First choice for advanced applications

AT&S

Annual Report 2013/14

Key figures

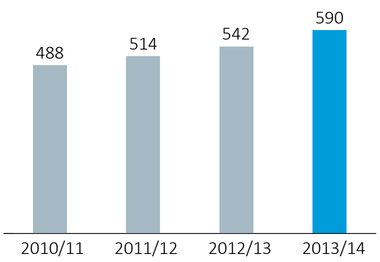
IFRS	Unit	2013/14 before non-recurring items [2]	2013/14 after non-recurring items [2]	2012/13 [1] after non-recurring items	2011/12 after non-recurring items
CONSOLIDATED STATEMENT OF PROFIT OR LOSS					
Revenue	€ in thousands		589,909	541,673	514,180
thereof produced in Asia	%		75.9%	73.9%	73.4%
thereof produced in Europe	%		24.1%	26.1%	26.6%
EBITDA	€ in thousands	130,179	127,175	102,356	103,356
EBITDA margin	%	22.1%	21.6%	18.9%	20.1%
EBIT	€ in thousands	56,934	53,930	31,365	42,139
EBIT margin	%	9.7%	9.1%	5.8%	8.2%
Profit for the period	€ in thousands	41,223	38,219	14,573	26,514
Attributable to owners of the parent company	€ in thousands	41,172	38,168	14,572	26,550
Cash earnings	€ in thousands	114,417	111,413	85,563	87,767
CONSOLIDATED STATEMENT OF FINANCIAL POSITION					
Total assets	€ in thousands		916,059	726,663	694,649
Total equity	€ in thousands		390,680	304,844	283,110
Equity attributable to owners of the parent company	€ in thousands		390,682	304,895	283,165
Net debt	€ in thousands		110,874	217,409	242,536
Net gearing	%		28.4%	71.3%	85.7%
Net working capital	€ in thousands		91,722	102,679	92,323
Net working capital per revenues	%		15.6%	19.0%	18.0%
Equity ratio	%		42.7%	42.0%	40.8%
CONSOLIDATED STATEMENT OF CASH FLOWS					
Net cash generated from operating activities (OCF)	€ in thousands		104,759	71,673	87,207
CAPEX, net	€ in thousands		90,276	40,459	113,085
GENERAL INFORMATION					
Employees (incl. leased personnel), end of reporting period	–		7,129	7,011	7,478
Employees (incl. leased personnel), average	–		7,027	7,321	7,417
KEY STOCK FIGURES					
Shares outstanding, end of reporting period	–		38,850,000	23,322,588	23,322,588
Weighted average number of shares outstanding	–		30,820,545	23,322,588	23,322,588
Earnings per shares end of reporting period	€	1.06	0.98	0.62	1.14
Earnings per average number of shares outstanding	€	1.34	1.24	0.62	1.14
Cash earnings per average number of shares	€	3.71	3.61	3.67	3.76
Dividend per share (EUR) [3]	€		0.20	0.20	0.32
Closing price	€				9.15
Dividend yield (year end close) [3]	%		2.3%	2.9%	3.5%
Market capitalisation, end of reporting period	€ in thousands		339,938	158,360	213,402
Market capitalisation per equity [4]	%		87.0%	51.9%	75.4%
KEY FINANCIAL FIGURES					
ROE (Return on equity) [5]	%	11.9%	11.0%	5.0%	10.3%
ROCE (Return on capital employed) [5]	%	10.2%	9.6%	5.6%	7.7%
ROS (Return on sales)	%	7.0%	6.5%	2.7%	5.2%

[1] Adjusted taking into account IAS 19 revised.
[2] Non-recurring items include a provision for the closing of the Klagenfurt plant.
[3] 2013/14: Proposal for the Annual General Meeting on 3 July 2014.
[4] Equity attributable to owners of the parent company.
[5] Calculated on the basis of average values.

Annual Report 2013/14

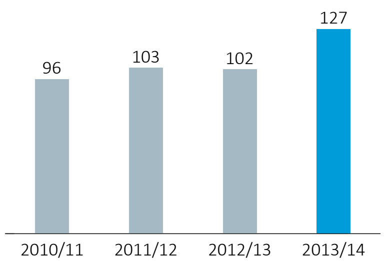
REVENUE

€ in millions



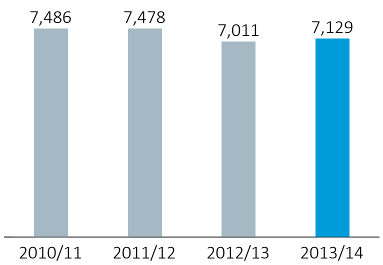
EBITDA

€ in millions



STAFF

incl. leased personnel, end of reporting period



CAPEX

€ in millions

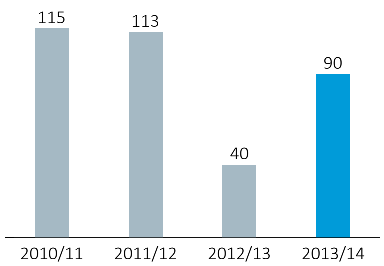
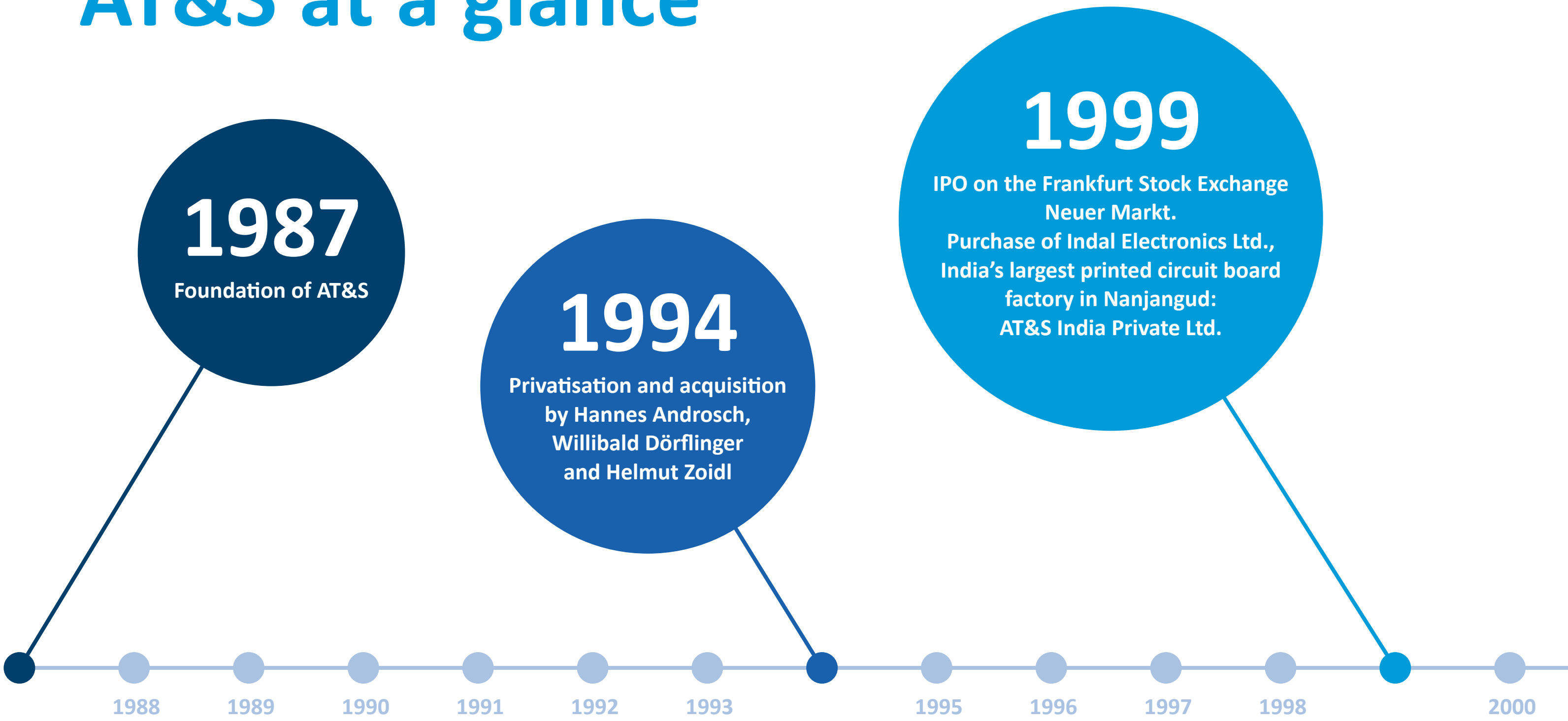


Table of contents

AT&S at a glance



AT&S is one of the world's leading suppliers of high-value printed circuit boards

AT&S has the most advanced high-tech facility for mass production of HDI printed circuit boards in China, the centre of electronics manufacturing. Other plants, in Austria, India and Korea, concentrate on small and medium-sized batches for industrial and automotive customers. A new factory for the production of IC substrates is currently under construction in China.

AT&S uses problem-solving skills to add value

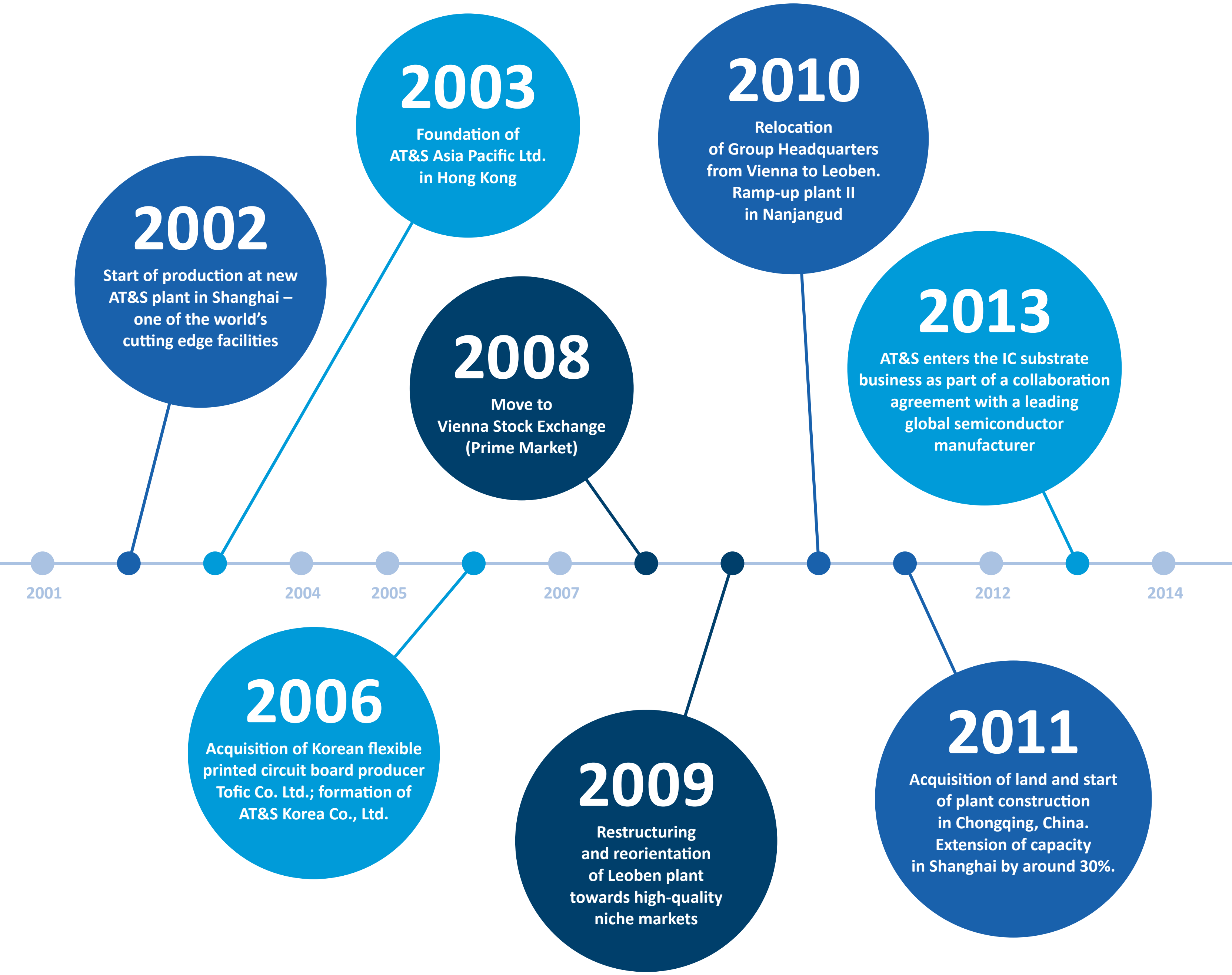
AT&S's broad portfolio of technologies allows it to provide cutting edge, user-orientated solutions – from prototypes to printed circuit boards for rapid application in industrial manufacturing – acting as a one-stop-shop. This results in major reductions in product development lead times for customers, meaning that AT&S adds value for customers above and beyond the production of sophisticated printed circuit boards.

AT&S operates in attractive niche growth markets

AT&S is supporting all of the major trends in the electronics industry, including further miniaturisation, the internet of things, and wearables. It is these innovations that will drive growth and technological development in the future. AT&S also supplies the leading players in the supply industry for European premium car brands. Over 500 industrial customers rely on the solutions and products offered by AT&S, and the Group supplies the market and technology leaders in each sector.

AT&S cultivates the tradition of European engineering in a highly industrialised setting

The Group spends around 5% of its annual revenues on research and development, enabling it to anticipate the applications of tomorrow. Highly qualified employees as well as numerous partnerships with universities and international research institutes ensure that these activities meet the required standards of excellence.



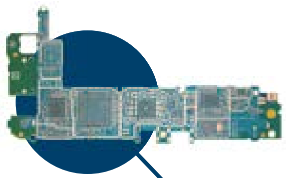
AT&S is committed to the highest quality standards

All of AT&S's production facilities are certified in accordance with ISO 9001 and/or ISO/TS 16969. AT&S is one of only a handful of printed circuit board manufacturers that also has certification according to the EN ISO 13845 standard for medical products and the EN 9100 standard for the aerospace industry.

AT&S conforms to the latest international CSR standards

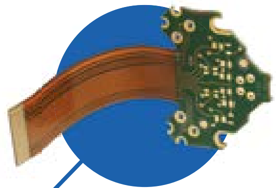
AT&S produces highly complex printed circuit boards with a minimal impact on people and the environment. Sustainability is a strategic priority for the Group, which achieves annual reductions in CO_2 emissions and consumption of fresh water. Creating sustainable solutions for customers is the central focus of AT&S's activities.

Application areas



Mobile Devices

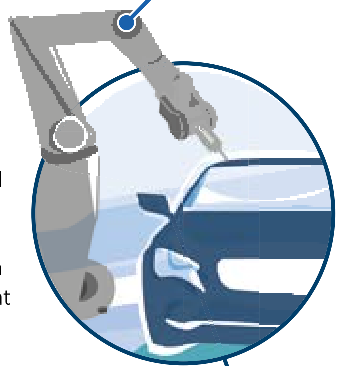
AT&S is one of the world's leading manufacturers of high-end printed circuit boards for devices such as smartphones, ultrabooks, tablets, digital cameras and portable music players that are sold to millions of consumers worldwide. These applications require highly sophisticated circuit boards and constant innovation. The challenge is to achieve significant advances in performance at the same time as further miniaturisation.

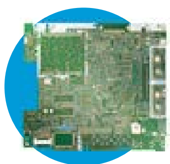


Total length of the tracks on a printed circuit board: up to
40
metres

Industrial Electronics

AT&S supplies over 500 customers in the industrial sector worldwide. Its solutions are particularly in demand in the robotics and sensors industries. The network infrastructure for state-of-the-art LTE technology for mobile telephony is also based on circuit boards from AT&S. Reducing energy consumption in electronics is an important goal that cannot be pursued without innovative printed circuit boards: lights that employ LED technology use a tenth of the energy and have a useful life that is eight times longer, and photovoltaic installations depend on inverters containing specialised circuit board technology so that they can feed the energy they generate into the grid.



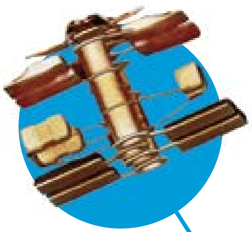


Automotive & Aviation

Modern automobile technology is inconceivable without printed circuit boards. One example of an application of AT&S's products is in the electronic control system in electric cars. Driver assistance systems and the advent of autonomous cars require new developments and a leap forward in the use of innovative technology, which in turn demands more complex and higher value technologies. A key trend at present is the integration of all driver assistance systems into a computer architecture, and their connection to the internet. Aside from applications in the automotive industry, AT&S's printed circuit boards play an essential role in modern passenger aircraft.

AT&S is one of the largest suppliers of components for industrial control systems in Europe

Over
250
million
printed circuit boards each year



Medical & Health Care

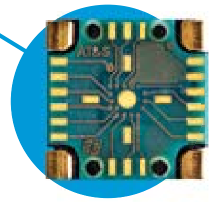
In medical and health care applications, the priorities are miniaturisation, weight reduction, greater dependability and longer useful life – in particular for pacemakers and hearing aids. AT&S has a 40% share of the global market in hearing aids. Printed circuit boards made by AT&S are also used in diagnostics, therapy and patient monitoring systems.

40%
market share in hearing aids

ECP® makes
50%
miniaturisation possible

Advanced Packaging

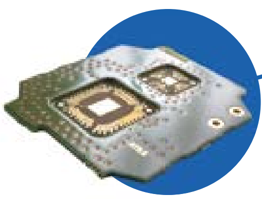
Integrating active and passive electronic components directly into the circuit board enables greater miniaturisation while improving performance. AT&S has developed and patented a proprietary technology for this process, called embedded component packaging (ECP®).



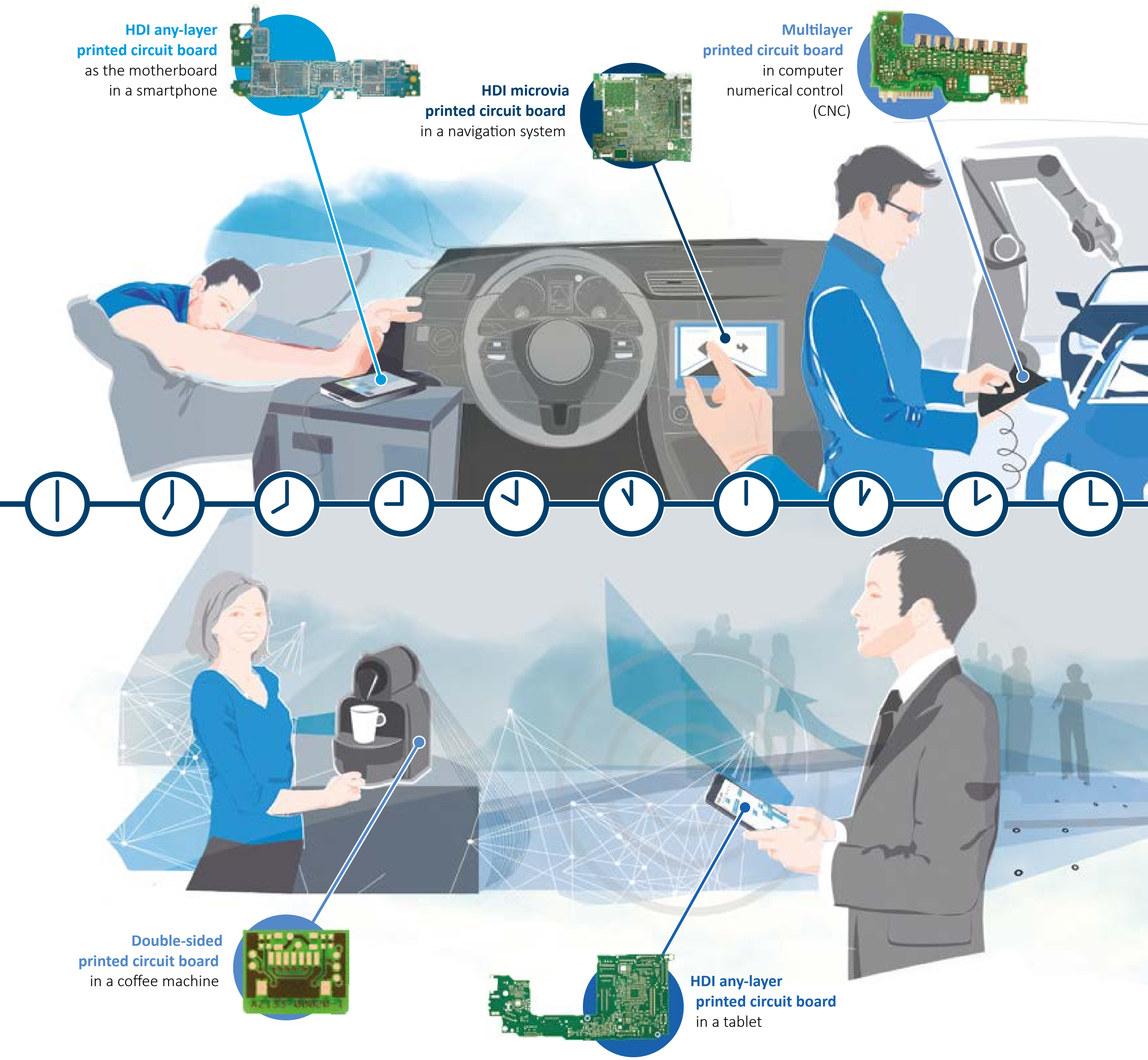
Trends

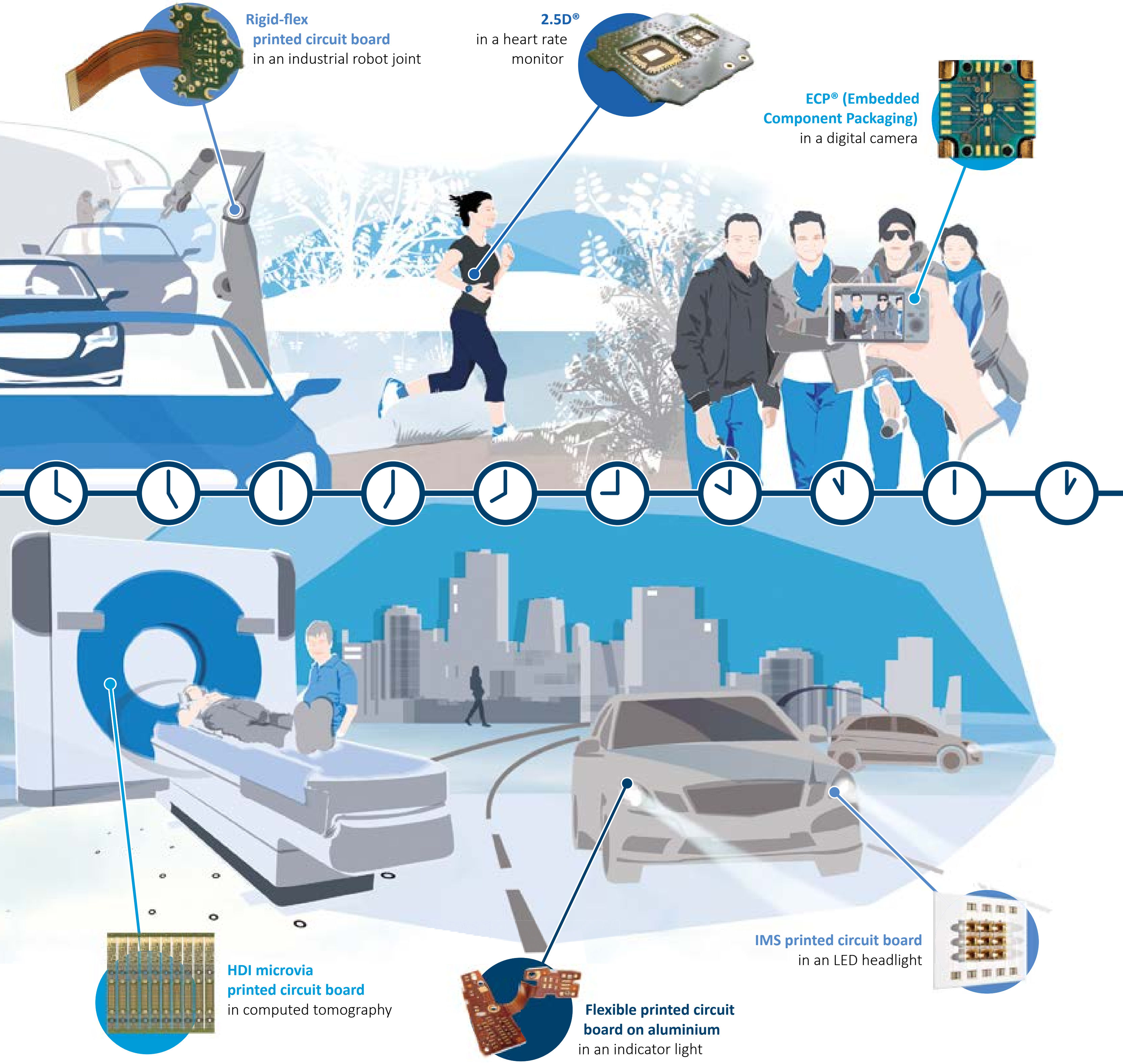
Emerging trends such as the internet of things, wearable technology such as data glasses, or the connectivity of all systems are drivers of innovation. Increased digitisation of our everyday lives calls for ever more high-performance and intelligent electronic systems. In addition to its strong standing on the market for high-end printed circuit boards, by starting production of IC substrates for future applications the Group is well placed for the next phase of growth.

Wearables sales expected to hit
64
million
by 2017

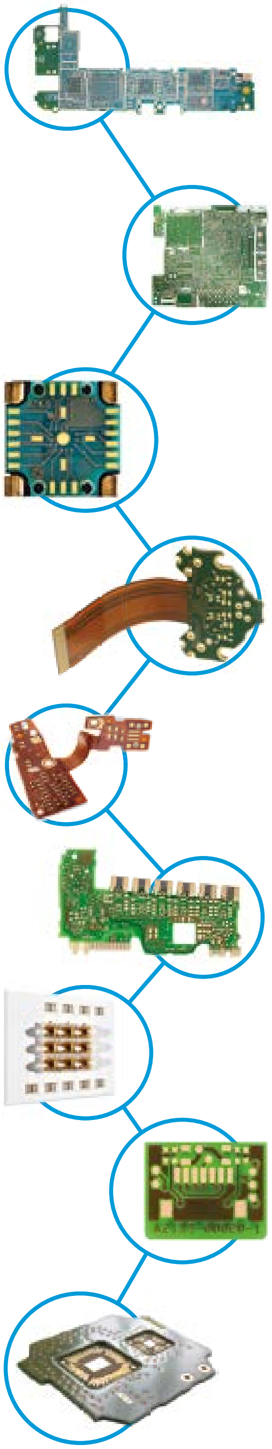


A day with AT&S




Rigid-flex
printed circuit board
in an industrial robot joint
2.5D®
in a heart rate
monitor
ECP® (Embedded
Component Packaging)
in a digital camera
HDI microvia
printed circuit board
in computed tomography
Flexible printed circuit
board on aluminium
in an indicator light
IMS printed circuit board
in an LED headlight

AT&S product portfolio



HDI any-layer printed circuit boards

HDI any-layer printed circuit boards are the next technological enhancement of HDI microvia printed circuit boards. All the electrical connections in HDI any-layer boards consist of laser-drilled microvias. The great advantage of this technology is that it allows for further miniaturisation at the same time as higher performance and reliability.

