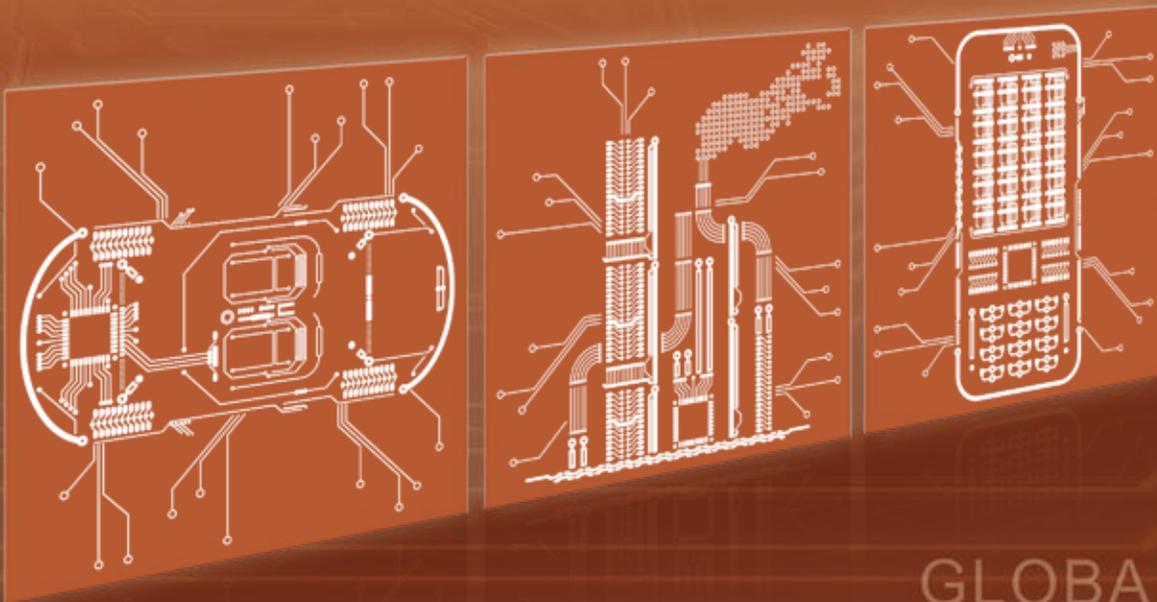


AT&S

Quarterly Financial Report 01

2010/2011



GLOBAL PLAYER

GLOBAL PLAYER

Key figures

	IFRS			
	Q1 2010/11		Q1 2009/10	
	before non-recurring items ¹⁾	after non-recurring items ¹⁾	before non-recurring items ²⁾	after non-recurring items ²⁾
<i>(if not otherwise stated, all figures in EUR 1,000)</i>				
CONSOLIDATED INCOME STATEMENT				
Revenues		113,941		83,247
thereof produced in Asia		72%		60%
thereof produced in Europe		28%		40%
EBITDA	21,878	21,221	(493)	(20,319)
EBITDA margin	19.2%	18.6%	(0.6%)	(24.4%)
EBIT	10,105	9,380	(11,834)	(50,113)
EBIT margin	8.9%	8.2%	(14.2%)	(60.2%)
Net income	8,291	7,566	(13,909)	(52,188)
Shareholders' interest in net income	8,327	7,603	(13,785)	(52,065)
Cash earnings	20,100	19,443	(2,444)	(22,270)
CONSOLIDATED BALANCE SHEET				
Total assets		537,754		468,647
Total equity		247,818		184,464
Shareholders' equity		247,329		183,974
Net debt		154,060		159,535
Net gearing		62,2%		86,5%
Net working capital		78,693		56,000
Net working capital per revenues		17.3%		16.8%
Equity ratio		46.1%		39.4%
CONSOLIDATED CASH FLOW STATEMENT				
Net cash generated from operating activities (OCF)		11,150		19,232
CAPEX, net		19,154		6,594
GENERAL INFORMATION				
Payroll (incl. subcontract staff), end of period		6,541		5,371
Payroll (incl. subcontract staff), average		6,284		5,377
KEY STOCK FIGURES				
Earnings per share (EUR)	0.36	0.33	(0.59)	(2.23)
Cash earnings per share (EUR)	0.86	0.83	(0.10)	(0.95)
Market capitalisation, end of period		244,887		85,594
Market capitalisation per equity		98.8%		46.5%
Weighted average number of shares outstanding		23,322,588		23,322,588
KEY FINANCIAL FIGURES				
ROE ³⁾	14.5%	14.2%	(25.5%)	(43.0%)
ROCE ³⁾	8.0%	7.8%	(11.2%)	(21.2%)
ROS	7.3%	6.6%	(16.7%)	(62.7%)

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

²⁾ Non-recurring items include the restructuring costs for Leoben-Hinterberg.

³⁾ Calculated on the basis of capital employed / average equity.

