

AT&S

Quarterly Financial Report 01

2011/2012

Medical Devices

Industrial Automation

Lighting Solutions

AT&S World

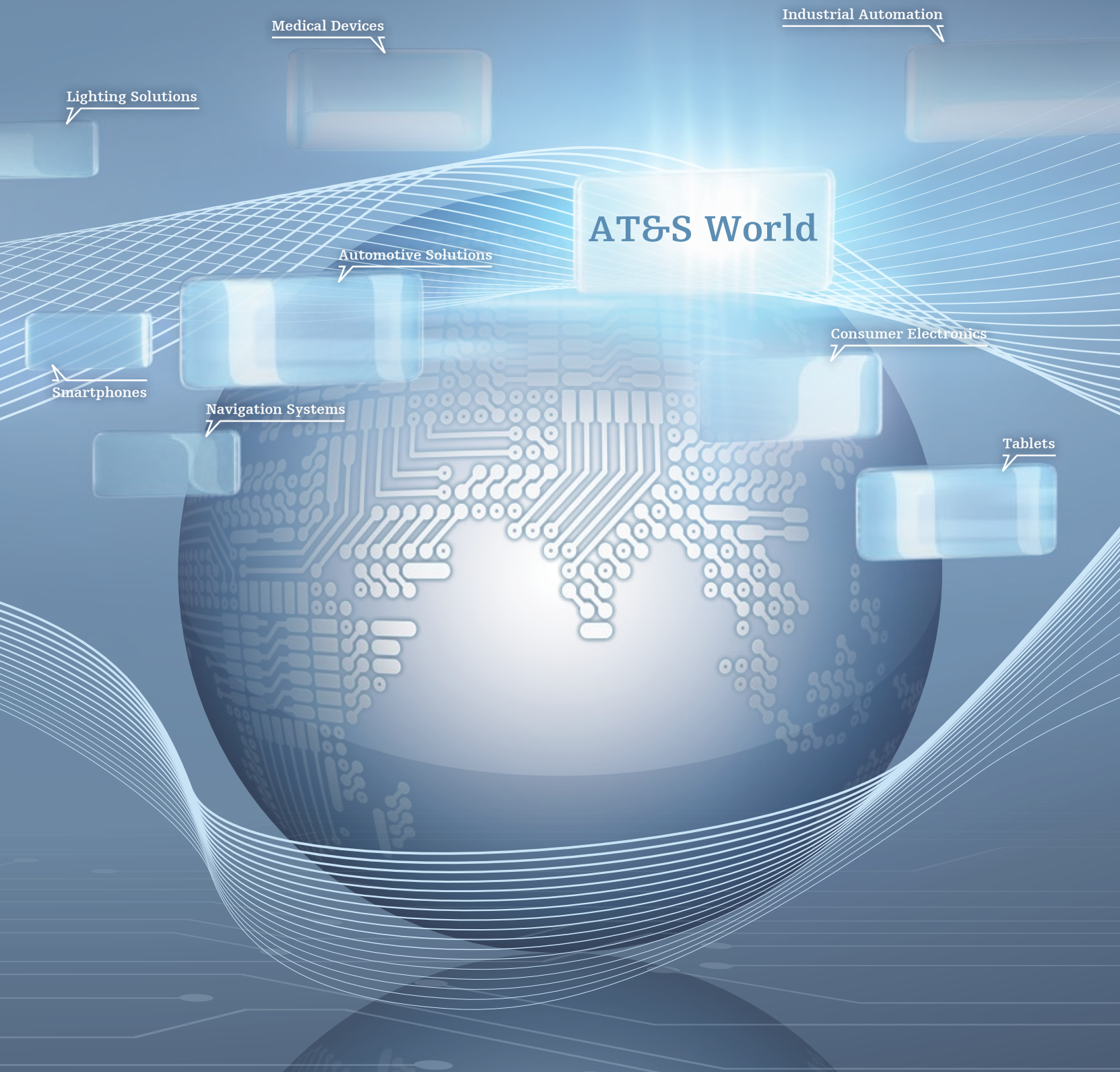
Automotive Solutions

Consumer Electronics

Smartphones

Navigation Systems

Tablets



Key figures

	IFRS			
	Q1 2011/12		Q1 2010/11	
	before non-recurring items	after non-recurring items	before non-recurring items ¹⁾	after non-recurring items ¹⁾
(if not otherwise stated, all figures in EUR 1,000)				
CONSOLIDATED INCOME STATEMENT				
Revenues		110,463		113,941
thereof produced in Asia		66%		72%
thereof produced in Europe		34%		28%
EBITDA	18,185	18,185	21,878	21,221
EBITDA margin	16.5%	16.5%	19.2%	18.6%
EBIT	4,429	4,429	10,105	9,380
EBIT margin	4.0%	4.0%	8.9%	8.2%
Net income	2,061	2,061	8,291	7,566
Net income of owners of the parent company	2,135	2,135	8,327	7,603
Cash earnings	15,890	15,890	20,100	19,443
CONSOLIDATED BALANCE SHEET				
Total assets		594,784		537,754
Total equity		227,946		247,818
Total equity of owners of the parent company		227,666		247,329
Net debt		216,945		154,060
Net gearing		95.2%		62.2%
Net working capital		85,558		78,693
Net working capital per revenues		19.4%		17.3%
Equity ratio		38.3%		46.1%
CONSOLIDATED CASH FLOW STATEMENT				
Net cash generated from operating activities (OCF)		14,341		11,150
CAPEX, net		28,307		19,154
GENERAL INFORMATION				
Payroll (incl. leased personnel), ultimo		7,284		6,541
Payroll (incl. leased personnel), average		7,379		6,284
KEY STOCK FIGURES				
Earnings per share (EUR)	0.09	0.09	0.36	0.33
Cash earnings per share (EUR)	0.68	0.68	0.86	0.83
Market capitalisation, end of period		309,024		244,887
Market capitalisation per equity		135.7%		98.8%
Weighted average number of shares outstanding		23,322,588		23,322,588
KEY FINANCIAL FIGURES				
ROE ²⁾	3.6%	3.6%	14.5%	14.2%
ROCE ²⁾	3.8%	3.8%	8.0%	7.8%
ROS	1.9%	1.9%	7.3%	6.6%

¹⁾ Non-recurring items include the closing of the Vienna office.

