AT&S

What will be the drivers for high-end PCB industry growth in future? What is the next "big thing" application that drives the electronic supply chain? What is the limit for the PCB in terms of line/space? Do we expect a disruptive force for the PCB as the main interc What type of advanced packaging solutions will dominate the market in f set-up of the global electronic supply chain look like in 5 years? Can AT&S c design solutions and interconnection platforms in future? What kind of expertise will AT&S be able to offer to customers in future? How resilient is AT&S's strategy in this ever-changing environment? Will the business model change in future and what will be the influencing factors? How can European production compete with the increasing Asian competition? How can AT&S contribute to an environment with less impact on resources and emissions? How does AT&S want to grow – organically or via M&A? What kind of market development do we see in our customer segments? How does AT&S generate shareholder value? What is the target ROCE?

The market raises the questions.

What will be the drivers for high-end PCB industry growth in future? What is the next "big thing" application that drives the electronic supply chain? What is the limit for the PCB in terms of line/space? Do we expect a disruptive force for the PCB as the main interconnection platform? What type of advanced packaging solutions will dominate the market in future? What will the set-up of the global electronic supply chain look like in 5 years? Can AT&S offer comprehensive design solutions and interconnection platforms in future? What kind of expertise will AT&S be able to offer to customers in future? How resilient is AT&S's strategy in this ever-changing environment? Will the business model change in future and what will be the influencing factors? How can European production compete with the increasing Asian competition? How can AT&S contribute to an environment with less impact on resources and emissions? How does AT&S want to grow – organically or via M&A? What kind of market development do we see in our customer segments? How does AT&S generate shareholder value? What is the target ROCE? How sustainable are the current EBITDA margins in future? What is the financing strategy? What will be the drivers for high-end PCB industry growth in future? What is the next "big thing" application that drives the electronic supply chain? What is the limit for the PCB in terms of line/space? Do we expect a disruptive force for the PCB as the main interconnection platform? What type of advanced packaging solutions will dominate the market in future? What will the set-up of the global electronic supply chain look like in 5 years? Can AT&S offer comprehensive design solutions and interconnection platforms in future? What kind of expertise will AT&S be able to offer to customers in future? How resilient is AT&S's strategy in this ever-changing environment? Will the business model change in future and what will be the influencing factors? **Annual Report 2015/16** How can European production compete with the increasing Asian competition? How can AT&S contribute to an environment with less impact on resources and emissions? How does AT&S

Key figures

IFRS	Unit	2012/13 [1]	2013/14	2014/15	2015/16	Change in %
EARNINGS DATA AND GENERAL INFORMATION						
Revenue	€ in millions	541.7	589.9	667.0	762.9	14.4%
thereof in Asia	%	73.9%	75.9%	79.0%	81.0%	–
thereof in Europe	%	26.1%	24.1%	21.0%	19.0%	–
Cost of sales	€ in millions	464.6	471.1	511.6	611.2	19.5%
Gross profit	€ in millions	77.1	118.8	155.4	151.6	(2.4%)
Gross profit margin	%	14.2%	20.1%	23.3%	19.9%	–
EBITDA	€ in millions	102.4	127.2	167.6	167.5	(0.0%)
EBITDA margin	%	18.9%	21.6%	25.1%	22.0%	–
EBIT	€ in millions	31.4	53.9	90.1	77.0	(14.6%)
EBIT margin	%	5.8%	9.1%	13.5%	10.1%	–
Profit for the period	€ in millions	14.6	38.2	69.3	56.0	(19.3%)
Profit for the period attributable to owners of the parent company	€ in millions	14.6	38.2	69.3	56.0	(19.2%)
Cash earnings	€ in millions	85.6	111.4	146.8	146.5	(0.2%)
ROE (Return on equity) [2]	%	5.0%	11.0%	13.9%	9.5%	–
ROCE (Return on capital employed) [2]	%	5.6%	9.6%	12.0%	8.2%	–
ROS (Return on sales)	%	2.7%	6.5%	10.4%	7.3%	–
IRR (Innovation revenue rate)	%	19.2%	26.5%	29.2%	19.6%	–
Cash flow from operating activities (OCF)	€ in millions	71.7	104.8	143.9	136.9	(4.8%)
Net CAPEX	€ in millions	40.5	90.3	164.8	254.3	54.3%
Employees (incl. leased personnel), end of reporting period	–	7,011	7,129	8,120	9,116	12.3%
Employees (incl. leased personnel), average	–	7,321	7,027	7,638	8,759	14.7%
BALANCE SHEET DATA						
Total assets	€ in millions	726.7	916.1	1,220.8	1,344.7	10.1%
Total equity	€ in millions	304.8	390.7	604.4	568.9	(5.9%)
Equity attributable to owners of the parent company	€ in millions	304.9	390.7	604.3	568.9	(5.8%)
Equity ratio	%	42.0%	42.7%	49.5%	42.3%	–
Net debt	€ in millions	217.4	110.9	130.5	263.2	101.7%
Net gearing	%	71.3%	28.4%	21.6%	46.3%	–
Net working capital	€ in millions	102.7	91.7	95.3	88.4	(7.2%)
Net working capital as a percentage of revenues	%	19.0%	15.6%	14.3%	11.6%	–
STOCK EXCHANGE DATA						
Shares outstanding end of reporting period	–	23,322,588	38,850,000	38,850,000	38,850,000	–
Weighted average number of shares outstanding	–	23,322,588	30,820,545	38,850,000	38,850,000	–
Earnings per share outstanding end of reporting period	€	0.62	0.98	1.78	1.44	(19.1%)
Earnings per average number of shares outstanding	€	0.62	1.24	1.78	1.44	(19.1%)
Cash earnings per average number of shares	€	3.67	3.61	3.78	3.77	(0.3%)
Dividend per share [3]	€	0.20	0.20	0.36	0.36	–
Closing price	€	6.79	8.75	14.62	12.90	(11.8%)
Dividend yield (at the closing price) [3]	%	2.9%	2.3%	2.5%	2.8%	–
Market capitalisation, end of reporting period	€ in millions	158.4	339.9	568.0	501.2	(11.8%)
Market capitalisation per equity [4]	%	51.9%	87.0%	94.0%	88.1%	–

1) Adjusted taking into account IAS 19 revised.
2) Calculated on the basis of average values.
3) 2015/16: Proposal for the Annual General Meeting on 7 July 2016.
4) Equity attributable to owners of the parent company.

Performance Highlights

Revenue guidance of € 740 million and EBITDA margin guidance of > 19% exceeded

▲ **+14.4% increase in revenue**
of which organic 5.2% = growth significantly above the market average

◀▶ **EBITDA € 167.5 million**
▼ **EBITDA margin 22.0%**
influenced by the start of serial production in Chongqing

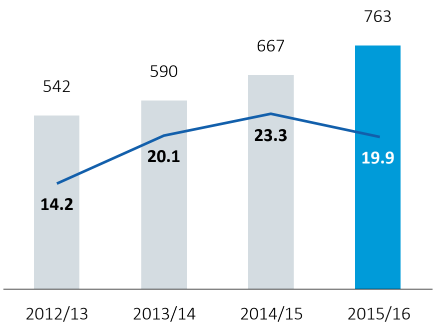
▼ **EBIT -14.6%**
▼ **EBIT margin 10.1%**
influenced by higher depreciation and amortisation of the project in Chongqing

FEBRUARY 2016
Certification and start of serial production on the first IC substrate production line

New
promissory note loan
of € 221.0 million with an average
interest rate of 1.6%