Highlights

- One of the best first quarters in the history of AT&S
- Revenues for the first quarter of the financial year 2010/11 up 14% on the last quarter of 2009/10
- AT&S brings innovative printed circuit board to production readiness
- IPC award for research paper in AT&S-led EU Hermes Project
- Water conservation award in Shanghai
- Outlook for current financial year revised upwards

Statement of the Management Board

Dear colleagues,
Dear shareholders,

The first quarter of 2010/11 was one of the best first quarters in AT&S's history, with excellent capacity utilisation at all plants and quarterly sales revenues of EUR 113.9m. The first quarter revenue gains of 14% year on year enabled the AT&S Group to report a healthy profit before tax and exceed both our own and external analysts' expectation by far. Thanks to this strong performance, the EBIT margin improved and net debt was reduced considerably.

Results of ordinary business activities in Q1 2010/11

Revenues for the first quarter of 2010/11 were up 14% on the last quarter of 2009/10, and by fully 37% year on year. After adjustment for non-recurring items, earnings before interest and tax (EBIT) for the first quarter of the financial year 2010/11 were EUR 10.1m, up 63% on the previous quarter, and once again close to pre-financial crisis levels.

Although net capital investment increased to EUR 19m in the first quarter of 2010/11, the Group's gearing ratio fell to 62%.

Our ordinary business activities for the first quarter 2010/11, excluding one-time effects, produced the following results:

- Operating profit: EUR 10.1m, for an EBIT margin of 8.9%
- EBITDA: EUR 21.9m, for an EBITDA margin of 19.2%
- Consolidated net profit: EUR 8.3m
- Earnings per share (EPS): EUR 0.33*

* including non-recurring items

Financing

The maturities of financial liabilities totalling EUR 172.7m were as follows:

Less than one year:	EUR	73.8 Mio.	, of which export credits of EUR 36.0m
1 – 2 years:	EUR	6.2 Mio.	
2 – 3 years:	EUR	86.0 Mio.	
3 – 4 years:	EUR	6.7 Mio.	

As at 30 June 2010 the AT&S Group had sufficient committed credit facilities at its disposal to secure its funding requirements.

Net debt rose to EUR 154.1m, an increase of EUR 6.1m compared with the position at the end of the last financial year. The increase in financing requirements mainly relates to expansion of the plants in China and India, while the working capital requirement increase is in line with current growth. The net gearing ratio fell from 71% at the end of the last financial year to 62% in spite of the increase in net debt, due to a more sharply equity increase.

Relocation of headquarters

In the first quarter of 2010/11 further we decided on further restructuring efforts. The Viennese office, which until now has been responsible for the major group and headquarters functions, will close at the end of 2010. These functions will be mainly transferred to the Leoben-Hinterberg production facility and other Group sites.

Innovative solutions

We have proved ourselves as a technology pioneer once again with our smartphone products. Success in this market is conditional on the ability to reconcile complex mechanical and electronic requirements with increasingly challenging design considerations. Our customers requirements have a significant influence on the design of our printed circuit boards. We are therefore investing continuously in development and innovation to ensure that we can continue to live up to our customers' exacting standards in future.

The trend is clear: increasing miniaturisation. In order to integrate additional functions and accommodate the various frequencies used by mobile networks, printed eight to fourteen layers are required, with thicknesses of just 0.6–1.2 mm for the entire printed circuit board. Despite their high density, these printed circuit boards must be mechanically stable and must not warp or break.

Ever smaller components have to be electrically connected (e.g. capacitors, SMD resistors measuring just 254 µm x 127 µm). This is accomplished using copper layers (conductor tracks) and laser or mechanically drilled holes which are likewise coated with copper. Depending on the specification, each printed circuit board

requires 10,000 to 15,000 of them. By contrast, the first printed circuit boards used in mobile telephones had just 500–1,500 laser-drilled holes. The number of holes continues to rise in order to keep pace with the addition of new applications in handsets and the need to integrate ever smaller and more complex components. AT&S is a pioneer of this technology.

AT&S scoops award for EU HERMES® project research activities

The Hermes Project was launched by AT&S and is funded by the EU. It involves research into the next technological advance in printed circuit boards – a new packaging solution for semiconductors that takes connectivity far beyond what is presently possible.

The contribution of the Hermes Project to chip embedding technology was recognised with a Best International Conference Paper award at the world's leading conference and exhibition for the printed circuit board and electronic industry, IPC APEX EXPO™ in Las Vegas.

This is a major milestone for us and an important step for the future. We expect industrial implementation of this technology to open up a wide range of potential applications predominantly in medicine (e.g., a new generation of hearing aids) and in functional modules such as GPS. The AT&S Group sees this as another growth segment for the medium term.

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Strategic alignment

The AT&S Group strategy is geared towards fostering long-term growth. The decision to focus on the high-end segment of the market had already delivered a number of positive results by the first quarter. It is all the more important that we are positioned to meet increased future demand for HDI and standard multilayer technology. With this in mind, we are currently planning the rapid expansion of our production facilities in Shanghai (China) and Nanjangud (India). We are also looking into various options for the Leoben-Hinterberg site.

We are currently working with leading partners in the photovoltaics industry to establish whether our printed circuit board skills and expertise can also be made available to manufacturers of solar modules. We are focusing on the development of more energy-efficient, back-contacted photovoltaic panels. A reliable assessment of the economic potential will only be possible once the prototyping phase is completed.