²⁾ Calculated on the basis of average values.

Highlights

- *AT&S finished the first quarter of the business year 2011/12 with a turnover of EUR 110m slightly below last year's first quarter*
- *The Automotive segment shows high growth rates*
- *AT&S does research in the field of biocompatible materials*
- *AT&S foresees a satisfactory performance as the current year progresses due to*
 - *new product launches*
 - *high levels of capacity utilisation in all plants*

Statement of the Management Board

Dear shareholders,

The first three months of the financial 2011/12 have brought a significant upturn for Automotive, while Mobile Devices got off to a modest start as a result of delays in new product launches by leading manufactures. With good capacity utilization now in place, we expect a satisfactory performance as the current financial year progresses. As a result our outlook for financial year 2011/12 remains unchanged.

One extremely good sign is that the growth trend is continuing in all the markets in which we operate. Another positive factor is that as a result of its recent investments in HDI production capacity, AT&S is extremely well positioned to meet the strong demand that is emerging. Project delays at our customers meant that the first quarter presented us with serious challenges, but as projects are gradually ramped up we are now seeing volume demand return, so that levels of capacity utilisation in our plants in the coming quarters will be very high. In the light of the forecasts our customers have given us, we expect the slight shortfall in the first quarter to be made good in the quarters to come. We see no reason to revise our outlook for financial 2011/12.

Growth continues to be driven by increasing demand for HDI printed circuit boards in smartphones, as well as by entertainment and information electronics and navigation devices. The

growing tendency to replace ceramic components with printed circuit boards opens up a new area of automotive technology to AT&S.

First quarter results

Earnings before interest and tax (EBIT) for first quarter 2011/12 came to EUR 4.4m, yielding earnings per share of about 9 euro cents. The disaster in Japan combined with delays in development projects for next-generation mobile devices affected the whole industry in the first three months of the 2011/12 financial year.

Automotive business has performed very well for us – a trend that we expect to continue throughout the year ahead. There were also minor gains in Industrial business. In Mobile Devices, the seasonal fluctuation is again impacting operating activities. In addition, the known shortages of certain components have led to some rescheduling of volume production ramp-ups.

The key figures for the first three months of 2011/12 were as follows:

- Sales revenues: EUR 110.5m
- Gross profit: EUR 13.8m, for a gross margin of 12.5%
- EBITDA: EUR 18.2m, for an EBITDA margin of 16.5%
- Operating profit: EUR 4.4m, for an EBIT margin of 4%
- Profit before tax: EUR 2.3m, for a margin of 2.1%
- Consolidated net income: EUR 2.1m for a margin of 1.9%
- Earnings per share: EUR 0.09
- No. of shares outstanding (average)* 23,323

* Thousands of shares

Financing

The maturities of the total financial liabilities of EUR 235.3m were as follows:

< 1 year:	EUR 142.8 Mio.
1–2 years:	EUR 86.1 Mio.
2–3 years:	EUR 6.4 Mio.

Net debt rose to some EUR 217m, an increase of EUR 23m compared with the position at 31 March 2011. Financing requirements have increased mainly in connection with the expansion of the plant in Shanghai. The net gearing ratio increased, as a result of increased net debt (95 % compared with 85 % on 31 March 2011) and unfavourable exchange rate differences.

Start on new plant in China

The official groundbreaking ceremony for the new plant in Chongqing, China – AT&S's seventh – took place on 16 June 2011. Around EUR 200m has been earmarked for the first phase of building installation. Located in the west of China, the plant will have annual production capacity of some 200,000 square metres in the first phase, and will focus primarily on manufacturing high-end printed circuit boards. Just like our existing factory in Shanghai, the new HDI plant in Chongqing will be one of the most modern production facilities of its kind, focusing on any-layer and equipped with the latest technologies for printed circuit board manufacturing, such as ALIVH® (any layer interstitial via hole).

AT&S wins multiple awards

In the first quarter of 2011 we received a number of awards, which confirmed our commitment to quality, sustainability and innovation. We won the 2011 TRIGOS for Styria in the Market category for our contribution to the BRIC (BioResorbable Implants for Children) project. We work closely with the Laura Bassi Centre on the development of revolutionary materials for implants used in helping to heal broken bones in children. The research team's work is focused on the development of alternative, biocompatible materials. AT&S benefits from the project by gaining knowledge and expertise in developing more suitable materials for electronic products for use in connection with humans.

AT&S also received one of five awards given by the Vienna Stock Exchange. The Small Mid Cap prize went to Kapsch TrafficCom ahead of Palfinger and AT&S. Austrian National Bank governor Ewald Nowotny and Vienna Stock Exchange directors Michael Buhl and Heinrich Schaller used the award ceremony to underline the importance of internationally active Austrian companies for the national economy, capital markets and trade balance.

Outlook

Over the next three years our aim is for the AT&S Group to grow faster than the market and to further extend its leading role in the high-end printed circuit board business. The overall goal is to increase the Group's sales by 10–13% over the next year (ignoring possible effects of changes in exchange rates) with the mobile devices business as the principal engine of growth.