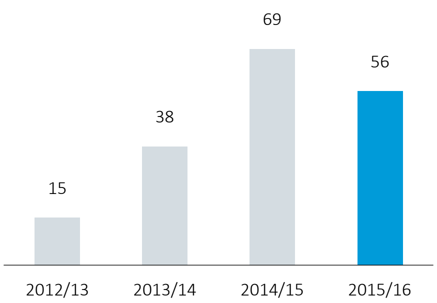
REVENUE/GROSS PROFIT MARGIN

€ in millions, in %



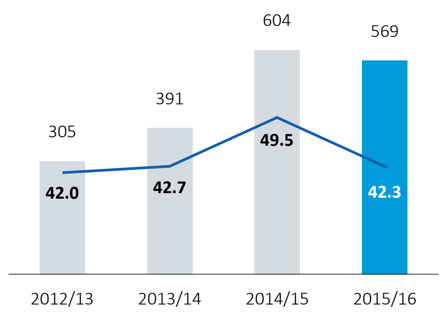
PROFIT FOR THE PERIOD

€ in millions



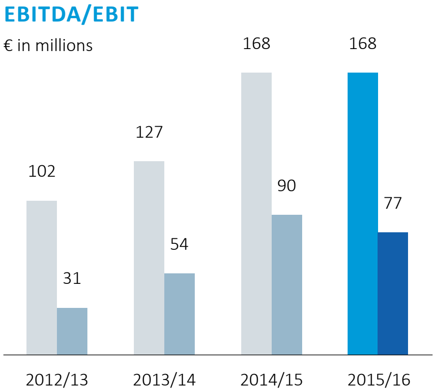
TOTAL EQUITY/EQUITY RATIO

€ in millions, in %



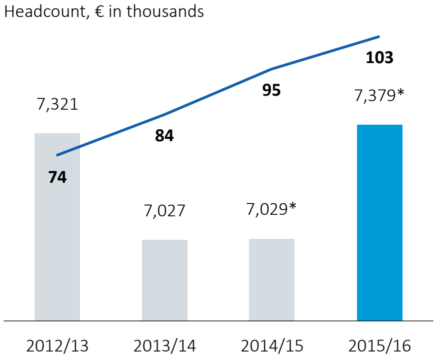
EBITDA/EBIT

€ in millions



EMPLOYEES/REVENUE PER EMPLOYEE

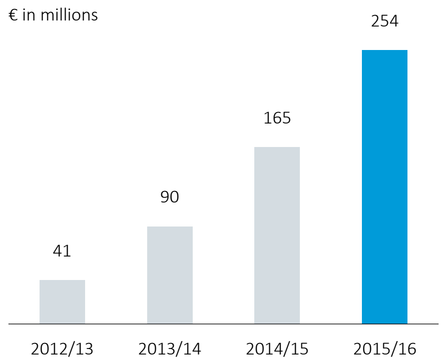
Headcount, € in thousands



* Employees in average, adjusted by non-revenue generating employees at plant under construction in Chongqing (FY 2014/15: 609 employees; FY 2015/16: 1,380 employees).

NET CAPEX

€ in millions



We are working
on the solutions!


AT&S

FIRST CHOICE FOR ADVANCED APPLICATIONS

VISION

TOP ON COSTUMER'S MIND

- Clear USP for all the markets we serve
- Best-in-class interface to the customer
- Innovative, sustainable solutions
- Clear value proposition in the high-end PCB industry
- Outstanding product range

WE PROVIDE LEADING-EDGE TECHNOLOGY & SERVICES

- Identify and anticipate key technological innovations
- Provide value-adding solutions
- Innovation and industrialisation are essential parts of our culture
- We constantly strive to be best-in-class in all of our processes

MISSION

- We set the highest quality standards in our industry
- We industrialize leading-edge technology
- We care about people
- We reduce our ecological footprint
- We create value

AT&S IN BRIEF

AT&S is the leading manufacturer of printed circuit boards in Europe and globally one of the technology leaders in the printed circuit board (PCB) industry. AT&S concentrates on high-end technologies and applications in the segments Mobile Devices & Substrates and Automotive, Industrial, Medical. AT&S is successful among its mostly Asian competition because of its clear focus on the high-end, exceptional process know-how, quality, efficiency, capacity utilisation and European governance. AT&S has a cost-effective production footprint in close proximity to the customer, with six production sites in Austria (Leoben, Fehring), India (Nanjangud), China (Shanghai, Chongqing), and South Korea (Ansan). The average number of employees in the financial year 2015/16 was 8,759. AT&S shares have been listed since 1999, first on the Frankfurt Stock Exchange and, since 2008, on the Vienna Stock Exchange.

Table of Contents

I. Chongqing or advancing to a new league

How to get smaller and bigger at the same time.

For our printed circuit boards, it's all about smaller and smaller sizes. But when it comes to our future technology portfolio and business size, AT&S is getting bigger. The printed circuit boards of the future are becoming increasingly smaller, and the requirements go beyond pure printed circuit boards to highly complex all-in interconnection solutions. Facilities that can produce these technologies require considerable investments. It's a plus when a company can generate high enough cash flow to use for financing.

Dear shareholders, customers and partners of AT&S,

When I was recently asked by an interested private investor, what's the AT&S investment story in a nutshell, this was my answer: we invest early in technologies so that we profit from market trends and create added value for our customers. We do this continuously, but at present we have a special focus: our 480 million euro investment in Chongqing, China, in IC substrates and substrate-like printed circuit boards.

The performance capacity of electronic products and components will continue to increase dramatically in the future. This means new dimensions for even smaller and more reliable end devices that cannot be foreseen today. The success factors for product generations will be structural density and functionality. AT&S has developed a clear strategy and technology roadmap which will enable it to continue meeting these requirements at the forefront of technology in the future. An essential part of this strategy are the new plants for the production of IC substrates and substrate-like printed circuit boards in China. This, combined with proven technologies such as HDI any-layer and embedding, gives us the ability to offer customers a unique technology and solutions portfolio bundled in this form.

We are planning further significant growth in the high-end technology segment and thereby achieve a new business dimension that generates the operating cash flow needed to finance our future investments even more than before with self-generated funds. This ensures our future! The commissioning of the new plants in Chongqing supports us in this endeavor.

Let's look at the results for the reporting year. Based on very good utilisation levels, we have not only achieved our targets for revenue and profitability announced in our outlook for the year 2015/16, but exceeded them. In addition to strong operating performance, the development of foreign exchange rates (primarily the U.S. dollar to the euro) and the start of serial production of the first production line in Chongqing only by mid-February contributed.

In terms of revenue, we achieved an increase of 14.4% in 2015/16. After adjusting for the special effects related to foreign exchange, we achieved an increase of 5.2%

The AT&S business model in 60 seconds

Make our customers successful – this is the AT&S product
Printed circuit boards are the basis of all electronic devices. As a production services provider, AT&S enables its customers – whether brand manufacturers or suppliers – to produce unique products. Our success is their success.

Anticipate the trends in high-end interconnectivity solutions
Innovation is essential to this. We therefore develop materials and processes for the most advanced requirements ahead of time for serial production. This is how we provide an advantage to technology and global market leaders.

Maximum production efficiency
The production of a printed circuit board involves over 200 steps, in which efficiency and productivity – and always delivering the highest quality on time – are the AT&S success factors. This means continuous investments in technology and employees so as to generate high profitability at the peak of technology.

from an operational perspective. The primary growth driver was the Mobile Devices & Substrates segment, which posted a revenue increase of 18.6%. Revenue in the Automotive, Industrial, Medical segment rose by 8.2%, mainly resulting from automotive applications such as driver assistance systems. A very gratifying contribution was made by the segment "Other", which includes advanced packaging technology. Revenue in this segment increased by 102.9%.

EBITDA remained at the level of the previous year based on a small increase in the Mobile Devices & Substrates segment and negative foreign exchange effects in the Automotive, Industrial, Medical segment. In addition to revenue, EBITDA and EBIT, we also include return on capital employed (ROCE) and the innovation revenue rate (IRR, share of total revenue generated from technologically innovative products introduced in the past three years) in our five most important key performance indicators. For IRR, we aim for a figure of greater than 20%. In the reporting year, we achieved 19.6%. Last year, this figure was 29.2%. The difference is attributable to the maturity of certain generations of technology during the financial year 2015/16. Due to our commitment in Chongqing, ROCE declined from 12.0% to 8.2%. Our CFO, Karl Asamer, provides details about this in following interview starting on page 10.