HDI microvia printed circuit boards

The history of AT&S has been shaped by high density interconnect (HDI) printed circuit boards. It is these boards that have made the mobile telephony revolution possible. HDI is the first step towards miniaturisation, and AT&S is the world number two supplier in this market. It began mass producing HDI printed circuit boards in 1997, which are now widely used throughout the electronics industry. AT&S offers a complete range of HDI technology.

ECP® Embedded Component Packaging

ECP® is a patented AT&S packaging technology used to embed active and passive electronic components in the inner layers of a printed circuit board. Printed circuit boards produced with ECP® technology are used in ever smaller, more efficient and more powerful devices, such as smartphones, tablets, digital cameras and hearing aids.

Flex/Rigid-flex printed circuit boards

Flexible printed circuit boards are also in use throughout the electronics industry. They are used to replace wiring and connectors, and to create complex geometries that are not possible with rigid printed circuit boards. Rigid-flex printed circuit boards combine the advantages of flexible and rigid printed circuit boards, bringing benefits in respect of signal transmission, size and stability.

Flexible printed circuit boards on aluminium

This technology is used when installing LEDs in car headlights, for example, where the printed circuit board is bonded to an aluminium heat sink to which the LEDs are then attached.

Multilayer printed circuit boards

Multilayer printed circuit boards are found in almost every area of industrial electronics, from aircraft, to storage power stations, to solar arrays. AT&S produces printed circuit boards with four to 28 layers, in whatever numbers are required – from individual prototypes to small batches and mass production.

IMS printed circuit boards

IMS stands for insulated metal substrate. The main use for IMS printed circuit boards is heat dissipation, and they are used primarily with LEDs and power devices.

Double-sided printed circuit boards

Double-sided plated-through printed circuit boards are in use throughout the electronics sector, but primarily in industrial and automotive applications. AT&S specialises in series production of double-sided printed circuit boards with thicknesses in the 0.1-3.2mm range.

2.5D®

This technology platform combines mechanical and electronic miniaturisation. It enables partial reduction of the thickness of a circuit board, so that populated assemblies have a thinner profile. Additionally, it can be used to make cavities in the printed circuit board, for example for acoustic channels. A major application for this technology is the 2.5D® rigid-flex printed circuit board, a lower cost alternative for flex-to-install applications.

Letter to our shareholders

Dear shareholders,

We are thoroughly satisfied with the Group's performance in the 2013/14 financial year. In a challenging business environment, we were able to exceed our revenue targets and improve profitability. Production facilities ran at high capacity throughout the year. At the same time we pursued capital intensive preparations for the next phase of growth as planned, by investing in the new IC substrate plant, and strengthened our capital structure with a successfully placed capital increase taken up by international investors. As things stand we are well equipped to meet future challenges, and we are confident about implementing our growth strategy in the high-tech sector.

However, sustainable growth of the Group's value will not only be achieved by our expansion into IC substrates – it also depends on continuous improvement and innovation in our other areas of activity. Defending and extending our technological leadership in the high-end segment of the printed circuit board market is paramount. Innovation in our niche markets and further diversification of our customer portfolio will also go a long way towards countering the effects of the low visibility characteristic of our industry. We firmly believe that we will build on our already strong position in the HDI segment of the market (we are currently number two worldwide). High-tech production in Asia combined with European governance standards provides us with competitive advantage.

We will be able to maintain and build on AT&S's favourable competitive position if we can stay at the forefront of technological development, while engaging in dialogue with our customers about the applications of tomorrow. This allows us to create unique customer benefits, which in turn generate high margins. In order to embed this approach throughout the Group, we have completed an in-depth process involving a large number of employees from all of our locations, and we have now begun to implement the Group's vision.

We would like to take this opportunity thank all employees at AT&S, from whom we have come to expect outstanding performance. Without their commitment and the passion for innovation they demonstrate every day, AT&S would not be one of the technology leaders in the high-end printed circuit board market.

With best regards

Andreas Gerstenmayer
Chairman
of the Management Board

Karl Asamer
Chief Financial Officer

Heinz Moitzi
Chief Operating Officer

Best in class

Interview with Chairman of the Management Board Andreas Gerstenmayer, Chief Financial Officer Karl Asamer and Chief Operation Officer Heinz Moitzi

Over the past two years AT&S has gone from being a hidden champion to a highly respected developer and manufacturer of high-end printed circuit boards in the global electronics industry. What do you think were the major milestones and criteria? What sets AT&S apart from its competitors?

"AT&S is one of the world's technology leaders."
Andreas Gerstenmayer

Gerstenmayer: We laid the foundations for our present position over the course of many years. Our philosophy has always been about producing high-value, high-quality technology. Over the past three years we have significantly sharpened the focus of our market position, concentrating increasingly on high-tech segments. This development is clearly reflected in our business units, which are now specifically aligned to the precise needs of our customers and the users themselves, with high-tech applications playing an increasingly important role.

We have also stepped up our communications with customers, enabling us to credibly discuss innovative applications with them. Innovation and industrialisation are core elements of our corporate culture. We anticipate decisive technological trends so that we can offer our customers new, value-enhancing solutions at an early stage. We give our customers access to a technology toolbox so that we can bring advanced applications to market even more quickly.

A major factor behind the growth of the past three years is the fact that we didn't view China as a cheap manufacturer of low-end products. Instead we took the decision 12 years ago to adopt a greenfield strategy and set up a highly-automated production facility aimed at the most technologically advanced segment of the market. This also means we are less exposed to the significant wage cost increases currently seen in China. Right from the outset we made sure that high technological and quality standards shaped the culture at the site.

Moitzi: A key component in our success was the close cooperation between the suppliers of our materials and our machines. The way that we cooperate with our customers during the development phase also involves bringing our suppliers on board to build strong partnerships within the value chain. Only once this has been done are we in a position to respond precisely to the needs of the market and ensure that our manufacturing facilities are set up in such a way that we can produce the required volumes at the desired level of quality. One of our competitive advantages is that we are able to supply large volumes to high quality standards in a short space of time. Our continuously optimised processes deliver cost benefits while also cutting rejection rates – which in our industry is vital to safeguarding margins.

AT&S is relatively small compared to some of its competitors. How much of a disadvantage is that in your line of business and how have you managed to balance it out so well this far?

Gerstenmayer: Our strategy is not about being the biggest. We aren't set up for mass production; instead we prefer to focus on the high-quality, technologically cutting-edge segment of the market. We focus on attractive sectors which show potential for growth and healthy margins. We want to achieve profitable growth, and if there is any doubt we always come down on the side of profitability.

Asamer: Of course there is a downside to being relatively small, as we are in an investment-driven industry and we have to achieve a critical mass if we are going to come up with the funds for investment. The next phase of growth – entry to the IC substrates business – will bring us up to a scale where financing future growth will relieve pressure on cash flows.

Moitzi: We have to look at our size in terms of the areas where our products are used. In the HDI market we are definitely among the top three, if not the second largest. We are one of only six companies in the high-end IC substrate market, and we are the market leaders when it comes to numerous segments with differentiated technologies.

Gerstenmayer: AT&S is the European market leader. We are among just a handful of European businesses that can hold their own in Asia, and we are number one in India. We are definitely out in front in the technology segment, although technology and quality is not confined to the products in isolation; it also applies to areas such as supply performance and reliability.

"Entry into the IC substrate business is a leap forward in innovation for AT&S!"

Andreas Gerstenmayer

The electronics industry is characterised by the relentless pace of innovation and major fluctuations in demand. But the production process calls for significant investment in capital goods with longer life cycles than those of the products themselves. How do you manage this mismatch between medium to long-term investments in production facilities and short-term visibility on the sales side?

Moitzi: The production technologies that we use are not set up for one single product generation. This is an example of the kind of service that we are able to offer our customers alongside our suppliers, as discussed earlier. Our equipment is designed to be used in multi-generational production. In mobile devices, industrial production of one specific product will go on for 16 to 18 months, but really interesting volumes will only account for about six or seven months. That's why it's so important for us to use technologies that are not dependent on one particular product.

Gerstenmayer: We have significantly widened our portfolio of applications over recent years. From a technology point of view, the mobile communications industry – once the focus of our business – is the driving force behind fine structures and HDI. Automotive and industrial applications follow some time later. As far as visibility is concerned, there are fundamental differences between the various segments. In the case of mobile devices, we have very short-lived inventory builds and strong seasonal fluctuations, while lifespans are significantly longer for automotive and industrial projects. By bringing the share of revenue accounted for by mobile devices on the one hand and automotive and industrial on the other to around 50:50, we are now in a much better position to cope with fluctuations in demand.

How do you protect yourself against fluctuations in price?

Asamer: When discussing the prices that we are aiming for, we have to make sure that we calculate fairly. A higher margin normally contains a risk premium, so a higher price does not necessarily mean better profitability. A certain degree of pressure on prices is part of our business and businesses that are able to increase productivity come out on top.

Moitzi: We are serving a particularly price-sensitive market, so efficiency is the key. If you are not fully in control of processes, production quality is a major cost driver. Aligning our operations towards technologically diverse applications also helps, as price is not the only factor in negotiations. We have to ensure that we take optimisation a step further every year.

Last year you broke into a new line of business, the IC substrates market. What is the current state of play, and when will production start?

Gerstenmayer: We are on schedule and on budget in Chongqing. We are the first company to produce IC substrates in large batches in China. It is a highly complex project that requires management's complete attention. If everything continues according to plan, then the plant will enter operation in 2016.

The financial year just ended was one of the best in AT&S's history. What's the next chapter in the success story? Where will AT&S be in five years?

"AT&S stands out for its technology and quality."

Heinz Moitzi

Gerstenmayer: In terms of installed capacity, AT&S's sales are running at a very high level. The next notable growth spurt will be driven by IC substrate production, and we will not be introducing any significant capacity in our core business before this point. Our aim for the next two to three years is to maintain our high current sales and earnings. Today, we are one of the most profitable companies in our industry. If our efforts to increase productivity and continue to drive technological advances enable us to sustain this position over the next few years, I would view that as a major success. We will enter the IC substrates business in 2016 and this will bring about a jump in both revenue and profitability.

Asamer: AT&S aims to be the partner of choice for advanced applications. This means that we will have to highlight the benefits for customers and anticipate future requirements. The quality of our products and services, turnaround times and services levels will all have to be among the best in the business.

How high is your visibility?

Gerstenmayer: Visibility for our revenue and orders is extremely low, particularly for mobile devices, where it is as little as one to two months.

According to media reports, electronics and digitisation no longer have the power to deliver broad-based growth. In which market segments and areas of application do you still see high growth rates?

Gerstenmayer: These reports exist, but you have to look at them very carefully. In the mobile telephony segment you were looking at growth rates of 80 percent to begin with, and now increases of 25 percent a year are seen as catastrophic. But where else will you find this kind of growth? We are seeing similar growth rates in automotive electronics, where the increase in the number of electronic components used is outstripping that of the vehicle market. The internet of things and wearables are also providing momentum. Use of devices, virtually limitless communications, and improved safety systems and energy efficiency in vehicles – to name just a few areas – open up a highly diverse range of new applications for us.

What are the latest miniaturisation trends? Where are we heading? Just how small can printed circuit boards become?

Moitzi: It's not a question of how big or small a printed circuit board is, but how densely packed it is. Nowadays, modules measure one-and-a-half millimetres by one-and-a-half millimetres. But we also sell printed circuit boards that measure 18x24 inches. The printed circuit board has to match the components – the chips – and provide connection space for attaching assemblies. IC substrates bring us closer to the component and give us additional advantages when it comes to miniaturisation. There are no technical boundaries. Our embedding technologies improve the integration of printed circuit board and component.

Your industry is shaped by an extremely fast pace of innovation. How and where do you stock up on the latest expertise? How do you ensure that your development activities are in line with customer needs?

Gerstenmayer: We work with technology leaders in the various application industries and develop strategic partnerships. We aim to offer proactive innovations and develop new solutions. This approach to collaboration is a constant source of new requests that challenges us to keep driving things forward. The second source of inspiration is our work with external research institutions, which we work very hard to maintain. We are committed to extending Europe's engineering tradition and still see it as a competitive advantage. Corporate values such as reliability, flexibility, quality and protecting the environment are essential when it comes to customer focus. And it's in areas like this that we can stand out from our Asian competitors.

"Continuing our efficiency programme is a high priority for us."

Karl Asamer

AT&S carried out a capital increase in 2013. What was the reaction from the capital markets? How do they see AT&S?

Gerstenmayer: Telling our investment story was a relatively complex task. To start with, our entry into the IC substrates business only appealed to highly selective investors, chiefly because it is a long-term undertaking. We mainly talked to technology-focused investors with long-term investment goals. There was some uncertainty among investors and analysts alike when it came to valuing the new business. It seems that people had trouble anticipating what kind of value the new venture would add. Ultimately it was possible for us to present a coherent business case to prospective investors in countless face-to-face meetings, leading to a highly successful transaction. The capital increase enhanced the liquidity of the share and gave us a more international and diversified shareholder base.

AT&S is publishing a sustainability report. What role does sustainability play in the Group's policies and how do you make sure that the subject plays a part in all commercial decisions?

Gerstenmayer: For us, sustainability is a business case. The measures that we implement have to add value to the Group in some way. We are always looking to get the very best out of the resources we have – whether it's people, energy, materials or the environment.

You have your headquarters in Austria and your most important production facilities in Asia. How long can you keep the head office in Austria?

Gerstenmayer: Our headquarters will continue to be based in Austria for as long as they add value for the Group. Thanks to the development work carried out in collaboration with our customers we are now in the top ten in our industry in terms of profitability. Our current set-up gives us a strong competitive advantage.

Mr. Asamer, you took up the post of AT&S Chief Financial Officer following an international career as CEO of the Geka Group and CFO at Sell GmbH and Magna Closures Europe. What challenges do you think the future holds for the company?

Asamer: The biggest challenge has to be repeating – and building on – the impressive performance of the past few years. The second challenge is quietly pressing ahead with the continuous improvement process in a constantly changing environment so as to be sure we always have an advantage over our competitors.

Report of the Supervisory Board

In the 2013/14 financial year, the Supervisory Board discharged its duties to closely oversee the management of the Company by the Management Board, and to provide advice to the Management Board based on good corporate governance, detailed information and constructive discussions. Throughout the financial year ended on 31 March 2014, the Supervisory Board received written and oral reports from the Management Board on the Company's policies as well as the performance of the Group and its subsidiaries, and was closely involved in addressing current issues for the Group as well as its strategic orientation. Between meetings of the Supervisory Board, its members were regularly informed of business developments.

The Supervisory Board met five times during the 2013/14 financial year, with the participation of the Management Board. Albert Hochleitner, Karl Fink, Willibald Dörflinger and Franz Katzbeck were excused on one occasion each, and all other members attended all five meetings.

In these meetings the Management Board and the Supervisory Board discussed the AT&S Group's commercial and financial affairs in depth. The Supervisory Board also approved a capital increase consisting of the issue of 12,950,000 new shares, and the sale of 2,577,412 treasury shares, as well placement of bonded loans which raised EUR 158m in total. The Management Board's reports on the implementation of strategically important projects were a recurrent topic in meetings of the Supervisory Board, which wanted especially to be kept regularly informed regarding progress on construction of the new IC substrate plant in Chongqing and the resulting risks and opportunities for the Group. Successful implementation of the capital increase and other measures in the year under review – especially the bonded loan placement – allowed a number of significant steps to be taken towards further diversification and optimisation of the Group's finances. The Supervisory Board assisted in and supported these initiatives on an ongoing basis.

Changes in the Supervisory Board

Following the departure of an employee representative from the Supervisory Board, the composition of the Nomination and Remuneration Committee also changed. Franz Katzbeck, a delegate of the Works Council in Fehring, was appointed to the Supervisory Board. He replaced Johann Fuchs, who had performed this role from January 2000. Franz Katzbeck attended a meeting of the Supervisory Board for the first time on 19 December 2013. With effect from that date Günther Wölfler, already an employee representative on the Supervisory Board, took up the position of additional employee representative on the Nomination and Remuneration Committee.

Supervisory Board committees

The Group has established an Audit Committee and a Remuneration and Nomination Committee. On 17 September 2013 the Supervisory Board – in connection with a policy resolution passed on the same date regarding the capital increase consisting of the issue of 12,950,000 new shares and the sale of 2,577,412 treasury shares – resolved under Article 17 of the Articles of Association to create a Project Committee made up of Supervisory Board members to oversee the implementation of the capital increase. The Project Committee comprises the following members:

- Hannes ANDROSCH (Chairman)
- Willibald DÖRFLINGER
- Regina PREHOFER
- Wolfgang FLECK
- Günther WÖLFLER

The Project Committee was empowered: (a) to grant all further approvals required from the Supervisory Board in relation to carrying out the capital increase and the sale of treasury shares, in particular approval of the determined final amount of the capital increase and sale of treasury shares and the final subscription and offer price, and to take all other necessary measures in connection with the capital increase, the sale of treasury shares and the institutional and public offerings of the shares issued, acting in consideration of the interests of the Company and its shareholders; and (b) to authorise the changes in the Articles of Association required for the capital increase, in particular the changes in the authorised share capital and the changes with respect to the authorised but unissued capital after the capital increase.

With the passage of the implementing resolutions, most recently on 4 October 2013, the Project Committee completed its remit.

The respective committees established, carried out detailed analyses of particular matters and reported their findings to the Supervisory Board: Following a structured appointment procedure and evaluation of several candidates, the Nomination Committee submitted to the full Supervisory Board a proposal to appoint Mr. Asamer as CFO and deputy chair of the Management Board, and the full Supervisory Board has resolved this accordingly.

The main topics discussed by the Audit Committee were material aspects of the accounting and reporting process, internal auditing, risk management as well as the internal control system and the steering instruments within the company Group. The auditor of the AT&S Group attended each meeting of the Audit Committee, which offered the possibility to exchange views with the auditor without the presence of the Management Board.

The Audit Committee met twice during the last financial year, and was chaired by Regina Prehofer, who in this capacity was regularly involved in quarterly reporting and who reported on these matters to the Supervisory Board. The Nomination and Remuneration Committee met once in respect of the preparation of an appointment proposal for the position of Chief Financial Officer to be presented to the Supervisory Board. All members of the Audit Committee and the Nomination and Remuneration Committee took part in the respective meetings of the committees.

Self evaluation of the Supervisory Board

In the financial year 2013/14 the Supervisory Board again carried out its annual self evaluation to ensure the continuing improvement of its working practices and the fulfilment of its responsibilities to the shareholders and other stakeholders. Its findings confirmed the effectiveness of its organisation and procedures. The self evaluation will continue to constitute an important component of the Supervisory Board's critical review of its own activities.

Annual financial statements

The Supervisory Board of AT&S Austria Technologie & Systemtechnik Aktiengesellschaft proposed that PwC Wirtschaftsprüfung GmbH, Vienna be appointed Company and Group auditors for the financial year 2013/2014. The proposal was approved by the Annual General Meeting of 4 July 2013.

The annual financial statements of AT&S Austria Technologie & Systemtechnik Aktiengesellschaft and the consolidated financial statements for the year ended 31 March 2014 were both audited by PwC Wirtschaftsprüfung GmbH, Vienna, and were awarded an unqualified audit report. The management report and the Group management report for the financial year 2013/14 were consistent with the annual financial statements and the consolidated financial statements. Based on the prior discussions of the Audit Committee, and after its own detailed discussions and examination, the Supervisory Board approved the Company's annual financial statements for the year ended 31 March 2014 in accordance with section 96(4) Austrian Companies Act (AktG). Also based on the prior discussions of the Audit Committee, and after its own detailed consideration and examination, it approved the consolidated financial statements drawn up in accordance with section 245a Austrian Business Code (UGB) and with IFRS, as well as the management report, the consolidated management report and the corporate governance report. The Supervisory Board review, which included extensive discussions with the auditors, did not give rise to any objections.

The Supervisory Board adopted the Management Board's recommendation for the allocation of profits. The retained earnings as at 31 March 2014 are to be distributed in payment of a dividend of EUR 0.20 per share, and the remaining amount is to be carried forward.

The results for the financial year were excellent, and the Supervisory Board thanks the Management Board and all the Group's employees for their hard work and dedication.

Leoben-Hinterberg, 2 June 2014

On behalf of the Supervisory Board

Hannes Androsch
Chairman of the Supervisory Board

Locations and competences

Global presence:

- Production facilities in Europe and Asia
- Headquarters in Leoben, Austria
- Design centre in Düren, Germany
- Sales network spanning three continents
- Approximately 7,100 staff

Each AT&S plant concentrates on a specific portfolio of technologies. The Austrian plants primarily supply the European and increasingly American markets. In Europe, short lead times, special applications and closeness to customers are typically the most important considerations. The plants in Austria, India and Korea generally concentrate on small and medium-sized batches for industrial and automotive customers. In Shanghai, the focus is on large-volume production of HDI printed circuit boards for mobile communications customers, and increasingly also for the automotive industry. A new plant is under construction in Chongqing, China. In collaboration with a leading semiconductor manufacturer, it will concentrate on the production of IC substrates. Shanghai and Leoben are major technology drivers within the AT&S Group thanks to their research and development facilities.

BU IA
Plant Leoben, Austria

Staff: 785 · Opened: 1982
Production capacity:
110,000 square metres
Customer orientation:
9% Automotive,
91% Industrial

Technologies:
Standard printed circuit boards
HDI Multilayer printed circuit boards
Rigid-flex printed circuit boards
ECP® (Embedded Component Packaging)
Printed circuit boards for high voltage applications

Certifications:
DS/EN ISO 13485:2003
ISO 9001:2008
ISO/TS 16949:2009 · ISO 14001:2004
OHSAS 18001:2007
Sony Green Partner Certificate
EN9100:2009 · AEO Certificate
UL Listing

AT&S AG
Headquarters
Leoben, Austria

BU IA
Plant Fehring, Austria

Staff: 357 · Opened: 1974
Production capacity:
230,000 square metres
Customer orientation:
44% Automotive,
56% Industrial

Technologies:
Double-sided plated-through printed circuit boards
Rigid-flex printed circuit boards
Flexible printed circuit boards
Metal core printed circuit boards

Certifications:
ISO 9001:2008
ISO/TS 16949:2009
ISO 14001:2004
OHSAS 18001:2007
Sony Green Partner Certificate
AEO Certificate
UL Listing

- AT&S AG Headquarters
- Business Unit Mobile Devices (BU MD)
- Business Unit Industrial & Automotive (BU IA)
- Sales Offices/Representations

Certifications:
ISO 9001:2008
ISO/TS 16949:2009
ISO 14001:2004
OHSAS 18001:2007
UL Listing

BU IA Plant Ansan, Korea

Staff: 250 · Opened: 2006
Production capacity:
120,000 square metres
Customer orientation:
47% Industrial, 13% Automotive, 40% Mobile Devices

Technologies:
Single and double-sided flexible printed circuit boards
Flexible multilayer circuit boards
Rigid-flex printed circuit boards
Flexible printed circuit boards with metal reinforcement

Certifications:
ISO 9001:2008
ISO/TS 16949:2009
ISO 14001:2004
OHSAS 18001:2007
Sony Green Partner Certificate
Canon Green Partner Certificate
UL Listing

BU MD Plant Shanghai, China

Staff: 4,280 · Opened: 2002
Production capacity:
790,000 square metres
Customer orientation:
84% Mobile Devices, 14% Automotive, 2% Industrial

Technologies:
HDI multilayer printed circuit boards
Rigid-flex HDI printed circuit boards
HDI any-layer printed circuit boards

BU IA Plant Nanjangud, India

Staff: 1,049 · Opened: 1999
Production capacity:
380,000 square metres
Customer orientation:
60% Automotive, 40% Industrial

Technologies:
Standard multilayer circuit boards
Double-sided plated-through printed circuit boards

Certifications:
ISO 9001:2008
ISO/TS 16949:2009
ISO 14001:2004
OHSAS 18001:2007
UL Listing

BU MD Plant Chongqing, China

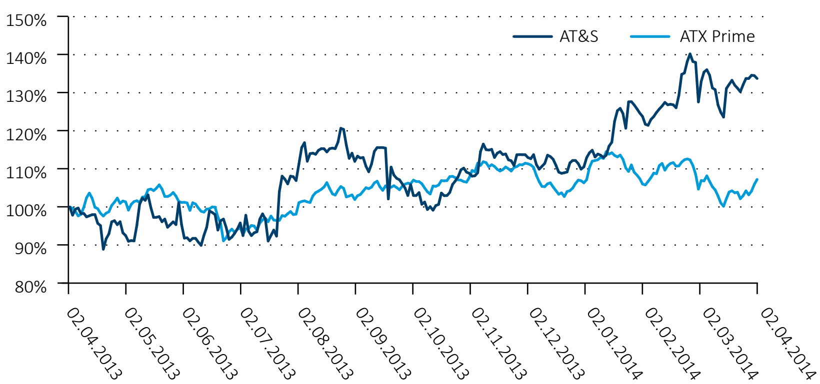
Under construction
Staff: 123

Technologies:
IC substrates

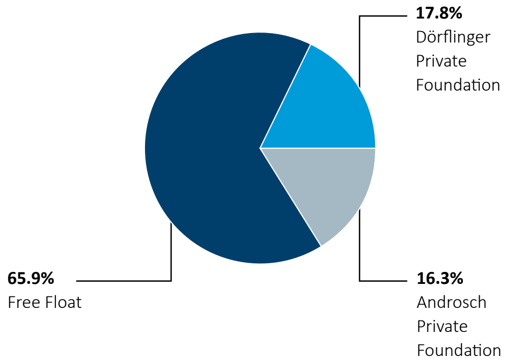
BU MD Headquarters Hong Kong, China

Investor Relations

AT&S AGAINST THE ATX-PRIME



SHAREHOLDER STRUCTURE



FINANCIAL CALENDAR

20th Annual General Meeting
3 July 2014

1st quarter 2014/15
24 July 2014

Dividend payment date and ex-dividend date
24 July 2014

2nd quarter 2014/15
28 October 2014

3rd quarter 2014/15
27 January 2015

Annual results 2014/15
7 May 2015

IR activities and aims

The goal of our investor relations activities is to provide all capital market participants with up-to-date corporate information – transparently and simultaneously. The most important exchanges for trading in AT&S shares are those in Vienna, Zurich, Frankfurt and London, although Singapore, Hong Kong and Shanghai now play an increasingly important role in terms of communication with potential investors.

Information at your fingertips

The latest facts, figures and data are available online at www.ats.net/investors. The portal has been optimised for mobile applications, and provides analysts and investors with quick and easy access to up-to-date corporate information – at any time and from anywhere in the world. Additionally, AT&S now makes use of social media: a Twitter account (@ATS_IR_PR) and a video channel on YouTube (ATundS) have been launched. The YouTube channel provides visual impressions of the Group and the manufacturing processes for high-end printed circuit boards, in a virtual experience enjoyed by many.

