



AT & S AUSTRIA TECHNOLOGIE & SYSTEMTECHNIK
AKTIENGESELLSCHAFT

ANNUAL FINANCIAL REPORT AS OF 31 MARCH 2013

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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.

CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2013

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The consolidated financial statements of AT & S Austria Technologie & Systemtechnik Aktiengesellschaft as of 31 March 2013 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 EUR 1,000)	Note	Financial year ended 31 March	
		2013	2012
Revenue	1	541,673	514,180
Cost of sales	2	(464,757)	(430,682)
Gross profit		76,916	83,498
Distribution costs	2	(28,195)	(25,590)
General and administrative costs	2	(19,102)	(21,632)
Other operating result	4	1,275	5,863
Operating result		30,894	42,139
Finance income	6	527	2,690
Finance costs	6	(15,354)	(12,577)
Finance costs - net		(14,827)	(9,887)
Profit before tax		16,067	32,252
Income taxes	7	(1,965)	(5,738)
Profit for the year		14,102	26,514
thereof owners of the parent company		14,101	26,550
thereof non-controlling interests		1	(36)
Earnings per share attributable to equity holders of the parent company (in EUR per share):	24		
- basic		0.60	1.14
- diluted		0.60	1.14

Consolidated Statement of Comprehensive Income

(in EUR 1,000)	Financial year ended 31 March	
	2013	2012
Profit for the year	14,102	26,514
Currency translation differences	22,285	34,764
Fair value gains/(losses) of available-for-sale financial assets, net of tax	(28)	(13)
Fair value gains/(losses) on hedging instruments for cash flow hedges, net of tax	68	(162)
Other comprehensive income for the year	22,325	34,589
Total comprehensive income for the year	36,427	61,103
thereof owners of the parent company	36,423	61,137
thereof non-controlling interests	4	(34)

Consolidated Statement of Financial Position

(in EUR 1,000)	Note	31 March	
		2013	2012
ASSETS			
Non-current assets			
Property, plant and equipment	8	437,763	454,466
Intangible assets	9	1,952	2,451
Financial assets	13	96	96
Overfunded retirement benefits	17	538	581
Deferred tax assets	7	21,323	16,819
Other non-current assets	10	9,657	8,730
		471,329	483,143
Current assets			
Inventories	11	62,417	64,909
Trade and other receivables	12	111,802	115,483
Financial assets	13	770	768
Current income tax receivables		657	617
Cash and cash equivalents	14	80,226	29,729
		255,872	211,506
Total assets		727,201	694,649
EQUITY			
Share capital	22	45,914	45,535
Other reserves	23	44,877	22,555
Retained earnings		221,713	215,075
Equity attributable to owners of the parent company		312,504	283,165
Non-controlling interests		(51)	(55)
Total equity		312,453	283,110
LIABILITIES			
Non-current liabilities			
Financial liabilities	16	168,665	188,729
Provisions for employee benefits	17	15,206	13,895
Other provisions	18	10,437	11,422
Deferred tax liabilities	7	6,386	5,701
Other liabilities	15	3,948	3,641
		204,642	223,388
Current liabilities			
Trade and other payables	15	77,348	98,037
Financial liabilities	16	129,837	84,399
Current income tax payables		1,299	3,551
Other provisions	18	1,622	2,164
		210,106	188,151
Total liabilities		414,748	411,539
Total equity and liabilities		727,201	694,649

Consolidated Statement of Cash Flows

(in EUR 1,000)	Financial year ended 31 March	
	2013	2012
Cash flows from operating activities		
Profit for the year	14,102	26,514
Adjustments to reconcile profit for the year to cash generated from operating activities:		
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	70,991	61,217
Changes in non-current provisions	265	1,020
Income taxes	1,965	5,738
Finance costs	14,827	9,887
(Gains)/losses from the sale of fixed assets	777	(726)
Release of government grants	(808)	(657)
Other non-cash expense/(income), net	(692)	1,416
Changes in working capital:		
- Inventories	4,154	(8,992)
- Trade and other receivables	1,585	3,416
- Trade and other payables	(15,095)	7,690
- Other provisions	(551)	(518)
Cash generated from operating activities	91,520	106,005
Interest paid	(13,102)	(9,634)
Interest and dividends received	494	216
Income taxes paid	(7,239)	(9,380)
Net cash generated from operating activities	71,673	87,207
Cash flows from investing activities		
Capital expenditure for property, plant and equipment and intangible assets	(43,959)	(113,228)
Proceeds from sale of property, plant and equipment and intangible assets	3,500	143
Proceeds from sale of available-for-sale financial assets	35	-
Acquisition of non-controlling interests	-	(473)
Purchases of financial assets	(292)	(2,193)
Proceeds from sale of financial assets	167	2,162
Net cash used in investing activities	(40,549)	(113,589)
Cash flows from financing activities		
Proceeds from long-term bonds	-	98,999
Changes in other financial liabilities	23,921	(42,330)
Proceeds from government grants	1,475	2,609
Dividends paid	(7,463)	(8,396)
Net cash generated from financing activities	17,933	50,882
Net increase in cash and cash equivalents	49,057	24,500
Cash and cash equivalents at beginning of the year	29,729	4,227
Exchange gains on cash and cash equivalents	1,440	1,002
Cash and cash equivalents at end of the year	80,226	29,729

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 2011	44,475	(12,032)	197,020	229,463	353	229,816
Profit for the year	–	–	26,550	26,550	(36)	26,514
Other comprehensive income for the year	–	34,587	–	34,587	2	34,589
thereof currency translation differences	–	34,762	–	–	2	34,764
thereof change in available-for-sale financial assets, net of tax	–	(13)	–	–	–	(13)
thereof change in hedging instruments for cash flow hedges, net of tax	–	(162)	–	–	–	(162)
Total comprehensive income for the year 2011/12	–	34,587	26,550	61,137	(34)	61,103
Dividends paid relating to 2010/11	–	–	(8,396)	(8,396)	–	(8,396)
Change in treasury shares, net of tax	1,060	–	–	1,060	–	1,060
Acquisition of non-controlling interests	–	–	(99)	(99)	(374)	(473)
31 March 2012	45,535	22,555	215,075	283,165	(55)	283,110
Profit for the year	–	–	14,101	14,101	1	14,102
Other comprehensive income for the year	–	22,322	–	22,322	3	22,325
thereof currency translation differences	–	22,282	–	–	3	22,285
thereof change in available-for-sale financial assets, net of tax	–	(28)	–	–	–	(28)
thereof change in hedging instruments for cash flow hedges, net of tax	–	68	–	–	–	68
Total comprehensive income for the year 2012/13	–	22,322	14,101	36,423	4	36,427
Dividends paid relating to 2011/12	–	–	(7,463)	(7,463)	–	(7,463)
Change in treasury shares, net of tax	379	–	–	379	–	379
31 March 2013	45,914	44,877	221,713	312,504	(51)	312,453

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”) is incorporated in Austria. The Company is headquartered in Austria, Fabriksgasse 13, A-8700 Leoben-Hinterberg.

The Group manufactures and sells printed circuit boards and provides related services primarily in the segments Mobile Devices, Automotive, Aviation, Industrial, Medical & Healthcare and Advanced Packaging. The products are produced and distributed in the European and Asian market directly 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, Austria, Stock Exchange and, after a period of double listing on the Stock Exchange in Frankfurt am Main, has been traded exclusively at the Vienna Stock Exchange since 15 September 2008. Prior to the change in Stock Exchange, the Company had been listed at the Frankfurt Stock Exchange, Germany, 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. SUMMARY OF SIGNIFICANT ACCOUNTING 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 2013 with the following exceptions: Due to the legal situation in China the reporting year of AT&S (China) Company Limited and AT&S (Chongqing) Company Limited corresponds to the calendar year (balance sheet date: 31 December 2012), its consolidation was performed on the basis of the interim financial statements as of 31 March 2013.

The consolidated financial statements have been approved for issue by the Board of Directors on 7 May 2013. 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 3 June 2013. The separate financial statements of the

Company can be modified by the Supervisory Board and – in case of presentation to the Annual General Meeting – by the Company’s equity holders. This could also affect the presentation of the consolidated financial statements.

GROUP OF CONSOLIDATED ENTITIES In addition to the Company itself, the consolidated financial statements comprise the following fully consolidated subsidiaries as of the date the Company had the power to govern the financial and operating policies of the subsidiary, regularly accompanied by a voting interest of more than 50%:

- AT&S 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%
- C2C Technologie für Leiterplatten GmbH in Liqu., Austria, share 100%
- DCC - Development Circuits & Components GmbH in Liqu., Austria, share 100%
- AT & S Klagenfurt Leiterplatten GmbH, Austria, share 100%

In the financial year 2012/13 the Company has transferred the 100% share in the AT&S China to AT&S Asia Pacific. Further the Company contributed the subsidiary AT&S Verwaltungen GmbH & Co KG to the Company by transferring the shares of the existing shareholders. The two subsidiaries C2C Technologie für Leiterplatten GmbH in Liqu. and DCC – Development Circuits & Components GmbH in Liqu. are in liquidation at the balance sheet date. All three subsidiaries were non-operating in the financial year 2012/13.

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 liabilities incurred to the former owners of the

acquiree and the equity interests issued by the Group. The consideration transferred 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, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest 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 acquirer shall measure 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, recognise 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 initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group 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 inter-company accounts 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.

Investments in subsidiaries are consolidated in accordance with IAS 27 "Consolidated and Separate Financial Statements", Intercompany accounts receivable and payable as well as expenses and income are eliminated. Unless immaterial, inter-company results in non-current assets and inventories are eliminated. Uniform accounting and valuation methods are applied to all consolidated subsidiaries.

The Group considers transactions with 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. The chief operating decision maker of the Group is the Management Board of the Company.

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.

The business unit Mobile Devices 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 business unit Industrial & Automotive supplies automotive component suppliers and customers in the industrial, medical technology, aerospace and other sectors. Production for this business segment takes place at our plants in India, Korea and in all of our Austrian facilities.

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. The 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".

Since the internal reporting was adjusted to suit that structure, the segment reporting format was changed accordingly.

Since no comparable information is available for the financial year 2011/12, no comparative segment operating results for that year are shown.

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

FOREIGN SUBSIDIARIES With the exception of equity positions (historical exchange rate), the balance sheets of AT&S India, AT&S China, AT&S Asia Pacific, AT&S Japan K.K., AT&S Korea, AT&S Americas, AT&S Chongqing and AT&S Taiwan are translated at the exchange rates on the balance sheet date. The income statements are translated at the average exchange rates of the financial year. Translation adjustments are recognised in equity and not taken through profit or loss.

FOREIGN CURRENCY TRANSACTIONS In the financial statements of each of the Group's entities foreign currency items are translated at the exchange rates prevailing on the day of the transaction. Monetary items are translated at the respective exchange rate ruling at the balance sheet date; non-monetary items which were recognised according to the historical cost principle are carried at the rate of their initial recognition. Translation adjustments from monetary items, with the exception of "available-for-sale financial assets", are recognised in profit or loss. Translation differences from "available-for-sale financial assets" are recognised directly in equity and not in profit or loss.

d. REVENUE RECOGNITION Revenues comprise the fair value of the consideration received or receivable in the course of the Group's ordinary activities for the grant of licenses, commercialization rights or license options, and for services performed in collaboration with, or on behalf of, licensees or partners, as well as grants from governmental and non-governmental organizations designated to remunerate approved scientific research activities. Revenues are recognised net of VAT, discounts and price reductions, and after elimination of intercompany sales. Revenues are realised as follows:

REVENUES FROM PRODUCT SALES Revenues from product sales are 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 before income tax and accounts for deferred taxes.

The Group provides for deferred taxes using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date.

Temporary differences arise from the measurement of specific assets and liabilities, as well as tax loss carryforwards and 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 recognised in equity.

In accordance with IFRS, deferred tax assets on loss carryforwards have to be recognised to the extent that it is probable that they will be utilised against future taxable profits.

Deferred taxes arising on temporary differences relating to participating interests in subsidiaries are recognised unless the temporary differences will not reverse in the foreseeable future.

f. PROPERTY, PLANT AND EQUIPMENT Items of property, plant and equipment are measured at historical cost. Expenditure directly attributable to the acquisition and subsequent expenditure are capitalised, repairs and maintenance costs, however, are expensed as incurred.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the acquisition or production costs of this asset. In these consolidated financial statements, no such borrowing costs have been capitalised.

From the time of their availability for use, the assets are depreciated on a straight-line basis over their expected useful lives. Depreciation is charged on a pro rata temporis basis. Land is not subject to depreciation.

The depreciation method is uniform for the Group and based on the following useful lives:

Plants and buildings	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 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 assets 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. Depreciation is effected over the useful life of the asset. If at the beginning of the lease it is not sufficiently certain that the title will pass to the lessee, the leased asset will be depreciated over the shorter of the two periods, the lease term or useful life. Financial obligations resulting from future lease payments are discounted and carried as liability. Current lease payments are split into repayment and financing costs.

Leased assets under all other lease agreements are classified as operating leases and attributed to the lessor. Lease payments are recognised as an expense.

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

g. INTANGIBLE ASSETS

PATENTS, TRADEMARKS AND LICENSES Expenditures on acquired patents, trademarks and licenses are capitalised at cost, including incidental acquisition expenses, and amortised on a straight-line basis over their useful lives, generally between 2 and 10 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 expenditure is also expensed as incurred. An intangible asset arising from development shall be recognised if, and only if, an entity can demonstrate all of the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- Its intention to complete the intangible asset and use or sell it.
- Its ability to use or sell the intangible asset.
- How the intangible asset will generate probable future economic benefits 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 measure reliably the expenditure attributable to the intangible asset during its development.

No capitalised development costs have been considered in these consolidated financial statements.

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

The Group regularly reviews the carrying amounts of its property, plant and equipment and intangible assets for possible impairment. If the recoverable amount of an asset is below its carrying amount, an impairment loss amounting to the difference is recognised. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. The value in use corresponds to the estimated future cash flows expected from the continued use of the asset and its disposal at the end of its useful life.

Goodwill is tested annually for impairment. If events during the financial year or changes in circumstances indicate that goodwill might be impaired, an impairment test will be carried out immediately. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Non-current assets are classified as held for sale and measured at the lower of their carrying amounts or fair values less costs to sell, if their carrying amount will be 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, but excludes interest expense.

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

k. FINANCIAL ASSETS The purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. The fair values recognised in the 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 cost, 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 or due to expected liquidity requirements or expected changes in interest rates, exchange rates or share prices. Their classification as non-current or current assets depends on the expected time to be held.

At the time of acquisition they are stated at cost, including transaction costs, in subsequent periods at their respective fair values. Unrealised gains and losses, net of 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 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 recognised in equity is recognised in profit or loss in "Finance costs - net". An asset is impaired, if there are indications that the fair value is below its carrying amount. In particular, this is the case if the decrease in fair value is of such extent that the acquisition cost is unlikely to be recovered in the foreseeable future. Recoverability is reviewed annually at the balance sheet date.

Furthermore, those financial assets are recognised under available-for-sale financial assets that have not been allocated to any of the other categories described. If the current fair value for 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 shall not be reversed.

l. DERIVATIVE FINANCIAL INSTRUMENTS The Group enters into derivative financial instruments to hedge against foreign currency fluctuations related to transactions in foreign currencies – in particular the US dollar. These instruments mainly include forward contracts, foreign currency options and foreign exchange swap contracts and are entered into in order to protect the Group against exchange rate fluctu-

tuations – by fixing future exchange rates for foreign currency assets and liabilities.

Further the Group manages its interest rate risk by using interest rate swaps.

Value fluctuations of the hedged positions are compensated by corresponding value fluctuations of the derivatives. The Group does not hold any financial instruments for speculative purposes.

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 are as follows:

- 1.24% relates to the 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, if it is probable that an outflow of resources will be required to settle this obligation and if the amount can be estimated reliably. The provisions are remeasured at each balance sheet date and adjusted accordingly.

Non-current provisions are reported at the discounted amount to be paid at each balance sheet date, if the interest effect resulting from the discounting is material.

p. PROVISIONS FOR EMPLOYEE BENEFITS

RETIREMENT BENEFIT OBLIGATIONS The Group operates various defined contribution and defined benefit pension schemes.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into 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 a defined benefit plan, under which the pension obligations are valued by qualified and independent actuaries at each balance sheet date. The Group’s obligation is to fulfil the benefits committed to current and former members of the 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 pension liability is determined on the basis of years of service, expected compensations and pension adjustments.

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

Staff costs reported in the respective financial year are based on expected values and include the acquired claims, the interest expense, the actuarial gains or losses using the corridor method as well as the investment results of the assets provided for coverage.

At each balance sheet date, due to the change in actuarial assumptions (turnover rate, current market interest rate of blue chip fixed-income corporate bonds, compensation level and actual returns on plan assets) adjustments in value result, referred to as actuarial gains or losses. These actuarial results are reported in accordance with IAS 19 “Employee Benefits” using the corridor method. Actuarial gains or losses exceeding the corridor (the higher of 10% of the present value of the obligation or the fair value of plan assets) are charged or credited to income over the expected average remaining working lives

of the employees covered by the plan; those not exceeding the corridor are not recognised.

SEVERANCE PAYMENTS Provisions for severance payments have to be paid primarily on termination of employment by the employer or on the retirement of an employee according to labour regulations. At each balance sheet date the liabilities are remeasured by qualified and independent actuaries.

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

Staff costs recognised in the respective financial year are based on expected values and include entitlements acquired, interest expense and the actuarial results using the corridor method.

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

Anniversary bonuses are special lump-sum payments stipulated in the Collective Agreement which are dependent on compensation and years of service. Eligibility is determined by a certain uninterrupted number of service years. The respective liability is calculated in accordance with the projected unit credit method based on the same parameters used for severance payments, however, without taking into consideration the corridor method.

Staff costs recognised in the respective financial year include entitlements acquired, interest expense and the actuarial re-

sults. At each balance sheet date the liabilities are remeasured by qualified and independent actuaries.

q. SHARE-BASED PAYMENTS 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 share-based payment transactions 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. LIABILITIES At their initial recognition liabilities are measured at fair value less transaction cost and in subsequent periods at amortised cost using the effective interest rate method. Foreign currency liabilities are translated at the middle exchange rate prevailing at the balance sheet date.

s. GOVERNMENT GRANTS Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant 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 lives of the related assets. Government grants relating to costs and property, plant and equipment are recognised in the profit or loss in the other operating result.

t. CONTINGENT LIABILITIES, CONTINGENT RECEIVABLES AND OTHER FINANCIAL OBLIGATIONS Contingent liabilities are not recognised in the statement of financial position, but disclosed in the notes to the financial statements. They are not disclosed, if an outflow of resources with economic benefit is unlikely.

A contingent receivable is not recognised in the consolidated financial statements, but disclosed, if the inflow of an economic benefit is likely.

u. NEW ACCOUNTING REGULATIONS There are no IFRS or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 April 2012 that would be expected to have a material impact on the consolidated financial statements.

The IASB issued additional standards and amendments to standards and interpretations that are not yet mandatory in the financial year 2012/13. Some of them have already been 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 mandatory; 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
IFRS 9	Financial instruments <i>(amends the classification and measurement of financial instruments)</i>	1/1/2015	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.
IFRS 10	Consolidated financial statements <i>(amends the group of consolidated entities)</i>	1/1/2014	Yes	The new standard is not expected to have an impact on the consolidated financial statements.
IFRS 11	Joint arrangements <i>(amends the accounting of joint arrangements, such as e.g. joint ventures)</i>	1/1/2014	Yes	The new standard is not expected to have an impact on the consolidated financial statements.
IFRS 12	Disclosures of interests in other entities <i>(amends the disclosure requirements on subsidiaries, joint ventures and associates)</i>	1/1/2014	Yes	The impact on the consolidated financial statements is currently being assessed by the Group.
IFRS 13	Fair value measurement <i>(amends the determination of the fair value)</i>	1/1/2013	Yes	The new standard is not expected to have an impact on the consolidated financial statements.
IAS 1	Presentation of financial statements <i>(amends the presentation of other comprehensive income)</i>	1/7/2012	Yes	The impact on the consolidated financial statements is currently being assessed by the Group.
IAS 19	Employee benefits <i>(amends the recognition of actuarial effects and the disclosures)</i>	1/1/2013	Yes	The corridor method currently used by the Group will no longer be applicable; the actuarial effects not yet realised will then be recognised in full in liabilities. Additional effects are currently being assessed.

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.

C. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group uses estimates and assumptions to determine the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosure of commitments and contingent assets and liabilities. All estimates and assumptions are reviewed on a regular basis and are based on past experiences and additional factors, including expectations regarding future events that seem reasonable under given circumstances. In the future actual results may differ from these estimates. Management believes that the estimates are reasonable.

PROJECTED 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").