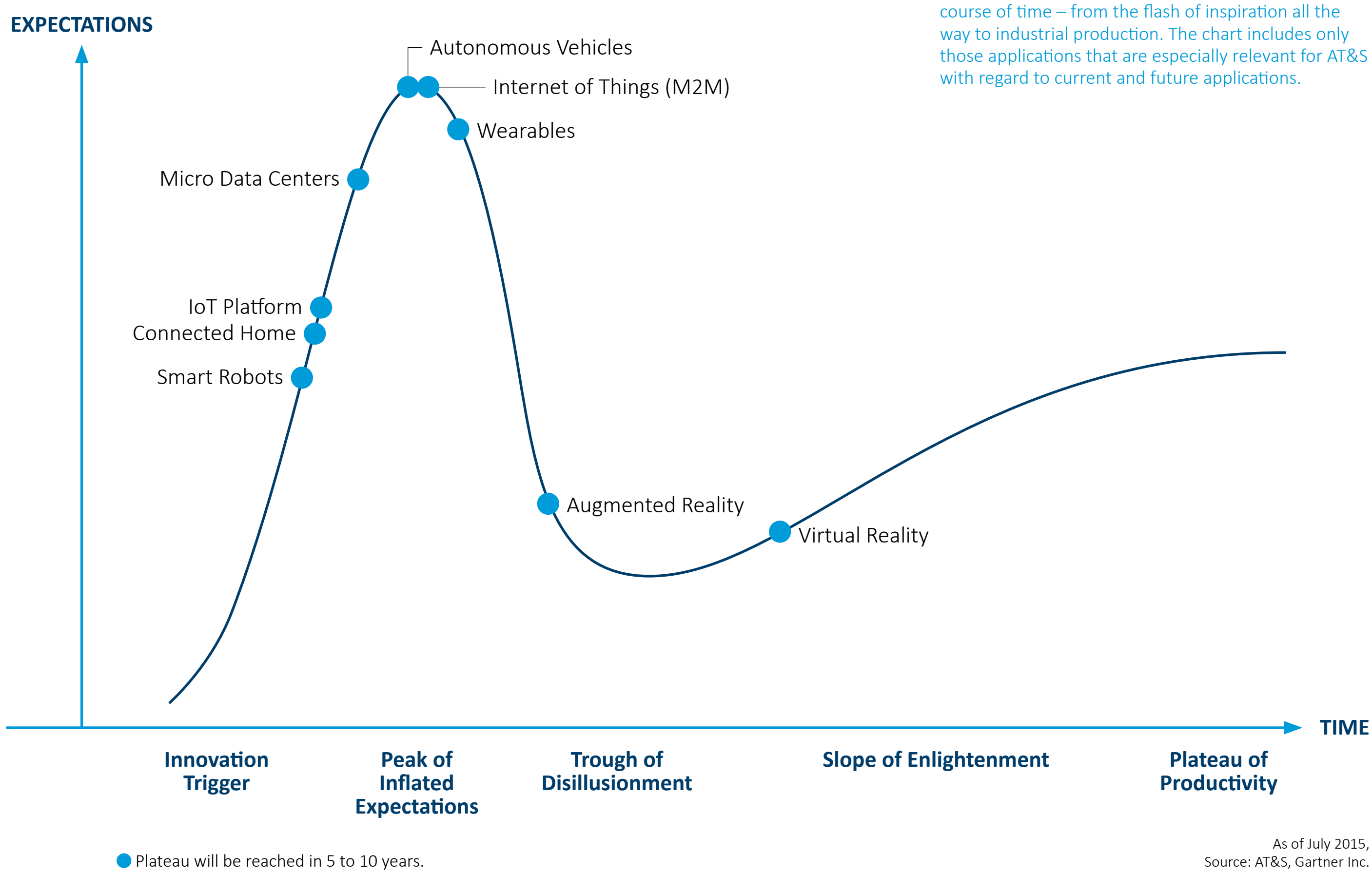
Capacity utilisation of our production sites is one of the most important factors influencing our earnings development. In the financial year 2015/16, we kept this at a very high level. The product mix in the reporting year also matched our capacity and the technologies at each of our sites.

At this point I would like to briefly call to mind, or introduce you to, the essential points in our strategy.

Our strategy is to earn money at the peak of technology. We therefore maintain a clear focus on technologies that are at the high-end of their respective application and on applications with good rates of growth. We are very well positioned in the segments that will especially benefit in the future from the trend of total connectivity: mobile end devices, automotive, industry and medical. Our broad market coverage gives us the ability to take advantage of peak technology in particular segments and then leverage these technologies as needed to other

THE HYPE CYCLE IN THE ELECTRONICS INDUSTRY

The "Gartner Hype Cycle" is a graphical representation used worldwide in the IT industry. It shows the phases of public visibility an innovation receives over the course of time – from the flash of inspiration all the way to industrial production. The chart includes only those applications that are especially relevant for AT&S with regard to current and future applications.



As of July 2015,
Source: AT&S, Gartner Inc.

With the new plant in China and the existing high-end technologies, we are able to offer a unique technology and service portfolio to the market.

segments, generally staggered over time (details on this can be found in the Strategy section, beginning on page 16). We always have to find the right balance when making optimal use of existing technologies, and when we step in new directions, evaluate which competencies we can further develop.

The penetration of additional electronic functionalities into our daily lives and the total connectivity of many possible applications will provide us with opportunities for further growth. We want to continue to be the provider who recognises what the market needs better and earlier than our competitors. We want to impress the customer with the corresponding solutions and level of quality. We expect that the future of electronics will be primarily dominated by a large number of connected, smart devices and the processing of enormous volumes of data. These trends will fundamentally change society. However, it is important to be aware that the implementation and introduction of various technologies will take place over different periods of time (see Gartner Hype Cycle). We therefore build up our market intelligence on an ongoing basis, and sharpen our strategy continuously. But one thing is clear: there will always be a connection platform that enables the functionality of the future. The technological limits have not yet been reached – but we are always working on it. Because of the market segments it targets and the technologies available, AT&S is best prepared to support these trends and provide customers with the right connection platforms.

In order to remain at the top of technology, we work continuously to become even more efficient. The key opportunity for improvement is in accelerating our business processes and further optimising our cost structures. An important aspect of this is to either reduce the complexity in our production process or to better control it. Ultimately, our customers are the ultimate beneficiaries by receiving even more reliable quality with shorter delivery times. For our shareholders, we want to generate clear added value by achieving a return on capital employed (ROCE) which is higher than the weighted average cost of capital in the printed circuit board industry. For the medium term, we have defined a key indicator of 12% ROCE. Shareholders should also profit from the success of our business performance in the form of dividends. More on our dividend policy in the interview with CFO, Karl Asamer, on page 10.

Sincerely, Andreas Gerstenmayer, CEO

»We now have the technologies that will help us drive the further miniaturisation and modularisation required.«

II. Chongqing qualification completed within 17 months

Our Asian tiger is ready to jump

Our new plant in China will be our biggest exclamation mark! We are ready to work on the answers that the market is asking of us. One thing is for certain: we will deliver. A report by COO Heinz Moitzi.

AT&S is working to develop the trendsetting answers to the questions of the market. With the AT&S core competences in research and development: a profound knowledge of materials, exceptional process know-how, and a true understanding of quality. With a grasp of the general megatrends and for what the market needs in the future, we work with our customers to develop a view of where the technological journey could go. From this perspective and the knowledge of our customers' needs, we jointly develop the connection technologies for their future products.

The foundation of our operational success lies in the optimal balancing of our production facilities. It is therefore increasingly important to adopt state-of-the-art production techniques such as MES (Manufacturing Execution System) or Industry 4.0. As a result of the cooperation between sales and production, which has been successfully practised for many years, AT&S has succeeded in the highly efficient utilisation of its facilities by means of an optimal product mix.

We will face this challenge in the financial year 2016/17 at the IC substrate plant in Chongqing. After completing the qualification of the individual machines and processes in record-breaking time, the plant is transitioning step by step to full operation. I can report that the ramp-up has gone smoothly so far. This is surely an expression of our expertise in bringing new technologies and new processes to serial production readiness quickly and efficiently.

The IC substrates that we produce for semiconductor manufacturers have raised new technological questions. These are related to the important drivers of technology in our industry: miniaturisation and modularisation. We currently produce printed circuit boards with a space of 35 µm (micrometers) between the individual conducting lines. For IC substrates, which we now produce in Chongqing, this space is only 12 µm. Within the next five years, this trend is going towards 1–2 µm structures. As a result of entering the new IC substrates segment, we now have the technologies that will help us drive the further miniaturisation and modularisation required, based on our existing technology tool box.