Our growth scenario for the next few years foresees that every second HDI (High Density Interconnect) printed circuit board will be manufactured in China. To consolidate and extend our current position as a market leader in this highly specialised segment, we have decided to build a new HDI plant in Chongqing (Western China). Construction of the plant will proceed in stages: the timing of each stage will be determined by market demand and technological developments.

We have also committed ourselves to investing about 5% of revenues in development activities. The focus will be on further

developing the existing technology portfolio and addressing new technological trends. We have identified miniaturisation, resource minimisation, and the associated reliability requirements of our customers' end products as the areas with the most pressing need for improvements.

We also expect that increases in production costs caused by rising raw material prices, wage costs and a higher burden of depreciation will largely be able to be compensated for by further increases in productivity. Ignoring the effects of any exchange rate fluctuations, there is no change in the forecast EBIT margin of more than 9%. Seasonal effects, in particular in the mobile devices business, can result in fluctuations during the year.

In the long term, we will maintain our target gearing ratio of 80% in spite of the heavy capital investment program. We are working closely with our financial experts to ensure that the requisite financing structure is in place to enable us to meet our growth targets.

Best regards



Andreas Gerstenmayer
Chairman



Thomas Obendrauf
Chief Financial Officer



Heinz Moitzi
Chief Technical Officer

Corporate governance informations

17th Annual General Meeting

In the 17th Annual General Meeting of AT&S Austria Technologie und Systemtechnik Aktiengesellschaft (AT&S) on 7 July 2011 it was resolved to pay a dividend of EUR 0.36 per share out of the distributable retained earnings as at 31 March 2011 of EUR 24,754,662.80 on the shares outstanding and entitled to dividends, and to carry the remaining amount forward.

Investment income withholding tax of 25% is deductible from the dividend payable. In accordance with tax law and the Articles of Incorporation, the dividend payment day is 28 July 2011. Dividends will be paid through the applicable depository bank; Raiffeisen Centrobank AG, Vienna is the paying agent.

The annual financial statements for 2010/11 including the notes, and the management report, and the consolidated financial statements including the notes and the consolidated management report for 2010/11 were audited by PwC Wirtschaftsprüfung GmbH, and were awarded an unqualified audit report.

Further information regarding the 17th Annual General Meeting is accessible in the investors section of www.ats.net (Investors > Events > Annual General Meeting)

Changes in Supervisory Board

The appointment of Georg Riedl as member of the Supervisory Board expired with the end of the Annual General Meeting on 7 July 2011, in accordance with section 87(7) of the Austrian Stock Corporation Act (AktG). Under Article 10 of the Articles of Association, the Supervisory Board is to consist of at least three and at most nine members elected by the Annual General Meet-

ing. In accordance with the Articles of Association, at the Annual General Meeting the Management Board proposed the increase of the number of Supervisory Board members from six to eight. The Supervisory Board also proposed the reappointment of Georg Riedl and the appointment of Karin Schaupp and Regina Prehofer as members of the Supervisory Board. All the proposed members have signed a declaration pursuant to section 87(2) AktG that they possess the appropriate professional or comparable qualifications, and that no circumstances exist that could give rise to concern about possible conflicts of interest.

Pursuant to section 11(1) of the Articles of Association the Annual General Meeting elected Georg Riedl, Karin Schaupp and Regina Prehofer to the Supervisory Board for terms ending at the end of the Annual General Meeting voting on the discharge from liability for financial year 2015/2016. The outcome of the vote is posted on the Company's website.

As additional employees representative the employee organization has delegated, pursuant to Sec. 110 para. 1 Labour Constitutional Act (ArbVG), Ms Sabine Fussi to the Supervisory Board.

Following the decision made by the Supervisory Board in the first quarter of the financial year, the Supervisory Board's audit committee is composed of the following members:

- Willibald Dörflinger (Chairman)
- Gerhard Pichler (financial expert)
- Georg Riedl
- Wolfgang Fleck
- Günther Wölfler

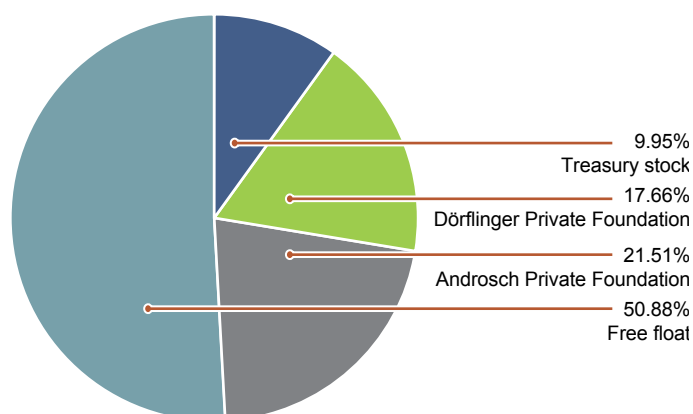
AT&S Stock Option

In the first quarter of financial 2011/12 Management was awarded new stock options. Stock options held by members of the Management Board were then as follows (Supervisory Board members do not receive stock options):

	2007	2008	2009	2010	2011	Total
Andreas Gerstenmayer	–	–	–	40,000	40,000	80,000
Heinz Moitzi	30,000	30,000	30,000	30,000	30,000	150,000
Thomas Obendrauf	1,500	1,500	1,500	1,500	30,000	36,000
Exercise price (EUR)	22.57	15.67	3.86	7.45	16.60	

