know-how regarding project and technology development, particularly in China, makes it possible for the Group to utilise further promising growth opportunities, such as in particular the development of the IC Substrates business. At the same time, however, this entails special risks, also in view of the substantial volume of investment made at the Chongqing site. Complications in the further technological development and project development might result in major burdens for business development as well as the financial and administrative resources.

ORGANISATION

EMPLOYEES The collective industry experience and management expertise of the employees of the AT&S Group form the basis for the utilisation of future opportunities. The business of the Group might suffer if employees in leading positions were to terminate their employment relations with the Group or if the Group was unable to continue to recruit and retain highly qualified engineers or sales personnel. AT&S continuously develops strategies for retaining key employees, recruiting valuable personnel and further expanding the skills of its staff members.

FINANCIAL RISK

The financial risk encompasses ensuring the long-term financing of AT&S as well as fluctuations in the value of financial instruments.

On the asset side, minor interest rate risks in securities exist. Investments in other liquidity stock are primarily made in the short term.

On the liabilities side, interest rates are fixed for 90.2% (prior year 87.2%) of the total from bonds and bank loans and overdrafts, with interest hedging instruments having to be taken into account. The remaining 9.8% (prior year 12.8%) are loans and have variable interest rates.

LIQUIDITY RISK

At AT&S, liquidity risk refers to the state of illiquidity. The goal is thus to always provide sufficient liquidity in order to be able to fulfil ongoing payment obligations in due time.

At the balance sheet date, AT&S has at its disposal liquidity reserves in the amount of EUR 202.3 million, EUR 154.8 million of which in liquid funds (cash on hand, bank balances) and other securities and shares, and EUR 47.5 million in existing, unused credit lines.

This risk is controlled by continuously monitoring liquid funds.

CREDIT RISK

Credit risk at AT&S means the possibility of a payment default by customers. AT&S has always succeeded in building strong partnerships with its customers. The highest portion of receivables from a direct contracting party is 22.1% (prior year 15.7%).

In general, credit risk is controlled by ongoing credit assessments as well as concluding credit insurance policies for individual customers.

FOREIGN EXCHANGE RISK

All transaction, translation and economic risks are constantly monitored to hedge foreign currency risks. Within AT&S, currency transaction risks are initially hedged by closing positions (netting). In case there are any open positions, derivative financial instruments are used if needed.

Due to the subsidiaries in Asia, exchange risks arise from local currencies. Pursuant to legal provisions, local hedging transactions may only be made to a limited extent in some cases. In addition, currency illiquidity also results in limitations. If required, the risk is transferred to Europe and hedged there. Moreover, attempts are made to bring forward natural hedging of receivables and liabilities.

Sensitivity analyses are carried out to evaluate the foreign exchange risk, with the effects of percentage changes in exchange rates being simulated ceteris paribus.

FINANCIAL MARKET RISKS

Financial market risks, encompassing foreign exchange and interest rate risks, are monitored by regularly conducting sensitivity analyses. In so-called GAP analyses the potential change in profit/loss resulting from a 1% change in price (exchange rate or interest rate) with regard to the foreign currency or interest net position is determined. Correlations between different risk elements are not accounted for in these analyses. The impact on profit/loss is determined taking into account income tax effects on the Group's profit for the year after tax.

11. Internal Control System and Risk Management

11.1. Company-wide Risk Management System

AT&S has imposed upon itself a Code of Conduct and Ethics, describing how AT&S conducts its business in an ethically and socially responsible manner. These guidelines apply to all activities of the AT&S Group all over the world. Every staff member has the responsibility to exercise his profession and perform his daily activities in compliance with the Code, without exemption.

In the risk catalogue defined at Group level, risk and opportunities management comprises not only financial risks but also further risk categories which particularly relate to strategic risks, market and procurement risks, business environment risks, as well as operational and organisational risks. The risk catalogue provides a framework for guidance with respect to identifying risks and is dynamically adapted to the changing situation of the Company. The most important objective in the Group-wide risk and opportunity management is optimising the total risk position while at the same time taking any opportunities that may arise. Reports to the Management Board and the Supervisory Board are made on a regular basis.

Monitoring the effectiveness of the Internal Control System, Internal Revision and the Risk Management System as well as monitoring the accounting procedures are, among others, responsibilities of the Supervi-sory Board's audit committee. In addition to the inclusion of the audit committee in the accounting procedures at quarterly reporting, there is also regular risk reporting on the Internal Revision activities to the audit committee (risk and revision report). The audit committee, in turn, reports to the remaining members of the Supervisory Board.

Based on the business processes documented in the management manual, process managers describe and assess the corresponding risks for every main and sub-process. In the course of risk assessment, the process owner generally has to document all potentially negative factors which might put the achievement of organisational or procedural goals in jeopardy. Control targets in financial reporting are derived from existing risks and allocated to the categories existence (only those business transactions that actually exist and have been approved will be processed), entry/period allocation (accounting of business transactions in the correct period or prompt processing), completeness (business transactions, assets and liabilities are recognised in full), valuation (appropriate valuation methods were applied to business transactions, and they were correctly calculated), rights and obligations (assets recognised are economically owned by the Company, and liabilities are actual obligations of the Company), presentation & disclosure (correct and complete recognition in the financial statements and in other reports), accuracy of business transac-tions/data and restricted access (access to IT systems is limited to process managers).