IC substrates offer us an enormous opportunity – we can now provide the full range of interconnection technology based on "organic materials" and use all of the technologies in our toolbox. In order to create the production processes we need in the future to push miniaturisation towards of 1–2 µm structures, we are already developing the technology needed for this jointly with our suppliers, universities, and customers. We are learning to speak the language of the semiconductor industry as the standards that apply there will also be required of us in the future. With respect to basic research, we are part of a consortium with international research institutions in the ANSET project. The project involves the development of printed circuit boards that cannot be hacked externally – which is prevented by the hardware. A very exciting project in times like these.

For research and development and for me in particular, the subject of resource efficiency holds great significance. In recent years – including 2015/16 – we have been able to steadily reduce water consumption. And with regard to CO_2 emissions, we are on the right path. In the past financial year, we were unable to achieve our target of a 5% reduction. In addition to the higher CO_2 burden resulting from changes in the product mix and the qualification of new facilities, the need for energy-intensive cooling increased at all plants in the past financial year due to the unusually long periods of extreme heat.

Technological megatrends are taking place based on the emerging total connectivity – the interconnection of key electronic devices with one another. We are therefore working on medium-term solutions in which AT&S embedding technology and other features make it possible to produce a cost-effective all-in-one module. Applications include electromobility and autonomous driving, for example. Short-term R&D priorities are the next generation of IC substrates and the next evolution in our core business: substrate-like printed circuit boards or PCBs based on mSAP (modified semi-additive process). And, of course, we are working in our core business to make our manufacturing and production processes more efficient and qualitatively even more stable.

»We understand – and develop – what the market will need in the future.«

III. Take advantage of opportunities in turbulent times

On cash flow, ROCE and increasing enterprise value

Investments in China are the basis for future growth. Advanced technology continues to be the main strategic focus for positioning AT&S. A conversation with CFO Karl Asamer.

Can you give us a brief review of the past financial year?

Financial year 2015/16 was very successful. As a result of our concentration on high-end applications in mobile devices and the automotive, industrial, and medical areas, we participated in the further growth of these segments. We grew at a faster pace than the market as a whole, with revenue growth of 14.4% to € 762.9 million, and currency-adjusted organic sales growth of 5.2%.

Has Chongqing had an impact? What does this revenue growth mean for the profitability of AT&S?

In revenue terms there has been no notable impact yet. However, EBITDA and EBIT were both affected by the costs of the Chongqing project. Without the effects from Chongqing, EBITDA of € 171.9 million would have increased to € 180.2 million and EBIT of € 98.2 million to € 103.2 million. Foreign exchange, which had a considerable positive effect on revenue, ultimately had a minor impact on the result.

How do you explain this success?

The earnings improvement excluding the effects from Chongqing is a result of the increase in revenue optimised capacity utilisation and strict cost control in financial year 2015/16.

How did return on capital employed perform compared to the prior period?

ROCE of 8.2% was lower compared to the prior-year period. The investment so far of roughly € 290 million for the Chongqing project, which did not make a contribution to earnings in the past financial year, had a negative impact on this key figure. Adjusted for Chongqing, ROCE was 19.3%, which is a significant increase over the prior-year figure of 18.5%. The gearing ratio also rose as planned compared to last year, from 21.6% to 46.3%.

On the gearing ratio – what effect has the environment of low interest rates had on your financing costs?

We took advantage of both the low interest rates and the profitability of the company to issue a promissory note loan of € 221.0 million, with a term of 5.6 years and an average interest rate at the time of issue of 1.6%. We refinanced the bond, which is to expire in November 2016, repaid parts of the promissory note loan granted in 2014 ahead of schedule, and have not had to use the agreed credit facilities. It is our goal to reduce our financing costs further and to adjust the maturities of our financial obligations to the needs of the business. In selecting our financing partners, the most important criteria are the competitiveness of their offers and their credit rating as well as their presence in the relevant countries. We therefore work with well-known international financial institutions in addition to partners in Austria.

Which business risks do you focus on in particular?

Of course, we have key risks on our radar, and we present them as part of this report in the Risk Report section. Because of our business model, we pay great attention to market risk so that we can recognise early whether we are aligned with the correct trend with respect to technologies, applications, and markets. It is important that the risks are also associated with sufficient opportunities.

What opportunities do you see?

AT&S is very innovative, and in the past year it significantly enhanced its reputation as a technology partner to the electronics industry. As a result, we are involved earlier and more frequently in development projects, which enables us to strengthen our position in the market. We expect that, in the future, this will lead to a rate of revenue growth above that of market growth. By means of further, constant improvement to our processes, we can secure and raise the competitiveness of the Group.

How do you assess the overall economic environment and any effects it has on AT&S?

We assume that the positive growth trend in the USA and the still very robust, if weakened, growth in Asia will have a positive impact on AT&S and support our planned growth. And with respect to interest rate developments, we are assuming little change. Constant or slightly higher interest rates in the USA tend to be balanced by constant or

»Our goal: reduce financing costs to below 2%!«

falling rates in China and Europe. Exchange rates are often defined by short-term trends and changes could have a corresponding influence on our business. What is important for our hedging strategy is that the Asian currencies continue to be linked to the USD.

One last question – particularly important to shareholders: What are your plans for a dividend for the past financial year?

With the start of the IC substrates investment project in Chongqing, the earlier dividend policy was temporarily suspended and replaced by a fixed amount of € 0.20 per share for the financial year 2013/14 and € 0.36 per share for the financial year 2014/15. At this time of high capital expenditure, the Management Board will aim for a moderate dividend policy. For the financial year 2015/16, we will propose a dividend of € 0.36 per share again to the Annual General Meeting of Shareholders.

Group profile

AT&S is the leading manufacturer of printed circuit boards in Europe and globally one of the technology leaders in the printed circuit board (PCB) industry. AT&S concentrates on high-end technologies and applications in the segments Mobile Devices & Substrates and Automotive, Industrial, Medical. AT&S is successful among its mostly Asian competition because of its clear focus on the high-end, exceptional process know-how, quality, efficiency, capacity utilisation and European governance. AT&S has a cost-effective production footprint in close proximity to the customer, with six production sites in Austria (Leoben, Fehring), India (Nanjangud), China (Shanghai, Chongqing), and South Korea (Ansan). The average number of employees in the financial year 2015/16 was 8,759. AT&S shares have been listed since 1999, first on the Frankfurt Stock Exchange and, since 2008, on the Vienna Stock Exchange.

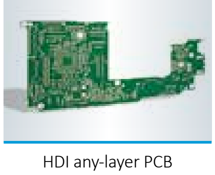
Mobile Devices & Substrates

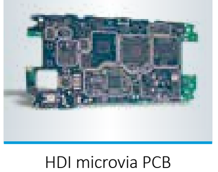
- Segment revenue: € 539.7 million*
- Share of Group revenue: approx. 60%
- EBITDA: € 126.4 million
- EBITDA margin: 23.4%

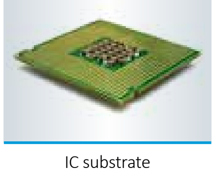
Characteristics High-end technology driver, volatility due to seasonal fluctuations, short product cycle of about 12–15 months for high-end printed circuit boards

Application examples
- Communication: smartphones, wearables
- Computing: tablets, notebooks, PCs
- Consumer electronics: cameras, game consoles

Product portfolio IC substrates – HDI any-layer printed PCBs – HDI PCBs – multilayer PCBs


HDI any-layer PCB


HDI microvia PCB


IC substrate

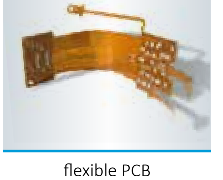
Automotive, Industrial, Medical

- Segment revenue: € 326.7 million*
- Share of Group revenue: approx. 40%
- EBITDA: € 30.1 million
- EBITDA margin: 9.2%

Characteristics Stable development due to longer product cycles of up to 7 years

Application examples
- Automotive: advanced driver assistance systems (navigation, lane change, safety, infotainment), lighting, transmission control, etc.
- Industrial: control solutions (machine-2-machine communication), etc.
- Medical technology: diagnostics, therapies