AT&S stock

Shareholdings

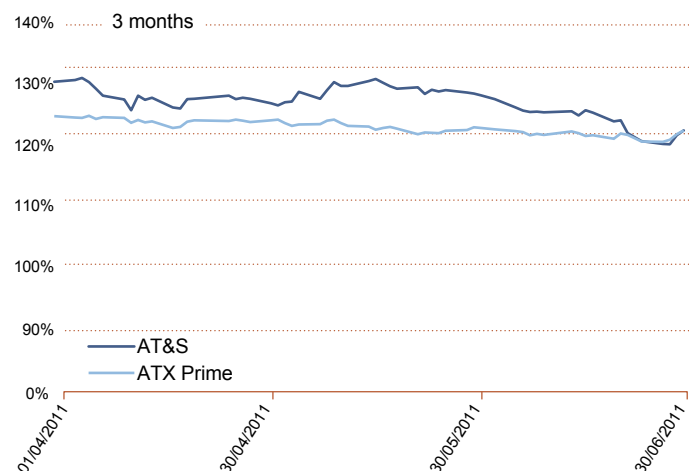


Share price in the first quarter of 2010/11

In the first three months stock markets in Europe declined significantly. This, together with the reintroduction of short-term capital gains tax in Austria, led to a sharp drop in turnover on the Vienna Stock Exchange. AT&S stock was also affected by this development and lost 13% in the first three months of the financial year, resulting in a market capitalisation of approximately EUR 309m at the end of the period.

AT&S stock is currently being followed by six analysts, of which five rate it "buy".

AT&S against the ATX Prime



Key stock figures for the first three months (in EUR)

EUR	30 June 2011	30 June 2010
Earnings per share	0.09	0.33
High	16.05	11.19
Low	12.25	7.53
Close	13.25	10.50

AT&S stock

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

Financial calendar

28 July 2011	Dividend payment date for financial year 2010/11 and ex dividend day
11 September 2011	Frankfurt Small Cap Day C.I.R.A.
20 October 2011	Results for 2nd quarter 2011/12
24 January 2012	Results for 3rd quarter 2011/12
10 May 2012	Annual results 2011/12

Investor Relations

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Interim Financial Report (IFRS)

Consolidated Income Statement

(in EUR 1,000)	1 April - 30 June	
	2011	2010
Revenues	110,463	113,941
Cost of sales	(96,635)	(94,109)
Gross Profit	13,828	19,832
Selling costs	(5,992)	(5,804)
General and administrative costs	(5,283)	(5,266)
Other operating result	1,876	1,343
Non-recurring items	0	(725)
Operating result	4,429	9,380
Financial income	381	5,132
Financial expense	(2,492)	(4,432)
Financial result	(2,111)	700
Profit before tax	2,318	10,080
Income tax expense	(257)	(2,514)
Profit/(loss) for the period	2,061	7,566
thereof owners of the parent company	2,135	7,603
thereof non-controlling interests	(74)	(37)
Earnings per share for profit attributable to equity holders of the parent company (in EUR per share):		
- basic	0.09	0.33
- diluted	0.09	0.33
Weighted average number of shares outstanding – basic (in thousands)	23,323	23,323
Weighted average number of shares outstanding – diluted (in thousands)	23,407	23,447

Consolidated Statement of Comprehensive Income

(in EUR 1,000)	1 April - 30 June	
	2011	2010
Profit/(loss) for the period	2,061	7,566
Currency translation differences	(3,895)	31,465
Fair value gains/(losses) of available-for-sale financial assets, net of tax	(3)	–
Fair value gains/(losses) of cash flow hedges, net of tax	(33)	(6)
Other comprehensive income for the period	(3,931)	31,459
Total comprehensive income for the period	(1,870)	39,025
thereof owners of the parent company	(1,796)	39,062
thereof non-controlling interests	(74)	(37)

Consolidated Balance Sheet

(in EUR 1,000)	30 June 2011	31 March 2011
ASSETS		
Non-current assets		
Property, plant and equipment	401,547	385,510
Intangible assets	2,447	2,543
Financial assets	111	121
Overfunded retirement benefits	622	590
Deferred tax assets	11,579	10,736
Other non-current assets	4,252	4,144
	420,558	403,644
Current assets		
Inventories	55,595	53,376
Trade and other receivables	99,510	99,899
Financial assets	863	13,912
Current income tax receivables	803	277
Cash and cash equivalents	17,455	4,227
	174,226	171,691
Total assets	594,784	575,335
EQUITY		
Share capital	44,475	44,475
Other reserves	(15,963)	(12,032)
Retained earnings	199,155	197,020
Equity attributable to owners of the parent company	227,667	229,463
Non-controlling interests	279	353
Total equity	227,946	229,816
LIABILITIES		
Non-current liabilities		
Financial liabilities	92,563	95,559
Provisions for employee benefits	12,510	12,210
Other provisions	11,783	11,967
Deferred tax liabilities	4,839	4,238
Other liabilities	2,102	2,109
	123,797	126,083
Current liabilities		
Trade and other payables	97,571	96,554
Financial liabilities	142,812	116,427
Current income tax payables	635	3,757
Other provisions	2,023	2,698
	243,041	219,436
Total liabilities	366,838	345,519
Total equity and liabilities	594,784	575,335