Environmental issues are a high priority at AT&S. We firmly believe that our careful use of resources will bring a significant competitive edge to the Group in the medium term. We are pleased to have added to the various environmental appreciations we have earned in the past: an award from the Shanghai water authority in the first quarter of 2010/11 singled out our exceptional water conservation achievements.

Mobile Devices continues to drive growth in the Group, accounting for 59% of revenues. However, our Industrial business also posted double-digit revenue growth in the period under review. Automotive was able to exploit the weaknesses of some of our competitors in the first quarter, thereby increasing sales. Our strategy of expanding all business units and concentrating on our core competencies proved its worth in the first quarter.

In terms of geographic focus, the clear long-term trend is for the industry to relocate to Asia, where we expect demand for printed circuit boards to grow by some 5% a year in the medium term. Meanwhile, clearly targeted sales activities in Canada, Mexico and the USA have also generated additional revenue in those countries in a gratifying development that began to show results in the previous financial year. The contribution to revenues accounted for by orders from this region in the first quarter advanced to 28%, while that of Asia slipped to 23%. Sales to European customers are also showing a great deal of promise, with market share growing disproportionately compared with the same period a year earlier.

Outlook

In the first quarter we significantly outperformed our internal forecasts as well as analysts' predictions. After careful scrutiny of our original assumption we took the decision to revise the forecasts for the financial year 2010/11 upwards.

Assuming a stable global economy and lower currency fluctuations, the new outlook for the financial year puts total revenue for the year at EUR 470–500m, a year-on-year increase of some 25–35%. EUR 100–110m has been earmarked for CAPEX spent in 2010/11. We have set ourselves a target EBIT margin of a minimum of 9% which will keep the gearing ratio below the maximum of 80% to which we have committed ourselves.

With the systematic implementation of restructuring measures, continued expansion of the plants in Asia and the realignment of the Leoben-Hinterberg production facility now behind us, we believe that we are very well placed to face the challenges in our markets. On a personal level, we are very pleased to see the results of our strategy reflected in the excellent start to the financial year 2010/11.

Best regards



Andreas Gerstenmayer
Chairman of the Management Board



Steen E. Hansen
Chief Financial Officer



Heinz Moitzi
Chief Technical Officer

Corporate governance informations

Changes in Supervisory Board

The appointments of Willibald Dörflinger, Hannes Androsch, Karl Fink and Albert Hochleitner as members of the Supervisory Board expired with the ending of the Annual General Meeting on 7 July 2010, in accordance with section 87(7) Austrian Companies Act (AktG).

Under Article 10 of the Articles of Incorporation, the Supervisory Board is to consist of at least three and at most ten members elected by the Annual General Meeting. The Supervisory Board currently consists of six members elected by the Annual General Meeting: in the Annual General Meeting four members were therefore to be elected, in order to restore the number to six.

On the basis of the recommendation of the Nomination and Remuneration Committee, the Supervisory Board proposed Willibald Dörflinger, Hannes Androsch, Karl Fink and Albert Hochleitner for election to the Supervisory Board.

All the proposed members have signed a declaration pursuant to section 87(2) AktG that they possess the appropriate professional or comparable qualifications, and that no circumstances exist that could give rise to concern about possible conflicts of interest. The outcome of the vote is posted on the Company's website, www.ats.net.

Directors' holdings and dealings

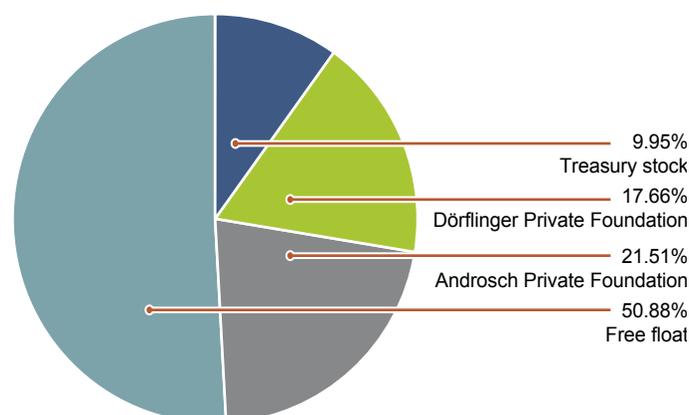
In the first quarter of the financial year 2010/11 there were changes in the shareholdings of senior managers for the purposes of section 48d Austrian Stock Exchange Act (BörseG). Stock options held by members of the Management Board were as follows (Supervisory Board members do not receive stock options):

	2006	2007	2008	2009	2010	Summe
Harald Sommerer	40,000	40,000	40,000	40,000	0	160,000
Steen E. Hansen	30,000	30,000	30,000	30,000	30,000	150,000
Heinz Moitzi	30,000	30,000	30,000	30,000	30,000	150,000
Andreas Gerstenmayer					40,000	40,000
Exercise price (EUR)	17.99	22.57	15.67	3.86	7.45	

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

AT&S stock

Shareholdings



Austrian Small Cap Day

On 16 June the C.I.R.A. and Vienna Stock Exchange co-organised the first Austrian Small Cap Day, which attracted around 90 registrations from Austrian investors, analysts and sales experts from the country's leading banks. The AT&S Group's strategic alignment draw special interest, as did the development of the printed circuit board market as a barometer of a nascent economic upturn.