Product portfolio HDI microvia PCBs – multilayer PCBs – double-sided PCBs – IMS PCBs – flexible PCBs – semiflexible PCBs – rigid-flex PCBs – flexible PCBs on aluminium – 2.5D technology platform


flexible PCB


rigid-flex PCB

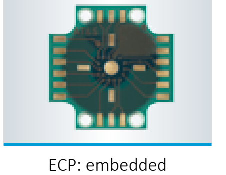

flexible PCB on aluminium

Others

- Segment revenue: € 22.1 million*
- Share of Group revenue: < 1%

Characteristics
- Includes the Advanced Packaging business unit and Group activities

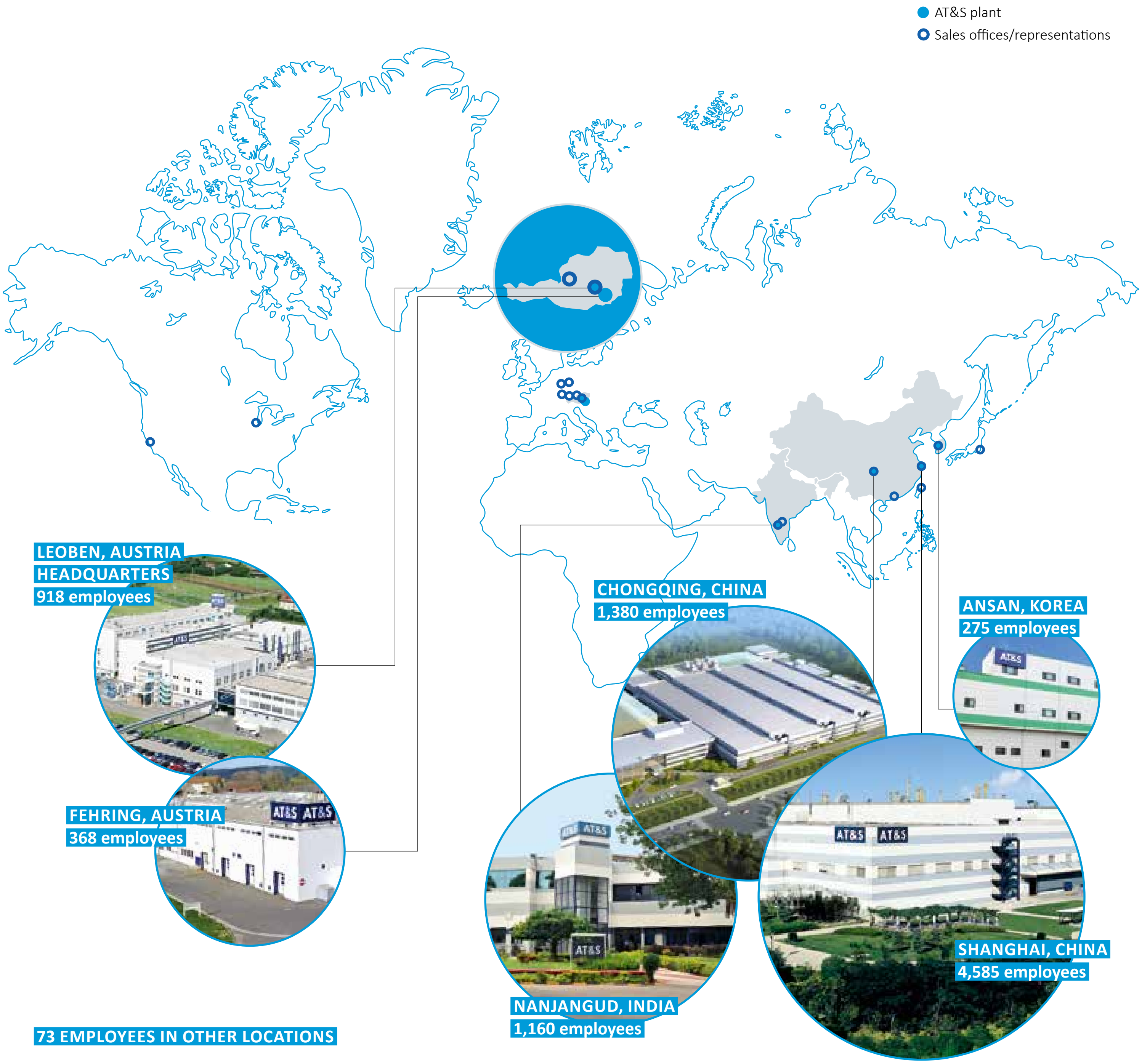
Product portfolio
- Embedded component packaging


ECP: embedded component packaging

* incl. intersegment revenues

Group sites

- Production in Europe: high product diversity, low volume
- Production in Asia: high volume, low product diversity
- Sales network spanning three continents



Value creation chain
Printed circuit board production

Schematic illustration of the production process of a printed circuit board. Depending on the number of layers, the production of a printed circuit board can have up to 150 steps.

Resources

Purchase of resources and materials
(including copper foil, cores, prepreg, gold, tin, silver, laminate, chemicals, etc.)

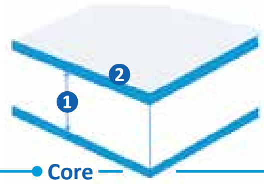
Energy
(electricity, heat, compressed air, etc.)

Water
(for production, cooling, cleaning)

Employees
(8,759 FTEs on average in financial year 2015/16)

Production process

Processing of customer data



Core
1. Insulation material: woven glass fibers saturated with epoxy resin
2. Copper foil

Cleaning the surface and lamination with photosensitive film

Repetition of the process steps of cleaning, lamination, exposure, development, and etching

Repeat of the laminate layers and exposure processes
Up to 26 layers are possible

Application of the solder-resist mask
Protects against copper oxidation on the surface and prevents short-circuiting between the individual circuit paths and solderable areas

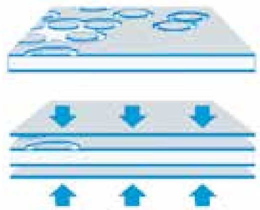
Expose, develop, and cure
All inactive areas are covered. All active areas (soldering pads, test surfaces, etc.) are cleared of the solder resist

Surface coating of the pads with nickel/gold, silver or immersion tin
As oxidation protection and to form a layer that can be soldered

Contouring (milling, scoring)

Extract of determinants of the value chain

- R&D basic development, production processes, material selection, problem solving
- Internal and external recycling of waste
- Efficient use of resources, energy, and water in production
- Production planning and continuous optimisation

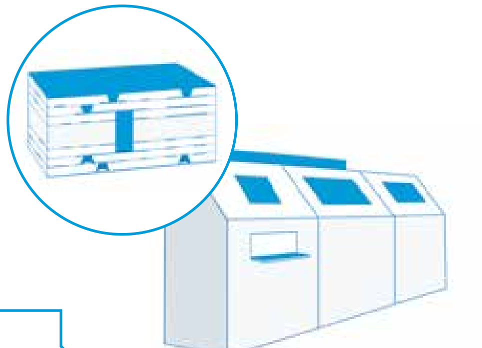


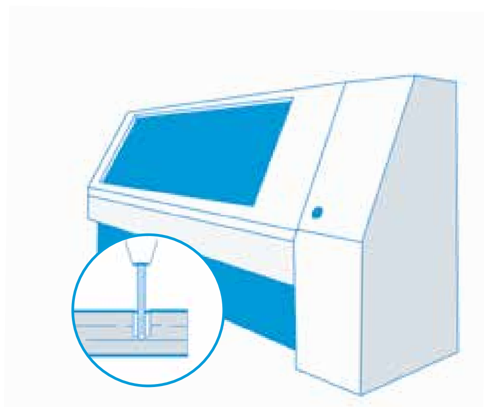
Exposure with LDI (Laser Direct Imaging)
A laser beam exposes all areas that should be preserved after the etching process