Consolidated Statement of Cash Flows

(in EUR 1,000)	1 April - 30 June	
	2011	2010
Cash flows from operating activities		
Profit/(loss) for the period	2,061	7,566
Adjustments to reconcile profit for the period to cash generated from operations:		
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	13,756	11,841
Changes in non-current provisions	90	30
Income tax expense	257	2,514
Financial expense/(income)	2,111	(700)
(Gains)/losses from the sale of fixed assets	109	(30)
Release from government grants	(360)	(479)
Other non-cash expense/(income), net	(249)	3,491
Changes in working capital:		
- Inventories	(2,571)	(6,375)
- Trade receivables and others	12,736	(7,367)
- Trade and other payables	(3,228)	8,011
- Other provisions	(651)	1,168
Cash generated from operations	24,061	19,670
Interest paid	(5,515)	(5,682)
Interest and dividends received	62	116
Income tax paid	(4,267)	(2,954)
Net cash generated from operating activities	14,341	11,150
Cash flows from investing activities		
Capital expenditure for property, plant and equipment and intangible assets	(28,369)	(19,154)
Proceeds from sale of property, plant and equipment and intangible assets	62	-
Purchases of financial assets	(619)	(1,002)
Proceeds from sale of financial assets	800	200
Net cash used in investing activities	(28,126)	(19,956)
Cash flows from financing activities		
Proceeds from borrowings	83,536	10,465
Repayments of borrowings	(56,877)	(11,300)
Proceeds from government grants	362	437
Net cash generated/(used) in financing activities	27,021	(398)
Net increase/(decrease) in cash and cash equivalents	13,236	(9,204)
Cash and cash equivalents at beginning of the year	4,227	13,354
Exchange gains/(losses) on cash and cash equivalents	(8)	382
Cash and cash equivalents at end of period	17,455	4,532

Consolidated Statement of Changes in Equity

(in EUR 1,000)	Share capital	Other reserves	Retained earnings	Equity attributable to owners of the parent company	Non-controlling interests	Total equity
31 March 2010	45,680	(1,560)	164,184	208,304	489	208,793
Total comprehensive income for the period	–	31,459	7,603	39,062	(37)	39,025
Reclassification of losses attributable to non-controlling interests	–	–	(37)	(37)	37	–
30 June 2010	45,680	29,899	171,750	247,329	489	247,818
31 March 2011	44,475	(12,032)	197,020	229,463	353	229,816
Total comprehensive income for the period	–	(3,931)	2,135	(1,796)	(74)	(1,870)
Reclassification of losses attributable to non-controlling interests	–	–	–	–	–	–
30 June 2011	44,475	(15,963)	199,155	227,667	279	227,946

Segment Reporting

1 April - 30 June 2011

(in EUR 1,000)	Europe	Asia	Not allocated and consolidation	Group
External sales	83,374	27,089	–	110,463
Intercompany sales	53	40,097	(40,150)	–
Total revenues	83,427	67,186	(40,150)	110,463
Inter-segment revenue	(40,097)	(53)	40,150	–
Segment revenue, net	43,330	67,133	–	110,463
Operating result	5,542	(4,875)	3,762	4,429
Financial result				(2,111)
Profit before income tax				2,318
Income tax expense				(257)
Profit for the period				2,061
Total assets	110,736	482,064	1,984	594,784
Investments	1,909	31,370	15	33,294
Depreciation/amortisation	1,256	12,418	82	13,756
Non-recurring items	–	–	–	–

1 April - 30 June 2010

(in EUR 1,000)	Europe	Asia	Not allocated and consolidation	Group
External sales	81,747	32,194	–	113,941
Intercompany sales	1	49,413	(49,414)	–
Total revenues	81,748	81,607	(49,414)	113,941
Inter-segment revenue	(49,413)	(1)	49,414	–
Segment revenue, net	32,335	81,606	–	113,941
Operating result	2,540	9,171	(2,331)	9,380
Financial result				700
Profit before income tax				10,080
Income tax expense				(2,514)
Profit for the period				7,566
Total assets	106,260	438,691	(7,197)	537,754
Investments	856	20,959	93	21,908
Depreciation/amortisation	1,267	10,381	193	11,841
Non-recurring items	–	–	(725)	(725)

Additional information

Revenue broken down by industry is as follows:

(in EUR 1,000)	1 April - 30 June	
	2011	2010
Mobile Devices	55,953	67,590
Industrial	33,603	32,350
Automotive	20,713	13,414
Other	194	587
	110,463	113,941

Revenue broken down by region is as follows:

(in EUR 1,000)	1 April - 30 June	
	2011	2010
Austria	5,600	5,432
Germany	33,862	28,447
Hungary	12,238	9,740
Other European countries	9,783	11,165
Asia	29,061	25,895
Canada, USA, Mexico	18,523	31,528
Other	1,396	1,734
	110,463	113,941

Notes to the Interim Financial Report

General

Accounting and valuation policies

The interim report for the quarter ended 30 June 2011 has been prepared in accordance with the standards (IFRS and IAS) of the International Accounting Standards Board (IASB), taking IAS 34 into account, and the interpretations (IFRIC and SIC), as adopted by the European Union.

The consolidated interim financial statements do not include all the information contained in the consolidated annual financial statements and should be read in conjunction with the consolidated annual financial statements for the year ended 31 March 2011.

There are no differences in accounting and valuation policies compared with those applied in the financial year ended 31 March 2011.

The consolidated interim statements for the three months ended 30 June 2011 are unaudited and have not been the subject of external audit review.

Notes to the income statement

Revenues

Sales revenues of EUR 110.5m in the first quarter of 2011/2012 were down slightly – by EUR 3.5m – compared with the same period last year. This 3% decrease was largely attributable to delayed projects in Mobile Devices. Since a large part of Mobile Devices sales are in USD, the weak exchange rate also had an adverse effect on revenues. On the other hand, the trend towards higher-value technologies had a positive effect on revenues. Income from service business (assembly, trading, design) continued to fall, as the phasing out of these activities progressed.