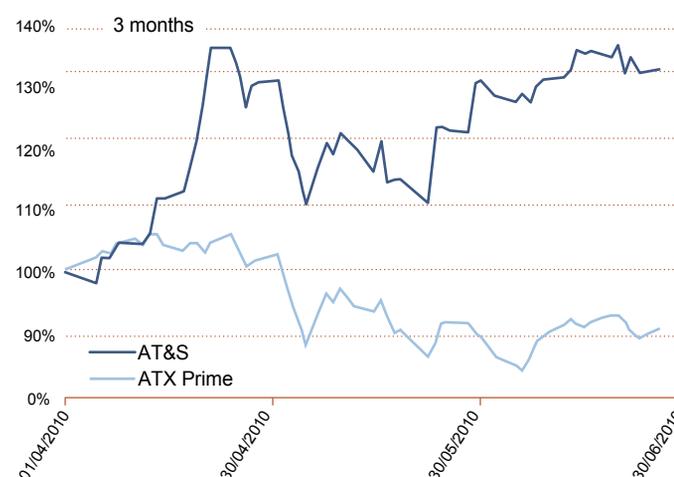
Investors and analysts' interest was particularly high in the run-up to the Annual General Meeting. In June we attended a stock exchange information day at the Vienna Stock Exchange alongside two other companies that were invited to take part. We presented the AT&S Group and its annual results to 50 investment advisers and analysts from seven different banks.

Stock price in the first quarter of 2010/11

The market price of AT&S stock at the start of the quarter was EUR 8.18. In April it traded above the EUR 10 mark for a short time. The clear breakthrough came in June, when the share price appreciated continually, eventually consolidating significantly above the EUR 10 level.

The AT&S share not only outperformed the ATX Prime Index in the first quarter of the financial year 2010/11, it also took second place in the latest ranking of the Prime Market stock index. At 26 May 2010 AT&S stock was admitted to the MSCI Global Small Cap Index.

AT&S against the ATX Prime



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

EUR	30 June 2010	30 June 2009
Earnings per share	0.33	-2.23
High	11.19	4.76
Low	7.53	2.99
Close	10.50	3.67

AT&S stock

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

Financial calendar

Quarter 2 2010/11	21 October 2010
Quarter 3 2010/11	25 January 2011
Annual results 2010/11	12 May 2011
Seventeenth Annual General Meeting	7 July 2011

Investor Relations

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Interim Financial Report (IFRS)

Consolidated Income Statement

(in EUR 1,000)	1 April - 30 June	
	2010	2009
Revenues	113,941	83,247
Cost of sales	(94,109)	(84,029)
Gross Profit	19,832	(782)
Selling costs	(5,804)	(4,631)
General and administrative costs	(5,266)	(4,673)
Other operating result	1,343	(1,748)
Non-recurring items	(725)	(38,279)
Operating result	9,380	(50,113)
Financial income	5,132	2,936
Financial expense	(4,432)	(6,016)
Financial result	700	(3,080)
Profit before tax	10,080	(53,193)
Income tax expense	(2,514)	1,005
Profit/(loss) for the period	7,566	(52,188)
thereof equity holders of the parent company	7,603	(52,065)
thereof minority interests	(37)	(123)
Earnings per share for profit attributable to equity holders of the parent company (in EUR per share):		
- basic	0.33	(2.23)
- diluted	0.33	(2.23)
Weighted average number of shares outstanding – basic (in thousands)	23,323	23,323
Weighted average number of shares outstanding – diluted (in thousands)	23,447	23,323

Consolidated Statement of Comprehensive Income

(in EUR 1,000)	1 April - 30 June	
	2010	2009
Profit/(loss) for the period	7,566	(52,188)
Currency translation differences	31,465	(16,077)
Fair value gains/(losses) of cash flow hedges, net of tax	(6)	–
Other comprehensive income for the period	31,459	(16,077)
Total comprehensive income for the period	39,025	(68,265)
thereof equity holders of the parent company	39,062	(68,142)
thereof minority interests	(37)	(123)

Consolidated Balance Sheet

(in EUR 1,000)	30 June 2010	31 March 2010
ASSETS		
Non-current assets		
Property, plant and equipment	349,613	308,527
Intangible assets	2,009	2,037
Financial assets	96	99
Overfunded retirement benefits	685	620
Deferred tax assets	13,568	11,124
Other non-current assets	3,980	3,622
	369,951	326,029
Current assets		
Inventories	47,492	38,700
Trade and other receivables	101,717	90,976
Financial assets	13,969	14,214
Current income tax receivables	93	117
Cash and cash equivalents	4,532	13,354
	167,803	157,361
Total assets	537,754	483,390
EQUITY		
Share capital	45,680	45,680
Other reserves	29,899	(1,560)
Retained earnings	171,750	164,184
Equity attributable to equity holders of the parent company	247,329	208,304
Minority interests	489	489
Total equity	247,818	208,793
LIABILITIES		
Non-current liabilities		
Financial liabilities	98,876	105,197
Provisions for employee benefits	11,795	11,369
Other provisions	12,584	12,769
Deferred tax liabilities	5,335	4,664
Other liabilities	2,045	1,618
	130,635	135,617
Current liabilities		
Trade and other payables	75,495	60,436
Financial liabilities	73,781	70,455
Current income tax payables	3,163	2,611
Other provisions	6,862	5,478
	159,301	138,980
Total liabilities	289,936	274,597
Total equity and liabilities	537,754	483,390