Development of the resist and removal of unneeded copper foil through etching

Chemical treatment of the surface area
For better adhesion

Lay-up and pressing of core, prepreg and copper foil at up to 40 bar and 220°C



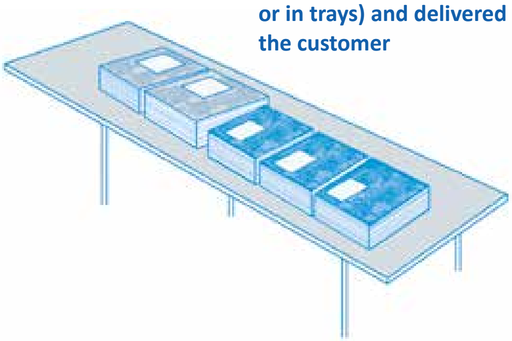


Mechanical drilling
For connectivity of the individual copper layers

Laser drilling
For connectivity between individual layers

Copper plating of the drill and laser holes
For electrical conductivity

Quality control
100% test of the electrical capability, visual inspection



Printed circuit boards are vacuum-packed (individually or in trays) and delivered to the customer

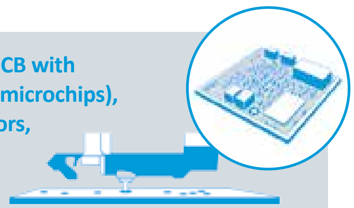
Quality control

Certification of facilities and processes

Training and continuous education of employees

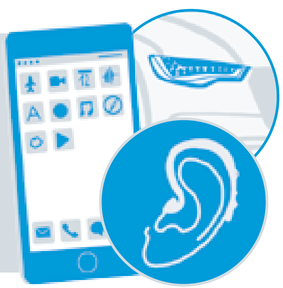
Next steps*

Assembling the PCB with semiconductors (microchips), resistors, capacitors, etc.



Installation into the end device

Applications of AT&S printed circuit boards
Smartphones, tablets, digital cameras, LED headlights, control systems, driver assist systems, diagnostic instruments, hearing aids, pacemakers, robotics, sensor technology, etc.



* Not part of the AT&S value chain

From vision to strategy

VISION

FIRST CHOICE FOR ADVANCED APPLICATIONS

TARGETS / KEY PERFORMANCE INDICATORS

Expansion of technology leadership

- Leading provider in high-end core business
- Medium term: leading provider in new business areas
- Innovation revenue rate: > 20%

Long-term profitable growth/ be one of the most profitable providers in the industry

- Medium-term EBITDA margin target of 18–20%
- Medium-term revenue target of € 1 billion

Creation of shareholder value

- Medium-term ROCE of 12%

The best employees and management team members

- Talent programs
- Training and continuing development
- Leadership Excellence programme

STRATEGY

Continuous innovation and focus on high-end technologies and applications

Developing and marketing new technologies for new applications and requirements, and introduction of existing high-end technologies into developed market segments

Focus on innovative solutions

Industrialisation of new interconnection platforms through a combination of existing and new high-end technologies

Focus on applications and technologies with above-average growth and long-term profitability

Focus on the highest service level and customer orientation

Operational excellence

Focus on cash flow generation

Sustainable business development with focus on ROCE

Stable dividend policy

Sustainable business leadership

Benchmark in the industry through reduction of:

- 5% in CO_2 emissions p.a.
- 3% in fresh water consumption p.a.

Capital excellence

- Equity ratio: > 40%
- Financing costs of < 2% (in a corresponding interest rate environment)
- Payback period of debt < 3 years

Continuous innovation and focus on high-end technologies and applications:

In order to not only maintain, but also to expand our position at the top of technology – a requirement for profitable growth – AT&S continuously invests in innovative technologies and processes.

AT&S uses a dual market strategy

Innovations: AT&S develops and markets new technologies for new applications and requirements, such as further miniaturisation, and therefore addresses the technological trends in the market segments.

One example is mSAP technology ("modified semi-additive Process"), where the printed circuit process is combined with the substrate process in a new evolution of the printed circuit board. These are the basis for system-in-board (SiB) solutions. With system-in-board solutions, semiconductors and other active and passive components in the form of bare dies or packages are integrated into the printed circuit board.

Another example is "center core embedding" technology, which is the evolution of current technology patented by AT&S for embedding active and passive components into the printed circuit board. With center core embedding, components can now be connected to both sides rather than just one. This is used in power solutions primarily in the industrial and automotive segments.

Further development: existing technologies and processes undergo continuous further development. Around € 40–50 million, known as "maintenance capex" is spent annually on technology upgrades, in part to counter any commodification of the technology (where the technology can be produced by many), but also to put tested technologies to use in additional areas of application. An example of this is in the automotive area where, as a result of its early focus on high-end applications, AT&S was able to successfully position itself with HDI technology, which had previously been used only in the Mobile Devices segment.

AT&S aims to continue as one of the top providers in the high-end business and to be among the most important players in new technologies. AT&S measures its innovative strength with the innovation revenue rate (IRR), which indicates the percentage of total revenue achieved with new technologies that have been introduced into the market within the last three years. AT&S has defined a target for its Innovation Revenue Rate (IRR) of over 20%.

Focus on innovative solutions

AT&S is strongly focused on providing new interconnection solutions from its "technology toolbox" of existing and new technologies, and industrialising them for serial production. Using this toolbox, which consists of HDI any-layer, embedding, IC substrates, interposers, substrate-like printed circuit boards, and cavities (specially recessed areas), AT&S can offer entirely new interconnection platforms to a variety of customers (OEMs, semiconductor manufacturers, tier 1, OSATs = outsourced semiconductor assembly and test) and reposition itself as a total connections solutions provider.

Focus on applications and technologies with above-average growth and long-term profitability

As one of the most profitable providers in the industry today, AT&S can firmly support further profitable growth through its continuous focus on high-end technologies and applications. Through a comprehensive and meticulous process in the individual business units, current and future applications are chosen from among hundreds based on their above average market growth (at least in the low double-digit range), their potential for double-digit EBITDA margins, their need for technology-based high-end structures, and high barriers to entry overall. AT&S has defined a medium-term goal of € 1 billion in revenue and aims again for a medium-term EBITDA margin in the range of 18–20%.

Focus on the highest service level and orientation on customers

In its role as one of the leading providers of high-end production services, AT&S competes primarily with Asian providers. Our key point of differentiation and high customer loyalty comes not only from the level of our technology but also from our absolute focus on the customer. These factors are also a major reason for our high capacity utilisation. AT&S's perception of itself as a partner who can meet even the most complex, individualised requirements in the widest range of lot sizes must be proven every day. This focus on the customer is ensured, on one hand, through an extensive sales and engineering team on three continents that is also close to the customer. In addition, through the introduction of a global Lean Six Sigma process customised for AT&S, the company focuses only on value-creating activities, enabling the highest possible customer orientation and service.

Operational excellence

One of the major unique selling propositions (USP) that AT&S offers customers and one that distinguishes it from the competition is its sustained level of very high quality and its competitive cost structure. Over 200 individual steps are needed to produce a high-end printed circuit board. This requires considerable process know-how in all fields of production such as chemistry, electroplating, and mechanics. Mastering these complex production processes with the highest degree of efficiency and productivity at all six production sites, while optimising capacity utilisation, is a key characteristic of the outstanding AT&S production management, and it becomes ever better through continuous improvement. These parameters are measured in part by capacity utilisation, which AT&S measures across all facilities over a given period of time (asset-weighted capacity utilisation) as well as by costs of quality and revenue per employee. AT&S aims to set the benchmark for quality and productivity in every customer segment.

Focus on cash flow generation

AT&S competes in an industry that is shaped by a rapidly changing environment. These developments require continuous investment for a position at the top of technology. Such investments are needed in rapid cycles and cause a corresponding need for cash from the business operations. AT&S therefore aims to generate substantial operating cash flow based also on future investments, and thereby strengthen its internal financing capacity.

Sustainable business development with a focus on ROCE

AT&S is clearly committed to creating shareholder value and measures its business performance from the investors' point-of-view by means of return of capital employed (ROCE). ROCE shows the extent to which AT&S manages the capital it uses (tangible and intangible assets and net working capital) efficiently and profitably (the calculation is found in the Management Report). AT&S has defined a medium-term ROCE performance indicator of 12%, which is above the weighted average cost of capital for comparable companies.

Stable dividend policy

Until fiscal year 2011/12, AT&S dividend payments were linked to "cash earnings", the pay-out ratio was on average 10% of cash earnings.

With the start of the IC-substrates investment project in Chongqing, the earlier dividend policy was temporarily suspended and replaced by a fixed amount of € 0.20 per share for the financial year 2013/14 and € 0.36 per share for financial year 2014/15. At this time of high capital expenditure, the Management Board will aim for a moderate and stable dividend policy for financial year 2016/17 and 2017/18.