On 31 March 2013 a reduction of the discount rate (actuarial parameter) for the Austrian companies by 0.5% from 3.75% to 3.25% would affect the projected retirement and severance payment obligations as follows:

(in EUR 1,000)	Retirement benefits	Severance payments
Increase present value of obligation	1.082	974

An increase in the interest rate (actuarial parameter) for the Austrian companies by 0.5% from 3.75% to 4.25% would have the following effects on the present value of retirement and severance payment obligations at 31 March 2013:

(in EUR 1,000)	Retirement benefits	Severance payments
Reduction present value of obligation	960	890

Reference is made to Note 17 "Provisions for employee benefits".

MEASUREMENT OF DEFERRED TAXES AND INCOME TAX LIABILITIES Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. A future change in tax rates would also have an impact on the deferred tax assets recognised at the balance sheet date.

Deferred tax assets in the amount of EUR 39.3 million were not recognised for tax loss carry-forwards in the Group of EUR 154.9 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 tax assets and a related tax income would have to be recognised. 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 and measurements of inventory. Reference is particularly made to Note 4 "Other operating result", Note 8 "Property, plant and equipment" and Note 18 "Other provisions".

II. Risk Report

In the following, the financial risks, which comprise of the financing risk, the liquidity risk, the credit risk, the foreign exchange risk and the tax risk, are addressed. In the management report for the Group, further risk categories and the related processes and measures are outlined.

Risk management of financial risks is carried out by a central treasury department (Group Treasury) under policies approved by the Management Board. Responsibilities, authorisations and limits are governed by internal guidelines. Group Treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's 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, 84% (in 2011/12 85%) of the borrowings are subject to fixed interest rates, taking into account interest rate hedging instruments, and most of the remaining 16% variable interest rate loans (in 2011/12 15%) have maturities between one and three years. Reference is made to Note 16 "Financial liabilities".

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.

As of 31 March 2013 the Group has liquidity reserves in the amount of EUR 272.1 million (at 31 March 2012 EUR 304.4 million), EUR 81 million (at 31 March 2012 EUR 30.6 million) of which is accounted for by cash (equivalents) and securities held for trading and available-for-sale securities, and EUR 191.1 million (at 31 March 2012 EUR 273.8 million) by available unused credit facilities. Thus, the liquidity reserves decreased by EUR 32.3 million year-on-year, with EUR 91.8 million (at 31 March 2012 EUR 31.5 million) included in the current reserves, which relate to AT&S China and are subject to specific liquidity requirements.

The Company is authorised, subject to the approval of the Supervisory Board, to issue up to 12,950,000 new shares from authorised capital, as well as convertible bonds in a total nominal amount of up to EUR 100 million. Furthermore, the option

exists, subject to approval by the supervisory board, to sell treasury shares (at the balance sheet date the Group holds 2,577,412 treasury shares). With respect to a detailed explanation of the options regarding capital measures, reference is made to Note 22 "Share capital".

The Group has a clearly positive operating cash flow. The net cash flow from operating activities for the financial year 2012/13 amounts to EUR 71.7 million (in 2011/12 EUR 87.2 million). Thus, the investments made in the reporting year could be financed 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, most of which operate in the mobile devices segment, which is characterised by high volumes demanded. During the financial year ended 31 March 2013, 53% of the Group's total revenue was attributable to its five largest customers with individual absolute shares ranging from 5% to 23%.

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 Transaction, translation and economic risk are constantly monitored to guard against currency risk. In the Group transaction risks are initially managed by closing positions (netting), in general derivative financial instruments are used to hedge open positions.

Due to its Asian subsidiaries the Group is exposed to local currency risks. As a result of legal restrictions and the illiquidity of the currencies in question, local hedging transaction are possible only to a limited extent. Wherever required, the risk is transferred to Europe and hedged there. Moreover, the Group attempts to bring about a natural hedge of receivables and payables.

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

TAX RISK The Company operates globally and thus is subject to different tax systems. As long as the prerequisites for the establishment of a provision or a liability are not met, tax risks, i.e. national and international ones, are subsumed under financial risks and monitored accordingly. The main tax risks currently relate to the plants in India and China.

FINANCIAL MARKET RISKS Detailed information on market risks and derivative financial instruments is contained in Note I.B.l. "Summary of significant accounting 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 (currency rate or interest rate) with regard to the foreign currency or interest net position is determined. Correlations between different risk elements are not accounted for in 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 annual result of the Group would have been EUR 0.5 million lower (or higher, respectively) (in 2011/12 EUR 0.4 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. Further components of equity would not be directly affected through this sensitivity analysis. 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 all other currencies used in the Group would have had an impact on the result in the amount of EUR 0.2 million (in 2011/12 EUR 0.1 million). This effect would have been due to the measurement of trade receivables and payables as well as other balance sheet items to be measured through profit or loss. This statement is based on the assumption that there were no other changes.

All else being equal, a change in the US Dollar of 1% against the euro would have had an impact on the result in the amount of EUR 0.8 million (in 2011/12 EUR 0.8 million). This would have been due, on the one hand, to the measurement of trade receivables and payables denominated in US Dollar as well as financial balances and derivative financial instruments measured at fair value.

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 provide the equity holders with dividends and the other stakeholders with appropriate services, and on the other hand, maintaining an appropriate capital structure in order to optimise capital costs. Therefore, the amount of the dividend payments is adjusted to the respective requirements, capital is repaid to equity owners (cancellation of treasury shares), new shares are issued or the portfolio of other assets is changed.

As is customary in the industry, the Group monitors its capital based on net gearing, calculated from the ratio of net financial liabilities to equity. Net financial liabilities are calculated from financial liabilities less cash and cash equivalents as well as financial assets. The individual amounts for calculating the net financial liabilities and equity have to be taken directly from the consolidated balance sheet.

Unchanged on the prior year, the Group basically pursues the strategy to keep the gearing ratio under 80% in the medium and long-term, with short-term excesses being accepted. Net gearing as of 31 March 2013 amounted to 69.6% (at 31 March 2012 85.7%) and is thus well below the prior year level.

III. Segment Reporting

The segment information has been adapted according to the Management Approach Concept to the changed organisational structure, which is in use for the internal group reporting and is presented in the following (refer to I.B.b. "Segment reporting").

The primary reportable segments consist of the business units Mobile Devices, Industrial & Automotive and Advanced Packaging. The business unit Advanced Packaging is being established and has not yet reached the quantitative threshold for a separate reporting and is displayed in "Others". The group management as well as the financial activities are not divided into the mentioned segments and are also included in "Others".

The key factor for the operative management is the operating result. The reconciliation to consolidated amounts also 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. "Summary of significant accounting policies".

FINANCIAL YEAR 2012/13:

(in EUR 1,000)	Mobile Devices	Industrial & Automotive	Others	Elimination/ Consolidation	Group
Segment revenues	334,650	243,745	2,079	(38,801)	541,673
Intersegment revenues	(37,364)	(1,147)	(290)	38,801	–
Revenue from external customers	297,286	242,598	1,789	–	541,673
Operating result	21,175	11,967	(2,393)	145	30,894
Finance costs - net					(14,827)
Profit before tax					16,067
Income taxes					(1,965)
Profit for the year					14,102
Property, plant and equipment and intangible assets	383,203	49,095	7,417	–	439,715
Investments	29,667	4,246	1,544	–	35,457
Depreciation/amortisation	60,833	7,949	2,209	–	70,991

FINANCIAL YEAR 2011/12:

(in EUR 1,000)	Mobile Devices	Industrial & Automotive	Others	Elimination/ Consolidation	Group
Segment revenues	320,392	215,714	1,559	(23,485)	514,180
Intersegment revenues	(23,365)	–	(120)	23,485	–
Revenue from external customers ¹⁾	297,027	215,714	1,439	–	514,180
Operating result ²⁾	–	–	–	–	42,139
Finance costs - net					(9,887)
Profit before tax					32,252
Income taxes					(5,738)
Profit for the year					26,514
Property, plant and equipment and intangible assets	395,201	53,825	7,891	–	456,917
Investments	88,542	11,154	1,773	–	101,469
Depreciation/amortisation	51,334	8,089	1,794	–	61,217

INFORMATION BY GEOGRAPHIC REGION A presentation of revenues is given based on ship-to-region. Non-current assets (property, plant and equipment and intangible assets) are presented by the domicile of the Company and the subsidiaries.

Revenues broken down by customer region :

(in EUR 1,000)	Financial year	
	2012/13	2011/12
Austria	19,884	20,915
Germany	125,589	130,474
Hungary	21,131	38,808
Other European countries	49,669	38,679
Asia	255,046	206,612
Canada, USA, Mexico	63,262	72,882
Others	7,092	5,810
	541,673	514,180

Non-current assets broken down by domicile:

(in EUR 1,000)	31 March	
	2013	2012
Austria	26,056	27,576
China	383,157	395,135
Others	30,502	34,206
	439,715	456,917

¹⁾ As a result of a change in the method of foreign currency translation, there are minor differences in the disclosure of segment revenues compared to the Annual Report 2011/12.

²⁾ The operating result for the new segments cannot be calculated retrospectively for the financial year 2011/12, and an alternative presentation of current operating results on the basis of the old segments is not available for financial year 2012/13. For this reason, no comparative figures are disclosed for financial year 2011/12, and there is no alternative presentation of the operating result for financial year 2012/13.

IV. Notes to the Consolidated Statement of Profit or Loss

1. REVENUE

(in EUR 1,000)	Financial year	
	2012/13	2011/12
Main revenue	541,363	513,902
Incidental revenue	310	278
	541,673	514,180

2. TYPES OF EXPENSES The expense types of cost of sales, distribution costs and general and administrative costs are as follows:

(in EUR 1,000)	Financial year	
	2012/13	2011/12
Cost of materials	205,180	196,535
Staff costs	110,275	101,968
Depreciation/amortisation	70,970	61,206
Purchased services incl. leased personnel	34,019	30,490
Energy	32,398	30,505
Maintenance (incl. spare parts)	29,879	30,280
Transportation costs	10,372	9,598
Rental and leasing expenses	5,214	5,067
Change in inventories	1,444	(4,518)
Other	12,303	16,773
	512,054	477,904

In the financial years 2012/13 and 2011/12, the item "other" mainly relates to travel expenses, insurance expenses, IT service costs as well as legal and consulting fees.

3. RESEARCH AND DEVELOPMENT COSTS

The Group incurred research and development costs in the amount of TEUR 24,684 and TEUR 32,895 in the financial years 2012/13 and 2011/12, respectively. The above amounts represent only costs which can be directly allocated and which are recognised as expenses in cost of sales.

4. OTHER OPERATING RESULT

(in EUR 1,000)	Financial year	
	2012/13	2011/12
Income from the reversal of government grants	626	151
Government grants for expenses	1,537	4,228
Expenses from foreign exchange differences	(489)	(595)
Gains/(losses) from the sale of non-current assets	(777)	726
Start-up losses	(890)	(1,770)
Miscellaneous other income	1,268	3,123
	1,275	5,863

In the financial years 2012/13 and 2011/12, government grants for expenses mainly relate to export refunds as well as research and development awards. In both financial years the start-up losses relate to the construction of the plant in Chongqing, China. As in the financial year 2011/12, the item "miscellaneous other income" mainly relates to subsequent incoming receivables and the derecognition of other liabilities written off.

5. NON-RECURRING ITEMS In the past and previous financial year, no non-recurring costs or income were incurred.

6. FINANCE COSTS - NET

(in EUR 1,000)	Financial year	
	2012/13	2011/12
Interest income from financial assets at fair value through profit or loss and available-for-sale financial assets	5	90
Other interest income	489	127
Gains from the sale of cash equivalents	3	-
Gains from the sale of available-for-sale financial assets	30	-
Realised losses from derivative financial instruments, net	-	(32)
Gains from the measurement of derivative financial instruments at fair value, net	-	35
Foreign exchange gains, net	-	2,470
Finance income	527	2,690
Interest expense on bank borrowings and bonds	(13,860)	(12,197)
Realised losses from derivative financial instruments, net	(125)	-
Losses from the sale of cash equivalents and financial assets at fair value through profit or loss	-	(154)
Foreign exchange losses, net	(1,037)	-
Other financial expenses	(332)	(226)
Finance costs	(15,354)	(12,577)
Finance costs - net	(14,827)	(9,887)

7. INCOME TAXES The income taxes are broken down as follows:

(in EUR 1,000)	Financial year	
	2012/13	2011/12
Current income taxes	5,185	9,533
Deferred taxes	(3,220)	(3,795)
Total tax expense	1,965	5,738

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

(in EUR 1,000)	Financial year	
	2012/13	2011/12
Expected tax expense at standard Austrian tax rate	4,017	8,063
Effect of different tax rates in foreign countries	(1,700)	(4,105)
Non-creditable foreign withholding taxes	201	2,000
Effect of change in previously unrecognised tax losses and temporary differences	(1,966)	3,862
Effect of the change in tax rate	(922)	(3,023)
Effect of permanent differences	2,323	(1,093)
Effect of taxes from prior periods	13	23
Other tax effects, net	(1)	11
Total tax expense	1,965	5,738

Deferred tax assets and liabilities consist of the following items and loss carryforwards:

(in EUR 1,000)	31 March	
	2013	2012
Deferred tax assets		
Tax loss carryforwards including taxable goodwill	6,201	5,366
Non-current assets	13,357	10,591
Inventories	1,946	1,700
Trade and other receivables	680	31
Provisions for employee benefits	880	990
Temporary differences arising from shares in subsidiaries	629	979
Losses not yet realised from hedging instruments for cash flow hedges, recognised in equity	30	52
Others	1,292	544
Deferred tax assets	25,015	20,253
Deferred tax liabilities		
Non-current assets	(2,765)	(2,610)
Provisions for employee benefits	(135)	(115)
Other provisions	(115)	(84)
Trade payables	(659)	(455)
Temporary differences arising from shares in subsidiaries	(6,300)	(5,670)
Unrealised gains from securities available-for-sale, recognised in equity	(1)	(10)
Losses not yet realised from hedging instruments for cash flow hedges, recognised in equity	-	(1)
Others	(103)	(190)
Deferred tax liabilities	(10,078)	(9,135)
Deferred tax assets, net	14,937	11,118

Deferred tax assets and liabilities are netted if there is an enforceable right to offset current tax assets against current tax liabilities and when they are levied by the same taxation authority. The offset amounts are as follows:

(in EUR 1,000)	31 March	
	2013	2012
Deferred tax assets:		
- non-current	16,141	13,205
- current	5,182	3,614
	<u>21,323</u>	<u>16,819</u>
Deferred tax liabilities:		
- non-current	-	-
- current	(6,386)	(5,701)
	<u>(6,386)</u>	<u>(5,701)</u>
Deferred tax assets, net	<u>14,937</u>	<u>11,118</u>

At 31 March 2013 the Group has tax loss carryforwards and tax-deductible amortisation of goodwill amounting to a total of TEUR 174,218 (at 31 March 2012 TEUR 181,567), which for the most part can be carried forward for an unlimited period of time. For loss carryforwards amounting to TEUR 154,895 (at 31 March 2012 TEUR 164,701), included in this figure, deferred tax assets in the amount of TEUR 39,315 (at 31 March 2012 TEUR 41,667) were not recognised since it is unlikely that they could be realised in the foreseeable future. Of this amount, deferred tax assets in the amount of TEUR 1,052 (at 31 March 2012 TEUR 1,431) account for the measurement of treasury shares. Thus tax assets would have to be recognised directly in the Group's equity.

Deferred taxes (net) changed as follows:

(in EUR 1,000)	Financial year	
	2012/13	2011/12
Carrying amount at the beginning of the financial year	11,118	6,498
Currency translation differences	608	772
Income recognised in profit or loss	3,220	3,795
Income taxes recognised in equity	(9)	53
Carrying amount at the end of the financial year	<u>14,937</u>	<u>11,118</u>

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

(in EUR 1,000)	Financial year					
	2012/13			2011/12		
	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	22,285	–	22,285	34,764	–	34,764
Gains/(losses) from the fair value measurement of available-for-sale financial assets	(41)	13	(28)	(13)	–	(13)
Gains/(losses) on the measurement of hedging instruments for cash flow hedges	90	(22)	68	(216)	54	(162)
Other comprehensive income	22,334	(9)	22,325	34,535	54	34,589

V. Notes to the Consolidated Statement of Financial Position

8. PROPERTY, PLANT AND EQUIPMENT

(in EUR 1,000)	Land, plants and buildings	Machinery and technical equipment	Tools, fixtures, furniture and office equipment	Prepayments and construction in progress	Total
Net carrying amount					
31 March 2012	55,713	359,465	5,166	34,122	454,466
Exchange differences	2,326	15,253	45	1,713	19,337
Additions	107	16,313	1,121	17,554	35,095
Disposals	(36)	(926)	(50)	–	(1,012)
Transfers	–	18,544	–	(18,544)	–
Depreciation, current	(3,698)	(64,685)	(1,740)	–	(70,123)
Net carrying amount					
31 March 2013	54,412	343,964	4,542	34,845	437,763
At 31 March 2013					
Gross carrying amount	79,484	837,580	22,081	34,845	973,990
Accumulated depreciation	(25,072)	(493,616)	(17,539)	–	(536,227)
Net carrying amount	54,412	343,964	4,542	34,845	437,763
(in EUR 1,000)					
Net carrying amount					
31 March 2011	55,620	291,256	4,638	33,996	385,510
Exchange differences	4,292	27,755	82	2,896	35,025
Additions	614	61,945	2,291	32,223	97,073
Disposals	(2,194)	(409)	(98)	–	(2,701)
Transfers	784	34,175	34	(34,993)	–
Depreciation, current	(3,403)	(55,257)	(1,781)	–	(60,441)
Net carrying amount					
31 March 2012	55,713	359,465	5,166	34,122	454,466
At 31 March 2012					
Gross carrying amount	76,118	787,756	21,996	34,122	919,992
Accumulated depreciation	(20,405)	(428,291)	(16,830)	–	(465,526)
Net carrying amount	55,713	359,465	5,166	34,122	454,466

The value of the land included in "Land, plants and buildings" amounts to TEUR 1,576 (at 31 March 2012 TEUR 1,509).

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

ENCUMBRANCES In connection with the provision of collateral for various financing agreements, property, plant and equipment in the amount of TEUR 1,684 (at 31 March 2012 TEUR 1,843) has been pledged as collateral. Reference is made to Note 16 "Financial liabilities".

9. INTANGIBLE ASSET

(in EUR 1,000)	Industrial property and similar rights and assets, and licenses in such rights and assets	Goodwill	Total
Net carrying amount			
31 March 2012	2,451	–	2,451
Exchange differences	7	–	7
Additions	362	–	362
Amortisation, current	(868)	–	(868)
Net carrying amount			
31 March 2013	1,952	–	1,952
At 31 March 2013			
Gross carrying amount	14,486	6,478	20,964
Accumulated amortisation	(12,534)	(6,478)	(19,012)
Net carrying amount	1,952	–	1,952

(in EUR 1,000)	Industrial property and similar rights and assets, and licenses in such rights and assets	Goodwill	Total
Net carrying amount			
31 March 2011	2,543	–	2,543
Exchange differences	114	–	114
Additions	570	–	570
Amortisation, current	(776)	–	(776)
Net carrying amount			
31 March 2012	2,451	–	2,451
At 31 March 2012			
Gross carrying amount	14,420	6,136	20,556
Accumulated amortisation	(11,969)	(6,136)	(18,105)
Net carrying amount	2,451	–	2,451

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

10. OTHER NON-CURRENT ASSETS

(in EUR 1,000)	31 March	
	2013	2012
Prepayments	6,011	5,847
Deposits made	3,646	2,883
Carrying amount	9,657	8,730

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

11. INVENTORIES

(in EUR 1,000)	31 March	
	2013	2012
Raw materials and supplies	25,769	26,818
Work in progress	16,282	16,555
Finished goods	20,366	21,536
Carrying amount	62,417	64,909

The balance of write-downs of inventories recognised as expense amounts to TEUR 9,806 as of 31 March 2013 (at 31 March 2012 TEUR 8,931).

In connection with various financing agreements, inventories in the amount of TEUR 0 (at 31 March 2012 TEUR 8) serve as collateral. Reference is made to Note 16 "Financial liabilities".

12. TRADE AND OTHER RECEIVABLES

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

(in EUR 1,000)	31 March	
	2013	2012
Trade receivables	90,919	84,611
VAT receivables	11,521	16,676
Other receivables from authorities	3,728	6,049
Prepayments	3,187	2,699
Energy tax refunds	1,508	777
Deposits	420	356
Insurance reimbursements	–	194
Other receivables	600	4,204
Impairments	(81)	(83)
	111,802	115,483

At 31 March 2013 other receivables mainly include prepaid expenses and at 31 March 2012 in addition receivables from asset sales.

In connection with various financing agreements trade receivables amounting to TEUR 32,000 (at 31 March 2012 TEUR 40,000) serve as collateral. Reference is made to Note 16 "Financial liabilities".