AT&S stock

AT&S shares have been traded on the Vienna Stock Exchange's Prime Market since 20 May 2008. In order to qualify for inclusion in the Prime Market, companies must provide an undertaking to comply with the Austrian Corporate Governance Code. AT&S has subscribed to the Code since its shares were listed.

In Germany, the Company's shares are traded in Frankfurt, Dusseldorf, Munich, Stuttgart, Hamburg, Berlin and Hanover. Besides its listing on the ATX Prime Index, the AT&S share is now also included in the ATX Global Players Index. The latter consists of companies listed in the Prime Market on the Vienna Stock Exchange and whose sales outside Europe constitute at least 20% of total revenue.

There are currently 38,850,000 million no par value voting bearer shares in issue, of which 34.1% are held by two foundations. The free float comprises 65.9% of the shares, mostly held by international institutional investors.

Successful capital increase

Our share price rose by almost 35% between 1 April 2013 and 31 March 2014. After declining in June last year, the share performed well and reached a high of EUR 9.12 on 26 February 2014. The placement of new shares and the sale of treasury stock strengthened the Group's balance sheet, as well as attracting new institutional investors, in particular from the UK, Switzerland and the US. The capital increase generated gross proceeds of EUR 100.9m. All of the 15,527,412 shares offered, including 2,577,412 shares held by the Group, were placed at the offer price of EUR 6.50. As a result, AT&S's share capital rose from EUR 28,490,000 to EUR 42,735,000. The Group now no longer holds any treasury shares. The Company's clearly defined strategic direction, significantly higher liquidity and additional interest in AT&S stock from institutional investors in Austria and abroad was reflected in increased demand on all of the exchanges where the Group's shares are listed during the year under review.

Coverage

At the end of the reporting period the AT&S share was being covered by six analysts (Deutsche Bank, Erste Bank, Kepler-Cheuvreux, Hauck & Aufhäuser, Raiffeisen Centrobank and Berenberg Bank). Four analysts rated the share "buy" and the other two gave it a "hold" rating, reflecting improved investor sentiment. In the medium term, the Company aims to maintain coverage by a total of at least six analysts in Austria and abroad.

Roadshows

During the reporting period, the Group staged an intensive programme of roadshows designed to inform the capital market of the latest developments in the Group's core business, and of the medium-term risks and opportunities associated with its entry to the IC substrates business. Investor events took place during and after the capital increase, in Vienna, London, Zurich, Frankfurt, Geneva and Hong Kong. In addition, the Management Board also conducted regular background discussions with analysts to keep them informed of the latest business developments and the progress made on construction of the new Chongqing plant.

Contact

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AT&S SHARE

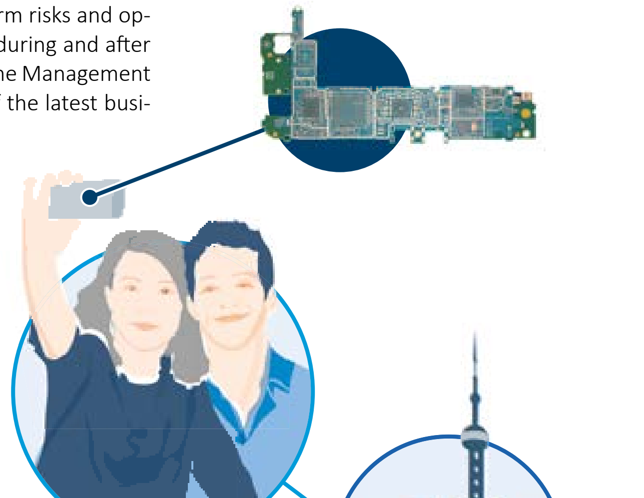
ISIN
AT0000969985

Ticker symbol
ATS

Number of shares outstanding
38,850,000

Vienna Stock Exchange listing
Prime Market

First day of trading
20 May 2008



Corporate Governance Report

Table of contents

Principles and Corporate Governance Declaration

AT & S Austria Technologie & Systemtechnik AG (AT&S) declares its adherence to the Austrian Corporate Governance Code (ÖCGK) as amended in July 2012, and submits this corporate governance report in accordance with section 243b Austrian Business Code (UGB). This report also forms part of the Annual Report for the financial year 2013/14.

Corporate Governance Code

In Austria the Corporate Governance Code drawn up by the Working Group for Corporate Governance under the guidance of the government authorities responsible for the Austrian capital markets has been in force since 1 October 2002. Since then it has been reviewed annually in light of national and international developments and where necessary amended, most recently with effect from 1 July 2012 to reflect the new provisions of the Austrian Companies Act (AktG) and the UGB (amendments introduced by the second Stability Act).

The objective of the ÖCGK is responsible management and control of enterprises for the purpose of sustainable, long-term value creation, with a high level of transparency for all stakeholders.

The basis of the Code is provided by the provisions of Austrian company, stock exchange and capital markets legislation, the EU recommendations concerning the responsibilities of supervisory board members and the remuneration of directors, and the principles of the OECD guidelines for corporate governance.

The Code contains all the rules essential to good corporate governance, divided into the following categories:

- L Rules (legal requirements): rules based on mandatory statutory requirements
- C rules (comply or explain): rules from which any departure must be explained
- R rules (recommendations): rules in the nature of recommendations, where non-compliance need neither be disclosed nor explained.

The version of the Code currently in force can be downloaded from the Working Group's website at www.corporate-governance.at. An English translation of the Code and interpretations of the Code prepared by the Working Group are also available there.

AT&S stock has been listed on the Vienna Stock Exchange since May 2008. For a company's shares to be accepted for listing in the Prime Market an undertaking to comply with the ÖCGK must have been filed. The Company has expressly subscribed to the ÖCGK.

With the following declarations of undertaking AT&S complies as of 31 March 2014 with all the required provisions of the Code as amended in July 2012.

C Rules 27-28a and all related passages

These rules were amended in the course of the review of the ÖCGK in December 2009 and came into force on 1 January 2010. Rules 27, 27a and 28 contained in the version of January 2010 only apply to contracts concluded after 31 December 2009. C Rules 27-28a were therefore not applicable with respect to the original agreement appointing Mr Moitzi to the Management Board and were also not applied in full when that agreement was extended in 2013. Due to the short period between the most recent revision of the Austrian Corporate Governance Code and the appointment of Mr Gerstenmayer as Chairman of the Management Board in mid-December 2009, and in order to avoid any departure from the remuneration regulations applicable to the appointment of Mr Moitzi, the new rules were not taken into account when the agreement with Mr Gerstenmayer was signed in January 2010, nor when his Management Board appointment was renewed in 2013. This was not considered necessary, because the Company's stock option scheme had in any event already expired (see below), and also because the Management Board and the Supervisory Board work closely together on the long-term development of the Company, and the Nomination and Remuneration Committee and the Supervisory Board are continually concerned with the corresponding long-term focus of Management Board remuneration. The following deviations from the rules currently require explanation.

The Company's now expired stock option scheme did not require the beneficiaries to hold shares in the Company, and only provided for a vesting period of two years before a part of the options acquired could be exercised. The stock option scheme in question has expired, with the last allocation being made on 1 April 2012. Options granted under this scheme may still be exercised until 31 March 2017.

The variable remuneration of the Management Board not consisting of stock options is dependent on the achievement of three short-term performance measures defined in the budget for the applicable financial year: return on capital employed (ROCE), cash earnings (CE), both with a 45% weighting, and the innovation revenue rate (IRR), with a 10% weighting. Bonuses are restricted to a maximum of 200% of the annual bonus set out in the contract of employment. The inclusion of IRR is of major importance in giving variable remuneration a long-term focus because innovation strength – the development of new technologies, products or product types – is a crucial factor for future business success, and is also reliably measurable. The IRR is defined as that percentage of total revenues earned by product developments brought to market in the last three years. The three-year reference period ensures that longer-term elements also play an important role in the calculation of variable remuneration.

Management Board members are entitled to termination benefits in accordance with the Salaried Employees Act (AngG) if their appointments are terminated. In the event of premature termination of a Management Board member's appointment by the board member in question for reasonable cause, or where the function becomes obsolete for legal reasons, remuneration is payable until the end of the appointment, and not only for a maximum of two years. Where a Management Board member resigns the appointment or is removed from office for severe breach of duty, and in case of death, payment of salary ceases at the end of the applicable month. Voluntary compensation payments in the case of premature termination of Management Board appointments, even if without good cause, may be subject to termination provisions in accordance with the Salaried Employees Act, so that in exceptional cases they could exceed more than two years' total remuneration.

AT&S AG Management Board

The Management Board is collectively responsible for the management of the Company. Each member of the Management Board is also responsible for specific areas of the business, without prejudice to their collective responsibility. Management Board members have a duty to keep each other informed of all important business events and transactions. Fundamental issues of business policy and major decisions require the joint decision of all Management Board members. Open discussions take place between members of the Management Board during Board meetings. If unanimous agreement is not reached on such decisions, the Chairman of the Supervisory Board must be informed without delay. The Supervisory Board must also be informed of all proposed decisions with far-reaching consequences. The Management Board must inform the Supervisory Board at least once a year of the measures taken to combat corruption in the Group. Internal Audit reports directly to the Management Board. The audit plan and any material outcomes must be reported to the Audit Committee at least once a year. The rules and procedures of AT&S's Management Board require the Board to meet at least once a month. In the past financial year there were a total of 23 Management Board meetings. Written minutes of all Board meetings and decisions must be taken.

As at 31 March 2014, the Management Board of AT&S was composed of Andreas Gerstenmayer (Chairman of the Management Board, CEO) and Heinz Moitzi (Chief Technical Officer; under the amended rules and procedures of the Management Board as of 1 April 2014, Chief Operating Officer, COO). Karl Asamer (born 19 January 1970) was appointed Chief Financial Officer (CFO) – as the successor to CFO Thomas Obendrauf, who retired from the Management Board with effect from the end of the financial year 2012/13 – and Deputy Chairman of the Management Board by the Supervisory Board on the basis of a recommendation by the Nomination and Remuneration Committee. Karl Asamer took up his new role on 1 April 2014, and his appointment as board member initially extends for three years. Management Board Chairman Andreas Gerstenmayer's appointment as interim CFO therefore ended with the end of the 2013/14 financial year. The 78th meeting of the Supervisory Board held on 19 December 2013 passed a resolution on the corresponding changes to the rules and procedures of the Management Board.

Each member of the Management Board is responsible for the following areas of the business, without prejudice to their statutory collective responsibility:

a) As Chairman of the Management Board (CEO), Andreas Gerstenmayer's responsibilities are:

- Sales and marketing
- Human resources
- Investor relations, public relations and internal communications
- Business development and strategy
- Compliance
- CSR and sustainability

b) Karl Asamer was appointed Deputy Chairman of the Management Board with effect from 1 April 2014. As CFO, his managerial responsibilities are:

- Finance and accounting
- Bookkeeping and Group accounting
- Taxation
- Treasury
- Controlling
- Internal control
- Legal affairs, risk management and internal audit
- IT and organisation
- Procurement

c) As COO, Heinz Moitzi's responsibilities are:

- Research and development (R&D)
- Operations
- Quality management
- Business process excellence
- Environment
- Safety

Mr Gerstenmayer was born on 18 February 1965, and is a German citizen. He studied Production Engineering at Rosenheim University of Applied Sciences. In 1990, he joined Siemens in Germany, working first in lighting, and then holding various management positions in the Siemens Group. In 2003 he was appointed Managing Director of Siemens Transportation Systems GmbH Austria and CEO of the Drive Technology business unit in Graz (world headquarters). Mr Gerstenmayer holds no supervisory board memberships or similar positions in other companies in Austria or abroad that are not included in the consolidated financial statements. On 26 January 2012, the Provincial Government of Styria passed a resolution appointing Mr Gerstenmayer to the Forschungsrat Steiermark advisory committee.

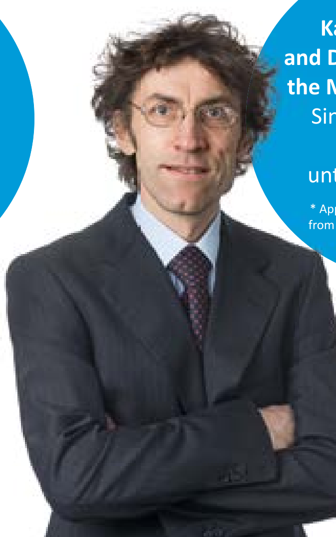
As Chairman of the Management Board he is responsible for implementing the decisions and resolutions of the Management Board, the Supervisory Board and the Annual General Meeting, and seeing that they are carried out. His specific managerial responsibilities are sales and marketing; human resources; investor relations, public relations and internal communications; business development and strategy; compliance, and CSR and sustainability.

Mr Asamer was born on 19 January 1970. He has a degree in business administration from Johannes Kepler University in Linz. Before joining AT&S, he worked for the Geka Group in Bechhofen, Germany, where he was managing partner. Before that he was responsible for finances at Sell GmbH, the leading manufacturer of aircraft galleys for wide-body aircraft, and Magna Closures Europe, a division of automotive components supplier Magna. Mr Asamer is managing partner of Asamer GmbH, located in Ansbach, Germany. Mr Asamer holds no supervisory board memberships or similar positions in other companies in Austria or abroad that are not included in the consolidated financial statements.

Mr Asamer is responsible for finance and accounting; bookkeeping and Group accounting; taxation; treasury; controlling; internal control; legal affairs, risk management and internal audit; IT and organisation; and procurement.

Heinz Moitzi, born on 5 July 1956, studied electrical installation with Stadtwerke Judenburg (Judenburg municipal utility company) from 1971 to 1975. From 1976 to 1981 he attended a higher technical college of electrical engineering (HTBL), where he completed his adult education certificate. In 1981 he worked as a measurement engineer at the Leoben University of Mining and Metallurgy. Mr Moitzi has been working at AT&S since 1981, first as head of the mechanics and electroplating department, then as production and plant manager at Leoben-Hinterberg. He was project manager and COO at AT&S in Shanghai from 2001 to 2004, returning to take up the position of Vice President Production. Mr Moitzi holds no Supervisory Board memberships or similar positions in other companies in Austria or abroad that are not included in the consolidated financial statements. Mr Moitzi is responsible for R&D; operations; quality management; business process excellence; environment; and safety.

Andreas Gerstenmayer, CEO and Chairman of the Management Board
Since 1 February 2010, appointed until 31 January 2018



Karl Asamer, CFO and Deputy Chairman of the Management Board
Since 1 April 2014*, appointed until 31 March 2017

* Appointed to Management Board from start of 2014/15 financial year.

Heinz Moitzi, COO
Since 1 April 2005, appointed until 31 March 2018

AT&S AG Supervisory Board

AT&S AG Supervisory Board

Name	Date of birth	Date of first appointment	End of current appointment
Hannes Androsch	18.04.1938	30.09.1995*	21st AGM 2015
Willibald Dörflinger	20.05.1950	05.07.2005	21st AGM 2015
Gerhard Pichler	30.05.1948	02.07.2009	20th AGM 2014
Georg Riedl	30.10.1959	28.05.1999	22nd AGM 2016
Karl Fink	22.08.1945	05.07.2005	21st AGM 2015
Albert Hochleitner	04.07.1940	05.07.2005	21st AGM 2015
Regina Prehofer	02.08.1956	07.07.2011	22nd AGM 2016
Karin Schaupp	23.01.1950	07.07.2011	22nd AGM 2016
Wolfgang Fleck	15.06.1962	03.09.2008**	
Sabine Fussi	12.10.1969	14.09.2011**	
Franz Katzbeck	11.02.1964	15.10.2013***	
Günther Wölfler	21.10.1960	10.06.2009**	
Johann Fuchs	16.12.1959	20.11.1996**	resigned***

* AT&S was originally established as a private limited company (GmbH). The shareholders' meeting of 23 June 1995 passed a resolution to change the company into a public limited company (AG), and appointed Supervisory Board members including Hannes Androsch. The AG was registered in the Register of Companies on 30 September 1995.

** Delegated by the Works Council; date of first appointment in this case is the date of the first Supervisory Board meeting attended.

*** Johann Fuchs resigned from the Supervisory Board as employee representative during the 2013/14 financial year, and Franz Katzbeck was delegated by the Works Council as his successor. He participated in his first Supervisory Board meeting on 19 December 2013.

The Supervisory Board monitors and supervises the Management, and is responsible for policy issues and the Group's strategic focus.

Throughout the financial year ended 31 March 2014, the Supervisory Board received written and oral reports from the Management Board on the Group's policies and performance, and was closely involved in all major issues. The Supervisory Board met five times during the financial year 2013/14, with the participation of the Management Board. In these meetings the Management Board and the Supervisory Board discussed the state of AT&S Group's affairs in depth. As part of the Company's ongoing reporting process and at all board meetings, the Management Board also gave the Supervisory Board comprehensive reports on the Group's operating and financial position, as well as on its interests in other companies, its staff situation and its planned investments. Entry into the IC substrate market as part of a strategic partnership with a leading semiconductor manufacturer, the operational focus of the new production facility in Chongqing, China, and the capital increase carried out in September and October 2013 were discussed in detail and approved.

AT&S's commitment to the principles of good governance is reflected in the open discussions that take place within and between the Management Board and the Supervisory Boards.

Composition of the Supervisory Board

SHAREHOLDER REPRESENTATIVES

Hannes Androsch, Chairman of the Supervisory Board, was first appointed on 30 September 1995. His current appointment runs until the 21st Annual General Meeting in 2015.

He is an industrialist who from 1970 to 1981 was Austrian Federal Minister of Finance, and between 1976 and 1981 was also Vice Chancellor of the Republic of Austria. From July 1981 until 1988 he was Managing Director of Creditanstalt-Bankverein. In 1994, together with Willibald Dörflinger and Helmut Zoidl, he carried out a management buyout of AT&S. Hannes Androsch has interests in a number of well-known Austrian businesses.

Willibald Dörflinger, First Deputy Chairman of the Supervisory Board, was initially appointed to the Board on 5 July 2005. His current appointment runs until the 21st Annual General Meeting in 2015.

He began his professional career in 1972 with M. Schmid & Söhne, before moving to Honesta, Holz- und Kunststoffwarenindustrie in 1974. In 1978 he became head of technical procurement at EUMIG Elektrizitäts- und Metallwaren Industrie GesmbH; from 1980 he was head of the department for circuit boards and surface technology, and between 1986 and 1990 he was Managing Director. From 1990 to 1994 Willibald Dörflinger was a member of the AT&S Management Board as well as Managing Director of EUMIG Fohnsdorf Industrie GmbH. In 1994 he joined Hannes Androsch and Helmut Zoidl in the management buyout of AT&S, and in the period until 2005 he was first Managing Director, then a Member and finally Chairman of the Management Board. In 2005 he moved to AT&S's Supervisory Board.

Other supervisory board or similar positions held by Mr Dörflinger in listed companies:
- HWA AG

Regina Prehofer, Second Deputy Chairman of the Supervisory Board, was first appointed to the Board on 7 July 2011. Her current appointment runs until the 22nd Annual General Meeting in 2016.

Regina Prehofer studied commerce and law in Vienna. She started her career in 1981 at Oesterreichische Kontrollbank. In 1987 she moved to Creditanstalt, where she held various managerial positions in the bank's corporate customer segment. In 2003 she was appointed to the Management Board of Bank Austria Creditanstalt AG, where she was responsible for corporate customers and Eastern European markets. From 2006 to 2008 she was CEO of UniCredit Global Leasing, in addition to her Management Board responsibilities in Austria. This appointment gave her overall responsibility for UniCredit Group's leasing operations. In September 2008 she moved to the Management Board of BAWAG P.S.K. where she headed the bank's retail and corporate customer activities. In May 2011 she was appointed Vice Rector with responsibility for infrastructure at the Vienna University of Economics and Business Administration. In October 2011 she was also appointed Vice Rector with responsibility for finance.

Other supervisory board or similar positions held by Ms Prehofer in listed companies:
- Wienerberger AG (Chairwoman of Supervisory Board since December 2013)

Gerhard Pichler was first appointed on 2 July 2009. His current appointment runs until the 20th Annual General Meeting in 2014.

He studied business administration at the Vienna University of Economics and Business. A certified auditor and tax adviser, he has been Managing Director of CONSULTATIO Wirtschaftsprüfungsgesellschaft m.b.H. since 1986, and Managing Partner of the group since 1995.

Karl Fink was first appointed on 5 July 2005. His current appointment runs until the 21st Annual General Meeting in 2015.

He graduated in business studies from the Vienna University of Economics and Business in 1971. From 1971 to 1975 he worked for Marubeni Corporation in international commodities trading, before moving to Wiener Städtische Wechselseitige Versicherungsanstalt in Vienna. Between 1979 and 1987 he was Chairman of the Management Board of Interrisk – Internationale Versicherungs-Aktiengesellschaft. In 1987 he became a member of the Management Board of Wiener Städtische Allgemeine Versicherungs AG and in July 2004 Deputy Managing Director. In October 2007 he was appointed Managing Director of Wiener Städtische Versicherung AG, Vienna Insurance Group. Mr Fink retired from the Vienna Insurance Group Managing Board on 30 September 2009. He is a member of the Management Board of Wiener Städtische Versicherungsverein, the principal shareholder in Vienna Insurance Group, fulfils a number of supervisory positions within that Group and also acts as consultant. He is also honorary consul of Montenegro.

Other supervisory board or similar positions held by Mr Fink in listed companies:
- Wienerberger AG

Albert Hochleitner was first appointed on 5 July 2005. His current appointment runs until the 21st Annual General Meeting in 2015.

Albert Hochleitner completed his studies in engineering physics at Vienna University of Technology in 1965. In the same year, he joined the Siemens Group's low voltage works in Vienna. In 1984 he was appointed Chairman of the Management Board of Uher AG. In 1988 he moved to Siemens AG, where he was head of the electric motors business in the automotive technology sector based in Würzburg. In October 1992 he became a member of the Management Board of Siemens AG Austria. From 1994 he was Chairman of the Management Board, before moving to the Supervisory Board of Siemens AG in 2005.

Georg Riedl was first appointed on 28 May 1999. His current appointment runs until the 22nd Annual General Meeting in 2016.

Georg Riedl acquired his doctorate in law in 1984 from the University of Vienna. In 1991 he set up in independent practice as Riedl & Ringhofer. He specialises in business, commercial, corporate and tax law, mergers and acquisitions, and contract law.

Other supervisory board or similar positions held by Mr Riedl in listed companies:
- Bwin.Party Digital Entertainment Plc

Karin Schaupp was first appointed on 7 July 2011. Her current appointment runs until the 22nd Annual General Meeting in 2016.

Karin Schaupp gained her doctorate at the Karl Franzens Universität Graz in 1978 and began her career as a research assistant at the Institute of Pharmaceutical Chemistry. In 1980 she started her career in industry as head of analytics at Leopold Pharma GmbH. After holding various research, development and product management posts in the international pharmaceuticals industry she was appointed CEO of Fresenius Kabi Austria GmbH in 1997. In 1999 she became regional manager for Austria and Eastern Europe. In 2000 she was made a member of the management board of Fresenius Kabi AG, Bad Homburg, with responsibility for worldwide operations. She has worked as an independent consultant since 2003, with a focus on strategic business development and innovation transfer.

Other supervisory board or similar positions held by Ms Schaupp in listed companies:
- BDI – BioEnergy International AG

EMPLOYEE REPRESENTATIVES

Employee participation in supervisory boards and their committees is mandated by law, and forms part of the Austrian corporate governance system. Employee representatives are entitled to delegate one representative as a Supervisory Board member for every two Supervisory Board members elected by the General Meeting. If the number of shareholders' representatives is odd, the number of employee representatives is rounded up. This one-third representation also applies to all supervisory board committees, with the exception of meetings and votes concerning the relationship between the company and its management board members. Resolutions appointing or dismissing a management board member and the granting of stock options in the company are also excepted. The Group Works Council meets regularly with the Management Board. These meetings facilitate the exchange of information on developments in the Group which have a direct bearing on employees.

Wolfgang Fleck, Sabine Fussi, Franz Katzbeck and Günther Wölfler have been delegated to the Supervisory Board by the Works Council (as at 31 March 2014). Johann Fuchs resigned from the Supervisory Board as employee representative during the 2013/14 financial year, and Franz Katzbeck was delegated by the Works Council as his successor on 15 October 2013. He participated in his first Supervisory Board meeting on 19 December 2013.

Additional information on the Supervisory Board and its composition is available online at
www.ats.net/company/supervisory-board/

Independence of Supervisory Board members

The ÖCGK specifies that the majority of Supervisory Board members representing the shareholders must be independent. In accordance with C Rule 53, the Supervisory Board has established the following criteria to be used in determining the independence of its members.

Supervisory Board members are to be regarded as independent if they have no business or personal relationships with the Company or its Management Board which could be cause for material conflicts of interest and therefore liable to influence the behaviour of the member in question. The following criteria are applied in determining the independence of Supervisory Board members:

- The Supervisory Board member was neither a member of the Management Board nor a senior manager of the Company or one of its subsidiaries in the past five years.
- The Supervisory Board member neither had during the last financial year nor currently has a business relationship with the Company or any of its subsidiaries of material significance to that member. This also applies to business relationships between AT&S Group and enterprises in which the Supervisory Board member has a significant economic interest.
- The Supervisory Board member was during the last three years neither a statutory auditor of the Company, nor a person with an interest in the audit firm, nor an employee of any such firm.
- The Supervisory Board member is not a member of a management board of another company where a member of AT&S's Management Board is a member of that company's supervisory board.
- The Supervisory Board member has not been a member of the Supervisory Board for longer than 15 years. This does not apply to Supervisory Board members who are shareholders with entrepreneurial interests in the Company, or who represent the interests of such shareholders.
- The Supervisory Board member is not a close family relative (direct descendant, spouse, life partner, parent, uncle, aunt, sibling, nephew or niece) of a Management Board member or of any person in a position described in the foregoing points.

Every member of the Supervisory Board representing shareholder interests declared in the meeting of 20 March 2014 whether they were independent in the above sense. Seven of the eight members of the AT&S AG Supervisory Board representing shareholder interests declared that they were independent. Hannes Androsch declared that he was not independent.

C Rule 54 specifies that for companies with a free float in excess of 50%, at least two Supervisory Board members who are independent should also not be shareholders with interests in excess of 10%, or representatives of such interests. Five of the eight Supervisory Board members representing the shareholders – Willibald Dörflinger, Karl Fink, Albert Hochleitner, Regina Prehofer and Karin Schaupp – declared themselves independent within the meaning of C Rule 54.

Diversity

Expertise and management experience are vital considerations when selecting members of the Supervisory Board. Diversity also has a role to play. Three members of the Supervisory Board are women, making the proportion of female members 25% – significantly above the Austrian average. The members of the Supervisory Board are aged between 44 and 76. All members of the Supervisory Board representing shareholder interests have extensive experience of international business and as such have a highly international outlook.

Agreements requiring approval

In connection with various acquisitions and projects, AT&S Group has procured consultancy services from AIC Androsch International Management Consulting GmbH, which is headed by the Chairman of AT&S's Supervisory Board. In the 2013/14 financial year, fees for such services amounted to EUR 387,000.