11.2 Accounting-related Internal Control and Risk Management System

The accounting-related Internal Control and Risk Management system is an integral part of the group-wide risk management system. According to the framework concept of COSO (The Committee of Sponsoring Organization of the Treadway Commission), under the concept of company-wide risk management, the actual risk management as well as the Internal Control System (ICS) are subsumed. The main criteria of the Risk Management, the Internal Control System and Internal Revision of AT&S are specified in a group-wide risk management and audit manual.

The documentation of the internal controls (business processes, risks, control measures and those respon-sible) is made principally in the form of control matrices, which are archived in a central management data-base. The accounting-related Internal Control System includes principles, procedures and measures to ensure the compliance of accounting in terms of the control targets described for financial reporting.

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

The internal financial reporting is done on a monthly basis as part of the Group reporting, with the financial information being reviewed and analysed by the Group Accounting department (part of Group Finance & Controlling). The monthly budget/actual variance with corresponding comments on the results of the business units, of the plants as well as of the Company is reported internally to the executives and to the members of the Supervisory Board.

The annual preparation of the budget is carried out by the Group Controlling department (as part of Group Finance & Controlling). Quarterly forecasts are drawn up during the year for the remaining financial year based on the quarterly results and current planning information. The forecasts with comments on the budget comparison and presentations on the impact of opportunities and risks up to the end of the financial year are reported to the Supervisory Board. In addition to regular reporting, multiple-year planning, project-related financial information or calculations on investment projects are prepared and submitted to the Supervisory Board.

12. Outlook

The ever increasing demand for electronic end devices, the generally rising proportion of electronics in various applications as well as the interlinking of various electronic applications in both private and professional environments constitute mega trends in the years to come and will continue to result in an increase in demand for printed circuit boards. In order to counter the increasing price pressure in the industry, the focus will remain on the further development of the core business with high-tech products also in the financial year 2015/16. Against this backdrop, the development of innovative products and technologies remains a top priority for AT&S. In order to hedge this strategy, investments in technological upgrades at existing production plants are being continued in addition to research and development activities.

The entry into the IC substrate market segment constitutes a development of the current high-tech market of HDI printed circuit boards for AT&S. From a strategic perspective, this step represents an extraordinary opportunity for the development of the Group. After the construction of the building and the installation of the first line at the Chongqing site in the financial year 2014/15, the facilities will be certified in the financial year 2015/16. Ramp-up will be initiated in the calendar year 2016, and the first revenues are also expected to be achieved in the calendar year 2016. In parallel to this, the second line will be installed. As a result of the plant's ramp-up phase, AT&S expects start-up costs affecting the Group's profit for the year.

At the end of April, an expansion of the originally budgeted investments in the site until mid-2017 from € 350 million to € 480 million was announced: AT&S is positioning itself for the next printed circuit board technology generation and will, in addition to IC substrates, also produce substrate-like printed circuit boards in Chongqing from 2016. In doing so, AT&S wants to tap into the potential resulting from progressive miniaturisation and increasing modularisation, thus ensuring long-term and sustainably profitable growth in the high-end segment.

AT&S will make continuous investments in the new site in Chongqing also in 2015/16 and additionally make investments in further technology upgrades at existing sites. In these times which are characterised by high capital expenditure, management intends to pursue a cautious dividend policy in the following years.

Leoben-Hinterberg, 5 May 2015

The Management Board:

Andreas Gerstenmayer m.p. Karl Asamer m.p. Heinz Moitzi m.p.

Auditor’s Report on the Financial Statements

Report on the Financial Statements

We have audited the accompanying financial statements, including the accounting system, of AT & S Austria Technologie & Systemtechnik Aktiengesellschaft, Leoben-Hinterberg, for the fiscal year from 1 April 2014 to 31 March 2015. These financial statements comprise the balance sheet as of 31 March 2015, the income statement for the fiscal year ended 31 March 2015, and the notes.

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

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

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

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

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

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

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the financial statements comply with legal requirements and give a true and fair view of the financial position of the Company as of 31 March 2015 and of its financial performance for the fiscal year from 1 April 2014 to 31 March 2015 in accordance with Austrian Generally Accepted Accounting Principles.

Comments on the Management Report

Pursuant to statutory provisions, the management report is to be audited as to whether it is consistent with the financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report is consistent with the financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the management report is consistent with the financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, 5 May 2015

PwC Wirtschaftsprüfung GmbH

signed:

Christian Neuherz
Austrian Certified Public Accountant

Disclosure, publication and duplication of the Consolidated Financial Statements together with the auditor's report according to Section 281 (2) UGB in a form not in accordance with statutory requirements and differing from the version audited by us is not permitted. Reference to our audit may not be made without prior written permission from us.

Statement of all Legal Representatives

We confirm to the best of our knowledge that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards and that the group management report gives a true and fair view of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties the group faces.

We confirm to the best of our knowledge that the separate financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company as required by the applicable accounting standards and that the management report gives a true and fair view of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties the company faces.

Leoben-Hinterberg, 5 May 2015

The Management Board

Andreas Gerstenmayer
Chairman of the Board

Karl Asamer
Member of the Board

Heinz Moitzi
Member of the Board