The carrying amounts of trade and other receivables with consideration of impairments approximately correspond to their respective fair values.

REMAINING MATURITIES OF RECEIVABLES All receivables at 31 March 2013 and 31 March 2012 have remaining maturities of less than one year.

FACTORING At the balance sheet date 31 March 2013 receivables in the amount of TEUR 0 (TEUR 8,551) had been transferred to a bank under a non-recourse factoring arrangement and derecognised.

DEVELOPMENT OF PAST DUE RECEIVABLES AND
IMPAIRMENTS OF TRADE RECEIVABLES

At 31 March 2013:	Carrying amount	thereof: not impaired and not past due or insured	thereof: not impaired and not insured and past due for the following periods			
(in EUR 1,000)			less than 3 months	between 3 and 6 months	between 6 and 12 months	more than 12 months
Trade receivables	90,919	89,784	1,004	50	–	–

At 31 March 2012:	Carrying amount	thereof: not impaired and not past due or insured	thereof: not impaired and not insured and past due for the following periods			
(in EUR 1,000)			less than 3 months	between 3 and 6 months	between 6 and 12 months	more than 12 months
Trade receivables	84,611	83,553	536	439	–	–

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

Impairments of trade receivables changed as follows:

(in EUR 1,000)	Financial year	
	2012/13	2011/12
Impairments at the beginning of the financial year	83	89
Currency translation differences	(2)	(6)
Impairments at the end of the financial year	81	83

13. FINANCIAL ASSETS The carrying amounts of the financial assets are as follows:

(in EUR 1,000)	31 March 2013	thereof non-current	thereof current
Financial assets at fair value through profit or loss	770	–	770
Available-for-sale financial assets	96	96	–
	<u>866</u>	<u>96</u>	<u>770</u>

(in EUR 1,000)	31 March 2012	thereof non-current	thereof current
Financial assets at fair value through profit or loss	732	–	732
Available-for-sale financial assets	132	96	36
	<u>864</u>	<u>96</u>	<u>768</u>

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(in EUR 1,000)	31 March	
	2013	2012
Bonds	770	732

All bonds are denominated in euro.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

(in EUR 1,000)	Financial year	
	2012/13	2011/12
Carrying amount at the beginning of the financial year	132	156
Disposals	(5)	–
Unrealised gains/(losses) from the current period, recognised in equity	–	(20)
Realised gains/(losses) from the current period, removed from equity	(30)	–
Currency translation differences	(1)	(4)
Carrying amount at the end of the financial year	<u>96</u>	<u>132</u>

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

14. CASH AND CASH EQUIVALENTS

(in EUR 1,000)	31 March	
	2013	2012
Bank balances and cash on hand	80,225	29,729
Restricted cash	1	–
Carrying amount	<u>80,226</u>	<u>29,729</u>

At 31 March 2013 restricted cash relates to AT&S India.

The reported carrying amounts correspond to the respective fair values.

15. TRADE AND OTHER PAYABLES

(in EUR 1,000)	31 March 2013	Remaining maturity		
		Less than 1 year	Between 1 and 5 years	More than 5 years
Trade payables	55.129	55.129	–	–
Government grants	3.417	317	1.693	1.407
Liabilities to fiscal authorities and other state authorities	1.520	1.520	–	–
Liabilities to social security authorities	1.912	1.912	–	–
Liabilities from unconsumed vacations	3.582	3.582	–	–
Liabilities from stock options	180	119	61	–
Liabilities to employees	9.051	9.051	–	–
Other liabilities	6.505	5.718	787	–
Carrying amount	81.296	77.348	2.541	1.407

(in EUR 1,000)	31 March 2012	Remaining maturity		
		Less than 1 year	Between 1 and 5 years	More than 5 years
Trade payables	68.927	68.927	–	–
Government grants	2.650	146	788	1.716
Liabilities to fiscal authorities and other state authorities	1.997	1.997	–	–
Liabilities to social security authorities	1.712	1.712	–	–
Liabilities from unconsumed vacations	3.436	3.436	–	–
Liabilities from stock options	421	73	348	–
Liabilities to employees	13.564	13.564	–	–
Other liabilities	8.971	8.182	789	–
Carrying amount	101.678	98.037	1.925	1.716

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 income according to the useful life of the related property, plant and equipment.

Furthermore, the Group has 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, or, if necessary, the accrual amount is included in the liabilities, respectively.

LIABILITIES FROM STOCK OPTIONS At the Supervisory Board Meeting held on 8 November 2004 a stock option plan (2005-2008) was approved, which allows the Company to grant

stock options to the Management Board and executive employees, which can be settled in cash or by issuing equity instruments.

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 respectively at the date the option is exercised by the beneficiary.

The stock options may be granted between 1 April 2005 and 1 April 2008.

The exercise price is determined at the respective date of grant, representing the average AT&S share price over a period of six months prior to the date of grant plus 10%. The exercise price corresponds at least to the nominal value of a share of the Company.

Granted options vest gradually with 20% of the options after two years, 30% of the options after three years and 50% of the options after four years. 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 lapse without compensation.

In the 1st meeting of the nomination and compensation committee of the Supervisory Board on 17 March 2009 an additional stock option plan was approved, after it had been submitted for examination in the 55th Supervisory Board Meeting on 16 December 2008. This stock option plan 2009-2012 for the grant of stock options to be settled either in cash or equity instruments to members of the Management Board, managing directors and executive employees is consistent with the stock option plan 2005-2008.

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

The following table summarises information about all stock options granted until 31 March 2013.

	Date of grant				
	1 April 2012	1 April 2011	1 April 2010	1 April 2009	1 April 2008
Exercise price (in EUR)	9.86	16.60	7.45	3.86	15.67
31 March 2011	–	–	135,000	65,000	92,000
Number of options granted	–	118,500	–	–	–
Number of options forfeited	–	–	–	–	–
Number of options exercised	–	–	35,000	13,100	–
Number of options expired	–	–	–	–	30,000
31 March 2012	–	118,500	100,000	51,900	62,000
Number of options granted	118,500	–	–	–	–
Number of options forfeited	–	–	–	–	–
Number of options exercised	–	–	10,000	10,000	–
Number of options expired	30,000	30,000	1,500	1,500	62,000
31 March 2013	88,500	88,500	88,500	40,400	–
Remaining contract period of stock options	4 years	3 years	2 years	1 year	–
Fair value of granted stock options at the balance sheet date (in EUR 1,000)					
31 March 2012	–	120	222	269	3
31 March 2013	65	7	46	118	–

Reference is made to Note 27 "Related party transactions".

The weighted average share price on the day of execution of all options executed in the financial year is EUR 9.55 in the financial year 2012/13 (in 2011/12 EUR 14.55).

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 2009, 1 April 2010, 1 April 2011 and 1 April 2012:

Risk-free interest rate	0.02-0.29%
Volatility	32.52-37.41%

Volatility is calculated based on the daily share prices from 1 October 2009 until the balance sheet date.

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

At 31 March 2013 the stock options exercisable intrinsic value is TEUR 47 (at 31 March 2012 TEUR 90).

At 31 March 2013 16,150 stock options are exercisable from the grant of 1 April 2009. At 31 March 2012 11,900 stock options are exercisable from the grant of 1 April 2009 and 10,000 stock options from the grant of 1 April 2010.

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 EUR 1,000)	31 March 2013	Remaining maturity			Interest rate in %
		Less than 1 year	Between 1 and 5 years	More than 5 years	
Bonds	184,810	85,527	99,283	–	5.00-5.50
Export loans	32,000	32,000	–	–	0.84
Loans from state authorities:					
- Public authorities	409	161	248	–	2.00-2.50
Other bank borrowings	81,165	12,031	46,134	23,000	2.00-6.15
Derivative financial instruments ^{*)}	118	118	–	–	
Carrying amount	298,502	129,837	145,665	23,000	

(in EUR 1,000)	31 March 2012	Remaining maturity			Interest rate in %
		Less than 1 year	Between 1 and 5 years	More than 5 years	
Bonds	184,539	5,561	178,978	–	5.00-5.50
Export loans	40,000	40,000	–	–	1.72
Loans from state authorities:					
- Public authorities	404	161	243	–	2.00-2.50
Other bank borrowings	47,977	38,677	9,300	–	2.50-6.10
Derivative financial instruments ^{*)}	208	–	208	–	
Carrying amount	273,128	84,399	188,729	–	

^{*)} Reference is made to Note 19 “Derivative financial instruments”.

The bond with a total nominal value of EUR 80 million was placed by the Company on the Third Market of the Vienna Stock Exchange on 27 May 2008 with a maturity of five years. The bond is divided into amounts of EUR 50,000 and is exempt from the prospectus requirement pursuant to § 3 (1) 9 KMG (Austrian Capital Market Act). The annual fixed interest in the amount of 5.50% of the nominal value is payable subsequently on 27 May of each year.

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 EUR 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.

Both bonds are 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, 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.

For the plant in South Korea and the expansion in India, long-term financing was raised in the financial year 2009/10, which has to be repaid in semi-annual instalments until 31 March 2014. The variable interest was fully hedged by interest rate swaps. The main contract terms are as follows:

- Maintaining the 98.76% investment in AT&S Korea and the 100% investment in AT&S India
- No encumbrances on the investments

In order to refinance the capital need for the plant in Chongqing, a long-term loan was raised under an OeKB equity financing program. The loan will be repaid in semi-annual instalments between September 2014 and February 2020. 80 percent of the loan carries a fixed interest rate and 20 per-

cent a variable interest rate, with the variable portion scheduled to be repaid first. The main contract terms are as follows:

- Net debt/EBITDA max. 3
- Equity ratio at least 30%

The contractually agreed (undiscounted) interest and redemption payments of the financial liabilities at 31 March 2013 in consideration of interest rate hedging are as follows in the next financial years:

(in EUR 1,000)	Bonds	Export loans	Loans from state authorities	Other bank borrowings	Derivative financial instruments
2013/14					
Redemption	80,000	32,000	161	12,031	118
Fixed interest	9,400	–	6	2,492	–
Variable interest	–	273	–	370	–
2014/15					
Redemption	–	–	177	11,634	–
Fixed interest	5,000	–	2	2,127	–
Variable interest	–	–	–	230	–
2015/16					
Redemption	–	–	–	11,500	–
Fixed interest	5,000	–	1	2,066	–
Variable interest	–	–	–	23	–
2016/17					
Redemption	100,000	–	71	11,500	–
Fixed interest	5,000	–	1	1,662	–
Variable interest	–	–	–	–	–
2017/18					
Redemption	–	–	–	11,500	–
Fixed interest	–	–	–	1,219	–
Variable interest	–	–	–	–	–
after 2017/18					
Redemption	–	–	–	23,000	–
Fixed interest	–	–	–	1,089	–
Variable interest	–	–	–	–	–

No significant deviations from the agreed interest and capital payments are expected regarding term or amount.

At the prior-year balance sheet date 31 March 2012 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 EUR 1,000)	Bonds	Export loans	Loans from state authorities	Other bank borrowings	Derivative financial instruments
2012/13					
Redemption	–	40,000	161	38,677	–
Fixed interest	9,400	–	9	2,151	–
Variable interest	–	698	–	87	–
2013/14					
Redemption	80,000	–	172	9,300	208
Fixed interest	9,400	–	2	301	–
Variable interest	–	–	–	–	–
2014/15					
Redemption	–	–	–	–	–
Fixed interest	5,000	–	1	–	–
Variable interest	–	–	–	–	–
2015/16					
Redemption	–	–	–	–	–
Fixed interest	5,000	–	1	–	–
Variable interest	–	–	–	–	–
2016/17					
Redemption	100,000	–	71	–	–
Fixed interest	5,000	–	1	–	–
Variable interest	–	–	–	–	–

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.

(in EUR 1,000)	Carrying amounts 31 March		Fair values 31 March	
	2013	2012	2013	2012
Bonds	184,810	184,539	200,924	198,185
Export loans	32,000	40,000	32,000	40,000
Loans from state authorities	409	404	414	410
Other bank borrowings	81,165	47,977	89,671	48,628
Derivative financial instruments	118	208	118	208
	298,502	273,128	323,127	287,431

The determination of the fair values is based on the discounted value of future payments, and is calculated using current market interest rates.

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

(in EUR 1,000)	31 March	
	2013	2012
Euro	295,842	251,065
US Dollar	883	17,713
Chinese Renminbi Yuan	134	2,516
Indian Rupee	–	38
Korean Won	1,631	1,750
Japanese Yen	12	46
	298,502	273,128

Bank borrowings are secured as follows:

- through property, plant and equipment in the amount of TEUR 1,684 (at 31 March 2012 TEUR 1,843). Reference is made to Note 8 “Property, plant and equipment”;
- by inventories and trade receivables amounting to TEUR 32,000 (at 31 March 2012 TEUR 40,008). Reference is made to Note 11 “Inventories” and Note 12 “Trade and other receivables”.

The Group’s unused credit lines are as follows:

(in EUR 1,000)	31 March	
	2013	2012
Export credit lines - secured	8,000	–
Other credit lines - secured	163,071	253,819
Credit lines - unsecured	20,000	20,000
	191,071	273,819

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

(in EUR 1,000)	31 March	
	2013	2012
Less than 1 year	2,707	3,098
Between 1 and 5 years	8,407	8,144
Later than 5 years	4,468	6,852
	15,582	18,094

The Group entered into various operating lease agreements for the rental of office space, properties and production facilities, as well as factory and office equipment and technical equipment.

The obligations from operating leases are affected by a sale and lease back transaction concluded in the financial year 2006/07 for the properties and buildings in Leoben-Hinterberg and Fehring, Austria, with non-cancellable lease period until December 2021. The stated amounts also include TEUR 6,770 at 31 March 2013 (at 31 March 2012 TEUR 9,085) 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 are as follows:

(in EUR 1,000)	Financial year	
	2012/13	2011/12
Leasing and rental expenses	2,914	3,451

17. PROVISIONS FOR EMPLOYEE BENEFITS The provisions for employee benefits relate to pension, 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 salary and the Company's profit for the year. Contributions under these plans amounted to TEUR 503 in the financial year 2012/13 and to TEUR 509 in the financial year 2011/12.

DEFINED BENEFIT PLANS The Group operates non-contributory defined benefit plans for several members of the management board and other executive employees with no employees contribution required. The board members' and other executive employees' plans are funded and unfunded. Retirement benefits of board members and executive employees are based on their salaries and years of service.

FUNDED 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 compensation level. The severance payments range between half of a monthly salary per year of service and a fixed maximum. The obligations are covered by a life insurance.

UNFUNDED SEVERANCE PAYMENTS Employees in Austria, South Korea and China are entitled to receive severance payments, which are based upon years of service and compensation levels and are generally payable upon retirement and, under certain circumstances, upon leaving the company. In Austria the severance payments range from 2 to 12 months of final monthly salary depending on years of service, in South Korea and China a fixed amount is paid depending also on years of service.

For employees who joined on or after 1 January 2003, regular contributions are paid to a staff provision fund ("Mitarbeiter-Vorsorgekasse") without any further obligations on part of the Group. The contributions for the financial year 2012/13 amounted to TEUR 263 and for the financial year 2011/12 to TEUR 272.

OTHER BENEFIT OBLIGATIONS The employees of the companies in Austria and in China are entitled to anniversary bonuses for long-term service, in Austria the eligibility to and amount of which are stipulated in the Collective Agreement.

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

(in EUR 1,000)	Retirement benefits		Severance payments		Other employee benefits	
	Financial year		Financial year		Financial year	
	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12
Current service cost	69	10	1,192	1,075	868	759
Interest expense	496	486	598	530	132	118
Settlements	–	–	239	–	–	–
Expected return on plan assets	(386)	(459)	(52)	(47)	–	–
Actuarial losses/(gains)	356	19	169	44	797	545
Total expenses	535	56	2,146	1,602	1,797	1,422

Expenses for retirement, severance and other employee benefits are recognised in cost of sales, distribution costs and general and administrative costs.

Amounts accrued in the STATEMENT OF FINANCIAL POSITION are:

(in EUR 1,000)	31 March	
	2013	2012
(Overfunded) retirement benefits	(538)	(581)
Unfunded retirement benefits	1,175	1,053
Unfunded severance payments	10,238	9,701
Other employee benefits	3,793	3,141
Provisions for employee benefits	15,206	13,895
Accrued retirement, severance payment and other employee benefits, net	14,668	13,314

Retirement benefits and severance payments in the statement of financial position are as follows:

(in EUR 1,000)	Retirement benefits		Severance payments	
	31 March		31 March	
	2013	2012	2013	2012
Present value of funded obligations	11,949	10,078	723	614
Fair value of plan assets	(9,479)	(8,377)	(610)	(589)
Funded status funded obligations	2,470	1,701	113	25
Present value of unfunded obligations	1,175	1,052	14,656	12,954
Unrealised actuarial gains/(losses)	(3,008)	(2,281)	(4,531)	(3,277)
Unrecognised past service costs	–	–	–	(1)
Provisions/(receivables) reported in the statement of financial position, net	637	472	10,238	9,701
thereof receivables (overfunded benefits)	(538)	(581)	–	–
thereof provisions (unfunded benefits)	1,175	1,053	10,238	9,701

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

(in EUR 1,000)	Funded retirement benefits		Unfunded retirement benefits	
	Financial year		Financial year	
	2012/13	2011/12	2012/13	2011/12
Present value of retirement benefit obligation				
Present value at beginning of year	10,078	9,145	1,053	984
Current service cost	69	10	–	–
Interest expense	450	437	47	49
Actuarial losses/(gains)	1,517	912	271	20
Benefits paid	(165)	(426)	(196)	–
Present value at end of year	11,949	10,078	1,175	1,053
Fair value of plan assets				
Fair value at beginning of year	8,376	9,890		
Contributions to plan assets	176	32		
Expected return on plan assets	386	459		
Actuarial gains/(losses)	706	(1,579)		
Benefits paid	(165)	(426)		
Fair value at end of year	9,479	8,376		
Funded status funded retirement benefits	2,470	1,702		

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

(in %)	31 March	
	2013	2012
Debt securities	36%	46%
Equity securities	41%	29%
Real estate	6%	4%
Cash and cash equivalents	17%	21%
	100%	100%

The expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the end of the reporting period. Expected returns on equity and property investments reflect long-term real rates of return experienced in the respective markets.

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

(in EUR 1,000)	Funded severance payments		Unfunded severance payments	
	Financial year		Financial year	
	2012/13	2011/12	2012/13	2011/12
Present value of severance payment obligation				
Present value at beginning of year	614	628	12,954	10,236
Exchange differences	(15)	(44)	37	21
Current service cost	45	48	1,147	1,027
Interest cost	49	49	549	481
Actuarial losses/(gains)	46	20	1,377	1,846
Settlements	–	–	239	–
Benefits paid	(16)	(87)	(1,646)	(657)
Present value at end of year	723	614	14,657	12,954
Fair value of plan assets				
Fair value at beginning of year	589	575		
Exchange differences	(15)	(42)		
Contributions to plan assets	–	96		
Expected return on plan assets	52	47		
Benefits paid	(16)	(87)		
Fair value at end of year	610	589		
Funded status	113	25		

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

(in EUR 1,000)	Financial year	
	2012/13	2011/12
Present value at beginning of year	3,141	2,338
Exchange differences	66	112
Service cost	868	759
Interest expense	132	118
Actuarial losses/(gains)	797	545
Benefits paid	(1,211)	(731)
Present value at end of year	3,793	3,141

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

	Retirement benefits		Severance payments		Other employee benefits (anniversary bonuses)	
	31 March		31 March		31 March	
	2013	2012	2013	2012	2013	2012
Discount rate	3.75%	4.5%	3,75-8%	4.5-8.5%	2.5-3.75%	2.8-4.5%
Expected return on plan assets	4.65%	4.65%	8%	8%	-	-
Expected rate of compensation increase	2.25%	2.25%	3-7.75%	3-7.75%	3-13%	3-11%
Expected rate of pension increase	2%	2%	-	-	-	-
Retirement age	65	65	Individual according to respective local legislation	Individual according to respective local legislation	-	-

18. OTHER PROVISIONS

(in EUR 1,000)	Total	Warranty	Restructuring Leoben	Others
Carrying amount 31 March 2012	13,586	732	12,347	507
Utilisation	(1,350)	(112)	(789)	(449)
Reversal	(705)	(350)	-	(355)
Addition	865	137	-	728
Interest effect	(348)	-	(348)	-
Exchange differences	11	(2)	-	13
Carrying amount 31 March 2013	12,059	405	11,210	444

(in EUR 1,000)	Total	Warranty	Restructuring Leoben	Others
Carrying amount 31 March 2011	14,665	927	12,883	855
Utilisation	(1,883)	(196)	(760)	(927)
Reversal	(718)	(63)	-	(655)
Addition	1,313	77	-	1,236
Interest effect	224	-	224	-
Exchange differences	(15)	(13)	-	(2)
Carrying amount 31 March 2012	13,586	732	12,347	507

(in EUR 1,000)	31 March	
	2013	2012
thereof non-current	10,437	11,422
thereof current	1,622	2,164
Carrying amount	12,059	13,586

WARRANTY PROVISION The provision for warranty 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.