From a geographical or segment point of view, the decrease in production compared with last year came from the Asian plants, whereas the European plants showed an increase. The share of production contributed by the plants in Asia in the first quarter of financial 2011/2012 amounted to 66% of the total.

Gross profit

Based on the slightly lower sales compared with last year, gross profit for the first quarter was lower than in the same period last year. The gross profit margin fell from 17% last year to 13%. The drop in the gross profit margin was mainly attributable to lower capacity utilisation in Asia. The expansion of production capacity in China continued, which explains the increase in production costs by EUR 2.5m, or 3%.

Non-recurring items

During the first quarter of the current financial year no costs were incurred attributable to non-recurring items.

In the first quarter of the previous financial year it was decided to close the Vienna office, since the headquarters function had moved back to Leoben, where the Company's registered office and the Leoben-Hinterberg plant are located. The non-recurring items from the same period last year related to the closure of the Vienna office, and consisted mainly of staff costs arising from the social plan agreed as a consequence of this decision.

Operating result

Similarly to the gross profit, operating profit after non-recurring items for the period dropped from EUR 9.4m last year to EUR 4.4m in the current financial year.

Distribution costs and general administrative costs for the period were on par with those for the same period last year. Other operating income in the first quarter of the current financial year consisted in the main of income from government grants, an insurance claim and expenses from exchange rate losses. In the previous year this item consisted mainly of income from government grants.

The segment results compared with the same period last year show a considerable increase in Europe, from EUR 2.5m to EUR 5.5m. In Asia – due to the lower capacity utilisation – they dropped from EUR 9.1m to EUR -4.9m.

Financial result

In the current financial year there was a small amount of financial income from valuation gains on currency hedges. The financial income in the first quarter of financial 2010/2011 was mainly the result of the revaluation of the renminbi yuan (CNY) against the euro to reflect appreciation since 31 March 2011 and the associated valuation gains on the financing of the factory in China.

Financial expenses consisted of interest expense of EUR 2.3m, compared with EUR 2.0m in the same period last year, and of small expense items arising from changes in exchange rates. In the last financial year the appreciation of the US dollar against the euro resulted in valuation adjustment expenses on currency hedges.

Taxes on income

The change – as compared with the same period last year – in the effective rate of tax on a consolidated basis is principally a consequence of the varying proportions of Group earnings contributed by individual companies with different tax rates, together with the effects of the various different tax regimes to which the Group is subject.

Taxes on income were also significantly affected by the measurement of deferred taxation: for a large part of the tax loss carryforwards arising, deferred tax assets continue not to be recognised, since the likelihood of their being realisable in the foreseeable future is low.

Notes to the comprehensive income statement

Currency translation differences

The slight reduction in the foreign currency translation reserve in the current financial year (down EUR 3.9m) reflected almost exclusively the changes in exchange rates of the Group's functional currencies, the renminbi yuan (CNY) and Hong Kong dollar (HKD), against the Group reporting currency, the euro. Last year the exchange rate changes led to an increase of EUR 31.5m in the reserve.

Notes to the balance sheet

Assets and finances

Net debt rose to EUR 217m, an increase of EUR 23m compared with the position at 31 March 2011. The increase in financing requirements chiefly related to expansion of the plant in Shanghai, while the net working capital requirement also increased slightly. The net gearing ratio rose from 85% at 31 March 2011 to 95%.

The Group's consolidated equity dropped slightly in the first quarter of this financial year despite a consolidated net profit, as a result of the negative exchange rate differences. Consolidated total comprehensive income was EUR -1.8m. In contrast, consolidated equity in the comparable period last year benefited largely from favourable exchange rate differences and increased by EUR 39.0m.

Treasury shares

In the 16th Annual General Meeting of 7 July 2010 the Management Board was again authorised for a period of 30 months from the date of the resolution to acquire the Company's own shares up to a maximum amount of 10% of the share capital. The Management Board was also again authorised – for a period of five years (i.e., until 6 July 2015) and subject to the approval of the Supervisory Board – to dispose of treasury shares otherwise than through the stock exchange or by means of a public offering, and in particular for the purpose of enabling the exercise of employee stock options or the conversion of convertible bonds, or as consideration for acquisitions.

No further treasury shares were acquired under the share repurchase scheme in the first quarter of this financial year. At 30 June 2011 and taking into account the stock options exercised, the Group held the same number of treasury shares – 2,577,412 shares, or 9.95% of the issued share capital – as at 31 March 2011, with a total acquisition cost of EUR 46.6m.

Notes to the cash flow statement

The net cash inflow from operating activities of EUR 14.3m was more or less constant when compared to last year's EUR 11.2m. The largest changes in the working capital were the result of changes in other financial assets held for trading purposes and a reduction in trade payables.

Net cash used in investing activities amounted to EUR 28.1m (2010/11: EUR 20.0m). The increase compared with last year reflects the higher levels of investment. Payments for investments in the first quarter of the current financial year amounted to EUR 28.4m, and mainly related to the expansion of production capacity in the Shanghai plant.

The net cash inflow from financing activities in the first quarter of financial 2010/11 of EUR 27.0m reflects an increase in financial liabilities used to finance the investments made during this period.

Other information

Formation of AT&S (Chongqing) Company Limited

On 1 April 2011 the application for registration of AT&S (Chongqing) Company Limited was lodged with Chinese authorities. The business licence required before commencement of business activities was received on 8 April 2011. Construction of the new HDI plant in Chongqing will take place in stages; the timing of each phase will be determined by current market demand. Currently the construction site infrastructure is being put in place.