Consolidated Cash Flow Statement

(in EUR 1,000)	1 April - 30 June	
	2010	2009
Cash flows from operating activities		
Profit/(loss) for the period	7,566	(52,188)
Adjustments to reconcile profit for the period to cash generated from operations:		
Depreciation, amortisation and impairment of fixed assets	11,841	29,794
Changes in non-current provisions	30	6,395
Income tax expense	2,514	(1,005)
Financial expense/(income)	(700)	3,080
(Gains)/losses from the sale of fixed assets	(30)	90
Release from government grants	(479)	(195)
Other non-cash expense/(income), net	3,491	1,190
Changes in working capital:		
- Inventories	(6,375)	10,050
- Trade and other receivables	(7,367)	23,204
- Trade and other payables	8,011	7,787
- Other provisions	1,168	469
Cash generated from operations	19,670	28,671
Interest paid	(5,682)	(899)
Interest and dividends received	116	10
Income tax paid	(2,954)	(8,550)
Net cash generated from operating activities	11,150	19,232
Cash flows from investing activities		
Capital expenditure for property, plant and equipment and intangible assets	(19,154)	(6,596)
Proceeds from sale of property, plant and equipment and intangible assets	-	1
Disposal of subsidiaries, net of cash disposed	-	174
Purchases of financial assets	(1,002)	(1,345)
Proceeds from sale of financial assets	200	-
Net cash used in investing activities	(19,956)	(7,766)
Cash flows from financing activities		
Proceeds from borrowings	10,465	24,027
Repayments of borrowings	(11,300)	(34,038)
Proceeds from government grants	437	149
Net cash used in financing activities	(398)	(9,862)
Net increase/(decrease) in cash and cash equivalents	(9,204)	1,604
Cash and cash equivalents at beginning of the year	13,354	7,031
Exchange gains/(losses) on cash and cash equivalents	382	(92)
Cash and cash equivalents at end of period	4,532	8,543

Consolidated Statement of Changes in Equity

(in EUR 1,000)	Share capital	Other reserves	Retained earnings	Equity attributable to equity holders of the parent company	Minority interests	Total equity
31 March 2009	45,680	561	205,999	252,240	494	252,734
Total comprehensive income for the period	–	(16,077)	(52,065)	(68,142)	(123)	(68,265)
Reclassifications of losses attributable to minority interests	–	–	(124)	(124)	124	–
Changes in consolidated Group	–	–	–	–	(5)	(5)
30 Juni 2009	45,680	(15,516)	153,810	183,974	490	184,464
31 March 2010	45,680	(1,560)	164,184	208,304	489	208,793
Total comprehensive income for the period	–	31,459	7,603	39,062	(37)	39,025
Reclassifications of losses attributable to minority interests	–	–	(37)	(37)	37	–
30 Juni 2010	45,680	29,899	171,750	247,329	489	247,818

Segment Reporting

1 April - 30 June 2010

(in EUR 1,000)	Europe	Asia	Not allocated and consolidation	Group
External sales	81,747	32,194	–	113,941
Intercompany sales	1	49,413	(49,414)	–
Total revenues	81,748	81,607	(49,414)	113,941
Non-recurring items	–	–	(725)	(725)
Operating result	2,540	9,171	(2,331)	9,380
Financial result				700
Profit before income tax				10,080
Income tax expense				(2,514)
Profit for the period				7,566
Total assets	106,260	438,691	(7,197)	537,754
Total liabilities	78,988	61,201	149,747	289,936
Capital expenditures	856	20,959	93	21,908
Depreciation/amortisation of property, plant and equipment and intangible assets	1,267	10,381	193	11,841

1 April - 30 June 2009

(in EUR 1,000)	Europe	Asia	Not allocated and consolidation	Group
External sales	53,321	29,926	–	83,247
Intercompany sales	149	20,415	(20,564)	–
Total revenues	53,470	50,341	(20,564)	83,247
Non-recurring items	(38,279)	–	–	(38,279)
Operating result	(45,737)	(2,977)	(1,399)	(50,113)
Financial result				(3,080)
Profit before income tax				(53,193)
Income tax expense				1,005
Profit for the period				(52,188)
Total assets	86,109	358,125	24,413	468,647
Total liabilities	65,899	32,046	186,238	284,183
Capital expenditures	1,061	3,859	233	5,153
Depreciation/amortisation of property, plant and equipment and intangible assets	20,287	9,182	325	29,794

Additional information

Revenue broken down by industries is as follows:

(in EUR 1,000)	1 April - 30 June	
	2010	2009
Mobile Devices	67,590	52,008
Industrial	32,350	21,274
Automotive	13,414	8,408
Other	587	1,557
	113,941	83,247

Revenue broken down by country is as follows:

(in EUR 1,000)	1 April - 30 June	
	2010	2009
Austria	5,432	3,535
Germany	28,447	16,700
Hungary	9,740	9,054
Other European countries	11,165	7,295
Asia	25,895	36,362
Canada, USA, Mexico	31,528	9,480
Other	1,734	821
	113,941	83,247

Explanatory Notes to the Interim Financial Report

General

Accounting and valuation policies

The interim report for the quarter ended 30 June 2010 has been prepared in accordance with the standards (IFRS and IAS) of the International Accounting Standards Board (IASB), including IAS 34, and the interpretations (IFRIC and SIC) as adopted by the European Union.