PROVISION FOR THE RESTRUCTURING LEOBEN This provision relates to future vacancy costs for no longer used building space based on the non-cancellable property

lease obligation. 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.

OTHER PROVISIONS Other provisions relate to provisions for other onerous contracts.

19. DERIVATIVE FINANCIAL INSTRUMENTS The derivative financial instruments mainly relate to currency swaps 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:

(in EUR 1,000)	31 March 2013		31 March 2012	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps at fair value	–	118	–	208
Total market values	–	118	–	208
Net of current portion:				
Interest rate swaps at fair value	–	118	–	–
Current portion	–	118	–	–
Non-current portion	–	–	–	208

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:

Currency	31 March 2013		31 March 2012	
	Nominal amount (in 1,000 local currency)	Market value (in EUR 1,000)	Nominal amount (in 1,000 local currency)	Market value (in EUR 1,000)
Euro	9,300	(118)	15,500	(208)

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

(in months)	31 March	
	2013	2012
Interest rate swaps	12	24

At 31 March 2013, the fixed interest rates for interest rate swaps are 2.34% and 1.84%, the variable interest rate is based on the 6-month EURIBOR.

20. ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS

CARRYING AMOUNTS AND AMOUNTS STATED BY MEASUREMENT CATEGORY The carrying amounts and amounts stated of financial instruments included in several items in the statement of financial position by measurement category are as follows at the balance sheet date:

(in EUR 1,000) 31 March 2013	Fair values through profit or loss	Fair values in equity	Amortised cost	Total
Assets				
Non-current assets				
Financial assets	–	96	–	96
Current assets				
Trade and other receivables	–	–	91.438	91.438
Financial assets	770	–	–	770
Cash and cash equivalents	–	–	80.226	80.226
Liabilities				
Non-current liabilities				
Financial liabilities	–	–	168.665	168.665
Current liabilities				
Trade and other payables	–	–	64.180	64.180
Financial liabilities	–	118	129.719	129.837
<hr/>				
(in EUR 1,000) 31 March 2012	Fair values through profit or loss	Fair values in equity	Amortised cost	Total
Assets				
Non-current assets				
Financial assets	–	96	–	96
Current assets				
Trade and other receivables	–	–	88.925	88.925
Financial assets	732	36	–	768
Cash and cash equivalents	–	–	29.729	29.729
Liabilities				
Non-current liabilities				
Financial liabilities	–	208	188.521	188.729
Current liabilities				
Trade and other payables	–	–	82.490	82.490
Financial liabilities	–	–	84.399	84.399

VALUATION HIERARCHIES OF FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE Three valuation hierarchies have to be distinguished in the valuation of financial instruments measured at fair value.

- Level 1: The fair values are determined based on quoted market prices in an active market for identical financial instruments.
- Level 2: If there are no quoted market prices in an active market, fair value is established by using a valuation technique that makes maximum use of market inputs.
- Level 3: In this case, valuation methods to establish the fair value are based on non-market data.

The allocation of financial instruments measured at fair value to the three measurement hierarchies are as follows at the balance sheet date:

(in EUR 1,000) 31 March 2013	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss:				
- Bonds	770	-	-	770
Available-for-sale financial assets	96	-	-	96
Financial liabilities				
Derivative financial instruments				
	-	118	-	118

(in EUR 1,000) 31 March 2012	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss:				
- Bonds	732	-	-	732
Available-for-sale financial assets	132	-	-	132
Financial liabilities				
Derivative financial instruments				
	-	208	-	208

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 EUR 1,000)	Financial year	
	2012/13	2011/12
Loans and receivables	(450)	(2,029)
Financial assets at fair value through profit or loss	(89)	19
Available-for-sale financial assets	37	7
Financial liabilities at amortised cost	(14,897)	(9,728)
	(15,399)	(11,731)

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.

TEUR -942 in net expense (in 2011/12 TEUR -2,156 in net expense) of the total net result from financial instruments is included in the operating result, and TEUR -14,457 (in 2011/12: TEUR -9,575 in net expense) in "Finance costs – net".

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 2013 the Group has other financial commitments amounting to TEUR 16,854 (at 31 March 2012 TEUR 20,499) in connection with contractually

binding investment projects. Furthermore, at the balance sheet date the Group has contingent liabilities to customs authorities and from bank guarantees in the amount of TEUR 1,424 (at 31 March 2012 TEUR 3,590). Other guarantees or contingencies relating to the ordinary business operations do not exist at the balance sheet date.

22. SHARE CAPITAL

	Outstanding shares (in 1,000 shares)	Ordinary shares (in EUR 1,000)	Share premium (in EUR 1,000)	Treasury shares, net of tax (in EUR 1,000)	Share capital (in EUR 1,000)
31 March 2011	23,323	28,490	63,542	(47,557)	44,475
Change in treasury shares, net of tax	–	–	–	1,060	1,060
31 March 2012	23,323	28,490	63,542	(46,497)	45,535
Change in treasury shares, net of tax	–	–	–	379	379
31 March 2013	23,323	28,490	63,542	(46,118)	45,914

ORDINARY SHARES At 31 March 2013 the share capital in the amount of TEUR 28,490 is made up of 25,900,000 no-par value shares with a notional value of EUR 1.10 per share.

OUTSTANDING SHARES The number of shares issued amounts to 25,900,000. At the balance sheet date 31 March 2013 2,577,412 treasury shares were held by the Group, 23,322,588 shares were outstanding.

AUTHORISED SHARE CAPITAL By a resolution passed at the 16th Annual General Meeting on 7 July 2010 the Management Board was authorised to increase the share capital by a nominal amount of up to TEUR 14,245 until 6 July 2015, if required, in several tranches upon approval by the Supervisory Board by issuing up to 12,950,000 no-par value bearer shares paid for in cash or contribution in kind, partially or entirely excluding the existing shareholders' subscription rights, and to set the detailed issue conditions in agreement with the Supervisory Board. The Supervisory Board is authorised to adopt changes to the articles of association that are due to the issuance of shares from the authorised capital.

CONVERTIBLE BONDS A resolution passed at the 16th Annual General Meeting on 7 July 2010 authorised the Management Board upon approval by the Supervisory Board to issue convertible bonds in accordance with § 174 (2) AktG (Austrian Stock Corporation Act) at a maximum nominal value of TEUR 100,000 (in several tranches) until 6 July 2015, to set the issue conditions and the conversion method and to exclude

the existing shareholders' subscription rights. This authorisation may be exercised in full or in part.

CONDITIONAL CAPITAL INCREASE A resolution was passed at the 16th Annual General Meeting on 7 July 2010 to perform a conditional capital increase in accordance with § 160 (2) AktG (Austrian Stock Corporation Act) and to grant stock options and conversion rights to creditors of convertible bonds by a nominal amount of TEUR 14,245 by issuing up to 12,950,000 new common bearer shares. Furthermore, the Management Board was authorised to set the further details of the conditional capital increase. The Supervisory Board is authorised to adopt changes (due to the issuance of shares from the conditional capital increase) to the articles of association. The new issued shares resulting from the conditional capital increase are fully entitled to dividends for the financial year in which they were issued.

TREASURY SHARES At the 16th Annual General Meeting on 7 July 2010 the Management Board in accordance with § 65 (1) 8 AktG (Austrian Stock Corporation Act) was authorised again to acquire treasury shares of up to 10% of the share capital within 30 months as of the date the resolution was passed (the purchase price per no-par value share to be acquired shall not be below EUR 1.10 and shall not exceed EUR 110) and to cancel the treasury shares acquired without an additional shareholders' resolution, or to use them for the Group's stock option plan. The Supervisory Board is authorised to pass amendments to the articles of association, which result from the issue of shares from authorised capital.

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 TEUR 47,484. In the financial year 2012/13 shares were neither sold nor used for servicing the Company's stock option plan. At 31 March 2013 the Group still holds 2,577,412 treasury shares (unchanged to prior year) (9.95% of the share capital) with a total purchase price of TEUR 46,577. The change in treasury shares (net of tax) in the financial year 2012/13 and 2011/12 exclusively relates to taxes attributable to this equity instrument.

At the 16th Annual General Meeting on 7 July 2010 the Management Board in accordance with § 65 (1b) AktG was authorised again, for a period of five years as of the date the resolu-

tion was passed, i.e. up to and including 6 July 2015, upon approval by the Supervisory Board, to sell the purchased treasury shares also in a different way than via the stock exchange or by public offer, in particular to service stock options, convertible bonds, as consideration for the acquisition of companies, investments or other assets and for the sale by means of an accelerated book-building procedure. In doing so, the subscription rights of existing shareholders' may be excluded in accordance with §§ 169 to 179 AktG and the authorisation exercised in its entirety or in several parts.

DIVIDEND PER SHARE In the financial year 2012/13 a dividend of EUR 0.32 was paid per share (in 2011/12 EUR 0.36).

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 EUR 1,000)	Currency translation differences	Available-for-sale financial assets	Hedging instruments for cash flow hedges	Other reserves
Carrying amount as of 31 March 2011	(12,081)	44	5	(12,032)
Balance of unrealised changes before reclassification, net of tax	34,762	(13)	(160)	34,589
Transfer of realised changes recognised in the profit for the year, net of tax	–	–	(2)	(2)
Carrying amount as of 31 March 2012	22,681	31	(157)	22,555
Balance of unrealised changes before reclassification, net of tax	22,282	(8)	5	22,279
Transfer of realised changes recognised in the profit for the year, net of tax	–	(20)	63	43
Carrying amount as of 31 March 2013	44,963	3	(89)	44,877

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".

VI. Other Disclosures

24. EARNINGS PER SHARE Earnings per share is calculated in accordance with IAS 33 „Earnings Per Share“.

WEIGHTED AVERAGE OF OUTSTANDING SHARES

The number of shares issued is 25,900,000. At 31 March 2013 2,577,412 treasury shares are held, which are deducted in the calculation of earnings per share.

The weighted average number of outstanding shares for the basic earnings per share calculation amounts to 23.3 million in the financial year 2012/13 and to 23.3 million in the financial year 2011/12.

The weighted average number of outstanding shares for the diluted earnings per share calculation amounts to 23.3 million in the financial year 2012/13 and to 23.4 million in the financial year 2011/12.

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

(in 1,000)	Financial year	
	2012/13	2011/12
Weighted average number of shares outstanding - basic	23,323	23,323
Diluting effect of options	17	48
Weighted average number of shares outstanding - diluted	23,340	23,371

BASIC EARNINGS PER SHARE Basic earnings per share are calculated by dividing the profit for the period attributed to the equity holders of the Company by the weighted average number of outstanding ordinary shares of the same period.

	Financial year	
	2012/13	2011/12
Profit for the year (in EUR 1,000)	14,101	26,550
Weighted average number of outstanding shares - basic (in 1,000)	23,323	23,323
Basic earnings per share (in EUR)	0.60	1.14

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. The potentially outstanding ordinary shares comprise the additional shares to be issued for exercisable options and are included in diluted earnings per share under the assumption that these shares are diluted.

	Financial year	
	2012/13	2011/12
Profit for the year (in EUR 1,000)	14,101	26,550
Weighted average number of outstanding shares - diluted (in 1,000)	23,340	23,371
Diluted earnings per share (in EUR)	0.60	1.14

According to IAS 33 the treasury shares which are held to fulfil the stock option plan do not dilute the outstanding shares.

25. PROPOSAL ON PROFIT DISTRIBUTION

According to the provisions of the Austrian Stock Corporation Act („Aktiengesetz“) the local financial statements of AT & S Austria Technologie & Systemtechnik Aktiengesellschaft as of 31 March 2013 prepared under Austrian GAAP serve as the basis for the distribution of dividends. These financial statements reported retained earnings amounting to TEUR 19,383 at 31 March 2012 (at 31 March 2012 TEUR 24,237).

The distribution is subject to the resolution of the General Meeting. The Management Board and the Supervisory Board propose to the General Meeting to distribute a dividend of TEUR 4,665 from retained earnings and to carry forward the remaining balance. This profit distribution corresponds to a dividend of EUR 0.20 per outstanding no-par value share entitled to dividend at 31 March 2013 (with a total of 23,322,588 no-par value shares entitled to dividend at 31 March 2013).

26. MATERIAL EVENTS AFTER THE BALANCE SHEET DATE After balance sheet date no material events occurred.

27. RELATED PARTY TRANSACTIONS In connection with various projects the Group received services from legal and consulting companies owned by the chairman of the Supervisory Board (AIC Androsch International Management Consulting GmbH, Vienna) or by Supervisory Board members (Dörflinger Management & Beteiligungs GmbH, Vienna and Rechtsanwälte Riedl & Ringhofer, Vienna). The fees charged are as follows:

(in EUR 1,000)	Financial year	
	2012/13	2011/12
AIC Androsch International Management Consulting GmbH	365	385
Rechtsanwälte Riedl & Ringhofer	–	4
Dörflinger Management & Beteiligungs GmbH	6	4
	371	393

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 2012/13 and until the date of issuance of these consolidated financial statements the following persons served on the MANAGEMENT BOARD:

- Andreas Gerstenmayer (Chairman)
- Heinz Moitzi
- Thomas Obendrauf (until 31 March 2013)

In the financial year 2012/13 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
- Johann Fuchs
- Sabine Fussi
- Günther Wölfler

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

	Number of outstanding stock options 31 March		Staff costs Financial year (in EUR 1,000)	
	2013	2012	2012/13	2011/12
Andreas Gerstenmayer	120,000	80,000	(41)	(43)
Heinz Moitzi	114,000	114,000	(67)	(170)
Thomas Obendrauf	–	34,500	(18)	–
Steen Ejlskov Hansen	–	–	–	(19)
Total Management Board	234,000	228,500	(126)	(232)
Total other executive employees	71,900	103,900	(37)	(101)
	305,900	332,400	(163)	(333)

The stock options of Thomas Obendrauf were exercisable until the retirement date (expiration of employment contract) on 31 March 2013. Granted stock options not exercised until 31 March 2013 lapsed without compensation. In addition, 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 EUR 1,000)	Financial year 2012/13			Financial year 2011/12		
	Fixed	Variable	Total	Fixed	Variable	Total
Andreas Gerstenmayer	396	–	396	388	203	591
Heinz Moitzi	310	–	310	308	190	498
Thomas Obendrauf	499	–	499	322	212	534
Steen Ejlskov Hansen	–	–	–	–	242	242
Executive employees	3,446	124	3,570	3,445	711	4,156
			4,775			6,021

The fixed compensation in the financial year 2012/13 of Thomas Obendrauf includes contractual severance payments and other claims in connection with the early termination of the management contract.

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

(in EUR 1,000)	Severance payments Financial year		Retirement benefits Financial year	
	2012/13	2011/12	2012/13	2011/12
Management Board and executive employees	186	114	645	218

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

(in EUR 1,000)	Financial year 2012/13			Financial year 2011/12		
	Fixed	Variable	Total	Fixed	Variable	Total
Hannes Androsch	35	–	35	33	11	44
Willibald Dörflinger	27	–	27	29	6	35
Regina Prehofer	25	–	25	15	6	21
Karl Fink	24	–	24	24	6	30
Albert Hochleitner	24	–	24	23	6	29
Gerhard Pichler	24	–	24	23	6	29
Georg Riedl	24	–	24	23	6	29
Karin Schaupp	22	–	22	16	6	22
	205	–	205	186	53	239

Shareholdings and stock options of members of the Management Board and the Supervisory Board as of 31 March 2013:

	Shares	Stock options	Total shares and stock options	% capital
Management Board members	1,672	234,000	235,672	0.91
Supervisory Board members:				
Hannes Androsch	445,853	–	445,853	1.72
Other members of the Supervisory Board	28,412	–	28,412	0.11
Total Supervisory Board members	474,265	–	474,265	1.83
Private foundations:				
Androsch Privatstiftung	5,570,666	–	5,570,666	21.51
Dörflinger Privatstiftung	4,594,688	–	4,594,688	17.74
Total private foundations	10,165,354	–	10,165,354	39.25
	10,641,291	234,000	10,875,291	41.99

28. EXPENSES FOR THE GROUP AUDITOR

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

(in EUR 1,000)	Financial year	
	2012/13	2011/12
Audit of consolidated and separate financial statements	147	123
Other assurance services	19	29
Other services	22	5
	188	157

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.

29. NUMBER OF STAFF

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

	Financial year	
	2012/13	2011/12
Waged workers	5,802	5,928
Salaried employees	1,519	1,489
	7,321	7,417

The calculation of the number of staff includes an average of 3,455 temporary workers for the financial year 2012/13 and an average of 3,730 for the financial year 2011/12.

Leoben-Hinterberg, 7 May 2013

The Management Board

Andreas Gerstenmayer m.p.

Heinz Moitzi m.p.

Group Management Report 2012/13

1. COMPANY PROFILE AT&S is one of the market leaders in the industry worldwide and the largest manufacturers of printed circuit boards in Europe and India. The plant in Shanghai is the largest plant in China specializing in HDI technology. The product portfolio of AT&S includes single-sided, double-sided, multi-layer, HDI (High Density Interconnection, a multi-layer printed circuit board with extremely fine structures), flexible, rigid-flexible and semi-flexible types of printed circuit boards. The service spectrum includes various technologies for the treatment of printed circuit boards using various base materials.

The trend towards miniaturization and more complex components characterizes the main technological challenges in the printed circuit board industry. Smartphones, for instance, are equipped with new additional functions, computers like notebooks, ultrabooks, and multimedia tablets are becoming ever more powerful while at the same time getting constantly lighter. In industrial electronics, medical technology, aviation, and industrial computers, the technological progress will also result in a wider range of applications for high-tech circuit boards. In the automotive segment, the proportion of electronics is also constantly rising, not least due to the ever increasing demands on security systems and car infotainment. The trend towards miniaturization and more complex components generally characterizes the technological challenges for printed circuit board manufacturers.

Think global – act local: With manufacturing plants in Europe and Asia as well as a distribution network spanning four continents, AT&S supplies internationally operating corporations. At the same time, AT&S also serves the demand from smaller companies and produces prototypes and small series. With its current production capacities, AT&S is able to service the volume production existing mainly in Asia, as well as the European niche business. The products are sold directly to original equipment manufacturers (OEM) and contract electronic manufacturers (CEM).

In terms of technology, AT&S is also one of the leading printed circuit board manufacturers. The excellent performance in the area of research and development is an important prerequisite for that. AT&S is working in networks of customers, suppliers and research institutions on the latest innovative techniques. In addition, the Company has profound long-term experience in the area of industrial large series production. The ongoing optimization of the business processes is one of the major core elements of the corporate strategy.

2. BUSINESS DEVELOPMENT AND CLIMATE In the past calendar year, the global demand for printed circuit boards in the high technology sector continued to rise, whereas the demand for technologically simpler printed circuit boards declined. The price pressure is generally increasing in the industry. For the medium to long term, we continue to expect attractive growth rates in the markets addressed by us - mobile devices, automotive and medical technology.

The mobile devices segment with the applications smartphones and tablet PCs will continue to be an important growth factor. The share of smartphones in the entire mobile phone market will increase further. A good development is also expected in the automotive segment, especially in China. Moderate growth is expected for the industrial sector, primarily in Europe.

The past financial year also saw the industry-specific seasonal fluctuations, even though the fluctuations in the past financial year were significantly lower than in the previous financial year. Due to delayed project starts at major customers, the first and second quarters were characterized by fairly low utilization, whereas in the third quarter we managed to generate the highest quarterly revenue in AT&S history of EUR 150.3 million. The main reason for the lower seasonal fluctuations in the current financial year is the more-than-proportional increase in sales in the industrial & automotive segment, which is characterized by a fairly stable development.

For the entire financial year 2012/13, revenue increased by EUR 27.5 million or 5% to EUR 541.7 million.

In geographical terms, a further shift of production activity from Europe to Asia becomes apparent as a result of the additionally installed capacities. Thus, the share of the segment net revenue of Asia in total revenue already amounts to 74% in the financial year (in the previous year: 73%). In the Europe segment, we managed to win additional interesting contracts in the area of small series and niche products.

The business unit mobile devices with a share in sales of 55% (prior year: 58%) continues to be the segment of the AT&S Group with the highest sales. The generated revenue at EUR 297.3 million was slightly higher than in the year before. As in the previous year, the geographical distribution of revenue continued to shift towards Asia.

With revenue reaching EUR 242.6 million, the business unit industrial & automotive managed to generate an increase of 12%. In the past financial year, this segment also saw the trend

towards a growing demand in the Asia region. In particular the demand for printed circuit boards for the automotive industry increased significantly in Asia. At the same time, demand in the industrial as well as automotive segments declined slightly in Europe.