Introduction of a business unit structure

In April the Management Board – with the Supervisory Board's approval – decided to improve the organisational structure with the aim of increasing flexibility within the Group and to better adapt operational procedures to customers' needs. As part of the drive to strengthen market orientation, three business units are to be created within the Group: Mobile Devices, Industrial

& Automotive Solutions and Embedded Component Packaging. The new organisational structure aims to assign as many group operational functions to the business units as possible, so as to align business processes more closely with the specific needs of the various business segments. Another objective is increased optimisation and efficiency increases in order to implement an organisational structure geared towards the Group's growth strategy. Currently, there are no restructuring or other non-recurring costs envisaged in connection with the reorganisation. In the process of implementing the business unit structure it is planned to adapt the internal financial reporting, which will have corresponding effects on external segment reporting.

Dividends

After the end of the first quarter of financial 2010/11, the Annual General Meeting of 7 July 2011 resolved on a dividend of EUR 0.36 per share out of retained earnings as at 31 March 2011.

Related party transactions

In connection with various projects, in the first quarter of financial 2010/11 fees amounting to EUR 90,000 were payable to AIC Androsch International Management Consulting Ges.m.b.H. and fees of EUR 4,000 were payable to Riedl & Ringhofer (lawyers).

Leoben-Hinterberg, 20 July 2011

The Management Board

Andreas Gerstenmayer m.p.
Thomas Obendrauf m.p.
Heinz Moitzi m.p.

Group Interim Management Report

Business developments and performance

As Mobile Devices represents a high proportion of AT&S's total sales, the Group's business is naturally subject to seasonal variations. Typically, the first and fourth quarters of the financial year are periods of low capacity utilisation, with excellent utilisation in the second and third quarters. The first quarter of this financial year registered a slight decline in sales compared with the same period last year. This development was chiefly attributable to delayed ramp-ups of Mobile Devices projects and the related capacity underutilisation at the Shanghai plant. However, we expect capacity utilisation to improve significantly in the coming quarters.

The bulk of sales – EUR 56m – continued to be generated by Mobile Devices. Due to the slightly lower than anticipated capacity utilisation in the quarter, the share of sales accounted for by this segment declined from 59% in the first quarter of 2010/11 to 51%. First quarter sales returned by Automotive were significantly up on the same period a year earlier. This segment's share of the total advanced from 12% to 19%. Industrial's share likewise increased, from 28% to 30%.

In the Group's target markets, the transfer of the industry to Asia is a continuing trend. Largely as a result of the strong revenue gains in Automotive, the proportion of sales accounted for by European customers jumped from 48% in the first quarter of 2010/11 to 56%.

The trend towards production of smaller series and special products had a positive impact on the Austrian plants in Leoben-Hinterberg and Fehring, due to the higher prices associated with orders of this type. The combination of sales growth and the significantly lower cost base has meant significant increases in earnings compared with the previous year at both sites.

In the first quarter of 2011/12 Shanghai fell short of full capacity utilisation. This was largely attributable to project delays – some of which were related to the crisis in Japan – as a number of customers put back orders. For the coming quarters we are confident that customer requirements will return to normal, starting in the second quarter. The expansion of the plant in Shanghai is due to be largely completed in the current financial year. The foundations for Chongqing were laid at a groundbreaking ceremony in the Chinese city on 16 July 2011.

Changes to the administrative structure, chiefly the relocation of Group headquarters from Vienna to Leoben-Hinterberg have now been completed and the necessary personnel changes implemented.

Significant risks, uncertainties and opportunities

There were no material differences in the categories of risk exposure in the course of the first quarter of the financial year 2011/12 compared with those described in detail in the notes to the 2010/11 consolidated financial statements under II. Risk Report. Uncertainties in the banking sector have at least not increased, so that the situation in credit markets has somewhat stabilised. AT&S's interest rate risk is relatively low as a result of the high proportion of fixed interest financial liabilities. The risks are primarily in relation to short-term financing.

In order to reduce liquidity risk, long-term financing was put in place in earlier financial years. Extensive credit facilities are available to cover the increased working capital requirement resulting from higher volumes of business. In addition to this, in the Annual General Meeting of 7 July 2010 the Management Board was authorised to issue up to 12,950,000 new shares out of authorised capital and convertible bonds up to a nominal value of EUR 100,000,000, and to dispose of treasury shares. Exercise of the powers so conferred is subject to approval by the Supervisory Board.

In spite of the slight decline in revenues, in the first quarter of financial 2010/11 operating cash flow was significantly improved. Given the projections of continuing net cash inflows from operating activities and the comprehensive financing arrangements, enough liquidity is available to cover all currently planned and potential future investments.

For more information on the use of financial instruments please refer to the detailed Risk Report in the consolidated financial statements for the last financial year. Group exposure to currency risk and its effects on operating profit is mitigated by the fact that the Group's sales in US dollars are largely originated in production facilities in the extended dollar area. With respect to the remaining effects, changes in the exchange rates of functional currencies against the reporting currency, the euro, are mainly recognised directly in equity.

The net gearing ratio rose during the first quarter of the current financial year from 85% to 95%. This increase is chiefly attributable to intensive investment activity and unfavourable currency translation differences arising from the weakness of the EUR against the CNY and HKD, and the resulting reduction in the Group's equity. Given a continuation of the positive earnings situation and stable exchange rates, we are confident that after another short-term increase the ratio will return to the target level of 80% in the medium term.