The Group has made use of consultancy services from Dörflinger Management & Beteiligungs GmbH, which is headed by Willibald Dörflinger, First Deputy Chairman of the Supervisory Board. In the 2013/14 financial year, fees for such services amounted to EUR 5,000.

Supervisory Board member Georg Riedl has provided legal consultancy services for which the fees in the 2013/14 financial year amounted to EUR 6,000.

Committees

In order to provide itself with effective support and to deal with complex technical matters, the Supervisory Board has established two committees which carry out detailed analysis of particular issues and report their findings to the Supervisory Board. In the 2013/14 financial year the Supervisory Board also established a temporary Project Committee.

Audit Committee

In the financial year under review, the Audit Committee was made up of:

- Regina Prehofer (chairwoman)
- Gerhard Pichler (finance expert)
- Georg Riedl
- Wolfgang Fleck
- Günther Wölfler

The Audit Committee monitors the accounting process and the work of the statutory auditor, monitors and reviews the statutory auditor's independence, reviews the preparation and audit of the annual financial statements, and reviews the proposed distribution of profits, the management report and the corporate governance report. The Committee is responsible for reporting on the results of its reviews to the Supervisory Board. The Audit Committee also carries out preparatory work for the Supervisory Board on all issues in connection with the audit of the consolidated financial statements, consolidated management report and the consolidated accounting process. It also submits a proposal for the appointment of the statutory auditors and reports on this matter to the Supervisory Board. The Audit Committee is responsible for monitoring the effectiveness of the group-wide internal control system and, where appropriate, the Company's internal audit and risk management systems. The Audit Committee convened twice in the last financial year. Its activities focused primarily on the discussion and review of the annual and consolidated annual financial statements for the year ended 31 March 2014, the planning and preparation for the audit of the annual and consolidated annual financial statements for the financial year 2013/14, and the discussion of the risk management, internal control and internal audit systems. The Chairman of the Audit Committee was also involved in the quarterly reporting in the period under review and reported on these matters to the Audit Committee.

Nomination and Remuneration Committee

In the financial year under review, the Nomination and Remuneration Committee comprised:

- Hannes Androsch (Chairman)
- Karl Fink
- Albert Hochleitner
- Wolfgang Fleck
- Günther Wölfler (preceded by Johann Fuchs, until his resignation)

The Nomination and Remuneration Committee submits proposals to the Supervisory Board for appointments to fill vacancies on the Management Board whenever necessary: in the financial year 2013/14 it concerned itself with the appointment of a new Chief Financial Officer. It deals with succession planning issues, the remuneration of Management Board members and the details of their contracts of appointment. The Committee met once in financial year 2013/14 and submitted a proposal to the full Supervisory Board for the appointment of Mr Asamer as Chief Financial Officer and Deputy Chairman of the Management Board.

The Nomination and Remuneration Committee is authorised to make decisions in cases of urgency. All of the committee members representing shareholders are former management board chairmen or managing directors with knowledge and experience of remuneration policies.

Project Committee

On 17 September 2013 the Supervisory Board – in connection with a policy resolution of the same date concerning a capital increase including the sale of treasury shares (see also Report of the Supervisory Board) – resolved under Article 17 of the Articles of Association to create a Project Committee made up of Supervisory Board members to oversee the implementation of the capital increase. The members of the Project Committee were:

- Hannes Androsch (Chairman)
- Willibald Dörflinger
- Regina Prehofer
- Wolfgang Fleck
- Günther Wölfler

The Project Committee was empowered: (a) following passage of the policy resolution, to grant all further approvals required from the Supervisory Board in relation to carrying out the capital increase and the sale of treasury shares, in particular approval of the determined final amount of the capital increase and sale of treasury shares and the final subscription and offer price, and to take all other necessary measures in connection with the capital increase, the sale of treasury shares and the institutional and public offerings of the shares issued, acting in consideration of the interests of the Company and its shareholders; and (b) to authorise the changes in the Articles of Association required for the capital increase, in particular the changes in the authorised share capital and the changes with respect to the authorised but unissued capital after the capital increase.

The Project Committee met twice. With the passage of the implementing resolutions, most recently on 4 October 2013, the Project Committee completed its remit.

Remuneration report: Management and Supervisory Boards

The following report presents the remuneration of AT&S's Management and Supervisory Board members. It should be read in conjunction with the explanations in the notes to the 2013/14 annual and consolidated financial statements.

Management Board remuneration

Total remuneration of Management Board members in the financial year:

	Financial year 2013/14			Financial year 2012/13		
In EUR '000	Fixed	Variable	Total	Fixed	Variable	Total
Andreas Gerstenmayer	428	373	801	396	-	396
Heinz Moitzi	357	424*	781	310	-	310
Thomas Obendrauf	-	-	-	499	-	499
Summe	785	797	1,582	1,205**	-	1,205**

* The variable remuneration of Mr Moitzi includes remuneration of EUR 114,000 in the form of stock options.

** The remuneration of the Management Board for the 2012/13 financial year included contractual termination and other entitlements of EUR 499,000 for Mr Obendrauf, who resigned from the Management Board with effect from 31 March 2013.

The fixed element represented 53.43% of Mr Gerstenmayer's total remuneration, and the variable element 46.57%. The fixed element represented 45.71% of Mr Moitzi's total remuneration, and the variable element 54.29%. For the Management Board as a whole, the fixed element represented 49.62% of total remuneration, and the variable element 50.38% in the 2013/14 financial year.

The stock option based system of Management Board remuneration at AT&S is based on the Stock Option Scheme 2009–2012, which ran from 1 April 2009 to 1 April 2012. The number of stock options allocated to members of the Management Board was as follows:

Allocated on 1 April

	2009	2010	2011	2012	Total
Andreas Gerstenmayer	n.a.	40,000	40,000	40,000	120,000
Heinz Moitzi	30,000	30,000	30,000	30,000	120,000
Exercise price (EUR)	3.86	7.45	16.6	9.86	

The options granted may be exercised in tranches: up to 20% after two years, up to 30% after three years, and up to 50% after four years following allotment. Stock options may be exercised in whole or in part after completion of the vesting period, although not during a restricted period. Allotted options not exercised within five years of the date of grant expire without compensation. The stock option scheme in question has now expired, with the last allocation being made on 1 April 2012. Options allotted on 1 April 2012 and not yet exercised (see Directors' holdings and dealings, including changes in financial year 2013/14) may still be exercised until 31 March 2017.

The variable remuneration of the Management Board in financial year 2013/14 (not in the form of stock options) was dependent on the achievement of three performance measures defined in the budget for the financial year in question: return on capital employed (ROCE), cash earnings (CE), each with a 45% weighting, and the innovation revenue rate (IRR), with a 10% weighting. Bonuses were restricted to a maximum of 200% of the annual bonus set out in the contract of employment. The inclusion of IRR is of major importance in giving variable remuneration a long-term focus because innovation strength – the development of new technologies, products or product types – is a crucial factor for future business success, and is also reliably measurable. The IRR is defined as that percentage of total revenues earned by product developments brought to market in the last three years. The three-year reference period ensures that longer-term elements also play an important role in the calculation of variable remuneration.

Management Board members are entitled to termination benefits in accordance with the Salaried Employees Act (AngG) if their appointments are terminated. In the event of premature termination of a Management Board member's appointment by the board member in question for reasonable cause, or where the function disappears for legal reasons, remuneration is payable until the end of the appointment contract. Where a Management Board member resigns the appointment or is removed from office for severe breach of duty, and in case of death, payment of salary ceases at the end of the applicable month. There are no other rights or entitlements arising on the termination of appointments.

Management Board pension entitlements are defined benefit or defined contribution plans agreed individually. Mr Moitzi's pension entitlement is 1.2% of his most recent salary for each year of service, up to a maximum of 40%. For Andreas Gerstenmayer a contribution of 10% of monthly gross salary is paid into a pension fund. The amount of the occupational pension is based on the capital accumulated in the pension fund; the annuitisation is determined by the pension fund's rules.

Members of the Management Board are entitled to a company car (the respective non-monetary remuneration is included under fixed remuneration), and are covered by accident insurance. Health insurance is limited to what is provided under the Austrian statutory social security system.

Supervisory Board remuneration

Remuneration for the members of the Supervisory Board is determined retrospectively for the past financial year by means of a resolution at the Annual General Meeting. Remuneration paid to members of the Supervisory Board in the financial year 2013/14 for the previous financial year was in accordance with the resolution passed at the 19th Annual General Meeting of 4 July 2013.

in EUR

Member	Fixed fee	Committee fee	Attendance fees	Total
Hannes Androsch	30,000	3,000	2,000	35,000
Willibald Dörflinger	25,000	0	2,000	27,000
Georg Riedl	20,000	2,000	1,600	23,600
Albert Hochleitner	20,000	2,000	2,000	24,000
Karl Fink	20,000	2,000	2,000	24,000
Gerhard Pichler	20,000	2,000	2,000	24,000
Regina Prehofer	20,000	3,000	2,000	25,000
Karin Schaupp	20,000	0	2,000	22,000
Total	175,000	14,000	15,600	204,600

The Chairman of the Supervisory Board receives fixed remuneration of EUR 30,000 per financial year, the First Deputy Chairman EUR 25,000 and all other elected members EUR 20,000. Chairmanship of a standing committee (Nomination and Remuneration Committee, Audit Committee) is remunerated with a fixed amount of EUR 3,000 per financial year, and membership of a standing committee with EUR 2,000. The attendance fee is EUR 400 per Supervisory Board meeting. Members of the Supervisory Board also receive variable remuneration based on targeted cash earnings (CE) and return on capital employed (ROCE) for each financial year. If the targets are 100% achieved, the Chairman receives EUR 10,000 and other members EUR 5,000. The targets receive equal weighting. Members of the Supervisory Board do not receive stock options in the Company. As resolved by the 19th Annual General Meeting of 4 July 2013, there was no such variable remuneration for Supervisory Board members in respect of financial year 2012/13 and no corresponding payment in financial year 2013/14, since the targets established for variable remuneration in the budget for financial year 2012/13 were not achieved.

The employee representatives receive no remuneration for their work on the Supervisory Board.

Directors and officers liability insurance (D&O insurance)

The D&O insurance at AT&S covers all past, present and future members of the Company's and its subsidiaries' managing and supervisory bodies. The insurance covers court and all other costs of defence against unwarranted claims, together with the satisfaction of warranted claims for pure financial loss arising from breaches of duty by the insured in their managerial or supervisory activities. The insurance provides global cover and the annual premium is paid by AT&S.

Directors' Holdings & Dealings

The members of the Supervisory Board and the Management Board have voluntarily undertaken to disclose publicly the number of shares in AT & S Austria Technologie & Systemtechnik Aktiengesellschaft held by them. The holdings of individuals with close personal relationships with members of the Supervisory Board or Management Board are not disclosed.

	Shares				Options (Stock Option Scheme)		
	31.03.2013	Change	31.03.2014	% capital*	31.03.2013	Exercised/lapsed	As at 31.03.2014
Heinz Moitzi	1,672	1,114	2,786	0.01%	114,000	-24,000	90,000
Andreas Gerstenmayer	0	0	0	0.00%	120,000	0	120,000
Hannes Androsch	445,853	153,846	599,699	1.54%	-	-	-
Androsch Private Foundation	5,570,666	0	5,570,666	14.34%	-	-	-
AIC Androsch International Management Consulting GmbH	0	769,230	769,230	1.98%			
Willibald Dörflinger	0	0	0	0.00%	-	-	-
Dörflinger Management & Beteiligungs GmbH	0	2,307,692	2,307,692	5.94%	-	-	-
Dörflinger Private Foundation	4,594,688	0	4,594,688	11.83%	-	-	-
Gerhard Pichler	19,118	7,650	26,768	0.07%	-	-	-
Georg Riedl	9,290	6,192	15,482	0.04%	-	-	-
Johann Fuchs	4	0	4**	0.00%	-	-	-

* As a percentage of the 38,850,000 shares in issue

** As of 15 October 2013 (date of resignation from Supervisory Board)

The relevant directors' dealings notifications can be viewed and downloaded in the FMA Directors' Dealings Database, at **www.fma.gv.at/de/unternehmen/emittenten/directors-dealings/directors-dealings-datenbank.html**

Other codes of conduct

Increasing female representation at board and senior management level

AT&S has no explicitly formulated plan for increasing the number of women on the Management or Supervisory Boards or in senior management positions in the Company or its subsidiaries. The selection of candidates to fill open positions is based on the principle of the best possible person for the job – regardless of gender, age, religion or ethnic origin.

There are women in various senior management positions in AT&S and its subsidiaries. Two of the eight members of the AT&S Supervisory Board representing shareholder interests and one of the employee representatives are women. At 25%, the proportion of female Supervisory Board members is above the Austrian average. Of the senior management positions at the two levels directly below Management Board level, 11% are held by women. 35% of the Group's employees are female. The Group continues to make every effort to increase female representation at board and senior management level. Proactive efforts are made, particularly when staff return from maternity leave, to ensure that careers and family life are compatible.

AT&S Code of Business Ethics and Conduct

In addition to the ÖCGK, AT&S has established its own code of business ethics, which describes how AT&S conducts its business in an ethical and socially responsible way. The guidelines apply to all AT&S's activities worldwide, and all AT&S employees without exception are expected to abide by the Code in their business and professional activities and their daily work. Stricter or more detailed guidelines may be established for specific regions, countries or functions, but they must be consistent with this corporate policy. Under one of the main provisions of the Code, AT&S is committed to avoiding any form of discrimination on the basis of race, religion, political affiliation or gender in activities such as recruitment, remuneration and promotion. Performance is the decisive factor.

AT&S Compliance Code

AT&S supports the aim of the ÖCGK to raise Austrian and foreign investors' confidence in the Austrian financial market by enhancing transparency and introducing universal principles. AT&S attaches great importance to equal treatment of all investors and the provision of comprehensive information. For the purpose of preventing insider dealing and ensuring compliance with other relevant capital market regulations, the Group has adopted a Compliance Code ("Group Guidelines on Issuer Compliance") that applies to all Supervisory Board members. The Group Guidelines on Issuer Compliance were adapted in the financial year 2012/13 to reflect the changes in the Issuer Compliance Order (Federal Law Gazette BGBl. II No. 213/2007 as amended by BGBl. II No. 30/2012) issued by the Austrian Finance Market Authority, which entered into force on 1 December 2012.

Management Board

Andreas Gerstenmayer Karl Asamer Heinz Moitzi

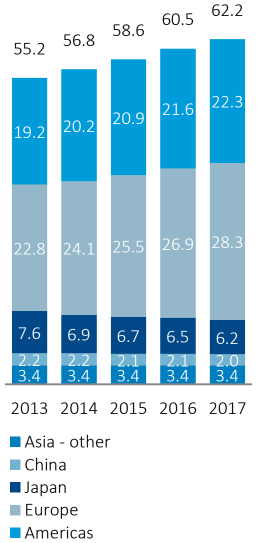
Group Management Report 2013/14

Table of Contents

1. Business development

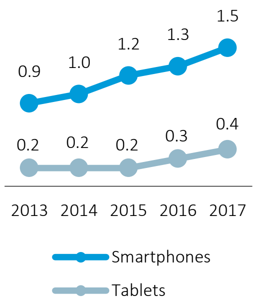
1.1. Market and industry

PCB market
US$ in billions



Source: Prismark, Q4 2013

Smartphones and tablet PCs as growth drivers
Units sold in billions



Source: IDC, Jan. 2014

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

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

INTERNATIONAL MARKET DEVELOPMENT The global printed circuit board market is characterised by rapid change and high cyclicality. It is also a highly competitive and highly fragmented market. The largest producer – based on revenue in US$ – has a market share of about 4% (source: NTI, Q2 2013). On a global scale, about 2,600 to 3,000 producers existed in 2013 (source: NTI, Q2 2013). The top 20 entities hold a global market share of about 45% (source: NTI, Q2 2013).

Independent market analysts predict an average annual growth of about 3% for the overall printed circuit board industry for the upcoming five years (source: Prismark, Q4 2013). An above average growth rate for printed circuit boards that support high-tech applications is expected.

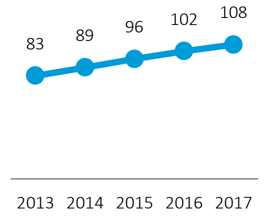
Demand for printed circuit boards is characterised by a continuous long-term growth. In 2013, demand was at US$ 55.2 billion (source: Prismark, Q4 2013), meaning an increase of about 1% on the previous year. The chart on the right shows the different developments of individual geographic markets. Market surveys predict a decline in demand for printed circuit boards in the US, Europe and Japan, whereas however a strong market growth in China and the Asian tigers is expected.

MOBILE COMMUNICATION AS A GROWTH DRIVER For the upcoming years, independent market analysts expect an average annual growth of about 11% for the total smartphone market and 13% for the total tablet market. In 2013, sales in smartphones increased worldwide by 39% compared to the previous year (source: IDC, Jan. 2014). The 2013 global tablet PC market increased on the previous year by 68% (source: Gartner, Feb. 2014).

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

ABOVE-AVERAGE GROWTH IN AUTOMOBILE ELECTRONICS Independent market analysts predict an average annual growth of about 6% for the global automotive market for the upcoming years, with the automobile electronics market growing faster than sales of vehicles. While the number of vehicles sold per year worldwide grew by 38% to 85.7 million vehicles from 2009 to 2012, the value of printed circuit boards mounted in vehicles grew by 45% to US$ 4.1 billion in the same period (source: NTI, Q3 2012). Until 2017, an average annual growth of 6% to about 108 million vehicles is predicted (source: LMC, Feb. 2013).

Growth of automotive market
Vehicles sold in millions



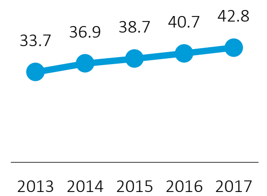
Source: LMC Feb. 2013

The automotive sector focuses on features such as safety, weight reduction, energy efficiency, information management and entertainment. Here, high demands are imposed on printed circuit boards with regard to reliability, temperature resistance as well as resilience and duration. The high-tech applications increase demand for HDI and Microvia printed circuit boards. AT&S was among the first to realise this trend and therefore has a good market position. This market segment comprises the following: power transmission with a share of approx. 30% (e.g. engine, gear, as well as transmission and emission control), 23% infotainment (e.g. auto navigation, audio/video, phone), 14% safety (e.g. airbags, ABS, seat belts, inside and exterior rear view mirror), 12% lights (e.g. front lights, tail lights, interior lighting, door knob lighting), 11% sensor technology (e.g. distance meter, temperature sensor, pressure sensor), and 10% thermal solutions (e.g. control of air conditioning / heating, engine cooling) (source: NTI, Q3 2012).

With regard to printed circuit boards for the automobile and aviation industry, AT&S is the seventh largest supplier worldwide in terms of revenue (source: NTI, Mar. 2014). Printed circuit boards of AT&S are to date primarily used in transmission control, navigation systems, driving lane assistants, camera modules, infotainment and audio systems as well as in sensors.

CONTINUOUS GROWTH RATES IN INDUSTRIAL ELECTRONICS Independent market analysts expect a growth rate of 9% for 2014 in the field of industrial electronic systems (source: IHS, Feb. 2014). The growth is positively related to the growth of built-in printed circuit boards. The market for industrial electronics covers the entire range of industrial electronics including printed circuit boards, cases, software, etc. and thus significantly exceeds the actual PCB market. However, the systems market and the PCB market are directly related. Until 2018, the same analysts forecast an average annual growth of about 5% (source: IHS, Feb. 2014).

Growth of industrial electronics systems market
US$ in billions

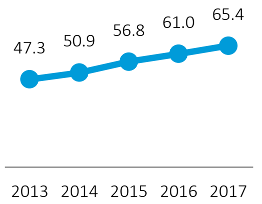


Source: IHS, Feb 2014

The market for industrial electronics is marked by a wide variety of customers that demand a wide range of technologies. The products used range from multilayer printed circuit boards with up to 22 layers to flexible or also rigid-flexible printed circuit boards. In order to meet the various requirements for end devices and implementation guidelines concerning printed circuit boards, flexibility, proximity to the customer and a high implementation speed are key.

The market segment industrial electronics includes the following applications: 10% lighting application (e.g. control for lamps, LED lamps, LED modules), 17% power applications (e.g. electricity meters, PV inverters, generators), 25% instrumentation and controls (e.g. programmable logic control systems, CNC) and 48% other applications (e.g. laboratory diagnostics, RFID, scanner, railway technology) (source: Prismark, May 2012).

Growth of medical electronics systems market
US$ in billions



Source: IC Insight, Dec. 2013

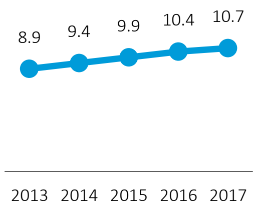
THE MARKET FOR MEDICAL TECHNOLOGY APPLICATIONS

The global market for printed circuit boards used in medical technology is estimated to amount to € 810 million in 2011 (source: BPA Consulting, May 2012). Independent market analysts expect a growth in the medical systems market of about 8% for 2014 and forecast an average annual growth of 7% for the years up to 2017 (source: IC Insight, Dec. 2013). The market for medical electronic systems covers the entire range of medical technology applications. However, this market is directly related to the development of the PCB market. The same analysts predict an average annual growth of about 7% until 2017 (source: IC Insight, Dec. 2013).

The medical technology applications market can be broken down into 21% diagnosis and imaging techniques (e.g. X-ray, ultrasound, computer tomography), 22% therapy (e.g. cardiac pacemakers, defibrillators), 27% patient monitoring (pulsometers, oxygen meters, anaesthesia and telemetry systems), and 30% other applications such as for example surgical lighting, sterilisation, analytical instruments and molecular diagnostics.

In medical technology, reliability, miniaturisation and weight reduction are of utmost importance, particularly with regard to devices such as cardiac pacemakers or hearing aid devices. In the face of these challenges, the customers of AT&S benefit from the experience gained in the development of high quality printed circuit boards for smartphones. AT&S is one of a few European manufacturers certified under the medical standard EN ISO 13485.

Growth oft IC Substrate market
US$ in billions



Source:JMS 2 HY 2012

IC SUBSTRATE HIGH-TECH MARKET

Independent market analysts expect a growth of 5% for 2014 (source: JMS, second half-year 2012). This growth results from the strong demand for smartphones and tablets. The IC substrate market showed a volume of US$ 8.9 billion in 2013 and reported a growth of 4% on the previous year. IC substrates are generally used for microprocessor units (Central Processing Units, CPU) for computers, desktop computers, tablet PCs, ultrabooks and smartphones. The market knows only few suppliers, 70% of the production stems from six manufacturers. This concentration is an opportunity for AT&S to position itself in this high-tech segment together with a strong partner.

MINIATURISATION PUSHES ADVANCED PACKAGING

Also in the field of advanced packaging, the focus is on miniaturisation, reliability and weight reduction. Examples of typical applications are modules for mobile applications (AC/DC converters, power management units, fingerprint sensors, etc.), solid state drives and wearable devices. Here, the customers benefit from AT&S's experience gained in the development of high quality solutions, from years of R&D activities carried out in the field of embedded component packaging (ECP) as well as from the extensive IP portfolio in this field. With the help of ECP, miniaturisation effects greater than 50% of the reference product could be achieved. Given the increasing trend of miniaturisation, market surveys predict a strong increase in growth rates in the subsequent years. The forecast growth thus amounts to about 56% for 2014, and the same market analysts predict an average annual growth of about 62% for the years up to 2018 (source: Yole, Oct. 2012).

1.2. Profit situation*

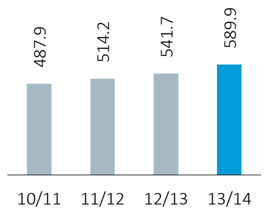
In the financial year 2013/14, the Group's revenue increased by € 48.2 million, or 9% to € 589.9 million. This positive development results from a very good capacity utilisation in all segments; for details see Section 3. "Business development by segments" in the Group Management Report.

The past financial year was also characterised by the industry-specific seasonality, although the seasonal fluctuations were significantly lower compared to the last financial year. Due to the product launch of a mobile phone producer, we were able to generate highly satisfactory revenue of € 142.6 million in the first quarter, which traditionally is marked by a somewhat lower capacity utilisation. The second and third quarters usually are the strongest quarters at AT&S: In the current reporting period, we generated the highest quarterly revenue in the history of AT&S with € 157.4 million and € 151.0 million in this period. The fourth quarter, typically the weakest quarter in AT&S's business development, closed at a highly satisfactory level this year with revenue amounting to € 139.0 million. Further details on seasonality with regard to segments are given in Section 3. "Business development by segments" in the Group Management Report.

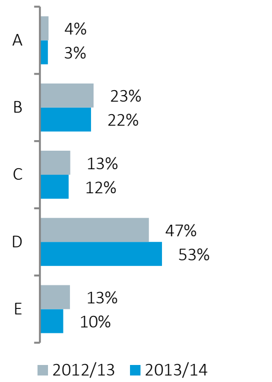
The expansion of production capacity in Shanghai was completed in the financial year 2012/13. In the financial year 2013/14, this additional capacity could to a large extent be well used. The share of revenue in products made in Asia thus increased from 74% in the previous year to 76% in the reporting period.

The proportion of revenue by regions based on the entry point of the delivery shows another increase in Asia to currently 53% of the Group's revenue, with the share of the remaining regions showing a slight downward trend.

Development of revenue
€ in millions



Revenue by regions
in %



A - Austria
B - Germany
C - Other European countries
D - Asia
E - Americas

* Unless otherwise stated, all figures are based on the consolidated financial statements after having considered one-off effects and after application of IAS 19 revised.

Good capacity utilisation enables increase in gross profit to € 118.8 million

Gross margin 20%

Gross profit increased year-on-year from € 77.1 million to € 118.8 million, i.e. by € 41.7 million, and thus in relation to revenue shows a rise from 14% to 20%.

This positive development is particularly due to a very good capacity utilisation at all locations for most of the financial year. Furthermore, the proportionate cost of materials could be reduced with the help of efficiency enhancement programmes, and the proportion of staff costs remained unchanged. The cost of materials in percent of revenue therefore decreased from 36% in the previous year to 33% in the financial year 2013/14.

2013/14: Best operating result in the Company's history

EBIT margin 9.1%

Overall, the operating result (EBIT) rose from € 31.4 million to € 53.9 million. The EBIT margin stands at 9.1% and is thus 3.3 percentage points higher than in the financial year 2012/13. The distribution and administrative costs remained at a similar level in relation to revenue. Absolute values mainly increased because the performance-based employee bonus was taken into account. As the planned earnings target has largely not been reached in the previous year, performance-based bonuses have only been paid in few segments in the financial year 2012/13. Other comprehensive income decreased due to depreciation of a no longer used prototype line for the production of ALIVH technology (incl. a relating patent license) in the total amount of € 5.2 million, and also due to one-off effects from the costs incurred from the closing of the location in Klagenfurt in the amount of € 3.0 million (see also Section 2. "Plants and branch offices" in the Group Management Report).

Improved finance costs, net

Finance costs, net, increased from € -14.8 million to € -11.1 million, which is mainly due to the decrease in interest rate levels. Interest expenses for financial liabilities declined from € 13.6 million to € 10.1 million. Finance costs, net, is influenced by currency effects to a limited extent as the main part of the loans from credit institutions is made up of liabilities in euros. The main intra-group loans are long term by nature and their measurement is therefore directly taken through equity.