The consolidated interim financial statements do not include all the information contained in the consolidated annual financial statements and should be read in conjunction with the consolidated annual financial statements for the year ended 31 March 2010.

There are no differences in accounting and valuation policies compared with those applied in the financial year ended 31 March 2010.

The consolidated interim statements for the three months ended 30 June 2010 are unaudited and have not been the subject of external audit review.

Notes to the income statement

Revenues

Revenues in the first quarter of the financial year 2010/11 grew in comparison with the same period last year by EUR 30.7m to EUR 113.9m. This 37% improvement is largely attributable to higher volumes of printed circuit board sales, although the greater strength of the USD also had a positive effect. Income from the service business (assembly, trading, design) declined, as these activities were phased out.

From a geographical or segment point of view, the increase in production compared with last year came from the Asian plants. While the Asian segment registered an increase of 63% in comparison with last year, the European segment was more or less unchanged (in both cases ignoring intra-group sales). As production of HDI printed circuit boards was progressively transferred to China over the past few years, production capacity at Leoben-Hinterberg was correspondingly reduced, in two restructuring phases. The share of sales contributed by the production sites in Asia in the first quarter of the financial year 2010/11 already amounted to 72% of the total.

Gross profit

With significantly higher revenues, gross profit of EUR 19.8m for the first quarter was EUR 20.6m better than last year, and the gross profit margin recovered from -0.9% to 17.4%.

The improvement in the margin is attributable to the excellent capacity utilisation of existing production capacities in the Group's plants, both in Austria and in Asia. In contrast, in the first quarter of the financial year 2009/10 particularly at Leoben-Hinterberg there was a considerable gross loss. The gross profit was also up EUR 7.0m in comparison with the last quarter of 2009/10, based on the 14% higher sales.

Non-recurring items

In the first quarter of the current financial year it was decided to make further adjustments to the Group's administrative structure and with effect from the end of calendar 2010 to close the Vienna office, which up until the time of the decision had been responsible for major group and headquarters functions. The headquarters function will move back to the Company's registered office where also the Leoben-Hinterberg plant is located. The non-recurring items relate to the closure of the Vienna office and consist mainly of staff costs arising from the social plan agreed as a consequence of the decision.

The preceding year's non-recurring items related to the extensive restructuring activities and cost-savings programs. In particular, projects were initiated to increase the efficiency of the Austrian plants, mainly relating to the Leoben-Hinterberg site. Volume production in Leoben-Hinterberg was transferred to Shanghai in its entirety, and production capacities were correspondingly reduced.

Operating result

The operating profit for the first quarter of the financial year 2010/11 reflected the significantly improved gross profit and was comparatively little affected by non-recurring items. Operating results compared with the first quarter of the financial year 2009/10 improved from an operating loss of EUR -50.1m to an operating profit of EUR 9.4m. The operating profit adjusted for non-recurring items was EUR 10.1m, as against an adjusted operating loss of EUR -11.8m a year earlier.

Selling and general administrative costs were higher than last year, reflecting both the increased transport costs resulting from higher sales and variable, profit-related elements of remuneration. Other operating results in the current financial year consist principally of public grants, whereas last year they were mainly exchange losses resulting from the decline of the US dollar against the euro.

The segment results showed a significant improvement compared with the same period last year, both in Europe and in Asia. The adjusted segment EBIT before non-recurring items, the relevant measure of segment performance, recovered from a loss of EUR -7.5m to a profit of EUR 2.5m for Europe, and for Asia from a loss of EUR -3.0m to a profit of EUR 9.2m. The Europe segment was last year also burdened with restructuring expenses.

Financial result

The financial income in the first quarter of the financial year 2010/11 was mainly the result of the revaluation of the renminbi yuan (CNY) against the euro to reflect appreciation since 31 March 2010 and the associated valuation gains on the financing of the plant in China. Last year the decline of the US dollar against the euro resulted in valuation adjustment income on currency hedges.

Financial expenses consisted of interest expense of EUR 2.0m compared with EUR 1.9m in the same period last year and largely expense arising from changes in exchange rates. In the present financial year the appreciation of the US dollar against the euro resulted in valuation adjustment expenses on currency hedges. In the previous year the decline of a functional currency, the renminbi yuan (CNY), resulted in corresponding valuation adjustment expense on the financing of the plant in China.

Income tax expense

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

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

Notes to the comprehensive income statement

Currency translation differences

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

Notes to the balance sheet

Financial position

Net debt rose to EUR 154.1m, an increase of EUR 6.1m compared with the position at 31 March 2010. This was principally a reflection of financing requirements in connection with the expansion of the plants in China and India, as well as the higher level of working capital resulting from the growth in sales. Over the same period the net gearing ratio nonetheless fell from 71% to 62%, since equity rose more sharply than debt.