With respect to the opportunities and risks attaching to developments in the external environment for financial 2011/12 as a whole, the assumption is still that total sales of the printed circuit board industry worldwide will increase. In the first quarter, internal and external growth expectations for AT&S were missed by a small margin. This was largely a result of the project delays outlined above. We expect to implement these projects during the course of the next few quarters. The state of the global economy in the medium-term is, however, difficult to gauge, and should still be considered fragile. Past experience – especially in recent years – has shown that markets and macroeconomic conditions should always be viewed critically and kept under constant review, in order to ensure prompt reaction to any changes.

The growth in customers demand poses AT&S a particular challenge. The plant in Shanghai is currently being expanded to the greatest possible extent to ensure that sufficient capacities are

available in the long term. In the first quarter the twelfth HDI production line was ramped up at the site. The second quarter will bring the commissioning of an additional HDI production line (number 13). Meanwhile preparations have begun for the construction of a new HDI plant in Chongqing. The timing of each stage will be determined by market demand and technological developments.

Outlook

The wider application of electronic systems in everyday life, the growing penetration rate of communication applications and the increasing functionality of mobile devices will all lead to rising demand for high-end printed circuit boards. Management expects AT&S to profit from this development more than others owing to its decision to focus on the high end of the market.

Assuming stable exchange rates, the new outlook for the financial year continues to put total annual revenues at EUR 535–550m.

In order to be able to keep pace with faster growth in all its businesses and to service its customers adequately, AT&S is stepping up expansion of its production facilities. Depending on how rapidly construction and installation proceeds, present expectations are that investment expenditure for the whole of financial 2010/11 will be in the region of EUR 130m. The lion's share of investment is accounted for by expansion activities in Shanghai, as well as the construction (buildings and infrastructure) for the new plant in Chongqing.

Higher capacity utilisation and more efficient use of available capacities compared with the first quarter are expected to have a positive impact on operating profit. In light of this, Management is forecasting an EBIT margin of over 9% for 2011/12.

Leoben-Hinterberg, 20 July 2011

Management Board

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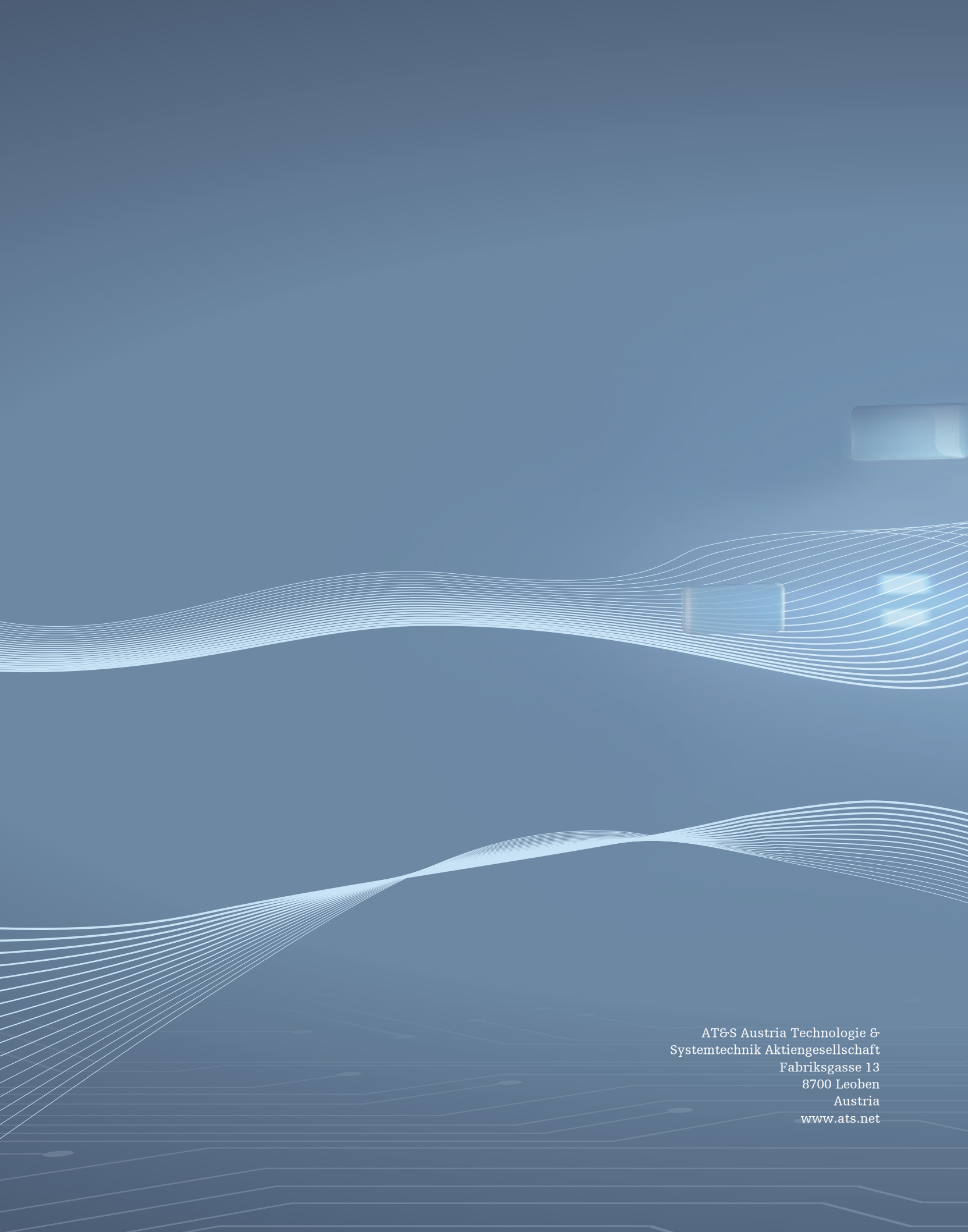
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