The best employees and managers

As a global technology company in a constantly and profoundly changing environment, the best educated, most flexible, and highly motivated employees are the key to long-term success. To ensure and continue to develop expertise, AT&S relies on a continuous training and education. It also recruits young, mobile graduates of the highest calibre by means of its International Talent Programme, and focuses on positioning itself as an attractive employer in order to recruit experts with relevant experience. A success-oriented and appreciative corporate culture with clear leadership values derived from its vision and mission is defined as a key to employee commitment and retention at AT&S, and is reinforced through a global leadership program. Further details on this are found in the Management Report in the employees section.

Sustainable business leadership

Sustainability at AT&S does not only mean being a “good corporate citizen”. At AT&S, sustainability is a clear economic consideration. At all of its production sites, AT&S has introduced European standards that exceed local guidelines in many areas of environmental protection, occupational safety, and resource consumption. These are expressed in clear key performance indicators: AT&S has established the target of reducing its total carbon footprint in kg CO_2 per m^2 of printed circuit board by 5% annually, and fresh water consumption per m^2 of printed circuit board by 3% annually. Social responsibility is demonstrated at each of the individual sites in the spirit of “think global, act local” in the form of numerous projects primarily in the area of education. The goal of the AT&S sustainability strategy is to unite economy, ecology, and social responsibility in a way that benefits all stakeholders. Further information can be found in the section Sustainability in the Management Report and in the Sustainability Report 2015/16.

Capital excellence

A balanced capital structure (equity and debt) embedded in the prevailing interest rate environment forms the basis for the long-term growth of the Group. AT&S has an equity ratio of over 40% as its target for the corresponding credit standing. In the area of financing, AT&S aims for a balanced financial structure with a variety of financial instruments for the optimal management of financing cost and repayment period. AT&S targets financing costs of less than 2% in the current interest rate environment and a payback period of debt (net debt/EBITDA) of less than three years. Detailed information can be found in the Management Report or in the Notes.

Influence and success factors

In a continuously changing environment, AT&S has defined key influence and success factors for sustainable success:

INFLUENCE FACTORS

- FURTHER ADVANCING OF THE MINIATURISATION OF INTERCONNECTION SOLUTIONS
- HIGHER PERFORMANCE AND MORE DENSE STRUCTURES AT THE SAME TIME
- FURTHER COSTS REDUCTIONS
- SPEED OF IMPLEMENTING NEW TECHNOLOGIES INTO SERIAL PRODUCTION (“INDUSTRIALISATION”)

AT&S

SUCCESS FACTORS

- **Consistent portfolio management with regard to market segments, applications, customers, and technologies to take advantage of various seasonalities and volatilities**
- **Long-term strategy with sufficient flexibility to be able to anticipate market developments and be able to respond to market changes**
- **Quick implementation of new high-end technologies and processes on competitive terms at the highest level of quality**
- **Greatest possible use of mature technologies for new applications in developed markets segments**
- **Intelligent combination of different technologies for new solutions for the interconnection technology**
- **Competitive production site selection**
- **Maximum customer proximity and high internal market intelligence for early detection of trends that will define the printed circuit board industry**
- **Excellence at all levels of the value creation chain, from procurement to production to distribution**

Report of the Supervisory Board

Dear shareholders,

The financial year 2015/16 was another successful year for AT&S. Revenue increased further to € 762.9 million and the operating result before interest, tax, depreciation and amortisation (EBITDA), with € 167.5 million, matched the high level of the previous year, even though start-up effects for the project Chongqing had an influence on earnings. This performance can be attributed to an unusually high demand in the first half of the year for printed circuit boards used in mobile devices, and to continuing high demand in automotive applications. However, AT&S could not entirely decouple from the somewhat weaker demand development in the high-end segment for mobile devices in the third quarter of financial year 2015/16. AT&S is planning to continue the growth path and its technological leadership in several segments in the competitive environment dominated by Asian companies. This should be supported by the successful completion of the qualification phase in February 2016 and the start of serial production of the new "IC substrate" technology, which has now taken place, and expansion of the site in Chongqing, China, for the next generation of printed circuit boards – the substrate-like printed circuit board. The official opening of the IC substrate plant took place on 20 April 2016, attended by Chinese public officials including Chongqing's mayor, Huang Qifan, Austrian officials, representatives from business and the media, customers, the Chairman and First Deputy Chairman of the Supervisory Board and the Management of AT&S.

COMPOSITION OF THE SUPERVISORY BOARD The Supervisory Board of AT&S consists of twelve members. During the financial year 2015/16, elections for the Supervisory Board were held and one change was effected: At the 21st Annual General Meeting of AT&S on 9 July 2015, Hannes Androsch, Willibald Dörflinger, Karl Fink and Albert Hochleitner were re-elected to the Supervisory Board of the company in accordance with the proposal made by the Supervisory Board. The additional members representing shareholder interests on the Supervisory Board of AT&S are Regina Prehofer, Gerhard Pichler, Georg Riedl and Karin Schaupp.

At the Supervisory Board meeting directly following the Annual General Meeting, Hannes Androsch was unanimously elected as Chairman of the Supervisory Board, Willibald Dörflinger as First Deputy Chairman, and Regina Prehofer as Second Deputy Chairwoman.

Effective 28 January 2016, Siegfried Trauch was delegated by the Works Council as an employee representative on the Supervisory Board, taking the place of Franz Katzbeck. Thus Franz Katzbeck departed the Supervisory Board on this date. The additional employee representatives delegated by the Works Council to the Supervisory Board are Wolfgang Fleck, Günther Wölfler and Sabine Fussi.

ACTIVITIES OF THE SUPERVISORY BOARD The Supervisory Board met five times during the financial year 2015/16, with the participation of the Management Board. Karl Fink and Franz Katzbeck were excused from two Supervisory Board meetings. Supervising the construction, qualification, certification and finally the commissioning of the IC substrate plant in Chongqing, as well as the further expansion of the Chongqing site for the next generation of printed circuit boards, were also key areas of focus of the Supervisory Board's activities in financial year 2015/16. Proceedings and decisions made by the Supervisory Board in the past financial year were related to the financing of continued growth and, related to this, the continuous improvement of the financing structure – as well as further strategic development of the Group: With the launch of the IC substrate plant in the past financial year, AT&S has set the course for further technological development, but is only just beginning this journey. AT&S must not only continue to develop this largest single investment and successfully bring it to market, but also profitably expand the existing business and position AT&S precisely and quickly in the value chain of the electronics industry that is changing with ever greater speed and force, and in the appropriate customer segments.

The production site AT&S Korea Co., Ltd. in Ansan (South Korea) has now been 100% integrated into the Group with the acquisition of a remaining minority share.

Again, in the financial year 2015/16, the Supervisory Board diligently exercised its tasks and duties as required by law, the Articles of Association, the Austrian Corporate Governance Code (ÖCGK) and its rules and procedures. In the financial year from 1 April 2015 to 31 March 2016, the Supervisory Board was regularly informed by the Management Board through a continuous, open exchange of information and opinions, as well as comprehensive oral and written reports about the market situation, strategy, operating and financial position of the Group and its investments, staff situation and planned capital expenditures. The Supervisory Board took the respective decisions accordingly. The Supervisory Board was able to confirm a functioning Issuer Compliance system. Between meetings of the Supervisory Board, the Chairman of the Supervisory Board and his Deputy were regularly informed by the Management Board of business developments.

SUPERVISORY BOARD COMMITTEES The Supervisory Board has established an Audit Committee and a Nomination and Remuneration Committee as standing committees. In the 2014/15 financial year, the Supervisory Board also established a "Financing" Project Committee. The respective committees established, carried out detailed analyses of particular matters and reported their findings to the Supervisory Board:

The Audit Committee, consisting of Regina Prehofer (Chairwoman), Gerhard Pichler (finance expert), Georg Riedl, Wolfgang Fleck and Günther Wölfler, focused primarily on the review of the annual and consolidated annual financial statements for the year ended 31 March 2015 and on planning and preparation for the audit of the annual and consolidated annual financial statements for the financial year 2015/16. Through discussions with the Auditor, inspection of relevant documents and discussions with the Management Board, it obtained a comprehensive view. The Audit Committee also monitored the effectiveness of the company-wide internal control system and the Group's internal audit and risk management systems. The Audit Committee reported to the full Supervisory Board with respect to this monitoring and found no deficiencies. The Audit Committee convened twice in the past financial year. The meetings, both of which were attended by all committee members, were chaired by Regina Prehofer, who also was regularly involved in quarterly reporting in this function and reported on these matters to the Supervisory Board.