Profit for the year

The Group's tax burden increased in relation to the profit for the year before tax and now amounts to € 4.6 million (previous year € 2.0 million). The profit for the year thus amounts to € 38.2 million compared to € 14.6 million in the previous year.

1.3. Financial position*

Consolidated statement of financial position (short version)

€ in millions	31 Mar 2014	31 Mar 2013
Non-current assets	483.86	470.79
Current assets	432.20	255.87
Total assets	916.06	726.66
Total equity	390.68	304.84
Non-current liabilities	370.34	211.71
Current liabilities	155.04	210.11
Total equity and liabilities	916.06	726.66

Due to the capital increase and the related increase in cash and cash equivalents, the total amount of the consolidated statement of financial position rose from € 726.7 million to € 916.1 million.

Despite additions to property, plant and equipment of € 102.3 million (the majority being in Chongqing) and a somewhat lower depreciation compared to the previous year, the carrying amount of property, plant and equipment remains almost stable at € 435.1 million (previous year € 437.8 million) which is due to exchange rate effects. With regard to current assets, trade receivables remained stable (€ 111.0 million). Cash and cash equivalents rose from € 80.2 million to € 260.1 million. This currently very high amount is due to the successful conclusion of a promissory note bond at the beginning of March in the amount of € 158.5 million. As a consequence, sufficient cash is available for the investments in Chongqing that are planned for the next months.

Currency effects reduce non-current assets in € and counter the positive profit for the year

€ 260 million are available for investments

Due to the capital increase, share capital increased from € 45.9 million to € 141.8 million on the liabilities side. Other provisions are negative at € 1.3 million in spite of the positive profit for the year of € 38.2 million (previous year € 14.6 million) which is due to negative currency effects; in the previous year, this value was still positive at € 42.4 million. The currency translation differences of € -42.7 million affecting the financial year 2013/14 mainly result from the translation of the net asset positions of Asian subsidiaries in the amount of € -25.7 million, as well as from the translation of non-current loans to Asian subsidiaries in the amount of € 10.2 million. In the previous year, the currency translation differences then led to a positive value of € 22.3 million. Equity increased in total from € 304.8 million to € 390.7 million.

Successful capital increase strengthens the structure of the statement of financial position of the Group

Financial liabilities per maturity

€ in millions	31 Mar 2014	in %	31 Mar 2013	in %
Remaining maturity				
< 1 year	46.08	12%	129.84	43%
1 - 5 years	282.89	76%	145.66	49%
> 5 years	42.97	12%	23.00	8%
Financial Liabilities	371.94	100%	298.50	100%

Due to the promissory note bond, which was successfully concluded in the past financial year and which has a term to maturity of 5, 7 and 10 years, the maturities of financial liabilities could be significantly improved. Non-current financial liabilities increased from € 168.7 million to € 325.9 million. The current portion fell from € 129.8 million to € 46.1 million. With regard to other debt, material changes occurred neither with regard to the current nor to the non-current portion.

Financial liabilities: significa-ntly improved maturity structure

* Unless otherwise stated, all figures are based on the consolidated financial statements after having considered one-off effects and after application of IAS 19 revised.

Cash flow statement (short version)

€ in millions	2013/14	2012/13	±
Cash flows from operating activities	104.76	71.67	46%
Cash flows from investing activities	(90.29)	(40.55)	123%
Cash flows from financing activities	169.14	17.93	843%
Change in cash and cash equivalents	183.62	49.06	274%
Currency effects on cash and cash equivalents	(3.71)	1.44	(358%)
Cash and cash equivalents at end of the year	260.13	80.23	224%

Positive free cash flow in spite of high investing activities

Based on the positive result of the Group, a significant increase from € 71.7 million to € 104.8 million in net cash could be generated. Due to investment activities in Chongqing, as well as various technological reinvestments at other locations, net cash used in investing activities amounted to € 90.3 million. The capital increase as well as the promissory note bond taken out and the redemption of a current credit line due led to net cash generated from financing activities of € 169.1 million.

TREASURY ACTIVITIES In order for AT&S to hedge all potential financing requirements with regard to the set-up phase of Chongqing at the same maturities, several financing measures were agreed upon and to a large extent already implemented in the past financial year in close cooperation with the Supervisory Board:

Capital increase by placing 12,950,000 new shares

All 2,577,412 treasury shares sold

In September and October 2013, 12,950,000 new shares at € 6.50 each were issued in a two-step process leading to gross issuing proceeds of € 84.2 million. At the same time, all 2,577,412 treasury shares held by the parent company AT&S AG were sold at € 6.50 each. With the help of these two transactions, the Company generated, net of transaction costs, € 95.9 million in cash for the further development of the Group.

Promissory note loan successfully issued

In March 2014, the issuing of a promissory note bond could be successfully completed. About 40 investors subscribed to tranches of 5, 7 or 10 years in different amounts. A subscription volume of in total € 156.5 million and US$ 2.0 million could be generated. Fixed and variable interest agreements were subscribed too. Meanwhile, future variable interest obligations were hedged with interest rate swaps.

Moreover, the situation of the most important currencies for AT&S, such as the US dollar, the Chinese yuan, the Japanese yen and the Indian rupee, is closely monitored and hedging measures are taken if necessary.

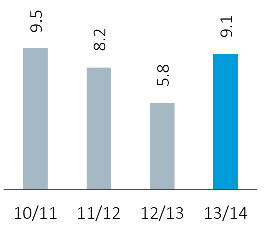
1.4. Key data*

The calculation as well as the development of the most important external key management indicators of the Company is presented below.

Result

€ in millions	2013/14	2012/13	±
Operating result (EBIT)	53.93	31.37	72%
EBIT margin	9.1%	5.8%	
Operating result before interest, tax, depreciation (EBITDA)	127.17	102.36	24%
EBITDA margin	21.6%	18.9%	
Profit for the year	38.22	14.57	162%

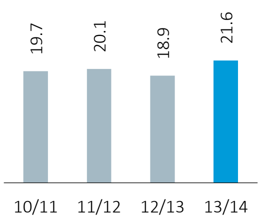
EBIT margin
in %



In the current financial year, EBIT increased by € 22.5 million, or 72%. This increase is primarily due to the very good capacity utilisation as well as due to efficiency enhancement programmes. The depreciation of a no longer used prototype line (including licences) for the production of ALIVH technology (€ 5.2 million) as well as the costs relating to the closure of the plant in Klagenfurt (€ 3.0 million) had a decreasing effect. The EBIT margin rose to 9.1%.

EBITDA increased by € 24.8 million, or 24%, year-on-year. This increase is primarily due to the very good capacity utilisation as well as efficiency enhancement programmes. The costs relating to the closure of the plant in Klagenfurt (€ 3.0 million) had a decreasing effect. The EBITDA margin increased from 18.9% to 21.6%.

EBITDA margin
in %



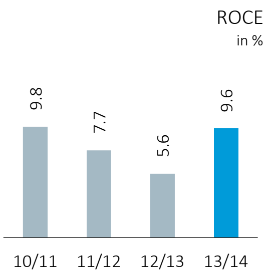
The profit for the year rose by € 23.6 million, or 162%. This increase is primarily due to the good EBIT as well as due to finance costs, net, that improved owing to the decreased interest rate level.

Net current assets

€ in millions	31 Mar 2014	31 Mar 2013	±
Trade and other receivables	111.00	111.80	(1%)
Inventories	59.43	62.42	(5%)
Trade and other payables	(101.91)	(77.35)	32%
Other provisions, current	(3.07)	(1.62)	90%
Liabilities from investments	26.27	7.43	254%
Net current assets	91.72	102.68	(11%)
Net current assets / total revenue	15.6%	19.0%	

Net current assets decreased by € 11.0 million, or 11%, year-on-year. This decrease resulted primarily from the increase in liabilities from the purchase of property, plant and equipment and the decrease in inventories.

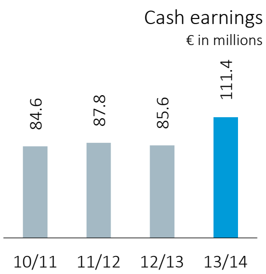
* Unless otherwise stated, all figures are based on the consolidated financial statements after having considered one-off effects and after application of IAS 19 revised.



Return on capital employed (ROCE)

€ in millions	2013/14	2012/13	±
Operating Result (EBIT)	56.93	31.37	81%
Non-recurring items	(3.00)	–	n.a.
Income taxes	(4.62)	(1.96)	136%
Operating result after tax (NOPAT)	(3.07)	(1.62)	90%
Equity - average	347.76	291.20	19%
Net debt - average	164.14	229.97	(29%)
Capital - average	511.90	521.17	(2%)
ROCE	9.6%	5.6%	

ROCE mainly increased to 9.6%, which was due to the significantly improved EBIT. Other positive effects result from the lower average capital due to the decrease in net debt.



Cash earnings

€ in millions	2013/14	2012/13	±
Profit for the year attributable to owners of the parent company	38.17	14.57	162%
Depreciation and amortisation and impairments of property, plant and equipment and intangible assets	73.25	70.99	3%
Cash earnings	111.41	85.56	30%

Cash earnings increased by € 25.8 million, or 30%. The improved EBIT result from the good capacity utilisation most notably had a positive effect.

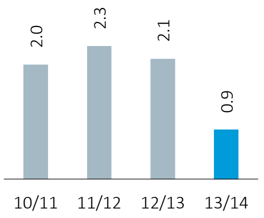
Innovation Revenue Rate (IRR)

€ in millions	2013/14	2012/13	±
Main revenue	589.61	541.36	9%
Main revenue generated with innovative products *)	156.27	104.25	50%
IRR	26.5%	19.3%	38%

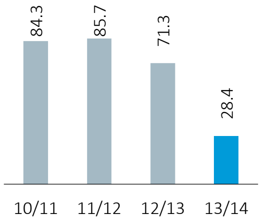
*) Products launched within the past three years.

Net debt € in millions	31 Mar 2014	31 Mar 2013	±
Financial liabilities, current	46.07	129.84	(65%)
Financial liabilities, non-current	325.86	168.66	93%
Cash and cash equivalents	(260.13)	(80.23)	224%
Financial assets	(0.94)	(0.87)	8%
Net debt	110.87	217.41	(49%)
Operating result before interest, tax, depreciation (EBITDA)	127.17	102.36	24%
Net debt / EBITDA - ratio	0.87	2.12	
Equity	390.68	304.84	28%
Total consolidated statement of financial position	916.06	726.66	
Equity ratio	42.7%	42.0%	
Net gearing	28.4%	71.3%	

Net debt / EBITDA
Multiple



Net gearing
in %



The decrease in net debt of € 106.5 million, or 49%, was mainly due to the successful equity measure. The gearing ratio fell accordingly from 71.3% in the previous year to 28.4%.

1.5. Significant events after the reporting period

In the current financial year, no significant events occurred after the reporting period.

2. Plants and branch offices

The AT&S Group currently has five production plants specialising in different technologies: Leoben-Hinterberg and Fehring in Austria, Ansan in Korea, Nanjangud in India and Shanghai in China. With their research departments, Leoben-Hinterberg and Shanghai are also material technology drivers within the AT&S Group. Moreover, a sixth plant is currently being built in Chongqing in China. AT&S employs around 7,300 people worldwide.

AT & S AG - plants in Leoben and Fehring

LEOBEN AND FEHRING The Austrian plants in Fehring and Leoben are integrated within the individual company of AT & S AG and mainly deliver to the European and to an increasing extent also to the American market. Short turnaround times, special applications and the proximity to the customer are particularly important in Europe. The plants in Austria, India and Korea basically concentrate on small and medium-sized batches most notably for the industrial and automotive industry. The plant in Leoben successfully continued with the niche and prototype production which was launched in the past years. The production capacity utilisation of the plant in Fehring is positive in the reporting period due to, among other things, the production transfer from Klagenfurt. Also the strongly growing market in the Advanced Packaging segment is supplied by the plant in Leoben.

AT&S Klagenfurt in Liquidation

KLAGENFURT At the beginning of the past financial year, management decided to close the plant in Klagenfurt. The immense price pressure in the field of simple technologies, as produced in Klagenfurt, and the continuous low demand in this sector led to ongoing losses. A social plan was prepared for the employees. A few employees accepted the offer to work at the plants in Fehring or Leoben. The closing activities and dismantling work are almost completed. No further costs are expected to arise from the closure of this plant. The company is in liquidation as of 15 March 2014.

AT&S (China) - Shanghai

SHANGHAI The plant in Shanghai produces HDI (high density interconnection) high-tech printed circuit boards in serial production for the mobile device sector and has customers all over the world. The plant in Shanghai was very well utilised in the past financial year; in some months, this plant continuously produced at full capacity. Moreover, demand for HDI printed circuit boards for the automobile industry has risen in the past financial year, which also led to an increase in the production of printed circuit boards for the Industrial & Automotive business unit. The announcement of the cooperation partner Panasonic to shut down the production of ALIVH technology had a negative effect. As no further demand on the market could be expected, the prototype equipment at the plant in Shanghai had to be adjusted in terms of value. This had a one-off negative effect of € -4.8 million.

AT&S Chongqing

CHONGQING The set-up of the new plant in Chongqing, China, proceeds to schedule. In the past financial year, buildings and infrastructure could be successfully completed. The first production equipment was delivered in February 2014. AT&S will set another technological milestone at this plant with the production of IC substrates (interconnection substrates). The cooperation with the technology partner turns out to be very successful and close. The production of the first qualification lots is planned for the autumn of 2014.

ANSAN The positive development of the AT&S Korea subsidiary continued in the past financial year. In addition to the still very good production capacity with regard to medical products, the major order of an innovative camera producer most notably generated additional revenue in the reporting period.

AT&S Korea

NANJANGUD AT&S India reported positive developments as well. Revenue and the operating profit showed a significantly positive trend.

AT&S India

HONGKONG The company AT&S Asia Pacific in Hong Kong was able to establish itself as a holding company in the field of Mobile Devices. The proximity to the CEMs of the customers and to the suppliers is another locational advantage which the business partners highly appreciate. About half of the Group's sales is already carried out via this company.

AT&S Asia Pacific

The sales offices in the Americas, Germany, Japan and Taiwan guaranteed good and close contact with the customers in the past financial year as well.

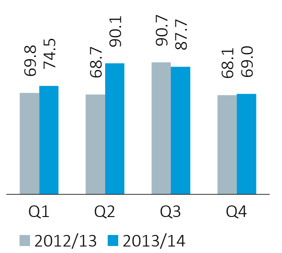
Sales offices

3. Business development by segments*

The AT&S Group breaks its operating activities down into three segments: Mobile Devices, Industrial & Automotive und Advanced Packaging. The Mobile Devices segment mainly covers the smartphone, tablet, digital camera and mobile music player applications. The Industrial & Automotive segment includes the industrial electronics, automotive, aviation & security and medical applications. The Advanced Packaging segment covers the operating activity with regard to ECP® (embedded component packaging), which is a packaging technology patented by AT&S used to embed active and passive electronic components. Since the Advanced Packaging segment does not reach the threshold level of 10% of the profit for the year neither in terms of revenue nor in terms of profit, it is currently still presented under "Others" in segment reporting.

In general, there is a growing trend that very diverse technologies in all markets are demanded. As a result, demand for HDI printed circuit boards significantly increased in the automotive industry, as did demand of mobile device customers for flexible printed circuit boards as well as for custom-made products in Europe. This is shown in the significantly increased inter-segment revenue that rose from about € 38 million to € 68 million and is again eliminated with regard to Group revenue. Revenue of the respective segment is thus reported inclusive of inter-segment revenue.

Mobile Devices
Revenue by quarters
€ in millions



MOBILE DEVICES SEGMENT The applications of the Mobile Devices segment require technologically sophisticated printed circuit boards and ongoing innovation. The strong growth in demand for smartphones and tablets all over the world is the key growth driver. The ever greater performance of these devices would not be possible without HDI (high density interconnection) printed circuit boards. AT&S is one of the leading suppliers of HDI technology around the world and ranked second in 2012 (source: Prismark: Q2, August 2013). With a share in revenue of 54% (previous year: 55%), the Mobile Devices segment still remains the largest segment of the AT&S Group.

At € 378.3 million, revenue generated exceeded the previous year's figure by 13%. Also in the past financial year the first quarter performed slightly weaker due to industry-specific seasonal fluctuations; these fluctuations were also felt in the summer and autumn due to the typical product launches in the mobile industry with a strong production capacity utilisation, as well as at the beginning of the calendar year (at AT&S the fourth quarter) resulting from traditionally low demand. In terms of geography, more and more revenue is generated in Asia as in the previous year, because the main part of the big CEMs (contract electronic manufacturers) is located in Asia.

At 11.5%, the EBIT margin of the Mobile Devices segment exceeded the previous year's figure of 6.3% by 5.2 percentage points. This was mainly due to higher revenue, a better product mix as well as efficiency enhancing measures so as to overcompensate for the negative effects from start-up losses in Chongqing as well as the depreciation of the ALIVH prototype line in Shanghai. The operating result (EBIT) increased to € 43.4 million (previous year: € 21.2 million).

Segment Mobile Devices – Overview

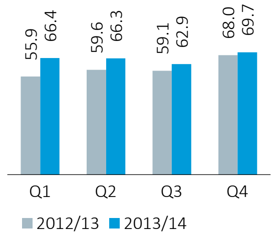
€ in millions	2013/14	2012/13	±
Segment revenue	378.28	334.65	13%
Revenue from external customers	321.31	297.29	8%
Operating result (EBIT)	43.39	21.18	105%
EBIT margin	11.5%	6.3%	

* Unless otherwise stated, all figures are based on the consolidated financial statements after having considered one-off effects and after application of IAS 19 revised.

INDUSTRIAL & AUTOMOTIVE SEGMENT With a growth in revenue to € 272.9 million, the Industrial & Automotive segment generated an increase of 12%. In the past financial year, the trend towards increasing demand in this segment in Asia became visible. In particular, demand for printed circuit boards for the Asian automobile industry increased significantly. Demand in relation to the industrial as well as the automotive industry, however, has slightly reclined in Europe.

At 4.8%, the EBIT margin of the Industrial & Automotive segment remained unchanged on the previous year. The negative effect from the closure of the plant in Klagenfurt could be compensated for by efficiency measures. The operating result (EBIT) increased in spite of costs regarding the closure to € 13.2 million (previous year: € 12.0 million).

Industrial & Automotive
Revenue by quarters
€ in millions



Segment Industrial & Automotive – Overview

€ in millions	2013/14	2012/13	±
Segment revenue	272.88	243.75	12%
Revenue from external customers	265.20	242.60	9%
Operating result (EBIT)	13.23	11.97	11%
EBIT margin	4.8%	4.9%	

ADVANCED PACKAGING SEGMENT The Advanced Packaging segment that is about to be established still does not reach a quantifiable threshold level and is thus not presented as an individual segment but is instead reported under “Others”, which also includes general Group management and financing activities.

4. Group

4.1. Employees

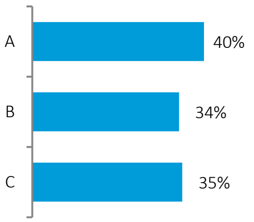
AT&S is aware of its duty as a globally active employer to make sure that every employee, regardless as to his or her nationality or gender, is treated with dignity and respect. AT&S expects its employees to take responsibility and see to it that decisions are seen carried through in a consistent manner.

HUMAN RESOURCES IN FACTS AND FIGURES In the financial year 2013/14, the Group had an average full time equivalent employee count (taking hired workers into consideration) of 7,027. This means there were 294 fewer full time equivalents compared to the average in the previous financial year (7,321). This development is largely due to increases in productivity at the Shanghai plant thanks to which a reduction of hired workers was made possible.

Average number of full time equivalents (incl. hired workers)

	2013/14	2012/13	±
Mobile Devices segment	4,425	4,756	(331)
Industrial & Automotive segment	2,482	2,423	59
Others	120	142	(22)
Total Group	7,027	7,321	(294)

Proportion of female employees
In %



A - Europe and USA
B - Asia
C - Total

EQUAL OPPORTUNITIES Aside from the equality that should obviously be enjoyed by all in relation to age, sex, background, religion or sexual orientation, it goes without saying that – like for any international company that wants to be successful – diversity is an essential key to success.

As of 31 March 2014, AT&S had a female workforce in the financial year 2013/14 of almost 35%. AT&S top management (1st and 2nd levels of the segments as well as leaders of group functions) comprised a female proportion of approximately 11%. When it comes to filling new vacancies, a particular effort is made to increase the number of women in leading positions.

SECURING THE FUTURE THROUGH STAFF DEVELOPMENT AND ONGOING EDUCATION In order to have enough employees with decisive knowledge and skills not just now but also in the future, AT&S places a considerable emphasis on recruitment and development.

- Tours are offered that give people as young as school pupils an idea of what it's like to be with AT&S as well as 'come and see' days and holiday internships so as to stoke people's enthusiasm, especially for technical professions of the future.
- Some 564 apprentices and interns are employed throughout the world, with a large share of these people being involved as part of a training programme for industrial employees in India which runs over several years.
- As part of the cooperation with relevant colleges, universities and international student networks scholarships for especially talented students are awarded, thus winning over students doing internships and Bachelor or Master degree dissertations with a strong corporate focus.
- AT&S offers talent programmes for graduates and interested internal staff members. The purpose is to place over 50 international graduates within a specific training programme dealing with printed circuit board production and to develop not only their specific knowledge but also to further their social and methodological skills. Putting what has been learned into practice – i.e. on the job and as part of 'authentic' projects relevant to the business – is a fundamental cornerstone that goes hand in hand with the comprehensive training programme.

Alongside talent recruitment, the ongoing training of staff members is also of equal importance, offering guidance at the workplace, internal and external training sessions, workshops and coaching sessions.

- New employees at all locations receive comprehensive standard training so that they can familiarise themselves with the production process of printed circuit boards, the organisational structure and processes of AT&S as well as the values of the business.
- Training sessions especially developed for the management are offered in order to create a uniform understanding of leadership and to advance continuous further development of leadership competencies in respect of the Company's challenging strategy. Training themes range from strategy development to change management right the way through to the essentials of leadership and carrying out talks with employees.
- In view of the significance of multi-functional and international cooperation, the promotion of teamwork is especially high on the agenda of priorities. The aim is to ensure effective processes, the transfer of knowledge and the sharing of best practices.

Alongside comprehensive internally carried out training sessions, € 452.3 thousand was invested for the purpose of external training sessions and development measures in the financial year 2013/14.

Expenditure on external training sessions

€ in thousands	2013/14	2012/13	±
Mobile Devices segment	179.4	135.5	32%
Industrial & Automotive segment	210.2	198.4	6%
Others	62.7	91.5	(31%)
Total Group	452.3	425.4	6%

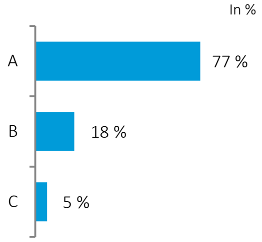
MANAGEMENT CULTURE If employees are to be kept motivated and remain loyal to a company in the long-term, then it is especially important that key skills and competencies be further developed and that a company embraces the concept of regular feedback as part of its corporate culture.

Annual staff appraisal meetings see the Company's aims for the following financial year being phrased into targets based on the specific area which the employee specialises in. These appraisals also give each employee the opportunity to receive feedback for the past financial year. This is where potential is discussed, further development opportunities (also abroad) are brought to people's attention and decisions are taken on key training requirements as well as other measures for development (such as, for example, coaching, projects and international assignments).

Alongside competitive levels of remuneration AT&S also firmly believes in giving its staff the chance to be able to share in the financial successes of the Company: this is important both for the motivation of staff members as well as for keeping and retaining new talent. The global bonus system takes this core principle into account, with individually and collectively agreed bonus payments being distributed whenever specific hurdle rates have been achieved. The first hurdle rate is positive EBIT for the overall Group, the second one being linked to the attainment of particular EBIT and/or gross profit-/ margin-/ budget targets of the plant and the business unit.

The extent of the payment will depend in each case on ROCE, cash earnings, the innovation revenue rate as well as the individual performance of each member of staff. The bonus system also guarantees that in more challenging economic times in which set aims cannot be achieved bonus payments will be either reduced or entirely suspended. Details on how ROCE, cash earnings and the innovation revenue rate are determined can be found in Section 1.4. "Key data" in the Group Management Report.

Chongqing workforce



A - China
B - Asia (excl. China)
C - Rest of the world

THINKING AND ACTING GLOBALLY AS PART OF THE CORPORATE PHILOSOPHY The global organisation of AT&S offers a wide range of carrier opportunities on an international scale. Occupational mobility of both internal and external job applicants as well as international cooperation are expressly encouraged, with our mobility policy actively ensuring that people can be sent to different locations. Intercultural training sessions, development of language skills and furthering of 'virtual cooperation' play a role in ensuring a success of a globally operating company.

Due to the strategic entry in the IC substrate business and the relating establishment of the new plant in Chongqing, the provision of adequately trained employees is key. Here, one of the success factors is a core team made up of international experts, as was the case in the set-up of the plant in Shanghai. The transfer of internal knowledge and experience is realised through planned secondments of staff to the Chongqing site. Experienced employees in particular have been able to complete a special training programme running over several months as part of our plant set-up activities in Chongqing. From now on, these technical experts will be able to make use of and spread their specific know-how throughout the new organisation.

LOOKING TO THE FUTURE Programmes and initiatives which have enjoyed success so far are set to continue, with an additional emphasis being placed above all on the strategy based development of the organisation, the bringing on board and fostering of international talent as well as on leadership skills and mindsets.

4.2. Sustainability

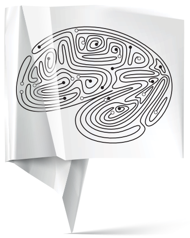
Sustainable management and the careful use of available resources are a high priority for AT&S. In fact, it is now many years ago since an integrated management system was created that now serves as the basis to efficiently manage and monitor processes. This management system combines quality, environment and safety at work. Regular internal audits performed by qualified internal employees as well as annual surveillance audits and triennial recertification audits by independent third parties monitor the requirements laid down in the regulations. The independent certifying body also confirmed once more in the financial year 2013/14 that AT&S complies with all requirements.

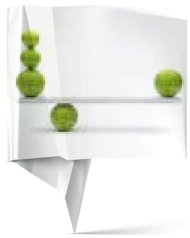
A material part of the integrated management system is the continuous development and improvement of existing processes and systems. This development can clearly be seen in the regularly reported key data. The AT&S Group aims to achieve production that has the lowest possible impact on man and the environment. This goal requires that sustainability be lived in all areas and processes of the entity. For this reason, AT&S published the first sustainability report for its employees within the Group in cooperation with all plants around the globe in the financial year 2013/14. This internal sustainability report sets out to give a summary of the activities in advance to analyse and define the following key topics:


Energy and carbon footprint


Water

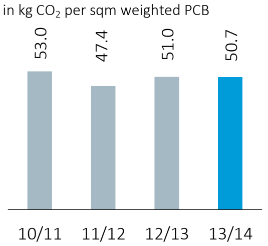

Resources


AT&S – a learning organisation


Thinking ahead, shaping the future

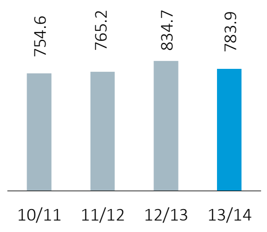
ENVIRONMENTAL MANAGEMENT In order to produce complex interconnection applications, energy in the form of electricity and heat is necessary. Both the use of energy as well as the transport of finished goods to the customer lead to CO_2 emissions; these are measured on a monthly basis in the form of the carbon footprint as a performance indicator. Several measures in the production plants have already led to a reduction of the carbon footprint to 50.7 kg CO_2 per square metre of the printed circuit boards produced. In order to reduce the CO_2 emissions in the future, AT&S continues to set itself the target of a 5% reduction per year.