The Group's consolidated equity improved considerably in the first quarter of this financial year. The consolidated profit for the period together with currency translation gains resulted in consolidated total comprehensive income of EUR 39.0m. In the same period last year consolidated equity was down by a material amount as a result of the negative consolidated comprehensive income of EUR -68.3m.

Treasury shares

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

No further treasury shares were acquired under the share repurchase scheme in the first quarter of this financial year. At 30 June 2010 and taking into account the stock options exercised, the Group held the same number of treasury shares – 2,577,412 shares, or 9.95% of the issued share capital – as at 31 March 2010, with a total acquisition cost of EUR 46.6m.

Notes to the cash flow statement

Net cash generated from operating activities of EUR 11.2m based on the consolidated net profit was lower than last year's EUR 19.2m. Last year's consolidated net loss was largely a reflection of non-cash expenses such as impairment writedowns on property, plant and equipment and additions to long-term provisions required by the restructuring programs. In addition, working capital requirements rose in the first quarter of this financial year as a result of the increase in business, while last year it fell significantly as a consequence of the decline in business.

Net cash used in investing activities amounted to EUR 20.0m compared with EUR 7.8m in the same period last year. The increase compared with last year reflects the higher levels of investment. Payments for investments in the first quarter of the current financial year amounted to EUR 19.2m, and mainly related to the expansion of production capacity in China and the construction of a second production facility at the Indian site. The investments last year were largely in replacement equipment and the second production facility in India.

The net cash used in financing activities in the first quarter of the financial year 2010/11 of EUR 0.4m reflects only a minor change in financial liabilities, since the investments during the period were financed from net cash inflow from operating activities and from cash and cash equivalents. In the preceding year, it was principally short-term credit financing that was repaid.

Other information

Dividends

After the end of the first quarter of the financial year 2010/11, the Annual General Meeting of 7 July 2010 resolved on a dividend of EUR 0.10 per share out of retained earnings as at 31 March 2010.

Related party transactions

In connection with various projects, in the first quarter of the financial year 2010/11 fees amounting to EUR 95,000 were payable to AIC Androsch International Management Consulting GmbH and fees of EUR 11,000 were payable to Riedl & Ringhofer (lawyers).

Leoben-Hinterberg, 22 July 2010

The Management Board

Andreas Gerstenmayer m.p.

Steen Ejlskov Hansen m.p.

Heinz Moitzi m.p.

Group Interim Management Report

Business developments and performance

As Mobile Devices represents a high proportion of AT&S's total sales, the Group's business is naturally subject to seasonal variations. Typically, the first and fourth quarters of the financial year are periods of low capacity utilisation, with excellent utilisation in the second and third quarters. The current financial year reflects significant revenue gains over the same period last year, and as against the preceding quarters, particularly as a result of the negative impact of the challenging economic climate during the first two quarters of the financial year 2009/10. First quarter revenues of EUR 113.9m represent an increase of EUR 30.7m, or 37%, on the first quarter of the previous financial year, and a EUR 14.3m improvement (14%) on the last quarter of the financial year 2009/10, restoring sales revenues to roughly the levels they had reached before the financial and economic crisis.

The bulk of sales – EUR 67.6m, or 59% – continued to be generated by Mobile Devices. Industrial recorded strong gains on the previous quarter and over the same period last year, expanding its share of Group sales to 28%. First quarter sales returned by Automotive were significantly up on the same period a year earlier. This was chiefly attributable to the fact that the revenue collapse caused by the economic crisis was felt most acutely by vehicle manufacturers during the first half of the financial year 2010/11. However, sales were also up slightly on the prior quarter and the quarterly totals for earlier years. The project-dependent Services business (design, assembly and trading) has declined sharply due to the discontinuation of various activities and is now only of minor importance.

In the Group's target markets, the long-term trend is still for the industry to move to Asia. However, changes in the customer structure and production allocation by OEMs and CEMs have meant a significant increase in the importance of sales revenues from producers in Canada, the USA and Mexico. This trend was already emerging during the last financial year, and the proportion of sales in this market in this current first quarter was 28%, while the share contributed by Asia fell back to 23%. Sales to European customers are also showing a great deal of promise, with market share growing disproportionately high compared with the same period a year earlier.

In response to the overall pressure on prices internationally and the general relocation of the printed circuit board industry to Asia, AT&S's production capacities in Asia have been expanded over the past few years, and Mobile Devices volume orders have increasingly been transferred to China. After the implementation of comprehensive restructuring measures, the decision was taken in June last year to transfer all volume production from Leoben-Hinterberg to Asia in order to stabilise earnings in the long term. Leoben-Hinterberg now concentrates exclusively on small batches and short-term special orders, just as the other Austrian sites, Fehring and Klagenfurt, already do.