Gross profit declined year-on-year from EUR 83.5 million to EUR 76.9 million, thus by EUR 6.6 million, due primarily to the capacity expansions completed in the financial year 2011/12 and the resulting higher annual depreciation in the past financial year. This negative effect of EUR 9.9 million could be compensated only in part through efficiency measures. Administrative and distribution costs remained unchanged over the previous year, other comprehensive income declined EUR 4.6 million mainly due to the decrease in research funds and positive one-off effects from the sale of a property in the financial year 2011/12. Overall, EBIT declined to EUR 30.9 million (prior year: EUR 42.1 million). The EBIT margin thus amounts to 5.7% and is down 2.5% on the 2011/12 financial year.

The segment result of the business unit mobile devices amounted to EUR 21.2 million, with an EBIT margin of 7.1%. The business unit industrial & automotive generated an EBIT of EUR 12.0 million and thus an EBIT margin of 4.9%. At the balance sheet date 31 March 2013, consolidated equity amounts to EUR 312.5 million and increased EUR 29.4 million year-on-year. The increase is due to the profit for the year of EUR 14.1 million, whereas other comprehensive income decreased to EUR 22.3 million mainly due to currency differences. The equity ratio of 43% at the balance sheet date equals an increase of around 2 percentage points over the previous balance sheet date and continues to show a strong equity position.

In the financial year 2012/13, net debt of the AT&S Group decreased by EUR 25.1 million to EUR 217.4 million. Due to the high operating cash flow of EUR 71.7 million, investment expenses of EUR 40.6 million could be funded through current operations. The gearing ratio at the balance sheet date of 69.6% is significantly lower than the prior year figure of 85.7%. For details on the calculation method of the ratios and additional explanations, reference is made to the notes to the consolidated financial statements, section "II. Risk report".

Under the investing activities of AT&S, additions to property, plant and equipment and intangible assets totalled EUR 35.5 million in the financial year 2012/13. The investments relate to the construction of the site in Chongqing, China, but also to equipment for new technologies and innovation projects in Shanghai and in the Austrian plants.

On an annual average, AT&S had 7,321 employees (including leased personnel) in the financial year 2012/13, and thus 96 less than the prior-year average (2011/12: 7,417).

Well trained and motivated staff is a key factor in keeping up with international competition. Therefore, AT&S pays special attention to training and education programmes that are designed to promote intercultural skills in addition to professional competencies. In technical trainings, intercultural trainings, and special management and executive development programs AT&S staff is adequately prepared for current and future challenges. In order to promote young talent apprentices are trained in five different fields of specialization in Austria, and in India AT&S is heavily involved in a training program for industrial workers.

A transparent and performance-oriented compensation system promotes the entrepreneurial thinking and acting of staff. Since the financial 2010/11, the bonus system has been based on the key ratios EBIT, cash earnings and ROCE, and thus has remained unchanged over the previous year.

Sustained management and economical use of available resources are of the highest priority for AT&S. To that end, it is necessary to create a good basis in order to manage processes efficiently. AT&S created an integrated management system as basis, which combines the factors quality, environment and safety. The fact that AT&S attaches great importance to environmental management is demonstrated by the introduction of the management system ISO14001 already in the 1996/97 financial year. ISO9001 and ISOTS16949 (Quality Management – norms) and OHSAS18001 (Occupational Health and Safety – norm) complement the spectrum. Regular internal audits and annual monitoring and triannual recertification audits monitor the implementation of the regulatory requirements. In the financial year 2012/13, the compliance with all requirements was again confirmed by independent third parties.

A key component of the norms is the continuous development and improvement of existing systems. Projects implemented at various locations in the world to enhance safety and health protection are reflected in the key ratios. A multi-year comparison showed that the accident rate could be reduced continuously as a result. The efficient use of resources is another component of a continuous development in the environmental field. The focus is on improving processes, procedures and products in order to produce with the lowest possible impact on the environment and human beings. In order to achieve that, there are global goals, such as the reduction of CO₂ emissions per m² printed circuit board, the minimization of fresh water consumption and improvements in waste management,

such as recycling of reusable materials or waste avoidance. As umbrella for all measures on that subject, AT&S launched the project “sustainable AT&S” in the past year, aimed at integrating sustainability into all processes. A first step was successfully completed in March 2013 with the internal sustainability report, confronting the employees for the first time directly with the concept and future measures, and subsequently integrating them into the activities.

At all locations, AT&S exceeds the statutory minimum requirements regarding environment and safety. In the course of external audits, AT&S was already regarded as industry benchmark by certification as well as local authorities. This is also reflected by numerous awards and distinctions received by AT&S in China, India, and Austria for their commitment to environmental protection and occupational safety.

The main raw materials used in the financial year 2012/13 included approx. 585 kg of pure gold (2011/12: 645 kg), 2,014 tons of copper (2011/12: 2,001 tons), 11.2 million m2 of laminates (2011/12: 10.8 million m2), and approx. 53,260 tons of different chemicals (2011/12: 53,200 tons). The electricity demand in the financial year 2012/13 amounted to around 342 GWh (2011/12: 309 GWh).

Regarding material events after the balance sheet date, reference is made to the disclosures in the notes to the consolidated financial statements, Note 26 “Material events after the balance sheet date”.

3. SUBSIDIARIES AND REPRESENTATIVE OFFICES

In the past financial year, AT&S decided to enter into a new business field with its subsidiary AT&S (Chongqing) Company Limited. It is planned to produce high-tech IC substrates (integrated circuit substrates) in the new plant in Chongqing, China. The building in Chongqing has already been completed. In January, the Management Board successfully concluded negotiations on an agreement with a strategic partner. The investment phase will be 3 years and will entail expenditure of approximately EUR 350 million. First revenues are expected to be generated in the year 2016.

In the financial year 2012/13, AT&S Austria Technologie & Systemtechnik Aktiengesellschaft transferred the 100% stake in AT&S (China) Company Limited to AT&S Asia Pacific Limited.

The subsidiary AT&S Korea Co., Ltd. experienced a very positive development in the past financial year. Revenue could be increased significantly due in particular to new contracts in the medical technology segment. In line with the revenue, the result also saw a positive development.

AT&S India Private Limited also experienced a positive development. Although revenue could not be increased considerably, the result improved significantly due to efficiency measures and a now stable energy supply for the production location.

The plant in Leoben successfully continued its development from niche to prototype production in the past years. The utilization in the Fehring plant is positive again, following the change from a 4-shift to a 3-shift operation.

In the past financial year, the subsidiary AT & S Klagenfurt Leiterplatten GmbH faced underutilization and growing price pressure.

In order to even better attend to our American customers, a new sales office was opened in Chicago in spring 2012. As part of the subsidiary AT&S Americas LLC, this office is the second location in the U.S.A.

4. CAPITAL STRUCTURE AND DISCLOSURES ON SHAREHOLDER RIGHTS

As of 31 March 2013, the share capital of AT&S amounts to EUR 28,490,000 and is made up of 25,900,000 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 one par-value share entitling to one vote. All shares are bearer shares.

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

	Shares	% Capital	% Voting rights
Dörflinger Privatstiftung: Karl-Waldbrunner-Platz 1 A-1210 Vienna	4.594.688	17,74%	19,70%
Androsch Privatstiftung: Franz-Josefs-Kai 5 A-1010 Vienna	5.570.666	21,51%	23,89%

At the balance sheet date, 2,577,412 treasury shares (9.95% of the share capital) are held. The authorisation last granted on 7 July 2010 to the Management Board to repurchase up to 10% of the share capital of AT&S AG on the market within 30 months was thus valid until 6 January 2013. The treasury shares may be used to service the stock option plan of the Company or they may also be sold.

Until 6 July 2015, the Management Board is authorised, with the approval of the Supervisory Board, to increase the share capital by up to EUR 14,245,000 through the issue of up to

12,950,000 no-par value bearer shares, partially or entirely excluding the subscription rights of existing shareholders.

Until 6 July 2015, the Management Board is authorised, with the approval of the Supervisory Board, to issue convertible bonds of up to EUR 100,000,000, excluding the subscription rights of existing shareholders, if required. To grant subscription or exchange rights to the creditors of the convertible bond, the Management Board is authorised to increase the share capital by up to EUR 14,245,000 through the issue of up to 12,950,000 new bearer shares.

For further details, reference is made to the disclosures in the notes to the consolidated financial statements, Note 22 "Share capital".

5. RESEARCH AND DEVELOPMENT Within AT&S, research and development (R&D) is the driving force in the identification of new and development of applied technologies. Through sustained successes, AT&S managed to achieve the position of technology leader in the high-end printed circuit board manufacture.

AT&S has a two-step innovation process. In the research facilities of the also technological headquarters Leoben-Hinterberg the developments in the areas of materials, processes and applications are conducted to the point where the basic feasibility of the technology is reached. This area of activity thus includes applied research and technology evaluation. Subsequently, it is up to the local department for technology development and implementation in the plants of AT&S and the subsidiaries to advance the processes and products through experimental development and to integrate new processes in the existing production process so that an optimised output can be produced.

In order to maintain its position among the global technology leaders also in the future, AT&S is cooperating with numerous external partners. On the one hand, requirements and ideas for future products are communicated by customers, and on the other hand, AT&S derives new technologies from future applications, such as for instance the Embedding Component Packaging technology (ECP® technology). In addition to the own resources, cooperations are also entered into with research institutions or suppliers, if required.

The core of the technology strategy can be subdivided into 3 main goals:

- Focus on the high-technology segment: new products and technologies developed at AT&S are used in the high-technology segment of the respective market.
- Greater contribution to the value creation chain: new products and technologies developed at AT&S cover a greater portion of the value creation chain in the manufacture of electronic devices.
- Lower use of natural resources: new products and technologies developed at AT&S use less natural resources (e.g. materials, water, energy) than traditional products/technologies.

Based on these strategic principles, customer demands and developments with suppliers, 4 core development areas were identified:

1. Interconnect density:

In this area, the goal is to constantly miniaturize the circuit board and increase the complexity. The challenge is to miniaturize the structures of the circuit board and to reduce its thickness.

2. Mechanical integration:

The goal is an improved integration of the printed circuit board as component of the electronic device. Rigid-flexible printed circuit boards, cavities, mounting technologies up to fully flexible printed circuit boards are being developed.

3. Functionality integration

This development area focuses on the integration of additional functionalities in the printed circuit board. In addition to the current AT&S ECP® technology, further solutions are to be found for embedding the components in the printed circuit board.

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 minimize the use of natural resources.

In the past financial year, an important step was made primarily for the core development field "interconnect density" by the decision to enter into the business field of IC substrates. Substrates are the connection between the nano world of silicon and the micro world of printed circuit boards. With the decision to also offer substrates in the future, AT&S consistently continues its step towards miniaturization in order to push the limits of technical feasibility in the printed circuit board technology even further through new, special materials and production procedures.

Total expenses for research & development amounted to EUR 24.7 million in the financial year 2012/13 over EUR 32.9 million in the previous year. In relation to sales, this corresponds to a ratio of 4.6% or 6.4% in the previous year.

6. MATERIAL RISKS, UNCERTAINTIES AND OPPORTUNITIES

AT&S has implemented a company-wide risk and opportunity management system.

In this context, risk is generally defined as a negative deviation from the business plan. Consequently, opportunity refers to a positive deviation from business objectives. The individually identified and evaluated risks and opportunities whose impact on the budgeted annual result is greater than EUR 0.25 million and whose probability of occurrence greater than 1% are aggregated into the Group's total risk exposure using a stochastic process (Monte Carlo simulation). In each assessment of individual risks, values are determined for the worst case, the best case and the most likely case.

In terms of organisation, the responsibility for risk management is with the CFO, who is also in charge of its supervision. The Management Board as a whole is briefed quarterly in a structured manner by risk management, which in turn reports to the supervisory board of AT&S.

The strong capitalisation, the technological top position and the positioning of AT&S through the combination of group locations in Austria and Asia are considered an advantage over competitors. The European and the American market can be serviced by swift production and short delivery terms of the Austrian plants as well as low-cost production capacities in Asia. For the global market, the Group has long years of experience in the HDI technology, and the plant in Shanghai is not only the largest plant of the AT&S Group, but actually the largest plant in China specializing in HDI technology. As a result of the current expansion of the Group's existing plants and the construction of an additional plant in China (Chongqing) and, accordingly, additional capacities, ample opportunities arise for sales and profit increases.

The risks, uncertainties and opportunities of AT&S are basically characterised by the global developments on the printed circuit board market.

Regarding market and technology, it can be noted that the trend towards increased functionality of devices and the penetration of electronic systems into our daily lives continues. In the entire mobile devices segment, AT&S with its subsidiaries has already consistently focused on the high-end segment. In addition to smartphones and tablet PC, this segment also in-

cludes other products such as game consoles, digital cameras and portable music players. For the coming years, this segment will continue to be regarded as growth driver. With its capacities in China, manufacturing technologies and highest quality standards in particular, AT&S is able to globally service the most renowned providers of these products worldwide. Uncertainties and opportunities depend on the market development itself as well as on the extent to which the Company will be able to distinguish itself successfully from competitors.

In the past financial year, AT&S decided to enter into a new technology. The new plant in Chongqing will be equipped and qualified in such a way that it will be possible to produce IC substrates as from 2016. In order to facilitate the entry into the substrate business, AT&S has entered into a strategic partnership with a globally operating manufacturer of printed circuit boards. The location in Chongqing, China, offers competitive advantages over predominantly Japanese competitors. With this strategic partnership, the next step in integrating semiconductors and printed circuit boards is made. The material risks with regard to the entry into a new business field are to be identified in the area of quality of the manufactured products

The industrial market is characterised by various technology requirements from a variety of customers. Utmost flexibility and the ability to adjust very quickly to changing specifications and technologies constitute a basic requirement to be successful in this segment. The Austrian plants of AT&S in particular are very well prepared for these requirements. In close cooperation with various customers, new technologies and other projects are constantly developed. The product life cycles in the industrial segment are longer as compared to those in the mobile devices segment. The Indian location offers the possibility to produce these projects cost-effectively. The product portfolio is complemented in the industrial segment by the plant in South Korea, which is specialised in flexible printed circuit boards and printed circuit boards for the use in medical technology. The plant specialization offers great potential opportunities for AT&S.

In the automotive segment, further potential for growth and development arises due to the constantly rising proportion of electronics that has to meet ever more complex requirements and, consequently, the requirements for printed circuit boards are also constantly rising. As in previous years, AT&S again was the leading manufacturer of printed circuit boards in the automotive segment in its European core market in the past fiscal year. In order to be able to grow further, the expansion into other markets is promoted. In doing so, existing struc-

tures are used. Additional investments are required only to a limited extent. Stepping out of the core market offers further potential for opportunities.

The Advanced Packaging segment, a technology which was brought to market maturity by AT&S, offers enormous potential for opportunities. In the past financial year, the first serial products were delivered. Further promising negotiations are currently underway with potential customers

At present, the Group generates the major part of its revenue in the mobile devices, automotive and industrial segments. A reduction in the future volume growth in these three segments may have negative effects on the quantities produced and, subsequently, on the profit/loss of the Group. The mobile devices segment in particular with a share of 55% in total revenue has a relatively large leverage effect in this context.

In the past financial year, AT&S supplied approx. 630 customers, with the 5 major customers contributing around 53% to total revenue. Even though AT&S builds business relationships with new customers, it has to be assumed that the customer concentration will remain high in the next few years. Consequently, sales risks arise as a result of negative deviations in volumes sold to major customers. Significant declines in business with our major customers as well as deteriorations in the business relationships with our main customers may ultimately result in a decline in units sold.

On the part of the customers, ever higher requirements are imposed on plant safety, data security and social responsibility towards employees. Therefore, regular audits performed by customers take place in the plants of AT&S. In order to strengthen customer relations, the identified suggestions for improvement are implemented as far as possible.

In addition to deviations in quantities, negative price deviations also have a direct negative impact on the profit/loss of the Group. The price level for printed circuit boards is determined largely by global demand and by available production capacities. In particular, the demand, which has risen significantly over the past years, for printed circuit boards of the high-end segment in mobile devices that are used in so-called smartphones had a positive impact on the price level in the previous year. A slowdown in this trend towards higher-quality smartphones may have negative effects with regard to the profitability of the Group. Already today it is apparent that the smartphone market is developing into a mass market. Therefore, it is crucial for the future success of AT&S to tap into other or new niche markets.

With regard to the financing risk, liquidity risk, credit risk, and foreign exchange risk, reference is made to the risk report under section II in the notes.

7. INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT WITH REGARD TO ACCOUNTING

AT&S has adopted a code of ethics and conduct which sets out how AT&S conducts its businesses in an ethical and socially responsible manner. These guidelines apply to all activities of the AT&S Group worldwide, with each employee being responsible to comply with this code without exception in the performance of his profession and the daily work.

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 risk management proper as well as the internal control system (ICS) are subsumed. The main criteria of the risk management, the internal control system and the internal audit 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 responsibilities) 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 objectives described for financial reporting.

The accounting procedures are documented in separate process instructions. As far as possible, these processes are standardized across the Group and are presented in a standardized 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 made on a monthly basis as part of the group reporting, with the financial information being reviewed and analyzed by the Group Accounting department (part of Group Finance). 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 made by the Group Controlling department, which also reports to the Chief Financial Officer. Based on the quarterly results and current planning information, quarterly forecasts are drawn up during the year for the remaining financial year. 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. OUTLOOK The still rising demand for electronic end devices and the generally rising proportion of electronics in various applications will continue to result in an increase in the demand for printed circuit boards. In order to counter the

increasing price pressure in the industry, the focus will continue to be on high-tech products. With the continued focus on the production of high-tech printed circuit boards, especially in Shanghai and Austria, management is optimistic to be able to lay the basis for the continued positive development of AT&S.

The entry into the IC substrate market also has to be seen in this context, which constitutes a development of the current high-technology market of HDI printed circuit boards for AT&S. The entry into this segment will provide for significant growth impulses for AT&S. Furthermore, a considerably improved profitability and a significant increase in the company value are expected. From a strategic perspective, this step represents an extraordinary opportunity for the development of AT&S.

Overall, management expects increasing revenue and a positive development in Austria as well as in the subsidiaries.

Leoben-Hinterberg, 7 May 2013

The Management Board

Andreas Gerstenmayer 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 financial year from 1 April 2012 to 31 March 2013. These consolidated financial statements comprise the consolidated statement of financial position as at 31 March 2013, 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 financial year ending 31 March 2013, 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 and for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and 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 (ISAs) 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

We draw attention to the fact that the English translation of this auditor's report 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 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.

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 2013 and of its financial performance and its cash flows for the financial year from 1 April 2012 to 31 March 2013 in accordance with International Financial Reporting Standards (IFRSs) 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 whether the other disclosures in the management report for the Group do not give rise to a misstatement of the Group's financial 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 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 are appropriate.