Carbon footprint
in kg CO_2 per sqm weighted PCB



The use of freshwater is another important factor in the production of printed circuit boards. An innovative water recycling plant was installed in India in order to use this resource in a responsible way and also to maintain the manufacturing capacity. At this plant, 68% of water currently used is recycled and then used again as process water. The freshwater consumption in litres per square metre of produced printed circuit board serves as an indicator. In order to continuously reduce the water consumption in the future, AT&S aims at saving 3% freshwater per year.

Freshwater consumption
in litres per sqm weighted PCB



RESOURCE EFFICIENCY The considerate use of resources is of the utmost importance for AT&S both from an entrepreneurial as well as from an ecological and social point of view. The focus is on optimising the use of materials (waste prevention, recycling, and efficiency improvement). In the past financial year, waste and the recycling of waste were analysed and compared at all plants and optimisation potential was identified in many cases. The optimisation of gold and the recycling of gold waste serve as an example. Together, possible potential for improvement in all plants was discussed, with suggestions being taken into account and brought to life through local projects.

The close cooperation, also with Montanuniversität Leoben, made it possible to analyse and evaluate various recycling methods for similar waste and to include state-of-the-art scientific findings in this analysis and evaluation. This led to a significant improvement of the recycling activities at all plants.

Purchase of significant materials

	Unit	2013/14	2012/13	2011/12
Gold	kg	484	585	645
Copper*	t	3,144	2,014	2,001
Laminate	million sqm	12.5	11.2	10.8
Chemicals	t	87.2	86.1	83.3

* Starting with financial year 2013/14 copper foils were included.

Taking copper – the most important material when producing printed circuit boards – as an example, it can be seen how the Group practices resource efficiency: Copper is the most frequently used material in the production of printed circuit boards. Copper foil is at the heart of the printed circuit board. At AT&S, this copper foil is made of 100% recycled copper. Copper chloride, serving as etching medium, is disposed of externally via a supplier when the end of its useful life is reached. This supplier recycles the copper contained to use it for other purposes. Small amounts of copper are also to be found in wastewater. The corporate wastewater treatment plants filter the copper out of the wastewater using various treatment methods and transport the copper as copper-bearing electroplating sludge to external recycling companies for recycling. In addition, any copper-bearing solid waste from production, such as copper parts, milling waste, etc., are collected separately and recycled.

These circles show that various waste categories and recycling methods exist for one single metal at the production plants of the AT&S Group. The considerate use and considerations targeted to recycling are beneficial for the Company in two ways – AT&S contributes to the conservation of resources and generates a positive monetary effect. This is a perfect example demonstrating that sustainability unites all three levels – economy, ecology and social issues.

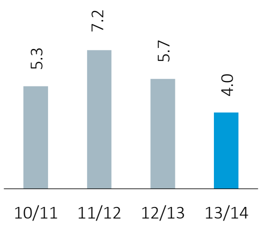
PLACE OF LEARNING AT&S as a place of learning is dedicated to the further education of its employees. Highly qualified and motivated employees are key for any company wanting to be a technological pioneer and a driver for innovation. To maintain this role, several activities such as a training and leadership catalogue or basic training sessions are offered at the plants. The evaluation and managing of the training process with the help of key data is also important for the future. The further development of key data to manage processes is a key priority for the next financial year.

SAFETY AT WORK Standardisation is an important issue for the entire the AT&S Group also with regard to safety at work. No difference is thus made with regard to ecology and safety at all plants worldwide. It goes without saying that the very highest safety and environmental standards are employed. The same safety standards, based on European guidelines, are in place at plants and with regard to equipment. The AT&S Group and therefore all production plants were already certified in accordance with the Occupational Health & Safety Standard OHSAS18001 several years ago. Compliance with legal requirements and the even stricter internal requirements as well as the ongoing improvements are subjected to external annual audits. Also in the past financial year, the independent certifying body confirmed the compliance. The accident rate could be demonstrably reduced in the course of the years by introducing this management system.

A decrease in accidents at work of 7% per year was set as a long-term objective that has also been successfully achieved in the past years. The programmes launched and activities started in the financial year 2004/05 are also reflected in the reported figures. For the period from 2004/05 to 2013/14, the rate of accidents at work (per 1 million hours of work) could be reduced by 57%. All preventive and corrective measures are being consistently looked at and implemented to meet the objective of continuous improvement.

SOCIAL REPONSIBILITY AT&S is aware of its social responsibility towards its employees and society. An important aspect in Asia is that no dormitories exist. Employees are supported in their search for apartments and they may use the shuttle bus to commute from their apartment to work for free. As a contribution to social responsibility, AT&S has placed a special focus on education. The measures taken include, for example, the support of a laptop class in an Austrian school, the provision of an Indian school with drinking water, bags and uniforms, and the promotion of environmental awareness for children through the programme entitled "Shanghai Low Carbon Little Talents". These measures help AT&S contribute towards upholding these values as well as the concept of sustainability both inside and beyond the Company itself.

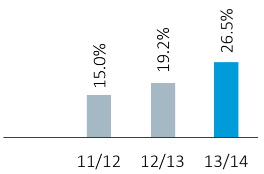
Number of accidents at work
Working hours lost per one million hours of work as of absence of more than one day



4.3. Research and development

IRR (innovation Revenue Rate

in %



AT&S pursues a focused technology strategy and an efficient development process when it comes to innovations. In the past financial year, the revenue share of products with new technologies – products brought to market by AT&S in the past three years after several years of development – was at about 26.5%. This clearly illustrates that innovation is among the major priorities for the AT&S Group.

TECHNOLOGY AND INNOVATION The penetration of all areas of life by electronics is far from complete. It is not only human beings that communicate with each other; an increasing number of machines, devices and systems are being connected and exchange data without any human interference. Although still in its infancy, the "internet of things" is already a reality. The quantity of electronic devices will increase as will the requirements regarding smallness, power density and duration of the printed circuit boards.

The innovation strategy of AT&S thus focuses on the following priorities:

- Focus on the high-tech segment – new products and technologies developed at AT&S are used in the high-tech 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.
- More efficient use of natural resources – new products and technologies developed at AT&S use fewer natural resources (e.g. materials, water and energy) than traditional products and technologies.

AT&S cooperates with international research institutions

AT&S pursues a two-stage innovation process. Development activities in the fields of materials, processes and applications are carried out at the research institutions of Leoben-Hinterberg to the point where the basic technological feasibility has been reached. This area thus covers applied research and technology evaluation. After that, it is the responsibility of the local departments for technology development and implementation situated at the plants of AT&S to continue the experimental development of products and processes and to integrate these products and processes within existing production operations. Depending on demand, also cooperations with local and international research institutions and universities are entered into in addition to own resources.

DEVELOPMENT ACTIVITIES AT&S works on different development projects based on these strategic principles, customer demand, as well as developments of the suppliers and research institutions. The issues dealt with in these projects can be divided into four core development areas:

1. Interconnect density
In this area, the goal is to constantly miniaturise the printed circuit board and increase the complexity. The challenge is to miniaturise the structures of the printed circuit board and to reduce its thickness.

2. Mechanical integration
The goal is the improved integration of the printed circuit board as a 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 area of development 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 minimise the use of natural resources.

In the past financial year, a new printed circuit board product for high temperatures, for example in powertrains of vehicles, could be developed in the past financial year with the help of these projects. The use of electronics can thus be employed in areas where previously only mechanical or high-tech solutions were possible.

Development of power electronics to be used in the production of electricity, electromobility and lighting industry

Another milestone in the past financial year was the development of novel concepts for power electronics, which have been implemented in a consortium with companies and research partners. Power electronics is used for applications with high electrical currents and where electronic modules require cooling. Examples in this regard can be found in the production of electricity (wind power, photovoltaics), electromobility and in the lighting industry (particularly with regard to LEDs).

Progressive miniaturisation in general is an important driver for innovation. New technological challenges are to be tackled in the fields of mobile devices, medical technology and wearables.

IC SUBSTRATES The largest development project of the Group to date is the implementation of the technology to produce substrates for silicon semiconductor chips. IC substrates, i.e. the link between the nano-world of silicon and the micro-world of the printed circuit boards, confront AT&S with totally new challenges. Significantly finer structural dimension and tighter tolerances exist in this field compared to products produced to date. Moreover, due to the different properties of silicon and polymeric materials, new materials are used and new concepts have to be developed that meet the requirements with regard to reliability.

AT&S further expands technological lead position

In order to successfully serve the market, the highest requirements with regard to technology and quality have to be met. In addition to positive business development opportunities, the establishment in this market and the cooperation with the semiconductor industry that in the future is to be started at a very early stage will give an impetus to further develop various areas of AT&S with regard to the technologies to be developed in the current core business. This will give the technology roadmaps a more concrete form and enable AT&S to implement innovation projects in an even more targeted way. Also with regard to specific technology projects, a considerable impetus through the access to new demands and approaches to further expand the technological lead position is expected.

Total expenses for research and development projects amounted to € 31.8 million in the financial year 2013/14, including entering into the substrates business. This corresponds to a research rate of 5.4% compared to 4.6% in the previous year.

PATENT STRATEGY Focusing on research and development requires legal protection of the core development technologies of AT&S. In the last financial year 13 new patent applications were filed. AT&S now has 96 patent families, resulting in 153 patents.

5. Risk and opportunities management

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

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

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

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

Strategy

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

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

Risks in the field of investment and in general for the business activities of AT&S exist in the form of unrecognised or wrongly anticipated technological developments or shifts in demand which could bear negatively on investments.

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

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

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

Market development

CUSTOMER BASE With the help of advanced production technologies and high quality standards, the AT&S Group has managed – largely through to its capacities in China – to establish itself as a reliable provider for some of the world's most renowned players in the electronics industry. The revenue generated with the five largest of these customers accounts for over 50% of entire total revenue. The good business relations with these customers also offer excellent opportunities for the future.

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

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

Procurement

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

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

Business environment

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

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

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

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

Operating business

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

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

Organisation

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

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

Financial risks

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

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

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

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

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

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

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

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

7. Shareholding structure and disclosures on capital (disclosures according to § 243a Austrian Commercial Code)

CAPITAL SHARE STRUCTURE AND DISCLOSURE OF SHAREHOLDER RIGHTS As of 31 March 2014, the Company's ordinary shares amount to € 42,735,000 and are made up of 38,850,000 no-par value shares with a notional value of € 1.1 per share. The voting right at the Annual General Meeting is exercised according to no-par value shares, with each no-par value share equating one voting right. All shares are bearer shares.

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

	Shares	% capital	% voting rights
Dörflinger-Privatstiftung: Karl-Waldbrunner-Platz 1, A-1210 Vienna	6,902,380	17.77%	17.77%
Androsch Privatstiftung: Franz-Josefs-Kai 5, A-1010 Vienna	6,339,896	16.32%	16.32%

At 31 March 2014, about 65.91% of the shares were in free float. With the exception of the shareholdings stated above, no other shareholder existed holding more than 10% of the voting rights in AT & S AG. No shares with special control rights exist. The exercise of the voting right by employees who hold shares in the Company is not subject to any limitations.

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

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

In the past financial year, all 2,577,412 treasury shares were sold. The Group, therefore, does not hold any treasury shares at 31 March 2014.

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

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

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

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

8. Outlook

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

The entry into the IC substrate market segment constitutes a development of the current high-tech market of HDI printed circuit boards for AT&S. From a strategic perspective, this step represents an extraordinary opportunity for the development of AT&S. After the construction of the buildings in the previous year, the next project steps of delivery, installation and qualification of production facilities will follow in the next financial year. In parallel to this, the number of qualified staff is being expanded with our expertise being further developed to guarantee the success of this project. Overall, management assumes a predominantly good utilisation of currently available capacities at all plants in the coming financial year. Due to the high quality product mix which is to be achieved, revenue is expected to grow moderately. Further cost efficiency programmes are to ensure sustained levels of profitability in spite of the price pressure exerted by the market.

In the following two financial years, AT&S will reach the main phase with regard to investments in the new plant at Chongqing in China, and will put a focus on investments in technology upgrades at existing plants. In these times which are currently characterised by high capital expenditure, the management assumes that the dividend policy will be conservative in the following years.

Leoben-Hinterberg, 7 May 2014

The Management Board

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

Consolidated Financial Statements as of 31 March 2014

Table of Contents

Consolidated Statement of Profit or Loss

€ in thousands	Note	2013/14	2012/13 *)
Revenue	1	589,909	541,673
Cost of sales	2	(471,096)	(464,567)
Gross profit		**118,813**	**77,106**
Distribution costs	2	(30,901)	(28,195)
General and administrative costs	2	(24,143)	(18,821)
Other operating result	4	(6,835)	1,275
Non-recurring items	5	(3,004)	–
Operating result		**53,930**	**31,365**
Finance income	6	316	527
Finance costs	6	(11,406)	(15,354)
Finance costs - net		(11,090)	(14,827)
Profit before tax		42,840	16,538
Income taxes	7	(4,621)	(1,965)
Profit for the year		**38,219**	**14,573**
Attributable to owners of the parent company		38,168	14,572
Attributable to non-controlling interests		51	1
Earnings per share attributable to equity holders of the parent company (in € per share):	24		
- basic		1.24	0.62
- diluted		1.21	0.62

Consolidated Statement of Comprehensive Income

€ in thousands		2013/14	2012/13 *)
Profit for the year		**38,219**	**14,573**
Items to be reclassified:			
Currency translation differences		(42,697)	22,285
(Losses) from the fair value measurement of available-for-sale financial assets, net of tax		–	(28)
Gains/(losses) from the fair value measurement of hedging instruments for cash flow hedges, net of tax		(225)	68
Items not to be reclassified:			
Remeasurement of post-employment obligations		(728)	(2,526)
Other comprehensive income for the year		**(43,650)**	**19,799**
Total comprehensive income for the year		**(5,431)**	**34,372**
Attributable to owners of the parent company		(5,480)	34,368
Attributable to non-controlling interests		49	4

*) Adjusted taking into account IAS 19 revised.

Consolidated Statement of Financial Position

€ in thousands	Note	31 Mar 2014	31 Mar 2013 *)	1 Apr 2012 *)
ASSETS				
Non-current assets				
Property, plant and equipment	8	435,103	437,763	454,466
Intangible assets	9	9,145	1,952	2,451
Financial assets	13	96	96	96
Deferred tax assets	7	25,538	21,323	16,819
Other non-current assets	10	13,976	9,657	8,730
		483,858	470,791	482,562
Current assets				
Inventories	11	59,434	62,417	64,909
Trade and other receivables	12	110,999	111,802	115,483
Financial assets	13	836	770	768
Current income tax receivables		799	657	617
Cash and cash equivalents	14	260,133	80,226	29,729
		432,201	255,872	211,506
Total assets		**916,059**	**726,663**	**694,068**
EQUITY				
Share capital	22	141,846	45,914	45,535
Other reserves	23	(1,297)	42,351	22,555
Retained earnings		250,133	216,630	209,521
Equity attributable to owners of the parent company		390,682	304,895	277,611
Non-controlling interests		(2)	(51)	(55)
Total equity		**390,680**	**304,844**	**277,556**
LIABILITIES				
Non-current liabilities				
Financial liabilities	16	325,863	168,665	188,729
Provisions for employee benefits	17	24,755	22,277	18,868
Other provisions	18	9,736	10,437	11,422
Deferred tax liabilities	7	6,738	6,386	5,701
Other liabilities	15	3,244	3,948	3,641
		370,336	211,713	228,361
Current liabilities				
Trade and other payables	15	101,908	77,348	98,037
Financial liabilities	16	46,076	129,837	84,399
Current income tax payables		3,986	1,299	3,551
Other provisions	18	3,073	1,622	2,164
		155,043	210,106	188,151
Total liabilities		**525,379**	**421,819**	**416,512**
Total equity and liabilities		**916,059**	**726,663**	**694,068**

*) Adjusted taking into account IAS 19 revised.

Consolidated Statement of Cash Flows

€ in thousands	2013/14	2012/13 *)
Cash flows from operating activities		
Profit for the year	38,219	14,573
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	73,245	70,991
Changes in non-current provisions	1,917	(206)
Income taxes	4,621	1,965
Finance costs/income	11,090	14,827
Gains/losses from the sale of fixed assets	461	777
Release of government grants	(1,153)	(808)
Other non-cash expense/(income), net	(2,485)	(692)
Changes in working capital:		
- Inventories	(474)	4,154
- Trade and other receivables	(9,766)	1,585
- Trade and other payables	9,828	(15,095)
- Other provisions	1,511	(551)
Cash generated from operating activities	127,014	91,520
Interest paid	(14,153)	(13,102)
Interest and dividends received	278	494
Income taxes paid	(8,380)	(7,239)
Net cash generated from operating activities	**104,759**	**71,673**
Cash flows from investing activities		
Capital expenditure for property, plant and equipment and intangible assets	(90,906)	(43,959)
Proceeds from the sale of property, plant and equipment and intangible assets	630	3,500
Proceeds from the sale of available-for-sale financial assets	–	35
Capital expenditure for financial assets	(12)	(292)
Proceeds from the sale of financial assets	–	167
Net cash used in investing activities	**(90,288)**	**(40,549)**
Cash flows from financing activities		
Changes in other financial liabilities	76,532	23,921
Proceeds from government grants	1,345	1,475
Dividends paid	(4,665)	(7,463)
Proceeds from capital increase	79,179	–
Sale of treasury shares	16,753	–
Net cash generated from financing activities	**169,144**	**17,933**
Net increase in cash and cash equivalents	**183,615**	**49,057**
Cash and cash equivalents at beginning of the year	80,226	29,729
Exchange gains/(losses) on cash and cash equivalents	(3,708)	1,440
Cash and cash equivalents at end of the year	**260,133**	**80,226**

*) Adjusted taking into account IAS 19 revised.

Consolidated Statement of Changes in Equity

€ in thousands	Share capital	Other reserves	Retained earnings	Equity attributable to owners of the parent company	Non-controlling interests	Total equity
01 Apr 2012 *)	**45,535**	**22,555**	**209,521**	**277,611**	**(55)**	**277,556**
Profit for the year	–	–	14,572	14,572	1	14,573
Other comprehensive income for the year	–	19,796	–	19,796	3	19,799
thereof currency translation differences	–	*22,282*	–	*22,282*	*3*	*22,285*
thereof remeasurement of post-employment obligations		*(2,526)*	–	*(2,526)*	–	*(2,526)*
thereof change in available-for-sale financial assets, net of tax	–	*(28)*	–	*(28)*	–	*(28)*
thereof change in hedging instruments for cash flow hedges, net of tax	–	*68*	–	*68*	–	*68*
Total comprehensive income for the year 2012/13	–	19,796	14,572	34,368	4	34,372
Dividends paid relating to 2011/12	–	–	(7,463)	(7,463)	–	(7,463)
Change in treasury shares, net of tax	379	–	–	379	–	379
31 Mar 2013 *)	**45,914**	**42,351**	**216,630**	**304,895**	**(51)**	**304,844**
Profit for the year	–	–	38,168	38,168	51	38,219
Other comprehensive income for the year	–	(43,648)	–	(43,648)	(2)	(43,650)
thereof currency translation differences	–	*(42,695)*	–	*(42,695)*	*(2)*	*(42,697)*
thereof remeasurement of post-employment obligations	–	*(728)*	–	*(728)*	–	*(728)*
thereof change in available-for-sale financial assets, net of tax	–	–	–	–	–	–
thereof change in hedging instruments for cash flow hedges, net of tax	–	*(225)*	–	*(225)*	–	*(225)*
Total comprehensive income for the year 2013/14	–	(43,648)	38,168	(5,480)	49	(5,431)
Dividends paid relating to 2012/13	–	–	(4,665)	(4,665)	–	(4,665)
Sale of treasury shares, net of tax	16,753	–	–	16,753	–	16,753
Capital increase	79,179	–	–	79,179	–	79,179
31 Mar 2014	**141,846**	**(1,297)**	**250,133**	**390,682**	**(2)**	**390,680**

*) Adjusted taking into account IAS 19 revised.

Notes to the Consolidated Financial Statements

I. General Information

A. GENERAL AT & S Austria Technologie & Systemtechnik Aktiengesellschaft (hereinafter referred to as “the Company”, and with its subsidiaries referred to as “the Group”) was incorporated in Austria. The Company is headquartered in Austria, Fabriksgasse 13, 8700 Leoben-Hinterberg.

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

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

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

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

a. CONSOLIDATION PRINCIPLES The balance sheet date for all consolidated companies is 31 March 2014 with the following exceptions: Due to the legal situation in China, the financial year of AT&S (China) Company Limited and AT&S (Chongqing) Company Limited corresponds to the calendar year (balance sheet date: 31 December 2013), meaning that they were consolidated on the basis of the interim financial statements as of 31 March 2014.

The consolidated financial statements were approved for issue by the Management Board on 7 May 2014. 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 2 June 2014. The separate financial statements of the Company can be modified by the Supervisory Board and – in case of presentation to the Annual General Meeting – by the Company’s shareholders in a way that might also affect the presentation of the consolidated financial statements.

GROUP OF CONSOLIDATED ENTITIES 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%
- AT & S Klagenfurt Leiterplatten GmbH in Liqu., Austria, share 100%

In the financial year 2013/14, the subsidiaries C2C Technologie für Leiterplatten GmbH and DCC Development Circuits & Components GmbH were liquidated and deconsolidated. The subsidiary AT & S Klagenfurt Leiterplatten GmbH in Liqu. is in liquidation at the balance sheet date.

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

The excess of the consideration transferred, any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interests in the acquiree over the fair value of the Group’s share of the identifiable net assets acquired is recorded as goodwill. For each business combination, the Group measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s identifiable net assets and, accordingly, 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 fair value determined at initial recognition of an associate, joint venture or financial asset. In addition, any amounts recognised in other comprehensive income in respect of that entity are accounted for as if the parent company had directly disposed of the related assets or liabilities. This means that a profit or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

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

Capital consolidation is made in accordance with IAS 27 "Consolidated and Separate Financial Statements". Intercompany accounts receivable and payable as well as expenses and income are eliminated. Unless immaterial, intercompany results in non-current assets and inventories are eliminated. Furthermore, uniform accounting and measurement methods are applied to all consolidated subsidiaries.

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

In this report, all comparable figures resulting from the change in the accounting and measurement methods were adjusted.

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

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

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

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

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

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

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

FOREIGN CURRENCY TRANSACTIONS In the financial statements of each of the Group's entities foreign currency items are translated at the exchange rates prevailing on the day of the transaction. Monetary items are translated at the respective exchange rate ruling at the balance sheet date; non-monetary items which were recognised according to the historical cost principle are carried at the rate of their initial recognition. Translation adjustments from monetary items, with the exception of "available-for-sale financial assets", are recognised in profit or loss. Translation differences from "available-for-sale financial assets" are recognised directly in equity.

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

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

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

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

The Group provides for deferred income taxes using the balance-sheet oriented method. Under this method, the expected tax effect on differences arising between the carrying amounts in the consolidated financial statements and the taxable carrying amounts are taken into account by recognising deferred tax assets and tax liabilities. These differences will be reversed in the future. The deferred income tax effect is determined using tax rates that have been enacted or substantially enacted by the balance sheet date.

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

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

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

Deferred taxes 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 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.

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

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

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

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

Expected costs for dismantling and removing assets are capitalised as part of acquisition costs and accounted for by a provision, provided that there is a legal or factual obligation against third parties and that a reasonable estimate can be made.

In accordance with IAS 17 "Leases", leased property, plant and equipment for which the Group bears substantially all the risks and rewards of ownership and which in economic terms constitute asset purchases with long-term financing are capitalised at their fair value or the lower present value of the minimum lease payments. Scheduled depreciation is effected over the useful life of the asset. If at the beginning of the lease it is not sufficiently certain that the title will pass to the lessee, the leased asset will be depreciated over the shorter of the two periods, the lease term or useful life. Financial obligations resulting from future lease payments are discounted and carried as liability. Current lease payments are split into repayment and financing costs.

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

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

g. INTANGIBLE ASSETS

PATENTS, TRADEMARKS AND LICENSES Expenditure on acquired patents, trademarks and licenses is capitalised at cost, including incidental acquisition expenses, and amortised on a straight-line basis over their useful lives, generally between 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 costs are also expensed as incurred.

An intangible asset arising from development is recognised if, and only if, an entity can demonstrate all of the following:

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

h. IMPAIRMENT LOSSES AND WRITE-UPS OF PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND NON-CURRENT ASSETS HELD FOR SALE The Group regularly reviews property, plant and equipment and intangible assets for possible impairment. If evidence for impairment exists, an impairment test is carried out without delay. Property, plant and equipment in progress and intangible assets in the development phase are tested annually for impairment. If the recoverable amount of the respective asset is below its carrying amount, an impairment loss amounting to the difference is recognised. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The value in use corresponds to the estimated future cash flows expected from the continued use of the asset and its disposal at the end of its useful life.

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

Non-current assets are classified as held for sale and measured at the lower of their carrying amounts or fair values less costs to sell if their carrying amount will be largely recovered by sale rather than by continuing use in the business.

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

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

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

k. FINANCIAL ASSETS Financial assets are recognised and derecognised using settlement date accounting. The fair values recognised in the statement of financial position generally correspond to market prices of financial assets. Except for financial assets at fair value through profit or loss they are recognised initially including transaction costs.

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

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS Financial instruments acquired primarily for the purpose of earning a profit from short-term fluctuations of prices or trader margins are classified as financial assets at fair value through profit or loss. At the time of their acquisition they are stated at 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 income tax, are recognised in other comprehensive income and not taken through profit or loss until they are sold or considered as impaired.

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

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

When an available-for-sale security is considered impaired, the accumulated unrealised loss previously recognised in equity is recognised in profit or loss in “Finance costs - net”. An asset is impaired, if there are indications that the 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 every balance sheet date.

Furthermore, those financial assets are recognised under available-for-sale financial assets that have not been allocated to any of the other categories described. If the fair value of non-listed equity instruments cannot be determined reliably, these financial assets will be measured at cost. Impairment losses, if any, are recognised in profit or loss, and the respective impairment losses are not reversed.

l. DERIVATIVE FINANCIAL INSTRUMENTS The Group enters, if possible, into derivative financial instruments to hedge against foreign currency fluctuations related to transactions in foreign currencies – in particular the US dollar. These instruments mainly include forward contracts, foreign currency options and foreign exchange swap contracts and are entered into in order to protect the Group against exchange rate fluctuations by fixing future exchange rates for foreign currency assets and liabilities.