Subsequently, there was a strong upsurge in orders from European customers, not least as a result of market rationalisation. The restructuring plan was adapted in September last year to reflect recovering demand and the resultant stronger capacity utilisation at production facilities. In the first quarter of the current financial year production volumes at the Leoben-Hinterberg site once again significantly outpaced original expectations. Including volume increases at Fehring, sales of printed circuit boards manufactured at the Austrian sites almost reached the previous year's totals in the first quarter, despite the fact that volume production had been relocated. The combination of sales growth and the significantly lower cost base meant significant increases in earnings compared with the previous year, particularly for Leoben-Hinterberg.

First quarter capacity utilisation was also at maximum in Shanghai, AT&S's largest plant by far. The volume increase was boosted by the relocation of capacity from Leoben-Hinterberg. Increased earnings in the Group compared with the previous year and the previous quarter are almost exclusively attributable to the performance of the production facility in China. In the first quarter of the current financial year operating profit of EUR 10.1m after adjustment for non-recurring items represented an advance of EUR 21.9m on the same period a year earlier, and an increase of EUR 3.9m on the previous quarter.

Significant risks, uncertainties and opportunities

There were no material differences in the categories of risk exposure in the course of the first quarter of the financial year 2010/11 compared with those described in detail in the notes to the 2009/10 consolidated financial statements under II. Risk Report. Uncertainties in the banking sector have at least not increased, so that the situation in credit markets has stabilised. The effect of any additional surcharges by the banks on financing costs as compared with earlier years continues to be mitigated by the generally low level of interest rates. AT&S's interest rate risk is relatively low as a result of the high proportion of fixed interest financial liabilities. The interest rate risk is primarily in relation to short-term financing.

In order to reduce liquidity risk, during the past financial year long-term financing was taken up and long-term secured credit lines were agreed, the larger part of which has so far not been used. In addition to this, in the Annual General Meeting of 7 July 2010 the Management Board was authorised (as a continuation of previous arrangements) to issue up to 12,950,000 new shares out of authorised capital and convertible bonds up to a nominal amount of EUR 100,000,000, and to dispose of treasury shares. Exercise of the powers so conferred is subject to approval by the Supervisory Board and is valid until 2015.

In spite of the higher working capital requirements resulting from higher volumes of business, in the first quarter of the financial year 2010/11 operating cash flow was significantly positive. On the basis of expected continuing net cash inflows from operating activities and the extensive financing options, enough liquidity is available to cover all currently planned and potential future investments.

Currency futures and options continue to be used to protect against the effects of exchange rate risks on net US dollar exposures.

The net gearing ratio fell during the first quarter of the current financial year from 71% to 62%, well under the target ratio of 80%. In addition to the consolidated profit for the period, currency translation differences from the appreciation of the renminbi yuan and the Hong Kong dollar against the euro, and the consequent boost to equity contributed to the improvement of the ratio. Provided earnings and exchange rates remain stable, it is reasonable to assume that even with the higher level of investment activity the general target level of 80% will not substantially be exceeded in the rest of the financial year 2010/11.

With respect to the opportunities and risks attaching to developments in the external environment for the financial year 2010/11 as a whole, it is still assumed that total sales of the printed circuit board industry worldwide as compared with the previous financial year will increase. In the first quarter, internal and external growth expectations for AT&S were exceeded by far, with the strength of the US dollar having a correspondingly positive effect on sales revenues. The state of the global economy medium-term is, however, difficult to gauge, and should still be considered to be fragile. Past experience – especially in recent years – has shown that markets and macroeconomic conditions must always be viewed critically and should be kept under constant review, in order to be able to react to any changes in good time.

Customer demand increase poses AT&S a particular challenge at present. In order to ensure that sufficient capacity is available, the factories in China and India are currently being expanded, and existing investment programs are being brought forward where possible.

In the medium term it may be possible to extend the product portfolio beyond printed circuit boards by diversifying into the solar industry. Synergies between the processes used in the production of printed circuit boards and those used in making photovoltaic panels are already being used to create a novel technology product. AT&S is focusing on the development and production of more energy-efficient back-contacted photovoltaic panels. The growth potential will be able to be estimated once the prototyping phase is completed.

Outlook

Following the successful implementation of the restructuring plans and cost reduction programs, the process of strategic adjustment in production is now largely concluded. Changes to the administrative structure adopted in the first quarter – in particular, the relocation of headquarters from Vienna to Leoben-Hinterberg and the consequent changes in personnel – are still in progress.

Sales trend in the first quarter of the current financial year and the quarters of the previous one point towards a sustained upswing. On the basis of current orders, information about future requirements and other information from our customers, we are now budgeting significantly higher revenues for the financial year 2010/11 than originally planned. Given stable exchange rates, the new outlook for the financial year puts total revenues for the year at EUR 470–500m, a year-on-year increase of some 25–35%.

Under the revised investment program for the whole financial year 2010/11, AT&S has earmarked EUR 100–110m for investment in significantly expanding production capacity to keep pace with accelerated growth in all the Group's businesses. The increased capital expenditure is mainly accounted for by China, where around EUR 78m will be spent in the current financial year, and by India, where about EUR 17m is expected to be spent.

The higher capacity utilisation and the resulting more efficient use of production capacities is expected to have a positive impact on the operating result. In light of this, Management is forecasting an EBIT margin of over 9% for the financial year 2010/11.

Leoben-Hinterberg, 22 July 2010

The Management Board

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