Vienna, 7 May 2013

PwC Wirtschaftsprüfung GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed:

Mag. Christian Neuherz
Austrian Certified Public Accountant



ANNUAL FINANCIAL REPORT AS OF 31 MARCH 2013

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**AT & S AUSTRIA TECHNOLOGIE & SYSTEMTECHNIK AKTIENGESELLSCHAFT
LEOBEN-HINTERBERG**

**BALANCE SHEET AS OF 31 MARCH 2013
(previous year for comparison)**

	31 March 2013	31 March 2012		31 March 2013	31 March 2012
Assets	<u>EUR</u>	<u>EUR</u>	Equity and liabilities	<u>EUR</u>	<u>EUR</u>
A. Non-current assets			A. Equity		
I. Intangible assets			I. Share capital	28.490.000,00	28.490.000,00
1. Industrial property rights and similar rights, and licences thereto	1.690.728,37	2.122.521,88	II. Capital reserves		
II. Property, plant and equipment			Restricted	93.340.702,50	93.340.702,50
1. Land and buildings on land owned by other:	277.388,51	309.581,57	Revenue reserves		
2. Machinery and technical equipment	14.604.822,85	15.494.191,73	III. 1. Statutory reserve	2.849.000,00	2.849.000,00
3. Other assets, fixtures and furniture	1.667.105,24	1.713.751,41	2. Reserve for treasury shares	17.505.782,55	23.583.319,55
4. Prepayments	<u>73.320,00</u>	<u>154.550,00</u>	Retained profit	19.382.746,94	24.237.345,84
III. Financial assets	16.622.636,60	17.672.074,71	IV. <i>Retained profit at beginning of year</i>	<u>16.774.117,68</u>	<u>16.358.531,12</u>
1. Interests in Group enterprises	275.002.365,29	276.430.618,98		161.568.231,99	172.500.367,89
2. Loans to Group enterprises	97.496.737,34	61.220.612,92			
3. Securities held as non-current assets	92.003,81	92.003,81		1.336.103,09	669.528,59
4. Other loans and advances	<u>2.961.246,13</u>	<u>2.425.313,08</u>	B. Grants from public funds		
	<u>375.552.352,57</u>	<u>340.168.548,79</u>	C. Provisions		
	393.865.717,54	359.963.145,38	Provisions for severance payments	9.430.100,00	9.018.791,80
B. Current assets			1. Provisions for pensions	1.174.808,00	1.052.681,00
I. Inventories			2. Provisions for taxes	14.000,00	780.791,00
1. Raw materials and supplies	5.289.741,71	5.597.470,74	3. Other provisions	20.890.525,46	24.768.316,77
2. Work in progress	3.799.997,01	3.618.627,15	4.	<u>31.509.433,46</u>	<u>35.620.580,57</u>
3. Finished goods and goods for resale	<u>10.169.024,56</u>	<u>9.773.958,98</u>	D. Liabilities		
	19.258.763,28	18.990.056,87	Loans	180.000.000,00	180.000.000,00
II. Receivables and other assets			1. Liabilities to banks	110.505.240,49	65.912.867,24
1. Trade receivables	37.092.010,23	43.864.058,44	2. Trade liabilities	9.155.810,82	9.007.245,67
2. Receivables from Group enterprises	9.531.523,89	20.564.307,40	3. Liabilities to Group enterprises	2.893.840,79	9.457.908,18
3. Other receivables and assets	<u>5.150.182,53</u>	<u>6.861.939,82</u>	4. Other liabilities	9.879.943,11	11.017.156,82
	51.773.716,65	71.290.305,66	5. <i>thereof taxes</i>	<i>957.963,07</i>	<i>1.081.719,73</i>
III. Securities and investments			<i>thereof social security</i>	<u>1.109.549,31</u>	<u>1.064.228,10</u>
1. Other securities and investments	732.000,00	732.000,00		312.434.835,21	275.395.177,91
2. Treasury shares	<u>17.505.782,55</u>	<u>23.583.319,55</u>			
	18.237.782,55	24.315.319,55			
IV. Cash and cash equivalents	22.432.359,72	8.731.274,26			
	<u>111.702.622,20</u>	<u>123.326.956,34</u>			
C. Accrued and deferred assets	1.280.264,01	895.553,24			
Total assets	<u>506.848.603,75</u>	<u>484.185.654,96</u>	Total equity and liabilities	<u>506.848.603,75</u>	<u>484.185.654,96</u>
			Contingent liabilities	<u>1.419.096,91</u>	<u>3.590.429,50</u>

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1. GENERAL INFORMATION

The annual financial statements of AT & S Austria Technologie & Systemtechnik Aktiengesellschaft (hereafter AT&S for short) for the year ended 31 March 2013 have been prepared in accordance with the provisions of the Austrian Business Code (UGB), as amended. Generally accepted accounting practices and the general requirement to present as true and fair view of the assets, finances and earnings of the Company as possible have been complied with.

In particular, the going concern principle has been applied in the valuation of the Company's assets and liabilities, together with the principle of individual measurement. All recognisable risks and contingent losses have been recognised, in accordance with the principle of prudence. Only gains realised at balance sheet date have been recognised. There has been no change in the valuation policies applied.

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

2. GROUP STRUCTURE

Since 31 March 1999 AT&S has fulfilled the function of parent company in the meaning of section 244 UGB.

In accordance with the provisions of section 245a UGB, consolidated financial statements in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS), supplemented by the explanations and notes required under company law are prepared, together with a consolidated management report.

AT&S is the ultimate parent company for the Group.

Advantage is taken of the exemptions provided under section 241(3) UGB.

Changes in the Group during the financial year were as follows:

- With the shareholders' resolution as of 12.09.2012 AT&S contributed the subsidiary AT & S Verwaltung GmbH & Co. KG, Nörvenich, Germany to the company by transferring the shares of the existing shareholders as of 1.10.2012.
- With the extraordinary shareholders' resolution as of 16.01.2013 the liquidation of the subsidiary DCC – Development Circuits & Components GmbH, Leoben, has been agreed.
- With the contribution contract as of 31.03.2012 (effective as of 23.01.2013), agreed between AT & S Austria Technologie & Systemtechnik Aktiengesellschaft and AT&S Asia Pacific Limited, Hongkong, China, the 100% share in the AT&S (China) Company Limited has been transferred to AT&S Asia Pacific Limited.

3. ACCOUNTING AND VALUATION POLICIES

3.1. Non-current assets

Property, plant and equipment and **intangible assets** are disclosed at cost of acquisition or construction, including incidental costs, net of depreciation and amortisation and impairment write downs.

Depreciation and amortisation is calculated on a straight-line basis, using the standard expected useful lives.

	Useful life
Intangible fixed assets	4-10 years
Buildings on land owned by others	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 year a full year's depreciation or amortisation is charged, for additions during the second half, half a year's depreciation or amortisation. For these purposes, the date of acquisition is the date on which the relevant assets are taken into service.

Low value assets are written off immediately, taking advantage of the option available under section 226(3) UGB.

Financial assets are valued at the lower of acquisition cost or market value at balance sheet date.

3.2. Current assets

Raw materials, supplies and merchandise are valued at the lower of cost and net realisable value. Spare parts are now valued at acquisition cost less a percentage of general provision per asset class. In calculating acquisition cost, discounts and rebates, and shipping costs and customs duties are taken into account.

Work in progress and **finished goods** are valued at cost of production.

At 31 March 2013 work in progress and finished goods were valued on an absorption cost basis, in accordance with section 203(3) UGB.

Receivables and other assets are recognised at their nominal value. Specific provisions are made for recognisable risks of default.

Foreign currency receivables are valued using the lower of the rates of exchange ruling at the date of the original transactions and the rates at balance sheet date.

Securities held as current assets are valued at the lower of acquisition cost and market value at balance sheet date. Increases in value of securities held as current assets amounting to EUR 37,900.00 (2011/12: EUR 0.00) were not recognised, for tax reasons.

Treasury shares are valued at the lower of acquisition cost and market value at balance sheet date. In 2012/13 a decrease in value of EUR 6,077,537.00 (2011/12: EUR 16,951,273.00) was recognised.

3.3. Provisions

Provisions for severance benefits are calculated in accordance with IFRS provisions (IAS 19) applying the corridor method and using an interest rate of 3.75% (2011/12: 4.5%) and pensionable ages in accordance with the provisions of the Pension Reform 2003, with appropriate discounts to reflect different rates of staff turnover at the various AT&S locations. The calculations also take into account Expert Opinions KFS/RL 2 and 3 of 5 May 2004 of the Institute of Business Management, Tax and Organisation of the Austrian Accountants Association. The defined benefit obligation (DBO) as at balance sheet date was EUR 13,955,765.00 (2011/12: EUR 12,291,018.00).

The actuarial loss as of 31.03.2013 EUR 4,525,665.00 (2011/12: EUR 3,272,226.20) is calculated with the corridor method in accordance with IAS 19. According the expert opinion "Disbelief in usage of expert opinions about pension and severance obligations in accordance with accounting regulations (KFS/RL 2 and 3) with regard to IAS 19 (2011)" of the Senate for Austrian GAAP of the Austrian Accountants Association actuarial losses will have to be apportioned at most over a period of five years with the beginning of the financial year 2013/14.

Provisions for pensions are calculated in accordance with IFRS provisions (IAS 19) applying the corridor method and using an interest rate of 3.75% (2011/12: 4.5%) and the AVÖ 2008-P mortality tables. Pensionable ages were determined in accordance with the provisions of the Pension Reform 2003. The defined benefit obligation (DBO) as at balance sheet date was EUR 1,174,808.00 (2011/12: EUR 1,052,681.00).

Provisions for anniversary bonuses are calculated in accordance with IFRS provisions (IAS 19) on the basis of entitlements under the Collective Agreement, using an interest rate of 3.75% (2011/12: 4.5%) with appropriate discounts to reflect different rates of staff turnover at the various AT&S locations.

As required by the statutory regulations, **other provisions** adequately take into account all recognisable risks and contingent liabilities.

3.4. Liabilities

Liabilities are recognised at the amounts repayable.

Foreign currency liabilities are valued using the higher of the rates of exchange ruling at the date of the original transactions and the rates at balance sheet date.

4. ANALYSIS AND EXPLANATION OF BALANCE SHEET ITEMS

4.1. Non-current assets

For changes in non-current assets see page 67.

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Non-current assets movement statement for the year ended 31 March 2013

Non-current assets movement statement for the financial year 2012/13	Acquisition or construction costs					Accumulated depreciation and amortisation EUR	Carrying value 31.03.2013 EUR	Carrying value 31.03.2012 EUR	Depreciation and amortisation 2012/13 EUR
	Cost 01.04.2012 EUR	Additions EUR	Disposals EUR	Transfers EUR	Cost 31.03.2013 EUR				
I. Intangible assets									
Industrial property rights and similar rights, and licences thereto	13,010,515.92	324,906.73	69,123.48	0.00	13,266,299.17	11,575,570.80	1,690,728.37	2,122,521.88	756,700.24
Subtotal	13,010,515.92	324,906.73	69,123.48	0.00	13,266,299.17	11,575,570.80	1,690,728.37	2,122,521.88	756,700.24
II. Property, plant and equipment									
1. Land and buildings on land owned by others	499,219.36	0.00	0.00	0.00	499,219.36	221,830.85	277,388.51	309,581.57	32,193.06
2. Machinery and technical equipment	189,749,810.66	3,644,768.50	10,187,482.05	154,550.00	183,361,647.11	168,756,824.26	14,604,822.85	15,494,191.73	4,403,177.36
3. Other assets, fixtures and furniture	13,518,625.24	764,014.50	404,713.84	0.00	13,877,925.90	12,210,820.66	1,667,105.24	1,713,751.41	802,829.48
<i>thereof low value assets</i>		<i>111,707.31</i>	<i>111,707.31</i>						<i>111,707.31</i>
4. Prepayments	154,550.00	73,320.00	0.00	-154,550.00	73,320.00	0.00	73,320.00	154,550.00	0.00
Subtotal	203,922,205.26	4,482,103.00	10,592,195.89	0.00	197,812,112.37	181,189,475.77	16,622,636.60	17,672,074.71	5,238,199.90
III. Financial assets									
1. Interests in Group enterprises	368,416,764.13	0.00	56,534,962.51	0.00	311,881,801.62	36,879,436.33	275,002,365.29	276,430,618.98	0.00
2. Loans to Group enterprises	61,220,612.92	41,905,920.96	5,629,796.54	0.00	97,496,737.34	0.00	97,496,737.34	61,220,612.92	0.00
3. Securities held as non-current assets	92,003.81	0.00	0.00	0.00	92,003.81	0.00	92,003.81	92,003.81	0.00
4. Other loans and advances	2,425,313.08	535,933.05	0.00	0.00	2,961,246.13	0.00	2,961,246.13	2,425,313.08	0.00
Subtotal	432,154,693.94	42,441,854.01	62,164,759.05	0.00	412,431,788.90	36,879,436.33	375,552,352.57	340,168,548.79	0.00
Total	649,087,415.12	47,248,863.74	72,826,078.42	0.00	623,510,200.44	229,644,482.90	393,865,717.54	359,963,145.38	5,994,900.14

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4.2. Supplementary disclosures in accordance with section 238(2) UGB

	Carrying value 31 March 2013 EUR	Interest %	Share capital EUR	Profit/loss of last financial year	Carrying value 31 March 2012 EUR
Interests in Group enterprises					
AT&S Verwaltungs GmbH & Co. KG, Germany	0.00	0	0.00	4,861.95 ¹⁾	1,428,253.69
AT&S Deutschland GmbH, Nörve- nich, Germany	1,053,000.00	100	408,465.05	111,896.19 ¹⁾	1,053,000.00
AT&S India Private Limited, Nan- jangud, India	16,898,516.89	100	4,006,236.37	-1,199,244.98 ¹⁾	16,898,516.89
AT&S (China) Company Limited, Shanghai, China	0.00	0	0.00	0.00 ¹⁾	151,893,000.00
AT & S Klagenfurt Leiterplatten GmbH, Klagenfurt, Austria	0.00	100	-3,047,693.05	-1,981,978.94 ²⁾	0.00
DCC-Development Circuits & Com- ponents GmbH in Liqu., Leoben. Austria	38,000.00	100	31,863.27	-2,388.05 ²⁾	38,000.00
AT&S Asia Pacific Limited, Hong Kong, China	229,768,865.92	100	239,199,000.18	-3,469,537.67 ¹⁾	77,875,865.92
AT&S Korea Co., Ltd., Ansan City, South Korea	27,237,538.14	98.76	5,088,715.13	62,536.73 ¹⁾	27,237,538.14
AT&S Americas, LLC, San Jose, USA	6,444.34	100	132,963.60	221,383.32 ¹⁾	6,444.34
Total	<u>275,002,365.29</u>				<u>276,430,618.96</u>

¹⁾ Financial statements for the year ended 31 March 2013 in accordance with IFRS.

²⁾ Financial statements for the year ended 31 March 2013 in accordance with UGB.

Interests in group enterprises are valued at the lower of acquisition cost and present value at balance sheet date.

The present value of the interest in AT&S India Private Limited, Nanjangud, India and AT&S Korea Co. Ltd., Ansan-City, Korea has been calculated according to DCF-method on the basis of the mid-term plan. Interests in group enterprises have not been impaired in the financial year 2012/13.

4.3. Loans in accordance with section 227 UGB

Under *Loans to Group enterprises*, an amount of EUR 3,447,574.29 (2011/12: TEUR 1,001.00) is payable within a year.

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4.4. Receivables and other assets

4.4.1. Supplementary disclosures in accordance with section 225(3) and section 226(5) UGB

	Carrying value at 31 March 2013 EUR	Residual ma- turity more than one year EUR
Trade receivables	37,092,010.23	0.00
Receivables from Group enterprises	9,531,523.89	0.00
Other receivables and assets	5,150,182.53	0.00
Total	51,773,716.65	0.00
	Carrying value at 31 March 2012 EUR	Residual ma- turity more than one year EUR
Trade receivables	43,864,058.44	0.00
Receivables from Group enterprises	20,564,307.40	0.00
Other receivables and assets	6,861,939.82	0.00
Total	71,290,305.66	0.00

The Company's receivables from Group enterprises comprise trade receivables of EUR 2,833,450.67 (2011/12: EUR 714,892.80), other receivables of EUR 6,696,323.22 (2011/12: EUR 18,112,310.60) and receivables from tax transfers of EUR 1,750.00 (2011/12: EUR 3,500.00).

4.4.2. Income receivables after balance sheet date

Other receivables and assets include the following material amounts with a cash flow after balance sheet date:

	31 March 2013 EUR	31 March 2012 EUR
Energy tax refund	1,339,232.53	697,779.53
Research services	7,877.68	62,815.68
Age related part time working subsidy	814.53	23,612.02
Tax free premiums	2,259,015.28	3,603,999.53
Refund green electricity	0.00	47,670.75
Discounts earned	0.00	482,473.46
Total	3,606,940.02	4,918,350.97

4.5. Equity

4.5.1. Share capital

In accordance with section 192(3) Austrian Companies Act(AktG), on 20 April 2006 the Management Board decided in virtue of the authorisation conferred by the 11th Annual General Meeting on 5 July 2005 and with approval of the Supervisory Board in circular resolution of 7 April 2006 to cancel 2,100,000 of the treasury shares acquired under section 65(1)(8) AktG by releasing a reserve pursuant to section 225(5) paragraph 2 UGB and reducing the share capital. The shares were cancelled on 3 May 2006. The share capital now amounts to EUR 28,490,000 and consists of 25,900,000 shares with a computed value of EUR 1.10 per share.

NOTES TO THE FINANCIAL STATEMENT AS OF 31 MARCH 2013

4.5.1.1. Authorized Share capital

In the 16th Annual General Meeting on 7 July 2010 the Management Board was authorised up until 6 July 2015, to increase the share capital of the Company by up to EUR 14,245,000.00 by the issue of up to 12,950,000 no par value bearer shares, for contributions in cash or kind, in one or more tranches, and with partial or total restriction of existing shareholders' right to subscribe, and with the approval of the Supervisory Board to determine the detailed terms and conditions of issue (in particular, issue price, nature of contributions in kind, rights attaching to shares, exclusion of subscription rights, etc.). The Supervisory Board was authorised to approve by resolution changes in the articles of incorporation required by the issue of shares out of authorised capital.

In accordance with section 174(2) AktG, in the 16th Annual General Meeting of 7 July 2010 the Management Board was authorised up until 6 July 2015 and with the approval of the Supervisory Board to issue convertible loan stock up to a maximum of EUR 100,000,000.00 in one or more tranches, and to determine all terms and conditions of the issue and conversion of the loan stock, and to restrict shareholder subscription rights.

4.5.1.2. Conditional capital increase

In the 16th Annual General Meeting of 7 July 2010, the Management Board was authorised to increase the share capital of the Company by up to EUR 14,245,000.00 by the issue of up to 12,950,000.00 no par value bearer shares, in order to grant rights of subscription or conversion to the holders of the convertible loan stock, and was also authorised to determine the requirements under section 160(2) AktG and the other details of the conditional capital increase and their implementation, and with the approval of the Supervisory Board, to approve by resolution changes in the articles of incorporation required by the issue of shares out of authorised capital. New shares issued from the conditional capital increase have full dividend entitlement for the financial year in which they are issued.

4.5.2. Treasury shares / reserve for treasury shares

In the 16th Annual General Meeting of 7 July 2010, the Management Board was again authorised, in accordance with section 65(1)(8) AktG, within 30 months of the passing of the relevant resolution to acquire treasury shares in the Company up to a maximum of 10% of the share capital of the Company, for which purpose the price of the stock acquired may not be less than EUR 1.10 per share nor more than EUR 110 per share, and was further authorised to retire the treasury stock so acquired or use it to implement Company employee participation or stock option schemes.

In the 16th Annual General Meeting of 7 July 2010, the Management Board was also authorised, in accordance with section 65(1b) AktG, for a period of five years from the date of the resolution, that is until 6 July 2015 inclusively, with the approval of the Supervisory Board and without further resolution of the Annual General Meeting, to dispose of the treasury shares in the Company thus acquired otherwise than through the stock exchange or by public offer, and in particular for the purpose of settlement of exercised stock options of the Management board member, senior managers and employees, issued convertible bonds or as consideration for the acquisition of enterprises, businesses, parts of businesses or other assets, or of interests in enterprises, businesses, parts of businesses or other assets, and for these purposes – if required – to restrict shareholders' subscription rights pursuant to section 65(1b) in combination with sections 169 to 171 AktG. The powers so conferred may be exercised in whole or in part.

AT & S Austria Technologie & Systemtechnik Aktiengesellschaft held 2,577,412 treasury shares at balance sheet date (2011/12: 2,577,412).

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Changes in treasury shares	Number of shares	Carrying value EUR	Percentage of share capital	
Balance 1 April 2012	2,577,412	23,583,319.55	9.95	
Write-down of treasury shares as at 31 March 2013		-6,077,537.00		
Balance 31 March 2013	2,577,412	17,505,782.55	9.95	1)

1) The percentage of share capital is calculated on the basis of the number of no par value shares (25,900,000).

4.6. Provisions

4.6.1. Other provisions

Other provisions were as follows:

	31 March 2013 EUR	31 March 2012 EUR
	<hr/>	<hr/>
Unused vacation	2,577,082.01	2,440,309.97
Other personnel expenses	545,447.68	3,521,282.38
Vacation and Christmas bonuses	1,890,261.91	1,783,637.69
Anniversary bonuses	2,375,603.00	1,873,706.00
Potential losses on financial derivatives	118,431.71	208,467.37
Compensatory time off	717,743.63	345,405.39
Potential losses on pending transactions	150,306.83	221,810.75
Liabilities under warranties and damage claims	185,861.93	446,389.93
Legal and consulting expenses	227,744.25	275,183.73
Discounts payable	243,716.13	265,185.99
Share options	179,630.00	420,990.00
Restructuring Leoben-Hinterberg plant	11,210,125.38	12,346,742.46
Supervisory board commission	204,600.00	236,900.00
Other provisions (individually less than EUR 150,000)	263,971.00	382,305.11
Total	<hr/> 20,890,525.46 <hr/>	<hr/> 24,768,316.77 <hr/>

Restructuring the Leoben-Hinterberg plant consists in the main of costs of future lease payments for unused production space.

4.6.1.1. Stock Option Scheme 2005–2008

The expiry of the Stock Option Scheme 2000–2004 led the Supervisory Board in its meeting on 8 November 2004 to approve the Stock Option Scheme 2005–2008 (SOP 2005). Stock options may be allocated in the period between 1 April 2006 and 1 April 2008.

Each option entitles the holder

- to acquire an AT&S no par value share at the exercise price, or
- instead of acquiring shares, to a cash payment consisting of the difference between the exercise price and the closing price of the AT&S stock on the Frankfurt Stock Exchange or the stock exchange on which the stock is principally listed on the day the option is exercised by the option holder.