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

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

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

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a special purpose entity (fund). These contributions are charged to staff costs. No provision has to be set up, as there are no additional obligations beyond the fixed amounts.

For individual members of the Management Board and certain executive employees, the Group has a defined benefit plan that are measured by qualified and independent actuaries at each balance sheet date. The Group’s obligation is to fulfil the benefits committed to current and former members of the Management Board and executive employees as well as their dependents. The pension obligation calculated according to the projected unit credit method is reduced by the plan assets of the fund in case of a funded pension scheme. The present value of the future pension benefit is determined on the basis of years of service, expected remuneration and pension adjustments.

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

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

PROVISIONS FOR SEVERANCE PAYMENTS Pursuant to Austrian labour regulations, provisions for severance payments have to be paid primarily on termination of employment by the employer or on the retirement of an employee. At each balance sheet date the liabilities are measured by qualified and independent actuaries.

For employees who joined Austrian companies up to and including 2002 direct obligations of the Company exist, which account for the major part of the Group's severance payment obligations. In accordance with IAS 19 these liabilities are calculated using the projected unit credit method as described above and represent severance payment obligations not covered by plan assets. For employees who joined the Company as of 1 January 2003, the severance payment obligation is fulfilled by regular contributions to a staff provision fund ("Mitarbeitervorsorgekasse"). These contributions are included in staff costs. The Company has no further payment obligations once the contributions have been paid.

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

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

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

Staff costs recognised in the respective financial year include entitlements acquired, interest expense and the actuarial results. At each balance sheet date the liabilities are measured by qualified and independent actuaries.

q. STOCK OPTION PLANS

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

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

r. LIABILITIES

Liabilities are initially measured at fair value less transaction cost and in subsequent periods at amortised cost using the effective interest rate method. Foreign currency liabilities are translated at the average exchange rate prevailing at the balance sheet date.

s. GOVERNMENT GRANTS

Government grant 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 useful 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 ASSETS 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 asset is not recognised in the consolidated financial statements, but disclosed if the inflow of an economic benefit is likely.

u. FIRST-TIME APPLICATION OF ACCOUNTING STANDARDS

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

IAS 1: The amendment to IAS 1, "Presentation of Financial Statements", relates to the presentation of other comprehensive income. The material amendment is that entities are required to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. The Group has made the respective adjustments with regard to the presentation of other comprehensive income.

IAS 19: The International Accounting Standards Board (IASB) published amendments to IAS 19, "Employee Benefits", in June 2011 (revised in 2011, IAS 19 revised). IAS 19 revised replaces the expected return on plan assets and the interest expenses with regard to the pension obligation with a uniform net interest component. Actuarial gains and losses, effects arising from the limit on net assets (asset ceiling) and the actual return on plan assets (unless recognised under net interest) are to be recognised through other comprehensive income (OCI) in equity as remeasurements in the period in which they incur. The corridor approach previously applied by the Group to spread actuarial gains and losses over future periods is no longer applicable. IAS 19 revised requires the retrospective application and presentation of the effects on the opening balance sheet arising with regard to the first-time adoption. The effects on the consolidated financial statements are as follows:

Corrections with regard to the items in the consolidated statement of profit or loss

€ in thousands	31 Mar 2014	31 Mar 2013
Staff costs	(393)	(471)
Operating result	393	471
Profit for the year	**393**	**471**
Attributable to owners of the parent company	393	471
Attributable to non-controlling interests	–	–
Earnings per share	–	–

Corrections with regard to the items in the consolidated statement of comprehensive income

€ in thousands	31 Mar 2014	31 Mar 2013
Profit for the year	393	471
Remeasurement of net debt arising from defined benefit obligations	(745)	(2,526)
Other comprehensive income for the year	(745)	(2,526)
Total comprehensive income for the year	**(352)**	**(2,055)**
Attributable to owners of the parent company	(352)	(2,055)
Attributable to non-controlling interests	–	–

Corrections with regard to the items in the consolidated statement of financial position

€ in thousands	31 Mar 2014	31 Mar 2013	01 Apr 2012
Overfunded pension benefits	(273)	(538)	(581)
Assets	**(273)**	**(538)**	**(581)**
Equity	(7,961)	(7,609)	(5,554)
Attributable to owners of the parent company	(7,961)	(7,609)	(5,554)
Attributable to non-controlling interests	–	–	–
Non-current liabilities	–	–	–
Financial liabilities	–	–	–
Provisions	7,688	7,071	4,973
Deferred tax liabilities	–	–	–
Liabilities	**(273)**	**(538)**	**(581)**

IFRS 7: The disclosure requirements with regard to netting agreements have been significantly broadened in order to provide for an easier comparison of entities preparing their financial statements in accordance with IFRS or US GAAP. The Group currently does not carry out any netting activities and is also not engaged in any netting agreements. Thus, additional disclosures with regard to netting agreements are omitted.

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

IFRS 11, IAS 28: IFRS 11, “Joint Arrangements”, focuses on the rights and obligations of the parties to such an arrangement rather than on the arrangement’s legal form. There are two types of joint arrangements: joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. A party to a joint operation recognises its share in the assets, liabilities, income and expenses. However, a joint venture grants the parties to the arrangement rights to the net assets of the arrangement. Joint ventures are accounted for using the equity method. The new standard and the early adoption of IFRS 11 (within the AT&S Group) resulted in an amendment of IAS 28, “Investments in Associates and Joint Ventures”. Since the AT&S Group is not engaged in joint arrangements and does not hold any shares in associates, there is no need for the AT&S Group to make any adjustments in the consolidated financial statements that would result from the introduction of IFRS 11 and the amendment to IAS 28.

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

IFRS 13: IFRS 13, “Fair value measurement”, aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements. The standard does not have any impact on the measurement of assets and liabilities of the Group. Additionally required disclosures are included in the relevant notes to the assets and liabilities with regard to which the fair value was determined.

v. FUTURE AMENDMENTS TO ACCOUNTING standards The IASB and IFRIC issued additional standards and interpretations not yet effective in the financial year 2013/14.

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

	Standard/Interpretation (Content of the regulation)	Effective date [1]	EU [2]	Expected impacts
IFRS 9	Financial instruments (amends the classification and measurement of financial instruments)	01 Jan 2018	No	Changes in fair values of financial instruments currently classified as "available-for-sale" by the Group will (in part) be recognised in profit or loss in the future.
IAS 32	Financial instruments: presentation (clarifies provision with regard to offsetting)	01 Jan 2014	Yes	The new standard is not expected to have an impact on the consolidated financial statements.
IFRS 10, IFRS 12, IAS 27	Consolidated financial statements, Disclosure of interest in other entities, Separate financial statements (introduces an exeption from the consolidation obligation with regard to investment entities)	01 Jan 2014	Yes	The new standard is not expected to have an impact on the consolidated financial statements.
IAS 36	Impairment of assets (provides information on required disclosures)	01 Jan 2014	Yes	The new standard is not expected to have an impact on the consolidated financial statements.
IAS 39	Financial instruments: recognition and measurement (introduces requirements that facilitate the continuation of hedge accounting in the case of a novation of OTC derivates)	01 Jan 2014	Yes	The new standard is not expected to have an impact on the consolidated financial statements.
IAS 19	Employee benefits (clarifies requirements with regard to employee contributions to a defined contribution plan)	01 Jul 2014	No	The new standard is not expected to have an impact on the consolidated financial statements.
IFRIC 21	Levies (provides guidance on when to recognise a provision for levies)	01 Jan 2014	No	The new standard is not expected to have an impact on the consolidated financial statements.
IFRS 14	Regulatory deferral accounts (provides information on how to account for regulatory deferral accounts for first-time adopters of IFRS)	01 Jan 2016	No	The new standard is not expected to have an impact on the consolidated financial statements.

[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, revenue and expenses, as well as other financial liabilities, and contingent assets and liabilities. All estimates and assumptions are reviewed on a regular basis and are based on past experiences and additional factors, inclu-ding 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.

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

These actuarial assumptions used to calculate the pension expenses and the expected defined benefit obligations were subjected to stress tests as described in the following: An increase in the interest rate, in the expected remuneration and/or in future pensions for the Austrian entities by the percentage points stated in the table below would affect the present values of the projected pension and severance payment obligations as follows as of 31 March 2014:

€ in thousands	Interest rate + 0.50%	Increase in renumeration + 0.25%	Increase in pensions + 0.25%
Pension obligation	(1,063)	13	574
Severance payments	(945)	505	–

A decrease in the same parameters for the Austrian companies would have the following effects on the present value of pension and severance payment obligations at 31 March 2014:

€ in thousands	Interest rate - 0.50%	Increase in renumeration - 0.25%	Increase in pensions - 0.25%
Pension obligation	1,199	(13)	(543)
Severance payments	1,033	(485)	–

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

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

Deferred income tax assets in the amount of € 41.8 million were not recognised for income tax loss carryforwards in the Group of € 162.4 million. The major part of these non-capitalised tax loss carryforwards may be carried forward for an unlimited period of time. If they were subsequently expected to be realised, these deferred income tax assets would have to be recognised and a related tax income to be reported. Reference is made to Note 7 “Income taxes”.

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

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

II.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 basically not divided into the mentioned segments and are also included in "Others".

The key indicator 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 2013/14

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

FINANCIAL YEAR 2012/13 *)

€ in thousands	Mobile Devices	Industrial & Automotive	Others	Elimination/ Consolidation	Group
Segment revenue	334,650	243,745	2,079	(38,801)	541,673
Intersegment revenue	(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**	**(2,394)**	**617**	**31,365**
Finance costs - net					(14,827)
Profit before tax					16,538
Income taxes					(1,965)
Profit for the year					**14,573**
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
Non-recurring items	–	–	–	–	–

*) Adjusted taking into account IAS 19 revised.

INFORMATION BY GEOGRAPHIC REGION

The following presentation of revenue 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 by customer-ship-to-region :

€ in thousands	2013/14	2012/13
Austria	20,386	19,884
Germany	126,373	125,589
Other European countries	73,171	70,800
Asia	310,881	255,046
Americas	59,098	70,354
	589,909	**541,673**

Non-current assets by domicile:

€ in thousands	31.03.2014	31.03.2013
Austria	33,473	26,056
China	386,279	383,157
Others	24,496	30,502
	444,248	**439,715**

III. Notes to the Consolidated Statement of Profit or Loss

1. REVENUE

€ in thousands	2013/14	2012/13
Main revenue	589,608	541,363
Incidental revenue	301	310
	589,909	**541,673**

2. TYPES OF EXPENSES

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

€ in thousands	2013/14	2012/13 *)
Cost of materials	204,884	205,180
Staff costs	121,324	109,804
Depreciation/amortisation	67,818	70,970
Purchased services incl. leased personnel	39,713	34,019
Energy	33,483	32,398
Maintenance (incl. spare parts)	34,044	29,879
Transportation costs	11,052	10,372
Rental and leasing expenses	4,987	5,214
Other	8,835	13,747
	526,140	**511,583**

*) Adjusted taking into account IAS 19 revised

In the financial years 2013/14 and 2012/13, the item "Other" mainly relates to travel expenses, insurance expenses, IT service costs, legal and consulting fees, as well as changes in inventories.

3. RESEARCH AND DEVELOPMENT COSTS

In the financial year 2013/14 the Group incurred research and development costs in the amount of € 25,977 thousand (financial year 2012/13: € 24,684 thousand). The stated amounts represent only costs which can be directly allocated and which are recognised in the income statement under cost of sales. In these consolidated financial statements, development costs of € 140 thousand were capitalised.

4. OTHER OPERATING RESULT

€ in thousands	2013/14	2012/13
Income from the reversal of government grants	321	626
Government grants for expenses	3,009	1,537
Expenses from exchange differences	(1,328)	(489)
Gains/(losses) from the sale of non-current assets	(461)	(777)
Impairments of property, plant and equipment *)	(4,996)	–
Start-up losses	(4,931)	(890)
Miscellaneous other income	1,551	1,268
	(6,835)	**1,275**

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

In the financial years 2013/14 and 2012/13, government grants for expenses mainly relate to export refunds as well as research and development premiums. In both financial years the start-up losses relate to the construction of the plant in Chongqing, China. As in the financial year 2012/13, the item "miscellaneous other income" mainly relates to subsequent incoming receivables and the derecognition of other liabilities written off.

5. NON-RECURRING ITEMS

€ in thousands	2013/14	2012/13
Staff costs	2,194	–
Net costs arising from other contractual obligations	810	–
	3,004	**–**

In the financial year 2013/14, costs incurred in the amount of € 3,004 thousand for the closure of the plant in Klagenfurt. Of this amount, € 2,194 thousand relate to social plan payments, and € 810 thousand relate to costs incurred for the reconstruction of rented buildings. In the financial year 2012/13, non-recurring items did not exist.

6. FINANCE COSTS - NET

€ in thousands	2013/14	2012/13
Interest income from financial assets at fair value through profit or loss and available-for-sale financial assets	32	5
Other interest income	245	489
Gains from the sale of cash equivalents	39	3
Gains from the sale of available-for-sale financial assets	–	30
Finance income	**316**	**527**
Interest expense on bank borrowings and bonds	(10,392)	(13,860)
Realised losses from derivative financial instruments, net	(178)	(125)
Foreign exchange losses, net	(311)	(1,037)
Other financial expenses	(525)	(332)
Finance costs	**(11,406)**	**(15,354)**
Finance costs - net	**(11,090)**	**(14,827)**

7. INCOME TAXES

The income taxes are broken down as follows:

€ in thousands	2013/14	2012/13
Current income taxes	11,022	5,185
Deferred taxes	(6,401)	(3,220)
Total tax expense	**4,621**	**1,965**

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

€ in thousands	2013/14	2012/13
Expected tax expense at Austrian tax rate	10,710	4,017
Effect of different tax rates in foreign countries	(487)	(1,700)
Non-creditable foreign withholding taxes	1,496	201
Effect of change in previously unrecognised tax losses and temporary differences	1,407	(1,966)
Effect of the change in tax rate	(3,292)	(922)
Effect of permanent differences	(5,229)	2,323
Effect of taxes from prior periods	9	13
Other tax effects, net	7	(1)
Total tax expense	**4,621**	**1,965**

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

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

€ in thousands	31 Mar 2014	31 Mar 2013
Deferred income tax assets		
Incom tax loss carryforwards including taxable goodwill	2,278	6,201
Non-current assets	16,158	13,357
Inventories	2,448	1,946
Trade and other receivables	14	26
Provisions for employee benefits	3,130	880
Trade and other payables	2,684	654
Temporary differences arising from shares in subsidiaries	306	629
Losses not yet realised from hedging instruments for cash flow hedges, recognised in equity	–	30
Others	1,072	1,292
Deferred income tax assets	**28,090**	**25,015**
Deferred income tax liabilities		
Non-current assets	(2,517)	(2,765)
Provisions for employee benefits	–	(135)
Other provisions	–	(115)
Trade payables	–	(659)
Temporary differences arising from shares in subsidiaries	(6,663)	(6,300)
Gains not yet realised from securities available-for-sale, recognised in equity	(1)	(1)
Others	(109)	(103)
Deferred income tax liabilities	**(9,290)**	**(10,078)**
Deferred income tax assets, net	**18,800**	**14,937**

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

€ in thousands	31 Mar 2014	31 Mar 2013
Deferred income tax assets:		
- non-current	15,979	16,141
- current	9,559	5,182
	25,538	**21,323**
Deferred income tax liabilities:		
- non-current	(75)	–
- current	(6,663)	(6,386)
	(6,738)	**(6,386)**
Deferred income tax assets, net	**18,800**	**14,937**

At 31 March 2014 the Group has income tax loss carryforwards and tax-deductible amortisation of goodwill amounting to a total of € 164,586 thousand (at 31 March 2013: € 174,218 thousand), which for the most part can be carried forward for an unlimited period of time. For loss carryforwards amounting to € 162,421 thousand (at 31 March 2013: € 154,895 thousand), included in this figure, deferred income tax assets in the amount of € 41,484 thousand (at 31 March 2013: € 39.315 thousand) were not recognised since it is unlikely that they will be realised in the foreseeable future. Of this amount, deferred income tax assets in the amount of € 0 (at 31 March 2013: € 1,052 thousand) account for the measurement of treasury shares. Thus income tax assets would have to be recognised directly in the Group's equity.

Deferred income taxes (net) changed as follows:

€ in thousands	2013/14	2012/13
Carrying amount at the beginning of the financial year	14,937	11,118
Currency translation differences	(2,613)	608
Income recognised in profit or loss	6,401	3,220
Income taxes recognised in equity	75	(9)
Carrying amount at the end of the financial year	**18,800**	**14,937**

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

	2013/14			2012/13		
€ in thousands	Income/ (expense) before taxes	Tax income/ (expense)	Income/ (expense) after taxes	Income/ (expense) before taxes	Tax income/ (expense)	Income/ (expense) after taxes
Currency translation differences	(42,697)	–	(42,697)	22,285	–	22,285
Gains/(losses) from the fair value measurement of available-for-sale financial assets	–	–	–	(41)	13	(28)
Gains/(losses) on the measurement of hedging instruments for cash flow hedges	(300)	75	(225)	90	(22)	68
Remeasurements of post-employment obligations	(728)	–	(728)	(2,526)	–	(2,526)
Other comprehensive income	**(43,725)**	**75**	**(43,650)**	**19,808**	**(9)**	**19,799**

IV. Notes to the Consolidated Statement of Financial Position

8. PROPERTY, PLANT AND EQUIPMENT

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

€ in thousands	Land, plants and buildings	Machinery and technical equipment	Tools, fixtures, furniture and office equipment	Prepayments and construction in progress	Total
Carrying amount 31 Mar 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)
Carrying amount 31 Mar 2013	**54,412**	**343,964**	**4,542**	**34,845**	**437,763**
At 31 Mar 2013					
Gross carrying amount	79,484	837,580	22,081	34,845	973,990
Accumulated depreciation	(25,072)	(493,616)	(17,539)	–	(536,227)
Carrying amount	**54,412**	**343,964**	**4,542**	**34,845**	**437,763**

The value of the land included in “Land, plants and buildings” amounts to € 1,509 thousand (at 31 March 2013: € 1,576 thousand).

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

In the financial year 2013/14, borrowing costs of € 531 thousand were capitalised with regard to qualifying assets (in the financial year 2012/13: € 0 thousand). A financing rate of 3.62% was applied.

IMPAIRMENT Impairment of machinery and technical equipment amounted to € 4,996 thousand (in the financial year 2012/13: € 0 thousand) in the financial year 2013/14. This impairment was made for the prototype line that may no longer be used.

ENCUMBRANCES In connection with the provision of collateral for various financing agreements, property, plant and equipment in the amount of € 0 thousand (at 31 March 2013: € 1,684 thousand) have been pledged as collateral. Reference is made to Note 16 “Financial liabilities“.

9. INTANGIBLE ASSET

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

€ in thousands	Industrial property and similar rights and assets, and licenses in such rights and assets	Capitalized development costs	Goodwill	Prepayments	Other intangible assets	Total
Carrying amount 31 Mar 2012	2,451	–	–	–	–	2,451
Exchange differences	7	–	–	–	–	7
Additions	362	–	–	–	–	362
Amortisation, current	(868)	–	–	–	–	(868)
Carrying amount 31 Mar 2013	**1,952**	**–**	**–**	**–**	**–**	**1,952**
At 31 Mar 2013						
Gross carrying amount	14,486	–	6,478	–	–	20,964
Accumulated amortisation	(12,534)	–	(6,478)	–	–	(19,012)
Carrying amount	**1,952**	**–**	**–**	**–**	**–**	**1,952**

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

IMPAIRMENTS In the financial year 2013/14, impairment amounted to € 375 thousand (in the financial year 2012/13: € 0 thousand) and was recognised for licences that may no longer be used.

10. OTHER NON-CURRENT ASSETS

€ in thousands	31 Mar 2014	31 Mar 2013
Prepayments	5,467	6,011
Deposits made	4,190	3,646
Other non-current receivables	4,319	–
Carrying amount	**13,976**	**9,657**

Prepayments relate to long-term rent prepayments for the factory premises in China. Other non-current receivables comprise input tax reimbursements in China for the plant Chongqing under construction.

11. INVENTORIES

€ in thousands	31 Mar 2014	31 Mar 2013
Raw materials and supplies	21,839	25,769
Work in progress	15,576	16,282
Finished goods	22,019	20,366
Carrying amount	**59,434**	**62,417**

The balance of inventory write-downs of recognised as an expense amounts to € 9,899 thousand as of 31 March 2014 (€ 9,806 thousand at 31 March 2013). As in the previous year, no material write-downs resulted from the measurement of inventories at net realisable value in the financial year 2013/14.

12. TRADE AND OTHER RECEIVABLES

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

€ in thousands	31 Mar 2014	31 Mar 2013
Trade receivables	94,118	90,919
VAT receivables	5,993	11,521
Other receivables from authorities	3,889	3,728
Prepayments	3,724	3,187
Energy tax refunds	2,245	1,508
Deposits	656	420
Other receivables	456	600
Impairments	(82)	(81)
	110,999	**111,802**

At 31 March 2014 as well as 31 March 2013, other receivables mainly include receivables resulting from prepaid expenses and accrued charges.

In connection with various financing agreements trade receivables amounting to € 32,000 thousand (at 31 March 2013: € 32,000 thousand) serve as collateral. Reference is made to Note 16 “Financial liabilities”.

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

REMAINING MATURITIES OF RECEIVABLES All receivables at 31 March 2014 and 31 March 2013 have remaining maturities of less than one year.

DEVELOPMENT OF PAST DUE RECEIVABLES AND IMPAIRMENTS OF TRADE RECEIVABLES

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

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

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

Impairments of trade receivables have developed as follows:

€ in thousands	2013/14	2012/13
Impairments at the beginning of year	81	83
Utilisation	(70)	–
Addition	83	–
Currency translation differences	(12)	(2)
Impairments at the end of year	**82**	**81**

13. FINANCIAL ASSETS

The carrying amounts of the financial assets are as follows:

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

€ in thousands	31 Mar 2013	thereof non-current	thereof current
Financial assets at fair value through profit or loss	770	–	770
Available-for-sale financial assets	96	96	–
	866	**96**	**770**

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

€ in thousands	31 Mar 2014	31 Mar 2013
Bonds	**836**	**770**

All bonds are denominated in euro (nominal currency).

AVAILABLE-FOR-SALE FINANCIAL ASSETS

€ in thousands	2013/14	2012/13
Carrying amount at the beginning of year	96	132
Disposals	–	(5)
Realised gains/(losses) from the current period, removed from equity	–	(30)
Exchange differences	–	(1)
Carrying amount at the end of year	**96**	**96**

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

14. CASH AND CASH EQUIVALENTS

€ in thousands	31 Mar 2014	31 Mar 2013
Bank balances and cash on hand	260,132	80,225
Restricted cash	1	1
Carrying amount	**260,133**	**80,226**

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

€ in thousands	31 Mar 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**

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

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

Furthermore, the Group 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, managing directors 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 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 calendar months prior to the date of grant plus 10%. The exercise price, however, corresponds at least to the nominal value of a share of the Company.

Granted options vest gradually with 20% of the options after two years, 30% of the options after three years and 50% of the options after four years. The stock options may be exercised in full or in part after completion of the vesting period, not however during a restricted period. Options not exercised can be exercised after the expiration of the subsequent waiting period. Options not exercised within five years after the grant date become invalid and forfeit without compensation.

In the 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 shows the development of the stock options in the financial years 2013/14 and 2012/13.

	Date of grant				
	1 April 2012	1 April 2011	1 April 2010	1 April 2009	1 April 2008
Exercise price (in €)	9.86	16.60	7.45	3.86	15.67
31 Mar 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 Mar 2013	88,500	88,500	88,500	40,400	–
Number of options granted	–	–	–	–	–
Number of options forfeited	–	–	–	–	–
Number of options exercised	–	–	–	39,200	–
Number of options expired	–	–	–	1,200	–
31 Mar 2014	**88,500**	**88,500**	**88,500**	**–**	**–**
Remaining contract period of stock options	3 years	2 years	1 year	-	-
Fair value of granted stock options at the balance sheet date (in € thousands)					
31 Mar 2013	65	7	46	118	–
31 Mar 2014	**94**	**13**	**130**	**–**	**–**

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 2013/14 is € 8.45 (in the financial year 2012/13: € 9.55).

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 2010, 1 April 2011 and 1 April 2012:

Risk-free interest rate	0.17-0.45%
Volatility	35.56-38.03%

Volatility is calculated based on the daily share prices from 3 October 2011 until the balance sheet date.

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

At 31 March 2014 the stock options exercisable intrinsic value is € 59 thousand (at 31 March 2013: € 47 thousand).

At 31 March 2014, 45,000 stock options are exercisable from the grant of 1 April 2010. At 31 March 2013, 16,150 stock options were exercisable from the grant of 1 April 2009.

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

16. FINANCIAL LIABILITIES

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

€ in thousands	31 Mar 2013	Remaining maturity Less than 1 year	Between 1 and 5 years	More than 5 years	Interest rate in %
Bonds	184,810	85,527	99,283	–	5.00-5.50
Export loans	32,000	32,000	–	–	0.84
Loans from state authorities:					
- State 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	

*) Reference is made to Note 19 "Derivative financial instruments".

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

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

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

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

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

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

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

The main contract terms are as follows:

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

If the step-up covenant is exceeded, the margin increases by 75 basis points.

The contractually agreed (undiscounted) interest and redemption payments of the financial liabilities at 31 March 2014 in consideration of interest rate hedging are as follows in the next financial years:

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

With the exception of the export loan, which will probably be prolongated again, 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 2013 the contractually agreed (undiscounted) interest and redemption payments of the financial liabilities in consideration of interest rate hedging were as follows for the next financial years:

€ in thousands	Bonds	Export loans	Loans from state authorities	Other bank borrowings	Derivative financial instruments
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	–	–	–	–	–

The bonds, export loans, loans from state authorities and other bank borrowings in part carry interest rates that differ from market interest rates. For this reason differences between their fair values and carrying amounts can arise.

	Carrying amounts		Fair values	
€ in thousands	31 Mar 2014	31 Mar 2013	31 Mar 2014	31 Mar 2013
Bonds	101,305	184,810	106,000	200,924
Export loans	32,000	32,000	32,000	32,000
Loans from state authorities	510	409	516	414
Other bank borrowings	237,704	81,165	239,037	89,671
Derivative financial instruments	420	118	420	118
	371,939	**298,502**	**377,973**	**323,127**

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

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

€ in thousands	31 Mar 2014	31 Mar 2013
Euro	359,401	295,842
US Dollar	10,016	883
Chinese Renminbi Yuan	2,522	134
Korean Won	–	1,631
Japanese Yen	–	12
	371,939	**298,502**

Bank borrowings are secured as follows:

- through property, plant and equipment in the amount of € 0 thousand (at 31 March 2013: € 1,684 thousand). Reference is made to Note 8 "Property, plant and equipment";
- by trade receivables amounting to € 32,000 thousand (at 31 March 2013: € 32,000 thousand). Reference is made to Note 12 "Trade and other receivables".