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Under SOP 2005, on 1 April 2005 187,000 stock options were exercised at an exercise price of EUR 15.46, on 1 April 2006 148,000 stock options were exercised at an exercise price of EUR 17.99, on 1 April 2007 149,000 stock options were exercised at an exercise price of EUR 22.57 und on 1 April 2008 137,000 stock options were exercised at an exercise price of EUR 15.67. The Stock Option Scheme was for a limited period only with the last allocation 1 April 2008.

Exercise price

The exercise price of the stock options is determined on the day of allocation, and is calculated as the average daily closing price of AT&S stock on the Frankfurt Stock Exchange or the stock exchange on which the stock is principally listed during the last six calendar months preceding the day of allocation, plus a premium of 10% of that average price. The applicable price will be the closing price in Xetra trading, or a comparable successor system. The exercise price per share will however be not less than the proportionate share of AT&S share capital.

Exercise period

Allocated stock options can be exercised as follows:

- 20% of the allocated stock options can be exercised two years after allocation.
- 30% of the allocated stock options can be exercised three years after allocation.
- 50% of the allocated stock options can be exercised four years after allocation.

Stock options may not be exercised during black-out periods.

Conditions for exercise

Options may only be exercised by holders who at the time of exercise have a valid contract of appointment or employment with a company in the AT&S Group. Under certain conditions options may also be exercised for up to a year after the contract of appointment or employment comes to an end. Options cannot be assigned or pledged.

SOP 2005–2008	Willibald Dörflinger	Harald Sommerer	Thomas Obendrauf	Steen E. Hansen	Heinz Moitzi	Senior managers	Total
	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares
1 April 2005	40,000	40,000	1,500	30,000	30,000	45,500	187,000
Expired	-40,000	-40,000	-1,500	-30,000	-30,000	-43,500	-185,000
Exercised	0	0	0	0	0	-2,000	-2,000
1 April 2006	0	40,000	1,500	30,000	30,000	46,500	148,000
Expired	0	-40,000	-1,500	-30,000	-30,000	-46,500	-148,000
1 April 2007	0	40,000	1,500	30,000	30,000	47,500	149,000
Expired	0	-40,000	-1,500	-30,000	-30,000	-47,500	-149,000
1 April 2008	0	40,000	1,500	30,000	30,000	35,500	137,000
Expired	0	-40,000	-1,500	-30,000	-30,000	-35,000	-137,000
Total	0	0	0	0	0	0	0

NOTES TO THE FINANCIAL STATEMENT AS OF 31 MARCH 2013

4.6.1.2. Stock Option Scheme 2009–2012

The expiry of the Stock Option Scheme 2005–2008 led the Supervisory Board in its meeting of 16 December 2008 to refer the Stock Option Scheme 2009–2012 (SOP 2009) to the Supervisory Board Nomination and Remuneration Committee for consideration in its first meeting on 17 March 2009. The Committee approved the Scheme. Stock options may be allocated in the period between 1 April 2009 and 1 April 2012.

Each option entitles the holder

- to acquire an AT&S no par value share at the exercise price, or
- instead of acquiring shares, to a cash payment consisting of the difference between the exercise price and the closing price of the AT&S share on the Vienna Stock Exchange or the stock exchange on which the stock is principally listed on the day the option is exercised by the option holder.

As part of SOP 2009, 138,000 stock options were allocated on April 1 2009 at an exercise price of EUR 3.86 per share. On April 1 2010 135,000 stock options were allocated at an exercise price of EUR 7.45, on April 1 2011 118,500 stock options with an exercise price of EUR 16.60 and on April 1 2012 118,500 stock options with an exercise price of EUR 9.86.

Exercise price

The exercise price of the stock options is determined on the day of allocation, and is calculated as the average daily closing price of AT&S stock on the Vienna Stock Exchange or the stock exchange on which the stock is principally listed during the last six calendar months preceding the day of allocation, plus a premium of 10% of that average price. The applicable price will be the closing price in Xetra trading, or a comparable successor system. The exercise price per share will however be not less than the proportionate share of AT&S share capital.

Exercise period

Allocated stock options can be exercised as follows:

- 20% of the allocated stock options can be exercised two years after allocation.
- 30% of the allocated stock options can be exercised three years after allocation.
- 50% of the allocated stock options can be exercised four years after allocation.

Stock options may not be exercised during black-out periods.

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Conditions for exercise

Options may only be exercised by holders who at the time of exercise have a valid contract of appointment or employment with a company in the AT&S Group. Under certain conditions options may also be exercised for up to a year after the contract of appointment or employment comes to an end. Options cannot be assigned or pledged.

SOP 2009–2012	Andreas Gerstenmayer	Harald Sommerer	Thomas Obendrauf	Steen E. Hansen	Heinz Moitzi	Senior managers	Total
	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares	No. of shares
1 April 2009	0	40,000	1,500	30,000	30,000	36,500	138,000
Expired	0	0	-1,500	0	0	-3,000	-4,500
Exercised	0	-40,000	0	-30,000	-6,000	-17,100	-93,100
1 April 2010	40,000	0	1,500	30,000	30,000	33,500	135,000
Expired	0	0	-1,500	0	0	0	-1,500
Exercised	0	0	0	-30,000	0	-15,000	-45,000
1 April 2011	40,000	0	30,000	0	30,000	18,500	118,500
Expired	0	0	-30,000	0	0	0	-30,000
1 April 2012	40,000	0	30,000	0	30,000	18,500	118,500
Expired			-30,000	0			-30,000
Total	120,000	0	0	0	114,000	71,900	305,900

The value in time of exertion of the exercised stock options 2012/13 was EUR 77,900.

Valuation of stock options at balance sheet date

The stock options are valued at fair value at balance sheet date using the Monte Carlo method, and the calculated fair value is recognised over the life of the option.

Fair value of stock options allocated

Allocation date	1.4.2009	1.4.2010	1.4.2011	1.4.2012
Fair value in EUR 31 March 2013	118,469.00	45,843.00	7,257.00	64,605.00

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4.7. Liabilities

4.7.1. Supplementary disclosures for liabilities

	Carrying value 31 March 2013 EUR	Maturities		
		Up to 1 year EUR	1 to 5 years EUR	More than 5 years EUR
Loans	180,000,000.00	80,000,000.00	100,000,000.00	0.00
Liabilities to banks	110,505,240.49	41,505,240.49	46,000,000.00	23,000,000.00
Trade payables	9,155,810.82	9,155,810.82	0.00	0.00
Liabilities to Group enter- prises	2,893,840.79	2,893,840.79	0.00	0.00
Other liabilities	9,879,943.11	9,632,369.11	247,574.00	0.00
Total	312,434,835.21	143,187,261.21	146,247,574.00	23,000,000.00

	Carrying value 31 March 2012 EUR	Maturities		
		Up to 1 year EUR	1 to 5 years EUR	More than 5 years EUR
Loans	180,000,000.00	0.00	180,000,000.00	0.00
Liabilities to banks	65,912,867.24	56,612,867.24	9,300,000.00	0.00
Trade payables	9,007,245.67	9,007,245.67	0.00	0.00
Liabilities to Group enter- prises	9,457,908.18	9,457,908.18	0.00	0.00
Other liabilities	11,017,156.82	10,774,356.82	242,800.00	0.00
Total	275,395,177.91	85,852,377.91	189,542,800.00	0.00

Liabilities to Group enterprises comprise trade payables of EUR 2,893,840.79 (2011/12: EUR 9,457,908.18).

4.7.2. Expenses payable after balance sheet date

Other liabilities include the following material amounts only payable after balance sheet date:

	31 March 2013 EUR	31 March 2012 EUR
Loan interest	5,534,794.52	5,560,547.95
Regional health insurance fund	1,109,549.31	1,064,228.10
Tax office	683,334.97	591,783.68
Wages and salaries	107,966.74	142,475.24
Local authorities	88,102.57	84,625.95
Total	7,523,748.11	7,443,660.92

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4.8. Secured liabilities

	Carrying value 31 March 2013 EUR	Secured amounts EUR
Liabilities to banks	110,505,240.49	32,000,000.00
Previous year	65,912,867.24	40,000,000.00

Bank lending is secured by assignment of claims.

4.9. Contingent liabilities in accordance with section 199 UGB

	31 March 2013 EUR	Group enterprises EUR
Guarantees	1,419,096.91	1,419,096.91
Previous year	3,590,429.50	3,590,429.50

4.9.1. AT&S India Private Limited

A guarantee agreement was concluded in financial 2002/03 between AT&S and Deutsche Bank AG, Bangalore, India, as follows:

- Assumption of liability for a working capital loan amounting to INR 180 m (EUR 2.6 m). The amount outstanding at balance sheet date was EUR 0.0 m (2011/12: 0.0 m).

4.9.2. AT&S (China) Company Limited

In financial year 2010/11 a guarantee agreement, replacing the former ones in financial year 2006/07 and 2009/10, was concluded between AT&S and China Construction Bank, Shanghai, China, as follows:

- Assumption of liability for a loan facility amounting to EUR 45m. The amount outstanding at balance sheet date was EUR 1.4 m. (2011/12: EUR 3.6 m).

4.10. Obligations with respect to off-balance-sheet assets

	Next financial year EUR	In the following 5 financial years EUR
Obligations under sale-and-leaseback agreements	1,672,592.36	8,362,961.80
Previous year	1,796,352.00	8,981,760.00
Obligations under rental agreements	361,305.00	1,266,003.00
Previous year	273,455.00	278,183.00
Total	2,033,897.36	9,628,964.80
Previous year	2,069,807.00	9,259,943.00

4.11. Other financial obligations

At balance sheet date open purchase orders for additional and replacement capital investments amounting to EUR 0.7 m (2011/12: EUR 1.8 m) have been recorded.

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4.12. Derivative financial instruments and off-balance-sheet transactions under section 237(8a) UGB

AT&S uses derivative financial instruments as hedges against potential interest and exchange rate fluctuations and as partial hedges for existing and anticipated foreign currency liabilities and receivables. The fair value corresponds to the market value and was EUR -118,431.71 at balance sheet date.

	Nominal value 31 March 2013	Market value EUR 31 March 2013	Carrying value EUR 31 March 2013
Interest-related derivatives			
Swaps	EUR 9,300,000.00	-118,431.71	-118,431.71
	Nominal value 31 March 2012	Market value EUR 31 March 2012	Carrying value EUR 31 March 2012
Interest-related derivatives			
Swaps	EUR 15,500,000.00	-208,467.37	-208,467.37

AT&S AG has been obliged by a declaration to take care about the necessary funding of an affiliated company's liabilities.

5. ANALYSIS AND EXPLANATION OF INCOME STATEMENT ITEMS

	2012/13 EUR	2011/12 EUR
1. Revenues		
Foreign	227,230,504.68	305,665,211.01
Domestic	23,374,775.77	24,597,584.00
	<u>250,605,280.45</u>	<u>330,262,795.01</u>
	2012/13 EUR	2011/12 EUR
2. Staff costs		
a) Expenses for severance benefits and contributions to a staff provision fund		
Management board members and senior managers	145,576.36	70,471.33
Other staff	2,535,616.06	1,295,344.52
	<u>2,681,192.42</u>	<u>1,365,815.85</u>
	2012/13 EUR	2011/12 EUR
b) Expenses for pensions		
Management board members and senior managers	88,229.44	89,905.59
Other staff	832,864.83	428,915.45
	<u>921,094.27</u>	<u>518,821.04</u>

Expenses for severance payments and contributions to a staff provision fund include expenses for severance payments amounting to EUR 2,470,301.64 (2011/12: EUR 1,159,928.41).

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3. Expenses for the auditor

The expenses for the auditor are stated in the annual group report of the AT & S Austria Technologie & Systemtechnik Aktiengesellschaft, 8700 Leoben-Hinterberg.

6. SUPPLEMENTARY DISCLOSURE IN ACCORDANCE WITH UGB

6.1. Capitalisable deferred taxes

No advantage has been taken of the option of recognising deferred tax assets on temporary differences between accounting profits and profits for tax purposes. The amount recognisable under section 198(10) UGB amounted to EUR 1,979,528.00 (2011/12: EUR 2,137,295.00).

6.2. Taxes on income

Under the Austrian Tax Reform Act 3005, BGBl. I 2004/57, since 1 January 2005 the rate of corporate income tax is 25%.

Pursuant to section 9(8) Austrian Corporate Income Tax Act (KStG), AT&S is the tax group parent in a tax group that consists of the following subsidiaries:

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

To compensate for the tax effects of aggregating results for tax purposes, the members of the tax group undertake to make appropriate tax transfers. The tax transfers take the form of a notional tax charge on the individual companies.

The tax group has no effect on taxes on income, due to the fact of no recognition of deferred tax assets on temporary differences. AT&S as group parent has charged the minimum tax on income of EUR 3,500.00 to the Austrian tax group members.

6.3. Managing bodies, staff

The average number of employees during financial year was:

	2012/13	2011/12
Waged workers	647	675
Salaried employees	402	401
Total	1,049	1,076

Members of the Management and Supervisory Boards

Members of the **Management Board** during financial 2012/13 were:

- Andreas Gerstenmayer (Chairman)
- Heinz Moitzi
- Thomas Obendrauf (until 31 March 2013)

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Members of the **Supervisory Board** during financial 2012/13 were:

- 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
- Johann Fuchs
- Sabine Fussi
- Günther Wölfler

Total remuneration of Management Board members

(in EUR 1,000)	2012/13			2011/12		
	Fixed	Variable	Total	Fixed	Variable	Total
Andreas Gerstenmayer	396	0	396	388	203	591
Heinz Moitzi	310	0	310	308	190	498
Thomas Obendrauf	499	0	499	322	212	534
Steen E. Hansen	0	0	0	0	242	242
Total	1,205	0	1,205	1,018	847	1,865

The fixed compensation in the financial year 2012/13 of Thomas Obendrauf includes contractual severance payments and other claims in connection with the early termination of the management contract.

The variable remuneration of the resigned Management Board members contained following payments in kind of stock options:

(in EUR 1,000)	<u>2012/13</u>	<u>2011/12</u>
Steen E. Hansen	0	242
	<u>0</u>	<u>242</u>

The total number of stock options, net of expired options, held by the Management Board was as follows:

	31 March	
	<u>2013</u>	<u>2012</u>
Andreas Gerstenmayer	120,000	80,000
Heinz Moitzi	114,000	114,000
Thomas Obendrauf	0	34,500
Total	<u>234,000</u>	<u>228,500</u>

The stock options held by Thomas Obendrauf vested with the end of his appointment (end of contract of employment) and were exercisable until 31 March 2013. Remaining options not exercised until 31 March 2013 expired.

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As at 31 March 2013 the exercise price for options allocated to the Management Board as of 1 April 2009 was EUR 3.86 (24,000 shares), as of 1 April 2010 EUR 7.45 (70,000 shares), as of 1 April 2011 EUR 16.60 (70,000 shares) and as of 1 April 2012 EUR 9.86 (70,000 shares) below and respectively above the market price at balance sheet date (EUR 6.792).

The remuneration of Supervisory Board Members amounted to EUR 204,600.00 (2011/12: EUR 238,600.00) and will be suggested in the annual general meeting of shareholders.

Shareholdings of members of the Management and Supervisory Boards at balance sheet date

	Shares		
	31.3.2013	31.3.2012	Change
Management Board			
Heinz Moitzi	1,672	1,672	0
Supervisory Board			
Hannes Androsch	445,853	445,853	0
Androsch Private Foundation	5,570,666	5,570,666	0
Dörflinger Private Foundation	4,594,688	4,594,688	0
Gerhard Pichler	19,118	19,118	0
Georg Riedl	9,290	9,290	0
Johann Fuchs	4	4	0

Leoben-Hinterberg, 7 May 2013

The Management Board

Andreas Gerstenmayer m.p.

Heinz Moitzi m.p.

Management Report on the Financial Statements for the Financial Year 2012/13

1. Company profile

AT & S Austria Technologie & Systemtechnik Aktiengesellschaft (hereafter "AT&S" for short), which together with its subsidiaries constitutes the AT&S Group, is one of the leading enterprises in its sector worldwide, and by far the largest producer of printed circuit boards in Europe and India. The subsidiary in Shanghai operates the largest plant in China specializing in HDI technology. The product portfolio of AT&S includes single-sided, double-sided, multi-layer, HDI (High Density Interconnection, a multi-layer printed circuit board with extremely fine structures), flexible, rigid-flexible and semi-flexible printed circuit boards. The service spectrum includes various technologies for the treatment of printed circuit boards using various base materials.

With its global presence through subsidiaries in Asia, Europe and the U.S.A., AT&S supplies globally operating groups. At the same time, AT&S also serves the demand from smaller companies and produces prototypes and small series. The two production locations of AT&S are in Leoben-Hinterberg and in Fehring, the production locations of the subsidiaries in Klagenfurt, India, China and South Korea. With these production capacities, AT&S is able to service the volume production in Asia as well as the European niche business. The products are sold directly to original equipment manufacturers (OEM) and contract electronic manufacturers (CEM).

AT&S is also technologically one of the leading printed circuit board manufacturers. The excellent performance in the area of research and development is an important prerequisite for that. AT&S is working in networks of customers, suppliers and research institutions on the latest innovative techniques. The ongoing optimization of the business processes is one of the major core elements of the corporate strategy.

The core business of AT&S, including the subsidiaries, is the development and manufacture of printed circuit boards for large and small series as well as prototypes. The printed circuit boards are designed and manufactured according to customer specifications. In order to provide customers with a comprehensive service range and to strengthen the own market position, AT&S also offers design services. With the embedding technology, AT&S is now able to offer also mounting and chip packaging services.

2. Business development and climate

In the past calendar year, the global demand for printed circuit boards in the high technology sector continued to rise, whereas the demand for technologically simpler printed circuit boards declined. The price pressure is generally increasing in the industry. For the medium to long term, we continue to expect attractive growth rates in the markets addressed by us - mobile devices, automotive and medical technology.

The mobile devices segment with the applications smartphones and tablet PCs will continue to be an important growth factor. The share of smartphones in the entire mobile phone market will increase further. A good development is also expected in the automotive segment, especially in China. Moderate growth is expected for the industrial sector, primarily in Europe.

In the past financial year 2012/13, the revenue of AT&S decreased by EUR 79.7 million, or 24%, to EUR 250.6 million due to the decline in revenue from merchandise of one of our Asian subsidiaries.

The EBIT margin declined slightly from 5.8% in the prior year to 5.2% in the current financial year. In financial year 2011/12 higher foreign exchange gains and government grants for R&D have been achieved.

In the financial year 2012/13, the financial result was diminished by the write-down of treasury shares of EUR 6.1 million (2011/12: EUR 17.0 million) due to the decline in the share price. The interest expenses for bonds and similar expenses from banks remained nearly unchanged over the previous year with EUR 13.8 million. The interest income from intercompany loans increased in financial year 2012/13 from EUR 3.0 million in the prior one to EUR 4.8 million due to an additional loan of EUR 37.0 million to AT&S Asia Pacific Limited. Similar to the prior financial year, all profits of all subsidiaries were retained and are available for future distributions.

Due to the aforementioned effects in the financial result, a negative annual result in the amount of EUR 3.5 million was generated, as compared to a negative result of EUR 9.1 million in the previous financial year 2011/12.

The importance of the production locations of the Asian subsidiaries is reflected in the asset and liability structure. The financial assets in affiliated companies in the form of investments and borrowings amount to 73% of the balance sheet total as of 31 March 2013 (in the prior year 70%).

At the balance sheet date 31 March 2013, equity amounts to EUR 161.6 million and decreased over the prior year by EUR 10.9 million due to the negative net income for the year resulting from the write-down of treasury shares and from profits distributed in the financial year 2012/13. The equity ratio of 31.9% at the balance sheet date decreased over the prior year (35.46%), but still shows an excellent equity position.

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In the financial year 2012/13, AT&S's net debt increased EUR 30.9 million to EUR 267.3 million, since the additional funding requirements for the capacity expansions of the subsidiaries in the form of borrowings or equity made available within the Group are met by AT&S and corresponding borrowings were raised for that purpose. Net debt is calculated from the bonds and liabilities to banks less cash on hand and bank balances as well as other current securities and shares (excluding treasury shares). The net debt ratio, calculated from the relation of net debt to equity, increased from 137% in the prior year to 165%.

In a multi-year comparison, the partial results of the cash flow statement show the following values (calculated pursuant to the expert opinion KFS/BW2 of the Austrian Chamber of Public Accountants):

(in EUR 1,000)	2012/13	2011/12	2010/11
Net cash flow from operating activities	15,958	-141	-3,189
Net cash flow from investing activities	-40,053	-48,370	-26,178
Net cash flow from financing activities	37,796	44,280	21,693

In the past financial year, the net cash flow from operating activities experienced a very positive development. Beside the positive cash flow of the profit for the year the significant decline of outstanding trade receivables due to lower revenues was responsible for this trend. At a lower dimension a decline is also visible in outstanding trade payables. In total a positive net cash flow from operating activities of EUR 16.0 million was the result.

In its investing activities, AT&S invested a total of EUR 4.8 million in intangible and tangible assets in the financial year 2012/13; in addition, loans of EUR 41.9 million were granted to subsidiaries to finance the plant expansions. These payments primarily resulted in the negative net cash flow from investing activities of EUR 40.1 million.

For the financing of plant expansions EUR 69.0 million of the "Österreichische Kontrollbank" have been borrowed. In return short term bank borrowings have been repaid and resulted in a net effect of EUR 37.8 million for the cash flow from financing activities.

In the financial year 2012/13, AT&S had an average of 1,136 employees, including temporary staff, and thus 59 persons less than in the prior year (2011/12: 1,195).

Well trained and motivated staff is a key factor in keeping up with international competition. Therefore, AT&S pays special attention to training and education programs which are designed to promote intercultural skills in addition to professional competencies. In technical trainings, intercultural trainings and special management and executive development programmes, AT&S staff is adequately prepared for current and future challenges. In order to promote young talent, apprentices are trained in five different fields of specialization in Austria.

A transparent and performance-oriented compensation system promotes the entrepreneurial thinking and acting of staff. Since the financial 2010/11, the bonus system has been based on the key ratios "cash earning" and "ROCE" and thus has not been revised over the previous years.

Sustained management and economical use of available resources are of the highest priority for AT&S. To that end, it is necessary to create a good basis in order to manage processes efficiently. AT&S created an integrated management system as basis, which combines the factors quality, environment and safety. The fact that AT&S attaches great importance to environmental management is demonstrated by the introduction of the management system ISO14001 already in the 1996/97 financial year. ISO9001 and ISOTS16949 (Quality Management – norms) and OHSAS18001 (Occupational Health and Safety – norm) complement the spectrum. Regular internal audits and annual monitoring and triannual recertification audits monitor the implementation of the regulatory requirements. In the financial year 2012/13, the compliance with all requirements was again confirmed by independent third parties.

A key component of the norms is the continuous development and improvement of existing systems. Projects implemented at various locations in the world to enhance safety and health protection are reflected in the key ratios. A multi-year comparison showed that the accident rate could be reduced continuously as a result. The efficient use of resources is another component of a continuous development in the environmental field. The focus is on improving processes, procedures and products in order to produce with the lowest possible impact on the environment and human beings. In order to achieve that, there are global goals, such as the reduction of CO₂ emissions per m² printed circuit board, the minimization of fresh water consumption and improvements in waste management, such as recycling of reusable materials or waste avoidance. As umbrella for all measures on that subject, AT&S launched the project "sustainable AT&S" in the past year, aimed at integrating sustainability into all processes. A first step was successfully completed in March 2013 with the internal sustainability report, confronting the employees for the first time directly with the concept and future measures, and subsequently integrating them into the activities.

At all locations, AT&S exceeds the statutory minimum requirements regarding environment and safety. In the course of external audits, AT&S was already regarded as industry benchmark by certification as well as local authorities. This is also reflected by numerous awards and distinctions received by AT&S in China, India, and Austria for their commitment to environmental protection and occupational safety.

The main raw materials used in the financial year 2012/13 included approx. 130 kg of gold (2011/12: 149 kg), 319 tons of copper (2011/12: 317 tons), 1.8 million m² of laminates (2011/12: 1.6 million m²) and approx. 8,137 tons of different

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chemicals (2011/12: 7,900 tons) at the two production locations Leoben-Hinterberg and Fehring. The electricity demand in the financial year 2012/13 amounted to around 57 GWh (2011/12: 57 GWh).

3. Material events after the balance sheet date

After balance sheet date no material events occurred.

4. Subsidiaries and representative offices

In the past financial year, AT&S decided to enter into a new business field with its subsidiary AT&S (Chongqing) Company Limited. It is planned to produce high-tech IC substrates (integrated circuit substrates) in the new plant in Chongqing, China. The building in Chongqing has already been completed. In January, the Management Board successfully concluded negotiations on an agreement with a strategic partner. The investment phase will be 3 years and will entail expenditure of approximately EUR 350 million. First revenues are expected to be generated in the year 2016.

The subsidiary AT&S Korea Co., Ltd. experienced a very positive development in the past financial year. Revenue could be increased significantly due in particular to new contracts in the medical technology segment. In line with the revenue, the result also saw a positive development.

AT&S India Private Limited also experienced a positive development. Although revenue could not be increased considerably, the result improved significantly due to efficiency measures and a now stable energy supply for the production location.

The plant in Leoben successfully continued its development to niche and prototype production in the past years. The utilization in the Fehring plant is positive again, following the change from a 4-shift to a 3-shift operation.

In the past financial year, the subsidiary AT & S Klagenfurt Leiterplatten GmbH faced underutilization and growing price pressure.

In order to even better attend to our American customers, a new sales office was opened in Chicago in spring 2012. As part of the subsidiary AT&S Americas LLC, this office is the second location in the U.S.A.

5. Capital share structure and disclosures on shareholder rights

As of 31 March 2013, the registered capital of AT&S amounts to EUR 28,490,000 and is made up of 25,900,000 no-par value shares with a notional value of EUR 1.10 per share. The voting right at the annual general meeting is exercised according to no-par value shares, with one par-value share entitling to one vote. All shares are bearer shares.

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

	<u>Shares</u>	<u>% capital</u>	<u>% voting rights</u>
Dörflinger-Privatstiftung: Karl-Waldbrunner-Platz 1 A-1210 Vienna	4,594,688	17.74%	19.70%
Androsch Privatstiftung: Franz-Josefs-Kai 5 A-1010 Vienna	5,570,666	21.51%	23.89%

At the balance sheet date, 2,577,412 treasury shares (9.95% of the registered capital) are held. The authorization last granted on 7 July 2010 to the Management Board to repurchase up to 10% of the registered capital of AT&S AG on the market within 30 months was thus valid until 6 January 2013. The treasury shares may be used to service the stock option plan of the Company or they may also be sold.

Until 6 July 2015, the Management Board is authorized, with the approval of the Supervisory Board, to increase the registered capital by up to EUR 14,245,000 through the issue of up to 12,950,000 no-par value bearer shares, partially or entirely excluding the subscription rights of existing shareholders.

Until 6 July 2015, the Management Board is authorized, with the approval of the Supervisory Board, to issue convertible bonds of up to EUR 100,000,000, excluding the subscription rights of existing shareholders, if required. To grant subscription or exchange rights to the creditors of the convertible bond, the Management Board is authorized to increase the registered capital by up to EUR 14,245,000 through the issue of up to 12,950,000 new bearer shares.

For further details, reference is made to the disclosures in section 4.5. "Equity" in the notes to the financial statements.

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6. Research and development

Within AT&S, research and development (R&D) is the driving force in the identification of new and development of applied technologies. Through sustained successes, AT&S managed to achieve the position of technology leader in the high-end printed circuit board manufacture.

AT&S has a two-step innovation process. In the research facilities of the also technological headquarters Leoben-Hinterberg, the developments in the areas of materials, processes and applications are conducted to the point where the basic feasibility of the technology is reached. This area of activity thus includes applied research and technology evaluation. Subsequently, it is up to the local department for technology development and implementation in the plants of AT&S and its subsidiaries to advance the processes and products through experimental development and to integrate new processes in the existing production process so that an optimized output can be produced.

In order to maintain its position among the global technology leaders also in the future, AT&S is cooperating with numerous external partners. On the one hand, requirements and ideas for future products are communicated by customers, and on the other hand, AT&S derives new technologies from future applications, such as for instance the Embedding Component Packaging technology (ECP[®] technology). In addition to the own resources, cooperations are also entered into with research institutions or suppliers, if required.

The core of the technology strategy can be subdivided into 3 main goals:

- Focus on the high-technology segment: new products and technologies developed at AT&S are used in the high-technology segment of the respective market.
- Greater contribution to the value creation chain: new products and technologies developed at AT&S cover a greater portion of the value creation chain in the manufacture of electronic devices.
- Lower use of natural resources: new products and technologies developed at AT&S use less natural resources (e.g. materials, water, energy) than traditional products/technologies.

Based on these strategic principles, customer demands and developments with suppliers, 4 core development areas were identified:

1. Interconnect density:

In this area the goal is to constantly miniaturize the circuit board and increase the complexity. The challenge is to miniaturize the structures of the circuit board and to reduce its thickness.

2. Mechanical integration:

The goal is an improved integration of the printed circuit board as component of the electronic device. Rigid-flexible printed circuit boards, cavities, mounting technologies up to fully flexible printed circuit boards are being developed.

3. Functionality integration:

This development area focuses on the integration of additional functionalities in the printed circuit board. In addition to the current AT&S ECP[®] technology, further solutions are to be found for embedding the components in the printed circuit board.

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 minimize the use of natural resources.

In the past financial year, an important step was made primarily for the core development field "interconnect density" by the decision to enter into the business field of IC substrates. Substrates are the connection between the nano world of silicon and the micro world of printed circuit boards. With the decision to also offer substrates in the future, AT&S consistently continues its step towards miniaturization in order to push the limits of technical feasibility in the printed circuit board technology even further through new, special materials and production procedures.

Total expenses for research & development amounted to approximately EUR 12 million in the financial year 2012/13 over EUR 20 million in the previous year.

7. Material risks, uncertainties and opportunities

AT&S has implemented a company-wide risk and opportunity management system.

In this context, risk is generally defined as a negative deviation from the business plan. Consequently, opportunity refers to a positive deviation from business objectives. The individually identified and evaluated risks and opportunities whose impact on the budgeted annual result is greater than EUR 0.25 million and whose probability of occurrence greater than 1% are aggregated into the Group's total risk exposure using a stochastic process (Monte Carlo simula-

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tion). In each assessment of individual risks, values are determined for the worst case, the best case and the most likely case.

In terms of organisation, the responsibility for risk management is with the CFO, who is also in charge of its supervision. The Management Board as a whole is briefed quarterly in a structured manner on risk management. Twice a year, the Group's current risk exposure is reported to the audit committee, which in turn reports to the supervisory board of AT&S.

The executives of AT&S as risk responsables are responsible for identifying, analyzing, controlling and monitoring risks in their respective area. In addition, the local plant management is responsible for the implementation of the risk management process in their areas of responsibility. Risk management coordinators at AT&S AG and its subsidiaries assist in the collection and transmission of risk information. In terms of an efficient organization according to the company size, the organizational servicing of the internal control system is designed accordingly.

The risks, uncertainties and opportunities of AT&S are basically characterized by the global developments on the printed circuit board market.

Regarding market and technology, it can be noted that the trend towards increased functionality of devices and the penetration of electronic systems into our daily lives continues. In the entire mobile devices segment, AT&S with its subsidiaries has already consistently focused on the high-end segment. In addition to smartphones and tablet PC, this segment also includes other products such as game consoles, digital cameras and portable music players. In the coming years, this segment will continue to be regarded as growth driver. With its Chinese capacities, manufacturing technologies and highest quality standards in particular, AT&S is able to globally service the most renowned providers of these products worldwide. Uncertainties and opportunities depend on the market development itself as well as on the extent to which the Company will be able to distinguish itself successfully from competitors.

The industrial market is characterised by various technology requirements from a variety of customers. Utmost flexibility and the ability to adjust very quickly to changing specifications and technologies constitute a basic requirement to be successful in this segment. The Austrian plants of AT&S in particular are very well prepared for these requirements. In close cooperation with various customers, new technologies and other projects are constantly developed. The product life cycles in the industrial segment are longer as compared to those in the mobile devices segment. The Indian location offers the possibility to produce these projects cost-effectively. The product portfolio is complemented in the industrial segment by the plant in South Korea, which is specialised in flexible printed circuit boards and printed circuit boards for the use in medical technology. The plant specialization offers great potential opportunities for AT&S.

In the automotive segment, further potential for growth and development arises due to the constantly rising proportion of electronics that has to meet ever more complex requirements and, consequently, the requirements for printed circuit boards are also constantly rising. As in previous years, AT&S again was the leading manufacturer of printed circuit boards in the automotive segment in its European core market in the past financial year. In order to be able to grow further, the expansion into other markets is promoted. In doing so, existing structures are used. Additional investments are required only to a limited extent. Stepping out of the core market offers further potential for opportunities.

The Advanced Packaging segment, a technology which was brought to market maturity by AT&S, offers enormous potential for opportunities. In the past financial year, the first production line was established and serial production was started.

In the past financial year, AT&S decided to enter into a new technology. The new plant in Chongqing will be equipped and qualified in such a way that it will be possible to produce IC substrates as from 2016. In order to facilitate the entry into the substrate business, AT&S has entered into a strategic partnership with a globally operating manufacturer of printed circuit boards. The location in Chongqing, China, offers competitive advantages over predominantly Japanese competitors. With this strategic partnership, the next step in integrating semiconductors and printed circuit boards is made. The material risks with regard to the entry into a new business field are to be identified in the area of investments and quality of the manufactured products.

Financing risk

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

There are minor interest rate risks on the assets side of the balance sheet in relation to investments in securities. Most of the other liquid resources are invested short-term.

On the liabilities side, 84% (unchanged to prior year) of borrowings and liabilities to banks are – taking into account interest rate hedges – at fixed interest rates. The remaining loans bear a variable interest rate (16%) and have maturities of less than one year.

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Liquidity risk

At AT&S, 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 the balance sheet date, AT&S had liquidity reserves of EUR 116.0 million, of which EUR 23.1 million was cash and cash equivalents and other securities and investments, and EUR 92.9 million was in the form of available unutilised credit facilities.

The Company also has the option, subject to the approval of the Supervisory Board, of issuing up to 12,950,000 new shares from authorised capital, as well as convertible bonds up to a total nominal amount of EUR 100,000,000. It could also sell treasury shares (at the balance sheet date the Group held 2,577,412 treasury shares).

Credit risk

For AT&S, credit risk means the potential payment default by customers. AT&S always managed to establish strong partnerships with its customers. The highest portion of receivables of a direct contract partner amounts to 12% of total trade receivables (prior year 15%).

The monitoring of the credit risk is generally based on regular credit assessments and on taking out credit insurances for individual customers.

Foreign exchange risk

To guard against currency risks, all transaction, translation and economic risks are monitored on an ongoing basis. At AT&S, transactions are hedged primarily by netting and, where necessary, remaining open positions are hedged using derivative financial instruments.

Due to its Asian subsidiaries the company is exposed to local currency risks. As a result of legal restrictions and the illiquidity of the currencies in question, local hedging transaction are possible only to a limited extent. Wherever required, the risk is transferred to Europe and hedged there. Moreover, the Group attempts to bring about a natural hedge of receivables and payables.

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

Financial market risks

The financial market risks, which include the foreign currency risk and the interest rate risks, are monitored by means of regular sensitivity analyses. In so-called GAP analyses, the potential change in profit/loss resulting from a 1% change in price (currency rate or interest rate) with regard to the foreign currency or interest net position is determined. In doing so, no correlations of the various risk elements to each other were taken into account. The impact on profit/loss is determined taking into account income tax effects on the profit for the year after tax.

8. Internal control system and risk management

8.1. Company-wide risk management system

AT&S has adopted a code of ethics and conduct which sets out how AT&S conducts its businesses in an ethical and socially responsible manner. These guidelines apply to all activities of the AT&S Group worldwide, with each employee being responsible to comply with this code without exception in the performance of his profession and the daily work.

The accounting-related internal control and risk management system (see section 8.2.) 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 risk management proper as well as the internal control system (ICS) are subsumed. The main criteria of the risk management, the internal control system and the internal audit at AT&S are specified in a group-wide risk management and audit manual.

In the risk catalogue defined at the group level, the risk and opportunity management system, in addition to financial risks, includes further risk categories that in particular relate to strategic risks, market and procurement risks, environmental risks and operating as well as organisational risks. The risk catalogue, which constitutes a frame of reference for business units in the identification of risks, is dynamically adjusted to the changing situation of the company. The main objective of the group-wide risk and opportunity management is to optimise the total risk exposure, and at the same time seize arising opportunities. Regular reporting is made to the management and supervisory boards.

Special areas of responsibilities of the Supervisory Board's audit committee also include monitoring the effectiveness of the internal control system, the internal audit and the risk management system, as well as monitoring the accounting process. In addition to including the audit committee in the accounting process in the quarterly reporting, regular

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risk reporting is made to the audit committee on activities of the internal audit (risk and audit report). The audit committee in turn reports to the other members of the Supervisory Board.

Based on business processes documented in the management manual, the related risks are described and assessed by the process responsables for each main and sub-process. In the risk assessment, basically all potentially negative factors that jeopardize the achievement of the objectives of an organization or a process have to be documented by the process owner. The control objectives for the financial reporting are derived from existing risks and allocated to the categories existence (only actually existing and approved business transactions are processed), occurrence/period accrual (representation of business transactions in the correct period or timely processing), completeness (business transactions, assets and liabilities are recognized completely), measurement (appropriate measurement methods were applied to business transactions and they were calculated correctly), rights & obligations (the company has economic ownership of assets and liabilities are actual obligations of the company), presentation & disclosure (correct and complete disclosure in the financial statements and other reports), correctness of business transactions/data and access restriction (access to IT systems is restricted to process responsables).

The documentation of the internal controls (business processes, risks, control measures and responsables) 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 objectives described for financial reporting.

8.2. Accounting-related internal control system and risk management system

The accounting procedures are documented in separate process instructions. As far as possible, these processes are standardized across the Group and are presented in a standardized 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.

At AT&S, the accounting processes and the preparation of the Management Report are controlled by the Austrian Accounting, a part of Group Finance department, which reports to the CFO. Its current corporate structure means that AT&S both controls production facilities directly and also has significant portfolio investments, so that it exercises holding company and group functions. The accounting and finance functions are therefore integrated organisationally. Laws, accounting standards and other regulations are analyzed on an ongoing basis for their relevance to and effect on the annual financial statements and other reporting requirements.

The collection, current entry and accounting of the business transactions is performed through a uniform and central software solution of SAP. The individual business transactions and measurements are entered in accordance with local accounting regulations.

In order to avoid material misstatements, automatic controls in the reporting system as well as various manual controls have been implemented. Measures to avoid risks, among others, include separation of functions and signature authorisation matrices. On a monthly basis, the completeness of invoices and their accrual is checked by Austrian Accounting and, if necessary, accrued. Furthermore, group-wide guidelines are set particularly with regard to accounting and reporting of revenue, research and development expenses, non-current assets, the recognition and measurement of inventories, customer receivables, accruals and provisions, as well as reconciliation of deferred tax assets and liabilities. At the balance sheet date, confirmations are obtained from the main customers and suppliers. The presentation of financial figures is discussed particularly with regard to measurement and provision requirements in monthly accounting meetings between Group Finance and the CFO.

Internal financial reporting is on a monthly basis and is an integral part of the group accounting process. The financial information is reviewed and analyzed by the Group Accounting unit, which is also part of Group Finance. The monthly budget/actual variances, together with appropriate explanations and comments on the performance of the individual plants and the Group as a whole are reported internally to the Management and the members of the Supervisory Board.

The annual budget is prepared by Controlling Austria in cooperation with the Group Controlling department, which also reports to the CFO. Based on the quarterly results and current planning information, quarterly forecasts are drawn up during the year for the remaining financial year. 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.

9. Outlook

The still rising demand for electronic end devices and the generally rising proportion of electronics in various applications will continue to result in an increase in the demand for printed circuit boards. In order to counter the increasing price pressure in the industry, the focus will continue to be on high-tech products. With the continued focus on

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LEOBEN-HINTERBERG**

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the production of high-tech printed circuit boards, especially in Shanghai and Austria, management is optimistic to be able to lay the basis for the continued positive development of AT&S.

The entry into the IC substrate market also has to be seen in this context, which constitutes a development of the current high-technology market of HDI printed circuit boards for AT&S. The entry into this segment will provide for significant growth impulses for AT&S. Furthermore, a considerably improved profitability and a significant increase in the company value are expected. From a strategic perspective, this step represents an extraordinary opportunity for the development of AT&S.

Overall, management expects increasing revenue and a positive development in Austria as well as in the subsidiaries.

Leoben-Hinterberg, 7 May 2013

The Management Board:

Andreas Gerstenmayer m.p.

Heinz Moitzi m.p.

AUDITOR'S REPORT

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 2012 to 31 March 2013. These financial statements comprise the balance sheet as of 31 March 2013, the income statement for the fiscal year ended 31 March 2013, 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 these 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; and 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 2013 and of its financial performance for the fiscal year from 1 April 2012 to 31 March 2013 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, 7 May 2013

PwC Wirtschaftsprüfung GmbH
Wirtschaftsprüfungs- und
Steuerberatungsgesellschaft

signed:

Mag. Christian Neuherz
Austrian Certified Public Accountant

We draw attention to the fact that the English translation of this auditor's report 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 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, 7 May 2013

The Management Board

Andreas Gerstenmayer
Chairman of the Board

Heinz Moitzi
Member of the Board