The Group's unused credit lines are as follows:

€ in thousands	31 Mar 2014	31 Mar 2013
Export credit lines - secured	8,000	8,000
Other credit lines - secured	230,510	163,071
Credit lines - unsecured	20,000	20,000
	258,510	**191,071**

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

€ in thousands	31 Mar 2014	31 Mar 2013
Less than 1 year	2,102	2,707
Between 1 and 5 years	7,350	8,407
Later than 5 years	4,228	4,468
	13,680	**15,582**

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 a non-cancellable lease period until December 2021. The stated amounts also include € 5,967 thousand at 31 March 2014 (at 31 March 2013: € 6,770 thousand) attributable to minimum lease payments from the operating lease for no longer used building spaces in Leoben-Hinterberg, which has already been included in the statement of financial position as other provisions. Reference is made to Note 18 "Other provisions".

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

€ in thousands	2013/14	2012/13
Leasing and rental expenses	**3,123**	**2,914**

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 renumeration. Employer contributions under these plans amounted to € 475 thousands in the financial year 2013/14 and to € 503 thousand in the financial year 2012/13.

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

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

UNFUNDED SEVERANCE PAYMENTS Employees in Austria, South Korea and China are entitled to receive severance payments, which are based upon years of service and remuneration received by the respective member of staff and are generally payable upon retirement and, under certain circumstances, upon leaving the company. In Austria the severance payments range from 2 to 12 months of final monthly salary, in South Korea and China a fixed amount is paid depending also on years of service and salary. Essentially, the Group is exposed to risks arising from these obligations as the Group cannot reliably establish future remuneration increases owing to inflation.

For employees who joined on or after 1 January 2003 in Austria, regular contributions are paid to a staff provision fund ("Mitarbeitervorsorgekasse") without any further obligations on part of the Group. The contributions for the financial year 2013/14 amounted to € 267 thousand and for the financial year 2012/13 to € 263 thousand.

OTHER EMPLOYEE BENEFITS 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) pension obligations, severance payments and other employee benefits consist of the following:

	Retirement benefits		Severance payments		Other employee benefits	
€ in thousands	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13
Current service cost	91	69	1,497	1,192	1,060	868
Interest expense	138	185	524	546	144	132
Settlements	–	–	–	172	–	–
Actuarial losses/(gains)	–	–	–	–	152	797
Expenses recognised in profit for the period	**229**	**254**	**2,021**	**1,910**	**1,356**	**1,797**
Actuarial losses/(gains)	472	1,083	255	1,490	–	–
Expenses recognised in other comprehensive income	**472**	**1,083**	**255**	**1,490**	**–**	**–**
Total	**701**	**1,337**	**2,276**	**3,400**	**1,356**	**1,797**

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

Amounts accrued in the STATEMENT OF FINANCIAL POSITION are:

€ in thousands	31 Mar 2014	31 Mar 2013
Funded pension benefits	3,091	2,545
Unfunded pension benefits	1,226	1,175
Unfunded severance payments	16,505	14,657
Fundend serverance payments	66	107
Other employee benefits	3,867	3,793
Provisions for employee benefits	**24,755**	**22,277**

Pension obligations and severance payments are as follows:

	Retirement benefits		Severance payments	
€ in thousands	31 Mar 2014	31 Mar 2013	31 Mar 2014	31 Mar 2013
Present value of funded obligations	13,010	11,949	674	723
Fair value of plan assets	(9,919)	(9,404)	(608)	(616)
Funded status funded obligations	3,091	2,545	66	107
Present value of unfunded obligations	1,226	1,175	16,505	14,657
Provisions recognised in the statement of financial position	**4,317**	**3,720**	**16,571**	**14,764**

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

	Funded retirement benefits		Unfunded retirement benefits	
€ in thousands	2013/14	2012/13	2013/14	2012/13
Present value of pension obligation				
Present value at beginning of year	11,949	10,078	1,175	1,053
Current service cost	91	69	–	–
Interest expense	444	450	43	47
Remeasurement from the change in financial assumptions	898	1,300	64	99
Remeasurement from adjustments based on past experience	(238)	217	5	172
Benefits paid	(134)	(165)	(61)	(196)
Present value at end of year	**13,010**	**11,949**	**1,226**	**1,175**
Fair value of plan assets				
Fair value at beginning of year	9,404	8,376		
Contributions	42	176		
Investment result	257	706		
Interest income	350	311		
Benefits paid	(134)	(165)		
Fair value at end of year	**9,919**	**9,404**		
Funded status funded pension benefits	**3,091**	**2,545**		

At 31 March 2014, the average maturity of funded pension benefits is 17 years and of unfunded pension benefits 13 years.

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

in %	31 Mar 2014	31 Mar 2013
Debt securities	34%	36%
Equity securities	44%	41%
Real estate	5%	6%
Cash and cash equivalents	17%	17%
	100%	**100%**

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

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

	Funded severance payments		Unfunded severance payments	
€ in thousands	2013/14	2012/13	2013/14	2012/13
Present value of severance payment obligation				
Present value at beginning of year	723	614	14,657	12,954
Exchange differences	(116)	(15)	(23)	37
Service cost	45	45	1,452	1,147
Interest cost	49	49	519	549
Remeasurement from the change in demographic assumptions	(2)	–	(528)	–
Remeasurement from the change in financial assumptions	(64)	–	889	–
Remeasurement from adjustments based on past experience	55	46	(88)	1,444
Settlements	–	–	–	172
Benefits paid	(16)	(16)	(373)	(1,646)
Present value at end of year	**674**	**723**	**16,505**	**14,657**
Fair value of plan assets				
Fair value at beginning of year	616	589		
Exchange differences	(100)	(9)		
Contributions	57	–		
Investment result	7	–		
Interest income	44	52		
Benefits paid	(16)	(16)		
Fair value at end of year	**608**	**616**		
Funded status funded severance payments	**66**	**107**		

At 31 March 2014, the average maturity of unfunded severance payments is 13 years.

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

€ in thousands	2013/14	2012/13
Present value at beginning of year	3,793	3,141
Exchange differences	(96)	66
Service cost	1,060	868
Interest expense	144	132
Remeasurement from the change in demographic assumptions	(53)	–
Remeasurement from the change in financial assumptions	49	430
Remeasurement from adjustments based on past experience	155	367
Benefits paid	(1,185)	(1,211)
Present value at end of year	**3,867**	**3,793**

At 31 March 2014, the average maturity of other employee benefits is 11 years.

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

	Retirement benefits		Severance payments		Other employee benefits (anniversary bonuses)	
	31 Mar 2014	31 Mar 2013	31 Mar 2014	31 Mar 2013	31 Mar 2014	31 Mar 2013
Discount rate	3.30%	3.75%	3.57%	3.96%	3.40%	3.51%
Expected rate of renumeration increase	2.25%	2.25%	3.32%	3.31%	5.38%	6.70%
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 thousands	Total	Warranty	Restructuring	Others
Carrying amount 31 Mar 2013	12,059	405	11,210	444
Utilisation	(4,535)	(471)	(3,444)	(620)
Reversal	–	–	–	–
Addition	5,302	995	3,004	1,303
Interest effect	46	–	46	–
Exchange differences	(63)	(36)	–	(27)
Carrying amount 31 Mar 2014	**12,809**	**893**	**10,816**	**1,100**

€ in thousands	Total	Warranty	Restructuring	Others
Carrying amount 31 Mar 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 Mar 2013	**12,059**	**405**	**11,210**	**444**

€ in thousands	31 Mar 2014	31 Mar 2013
thereof non-current	9,736	10,437
thereof current	3,073	1,622
Carrying amount	**12,809**	**12,059**

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 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. A provision for the closure of the plant in Klagenfurt was also recognised in the financial year 2013/14.

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

19. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

	31 Mar 2014		31 Mar 2013	
€ in thousands	Assets	Liabilities	Assets	Liabilities
Interest rate swaps at fair value	–	420	–	118
Total market values	**–**	**420**	**–**	**118**
Net of current portion:				
Interest rate swaps at fair value	–	–	–	118
Current portion	**–**	**–**	**–**	**118**
Non-current portion	**–**	**420**	**–**	**–**

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

	31 Mar 2014		31 Mar 2013	
Currency	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	92,000	(420)	9,300	(118)

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

in months	31 Mar 2014	31 Mar 2013
Interest rate swaps	59 - 83	12

At 31 March 2014, the fixed interest rates for interest rate swaps are 1.01% and 1.405%, the variable interest rate is based on the 6-month EURIBOR.

20. ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS

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

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

31 Mar 2013 € in thousands	Measurement categories in accordance with IAS 39 or measurement in accordance with other IFRSs	Level	Carrying amount	Fair value
Assets				
Non-current assets				
Financial assets	AFSFA	2	96	96
Current assets				
Trade receivables less impairments	LAR		90,838	
Other receivables	LAR		600	
Other receivables	–		20,364	
Trade and other receivables			111,802	
Financial assets	FAAFVPL	1	770	770
Cash and cash equivalents	LAR	1	–	–
Cash and cash equivalents	LAR		80,226	
Cash and cash equivalents			80,226	
Liabilities				
Bonds	FLAAC	2	184,810	200,924
Other financial liabilities	FLAAC	2	113,574	122,085
Derivative financial instruments	DHI	2	118	118
Non-current and current financial liabilities			298,502	323,127
Trade payables	FLAAC		55,129	
Other payables	FLAAC		9,051	
Other payables	–		17,116	
Trade and other non-current and current payables			81,296	
Aggregated by measurement categories				
Assets				
Loans and receivables	LAR [1]		171,664	
Available-for-sale financial assets	AFSFA [2]		96	
Financial assets at fair value through profit or loss	FAAFVPL [3]		770	
Liabilities				
Financial liabilities at amortised costs	FLAAC [4]		362,564	
Derivatives as hedging instruments	DHI [5]		118	

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

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

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

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

€ in thousands	2013/14	2012/13
Loans and receivables	(2,065)	(450)
Financial assets at fair value through profit or loss	(87)	(89)
Available-for-sale financial assets	8	37
Financial liabilities at amortised cost	(9,768)	(14,897)
	(11,912)	**(15,399)**

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.

€ -1,420 thousand in net income (net expense) (in 2012/13: € -942 thousand in net expense) of the total net result from financial instruments is included in the operating result, and € -10,492 thousand (in 2012/13: € -14.457 thousand in net expense) in "Finance costs – net".

FINANCIAL RISKS

In the following, the financial risks, which comprise the financing risk, the liquidity risk, the credit risk, and the foreign exchange risk, are addressed. In the 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 the 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 the previous year 84%) of the total bonds and bank 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 2012/13: 16%) have maturities between one and five years. Reference is made to Note 16 "Financial liabilities".

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

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

At 31 March 2014 the Group has liquidity reserves in the amount of € 519.6 million (at 31 March 2013: € 272.1 million), € 261.1 million (at 31 March 2013: € 81 million) of which is accounted for by cash (equivalents) and securities held for trading and available-for-sale securities, and € 258.5 million (at 31 March 2013: € 191.1 million) by available unused credit facilities. Thus, the liquidity reserves increased by € 247.5 million year-on-year, with € 180.2 million (at 31 March 2013: € 91.8 million) included in the current reserves, which relate to AT&S China and are subject to specific liquidity requirements.

The Group has a clearly positive operating cash flow. The net cash flow from operating activities for the financial year 2013/14 amounts to € 104.8 million (in 2012/13: € 71.7 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. 51% of the Group's total revenue was attributable to its five largest customers.

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

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

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

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

FINANCIAL MARKET RISKS Detailed information on financial market risks and derivative financial instruments is contained in Note I.B.l. "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 (exchange rate or interest rate) with regard to the foreign currency or interest net position is determined. Correlations between different risk elements are not accounted for in these analyses. The impact on profit/loss is determined taking into account income tax effects on the profit for the year after tax.

If the interest rates at the balance sheet date had been 100 basis points higher (or lower, respectively), based on the financing structure at the balance sheet date the profit for the year would have been € 0.6 million lower (or higher, respectively) (in 2012/13: € 0.5 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 the US dollar would have had an impact on the profit for the year in the amount of € 1.1 million (in 2012/13: € 0.8 million). This effect would have been due to the measurement of trade receivables and payables as well as financial balances and derivative financial instruments measured at fair value.

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 (withdrawal 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 statement of financial position.

Unchanged on the previous 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 2014 amounted to 28.4% (at 31 March 2013: 71.3%) and is thus well below the previous year level.

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 2014 the Group has other financial commitments amounting to € 59,548 thousand (at 31 March 2013: € 16,854 thousand) 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 € 703 thousand (at 31 March 2013: € 1,424 thousand). Other guarantees or contingencies relating to the ordinary business operations do not exist at the balance sheet date.

22. SHARE CAPITAL

	Outstanding shares in thousand shares	Ordinary shares € in thousands	Share premium € in thousands	Treasury shares, net of tax € in thousands	Share capital € in thousands
31 Mar 2012	**23,323**	**28,490**	**63,542**	**(46,497)**	**45,535**
Change in treasury shares, net of tax	–	–	–	379	379
31 Mar 2013	**23,323**	**28,490**	**63,542**	**(46,118)**	**45,914**
Sale of treasury shares, net of tax	2,577	–	(29,365)	46,118	16,753
Proceeds of share issue	12,950	14,245	64,934	–	79,179
31 Mar 2014	38,850	42,735	99,111	–	141,846

ORDINARY SHARES

The Management Board, with the approval of the Supervisory Board and exercising the authorisation granted by the 16th Annual General Meeting dated 7 July 2010, passed the basic resolution on 17 September 2013 to increase the Company’s ordinary shares by up to € 14,245 thousand issuing up to 12,950,000 no-par value bearer shares as well as to sell treasury shares of up to 2,577,412 shares.

The Management Board, with the approval of the project committee of the Supervisory Board, passed the first implementation decision on 17 September 2013 to increase the Company’s ordinary shares by € 3,704 thousand issuing 3,367,471 new shares without subscription rights. The subscription and offer price per issued share is € 6.50. This increase was registered with the Austrian companies register on 20 September 2013.

The Management Board, with the approval of the project committee of the Supervisory Board, passed the second implementation decision on 4 October 2013 to increase the Company’s ordinary shares by € 10,541 thousand issuing 9,582,529 new shares and to sell 2,577,412 treasury shares. The subscription and offer price per issued share is € 6.50. This increase was registered with the Austrian companies register on 5 October 2013.

At 31 March 2014, the ordinary shares of € 42,735 thousand (€ 28,490 thousand at 31 March 2013) is made up of 38,850,000 no-par value shares (25,900,000 no-par value shares at 31 March 2013) with a notional value of € 1.10 per share.

OUTSTANDING SHARES

The number of shares issued amounts to 38,850,000 at 31 March 2014 (25,900,000 at 31 March 2013). At the balance sheet date 31 March 2014, the Group does not hold any treasury shares. At 31 March 2013, 2,577,412 treasury shares were held by the Group, 23,322,588 shares were outstanding.

TREASURY SHARES

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

Since 15 May 2006, the Group has purchased a total of 2,632,432 treasury shares at the prevailing market price amounting to a total of € 47,484 thousand. In the financial year 2013/14, 2,577,412 treasury shares were sold in the course of the capital increase. At 31 March 2014, the Group no longer holds any treasury shares. At 31 March 2013, the Group held 2,577,412 treasury shares (9.95% of the ordinary shares at 31 March 2013) with a total purchase price of € 46,577 thousand. The change in treasury shares (net of tax) in the financial year 2012/13 exclusively relates to taxes attributable to this equity instrument.

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

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

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

DIVIDEND PER SHARE In the financial year 2013/14 a dividend of EUR 0.20 was paid per share (in 2012/13: EUR 0.32).

23. OTHER RESERVES

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

€ in thousands	Currency translation differences	Available-for-sale financial assets	Hedging instruments for cash flow hedges	Actuarial effect including effects from asset ceilings	Other reserves
Carrying amount as of 31 Mar 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
Actuarial effect including effects from asset ceilings	–	–	–	(2,526)	(2,526)
Carrying amount as of 31 Mar 2013 *)	**44,963**	**3**	**(89)**	**(2,526)**	**42,351**
Balance of unrealised changes before reclassification, net of tax	(42,695)	–	(314)	–	(43,009)
Transfer of realised changes recognised in the profit for the year, net of tax	–	–	89	–	89
Actuarial effect including effects from asset ceilings	–	–	–	(728)	(728)
Carrying amount as of 31 Mar 2014	**2,268**	**3**	**(314)**	**(3,254)**	**(1,297)**

*) Adjusted taking into account IAS 19 revised.

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

V. Other Disclosures

24. EARNINGS PER SHARE

Earnings per share is calculated in accordance with IAS 33 „Earnings Per Share".

WEIGHTED AVERAGE OF OUTSTANDING SHARES The number of shares issued is 38,850,000. At 31 March 2014 no 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 30.8 million in the financial year 2013/14 and to 23.3 million in the financial year 2012/13.

The weighted average number of outstanding shares for the diluted earnings per share calculation amounts to 31.6 million in the financial year 2013/14 and to 23.3 million in the financial year 2012/13.

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

in thousands	2013/14	2012/13
Weighted average number of shares outstanding - basic	30,821	23,323
Diluting effect of options	797	17
Weighted average number of shares outstanding - diluted	**31,618**	**23,340**

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.

	2013/14	2012/13
Profit for the year (€ in thousands)	38,168	14,572
Weighted average number of shares outstanding - basic (in thousands)	30,821	23,323
Basic earnings per share (in €)	**1.24**	**0.62**

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.

	2013/14	2012/13
Profit for the year (€ in thousands)	38,168	14,572
Weighted average number of shares outstanding - diluted (in thousands)	31,618	23,340
Diluted earnings per share (in €)	**1.21**	**0.62**

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 ("AktG") the local financial statements of AT & S Austria Technologie & Systemtechnik Aktiengesellschaft as of 31 March 2014 prepared under Austrian GAAP serve as the basis for the distribution of dividends. These financial statements reported retained earnings amounting to € 15,735 thousand at 31 March 2014 (at 31 March 2013: € 19,383 thousand).

The distribution is subject to the resolution of the Annual General Meeting. The Management Board and the Supervisory Board propose to the Annual General Meeting to distribute a dividend of € 7,770 thousand from retained earnings in the amount of € 15,735 thousand and to carry forward the remaining balance. This profit distribution corresponds to a dividend of € 0.20 per outstanding no-par value share entitled to dividend at 31 March 2014 (with a total of 38,850,000 no-par value shares entitled to dividend at 31 March 2014).

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 Frotz Riedl Rechtsanwälte, Vienna). The fees charged are as follows:

€ in thousands	2013/14	2012/13
AIC Androsch International Management Consulting GmbH	387	365
Frotz Riedl Rechtsanwälte	6	–
Dörflinger Management & Beteiligungs GmbH	5	6
	398	371

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 2013/14 and until the date of issuance of these consolidated financial statements the following persons served on the MANAGEMENT BOARD:

- Andreas Gerstenmayer (Chairman)
- Heinz Moitzi
- Karl Asamer (since 1 April 2014)

In the financial year 2013/14 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 (until 15 October 2013)
- Franz Katzbeck (since 15 October 2013)
- 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		Staff costs (€ in thousands)	
	31 Mar 2014	31 Mar 2013	2013/14	2012/13
Andreas Gerstenmayer	120,000	120,000	60	(41)
Heinz Moitzi	90,000	114,000	89	(67)
Thomas Obendrauf	–	–	–	(18)
Total Management Board	210,000	234,000	149	(126)
Total other executive employees	55,500	71,900	46	(37)
	265,500	**305,900**	**195**	**(163)**

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 the financial year:

	2013/14			2012/13		
€ in thousands	Fixed	Variable	Total	Fixed	Variable	Total
Andreas Gerstenmayer	428	373	801	396	–	396
Heinz Moitzi	357	424	781	310	–	310
Thomas Obendrauf	–	–	–	499	–	499
Executive employees	3,898	1,598	5,496	3,446	124	3,570
			7,078			**4,775**

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:

	Severance payments Financial year		Pensions Financial year	
€ in thousands	2013/14	2012/13	2013/14	2012/13
Expenses recognised in profit for the period	136	160	322	363
Remeasurement recognised in other comprehensive income	2	7	472	1,083

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

	2013/14			2012/13		
€ in thousands	Fixed	Variable	Total	Fixed	Variable	Total
Hannes Androsch	35	18	53	35	–	35
Willibald Dörflinger	26	9	35	27	–	27
Regina Prehofer	25	9	34	25	–	25
Karl Fink	23	9	32	24	–	24
Albert Hochleitner	23	9	32	24	–	24
Gerhard Pichler	24	9	33	24	–	24
Georg Riedl	24	9	33	24	–	24
Karin Schaupp	22	9	31	22	–	22
	202	**81**	**283**	**205**	**–**	**205**

Shareholdings and stock options of members of the Management Board and the Supervisory Board as of 31 March 2014:

	Shares	Stock options	Total shares and stock options	% capital
Management Board members	2,786	210,000	212,786	0.55
Supervisory Board members:				
Hannes Androsch	599,699	–	599,699	1.54
Other members of the Supervisory Board	42,250	–	42,250	0.11
Total Supervisory Board members	641,949	–	641,949	1.65
Private foundations:				
Androsch Privatstiftung	6,339,896	–	6,339,896	16.32
Dörflinger Privatstiftung	6,902,380	–	6,902,380	17.77
Total private foundations	13,242,276	–	13,242,276	34.09
	13,887,011	**210,000**	**14,097,011**	**36.29**

28. EXPENSES FOR THE GROUP AUDITOR

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

€ in thousands	2013/14	2012/13
Audit of consolidated and separate financial statements	125	147
Other assurance services	101	19
Other services	52	22
	278	**188**

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:

	2013/14	2012/13
Waged workers	5,488	5,802
Salaried employees	1,539	1,519
	7,027	**7,321**

The calculation of the number of staff includes an average of 3,045 temporary workers for the financial year 2013/14 and an average of 3,455 for the financial year 2012/13.

Leoben-Hinterberg, 7 May 2014

The Management Board

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

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.

Leoben-Hinterberg, 7 May 2014

The Management Board

Andreas Gerstenmayer	Karl Asamer	Heinz Moitzi
Chairman of the Board	Member of the Board	Member of the Board

Auditor’s Report

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS We have audited the accompanying consolidated financial statements of AT & S Austria Technologie & Systemtechnik Aktiengesellschaft, Leoben-Hinterberg, for the fiscal year from 1 April 2013 to 31 March 2014. These consolidated financial statements comprise the consolidated statement of financial position as of 31 March 2014, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the fiscal year ended 31 March 2014, and the notes to the consolidated financial statements.

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

AUDITOR’S RESPONSIBILITY AND DESCRIPTION OF TYPE AND SCOPE OF THE STATUTORY AUDIT Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing as well as in accordance with International Standards on Auditing (ISA) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

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

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

OPINION Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of 31 March 2014 and of its financial performance and its cash flows for the fiscal year from 1 April 2013 to 31 March 2014 in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

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

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

Vienna, 7 May 2014

PwC Wirtschaftsprüfung GmbH
Wirtschaftsprüfungs- und
Steuerberatungsgesellschaft

signed:

Christian Neuherz
Austrian Certified Public Accountant

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

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

Glossary

ALIVH®
AT&S and Panasonic Electronic Devices Co., Ltd., have concluded an agreement under which AT&S is licenced to use Any Layer Interstitial Via Hole (ALIVH®), Panasonic's unique technology for multilayer printed circuit boards
® ALIVH registered brand AT 173113 et al.

ATX Global Player
ATX Global Player is a free float weighted price index made up of all stocks traded on Vienna Stock Exchange and listed in the „Prime Market“ which generate at least 20 percent of sales outside of Europe.

ATX Prime
A Vienna Stock Exchange capital-weighted index comprising all securities traded in the Prime Market segment. It is a broadly-based index for all stocks that meet the minimum capitalisation requirements and satisfy the stricter disclosure and reporting obligations.

CAPEX
Capital expenditure

Cash earnings
Computation: refer to key data within group management report

Corporate Governance Code
A set of rules for the responsible management and control of business enterprises. Companies voluntarily undertake to comply with the princi-ples of the Code.

Corporate social responsibility (CSR)
The contribution of a business enterprise to sustainable development, over and above the statutory requirements. CSR should promote respon-sible corporate behaviour in business activities – with respect to the environment, relationships with staff (the workplace), and with other stake-holders and interest groups.

EBIT
Operating result: Earnings before finance costs net and tax

EBIT margin
EBIT as a percentage of total revenue

EBITDA
Operating result before depreciation and amortisation

EBITDA margin
EBITDA as a percentage of total revenue

ECP® technology
Embedded component packaging technology developed by AT&S in order to embed active and/or passive components inside printed circuit boards
® registered trade mark AT 255868

Embedding
Integrating active and passive electronic components inside printed circuit boards

EN9100
Aerospace Quality Management Standard

EN ISO 13485
EN ISO 13485 is an internationally recognised standard that defines the requirements for the quality management systems used by companies which develop, manufacture, install or maintain medical products.

Flex-to-install
Printed circuit boards that can be bent for the purpose of a space efficient installation (e. g. in a casing)

HDI printed circuit boards
Printed circuit boards with structures smaller than 100 micrometers (0.1 mm) – high density interconnection

Hedging
Financial transactions providing protection against risks such as exchange rate fluctuations

High-end segment
Technologically demanding market segment, attractive to AT&S, as a technology leader

IC substrates
IC substrates are multi-layered, electrically conducting circuit substrates for silicon semiconductors also known as chips or Integrated Circuits/ICs and serve as the connection between chip(s) and the main printed circuit board.

IFRS
International Financial Reporting Standards

IRR
Innovation Revenue Rate: revenue-share of innovative products related to total revenue;
computation: see key data within Group Management Report

ISIN
Alpha-numerical securities identification number (International Securities Identification Number)

ISO
International Organisation for Standardisation

ISO 14001
Environmental Management Standard

ISO 9001
Quality Management Standard

ISO/TS 16949
Technical interpretation of ISO 2000 reflecting the requirements of international automotive manufacturers

Microvia
Microvias are minute holes drilled by a laser to generate the electrical connection between the layers in a multilayer circuit board.

Multilayer
Multilayer printed circuit board

Net CAPEX
Capital expenditure net of receipts from the disposal of property, plant and equipment and intangible assets

Net debt
Computation: see key data within Group Management Report

Net gearing
Computation: see key data within Group Management Report

OHSAS 18001
Occupational Health and Safety Assessment Series

One-stop shop
Enabling customers to source multiple solutions from one location

ÖCGK
Austrian Corporate Governance Code (Österreichischer Corporate Governance Kodex)

Prime Market
Stocks admitted to trading on the Vienna Stock Exchange on the Official Market or Second Regulated Market and subject to additional, more stringent requirements

Rigid-flex printed circuit boards
See the AT&S product portfolio section

ROCE
Return on capital employed: measures effectively and profitability of a company's use of capital employed; computation: see key data within Group Management Report

R&D
Research & Development

Sale-and-lease-back
Special form of leasing: an enterprise sells property or moveable assets to a leasing company and leases it back for use in the business

Stock options
Options to purchase shares

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Percentages and individual items presented in this report are rounded which may result in rounding differences.

Formulations attributable to people are to be understood as gender-neutral.

This report in no way represents an invitation or recommendation to buy or sell shares in AT&S.

The report is published in German and English. In case of doubt, the German version is binding.

No responsibility accepted for errors or omissions.

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