At the Supervisory Board meeting that took place following the Annual General Meeting on 9 July 2015, the following members of the Supervisory Board were unanimously elected as members of the Nomination and Remuneration Committee: Hannes Androsch (Chairman), Willibald Dörflinger (Deputy Chairman), Georg Riedl, Wolfgang Fleck, Günther Wölfler; accordingly, Karl Fink and Albert Hochleitner departed from this committee. The Nomination and Remuneration Committee met three times in the past financial year. At two of these meetings, Hannes Androsch was represented by Willibald Dörflinger; employee representatives did not take part in two meetings which were exclusively concerned with regulation of the relationship between the company and its Management Board members. One focus of the activities of the Nomination and Remuneration Committee's activities was the further development of the company's remuneration and incentive systems in line with the market.

In financial year 2014/15, the Supervisory Board resolved to establish a Project Committee with respect to the implementation of various measures for debt financing, including providing approval for implementation of the relevant transactions. The Project Committee was empowered to grant all further approvals required from the Supervisory Board for borrowings, as well as the precise terms and conditions in this respect. The Project Committee consisted of Hannes Androsch (Chairman), Willibald Dörflinger, Regina Prehofer, Wolfgang Fleck and Günther Wölfler. The Project Committee met once during the financial year 2015/16, with all committee members taking part, and discontinued its activities on 24 September 2015 – after the Supervisory Board passed a resolution approving a number of debt financing measures as requested by the Management Board and supported by the Project Committee. Subsequently, matters of financing were again discussed exclusively by the full Supervisory Board.

SELF-EVALUATION OF THE SUPERVISORY BOARD The Supervisory Board annually performs self-evaluation, as it did again in the financial year 2015/16, to ensure the continuous improvement of its working practices and the fulfillment of its responsibilities to the shareholders and other stakeholders. The annual evaluation carried out by the Supervisory Board confirmed that its regular practices meet the requirements of the Austrian Stock Corporation Act and the Austrian Corporate Governance Code (ÖCGK), and that its organisation, work practices and orientation in the interest of the shareholders and all other stakeholders are effective. The self-evaluation will continue to constitute an important component of critical review by the Supervisory Board of its own activities.

ANNUAL FINANCIAL STATEMENT AND DIVIDENDS

The Supervisory Board of AT&S proposed that PwC Wirtschaftsprüfung GmbH, Vienna be appointed Company and Group auditors for the financial year 2015/16. The proposal was approved by the Annual General Meeting of 9 July 2015.

The annual financial statements of AT & S Austria Technologie & Systemtechnik Aktiengesellschaft and the consolidated financial statements for the year ended 31 March 2016 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 2015/16 were consistent with the annual financial statements and the consolidated financial statements. Based on the prior discussions of the Audit Committee, and following its own detailed discussions and examination, the Supervisory Board approved the Company's annual financial statements for the year ended 31 March 2016 in accordance with Section 96 (4) Austrian Stock Corporation 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 Commercial Code (UGB) and with IFRS, as well as the Management Report, the Group 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. Pursuant to the recommendation of the Audit Committee, the Supervisory Board of AT&S will propose to the 22nd Annual General Meeting that PwC Wirtschaftsprüfung GmbH, Vienna be appointed Company and Group auditors for the financial year 2016/17.

The Supervisory Board adopts the Management Board's recommendation for the allocation of profits. Accordingly, from the reported net profit as at 31 March 2016 amounting to € 40,075,119.15 (whereof distributable: € 38,493,735.07), an amount of € 13,986,000.00, which corresponds to € 0.36 per share, should be distributed as dividends. The remaining amount of € 26,089,119.15 should be carried forward.

THANKS TO THE MANAGEMENT BOARD AND ALL AT&S EMPLOYEES

The past financial year was particularly challenging, marked by the requirements of the existing business as well as the continued construction, qualification, certification and commissioning of a highly modern new production site for IC substrate technology, which is new for AT&S. Finally, the Supervisory Board would like to express its gratitude and acknowledgement to the entire Management Board and all employees for their outstanding achievements and commitment in the past financial year.

On behalf of the Supervisory Board

Leoben-Hinterberg, 6 June 2016

Hannes Androsch m.p.
Chairman of the Supervisory Board

Investor Relations

AT&S share at a glance

Initial listing
16 July 1999
Frankfurt, "Neuer Markt"
starting 20 May 2008
Vienna, Prime Market

Number of ordinary shares
38,850,000

Securities Identification No.
969985

ISIN Code
AT0000969985

Ticker symbol
ATS

Reuters
ATS.VI

Bloomberg
ATS AV

Indices
ATX, ATX GP, WBI, VÖNIX

DEVELOPMENTS IN THE CAPITAL MARKET Persistent volatility with high short-term price fluctuations was the defining characteristic of development in the global capital markets in the past financial year. The first months of financial year 2015/16 were dominated by the continuing uncertainty of Greece remaining in the Eurozone. Nevertheless, both the DAX and ATX as well as the Dow Jones Industrial (DJI) indexes already reached their high for the year in the first quarter of the financial year 2015/16. Concerns about the economic performance in China, which had been fed by a devaluation of the Chinese currency, resulted in broad share price losses on all relevant capital markets. In December 2015, after the US central bank triggered a positive reaction on the markets with its decision to raise interest rates for the first time in nearly a decade, the drop in the price of crude oil in the last quarter of the financial year – temporarily falling to its lowest point in 13 years – shaped the performance of the financial markets. Combined with renewed turbulence on Chinese stock exchanges, this caused extensive price losses from which the markets were able to recover to some extent during the final weeks of the financial year. In light of these events, the performance of the Dow Jones Industrial in USA amounted to -0.5% in the period from April 2015 to March 2016. The technology-focused NASDAQ 100 stock index gained 3.5% in the same period. After major fluctuations over the course of the financial year, the key German index DAX closed at the end of March with a decline of 16.7% compared to the beginning of April 2015. The share index for Europe as a whole, the Euro Stoxx 50, declined by 18.7%. In unison with international capital markets, the Viennese benchmark index, the ATX, as well as the broader ATX Prime, partly recovered from their lows at the start of the 2016 calendar year, and lost 9.5% and 7.6% respectively.

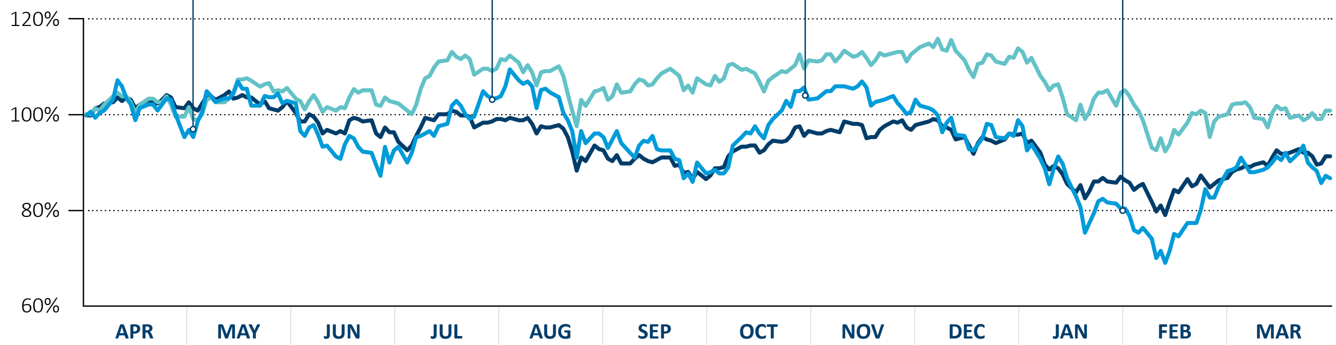
AT&S SHARE PERFORMANCE AND LIQUIDITY The AT&S share began the financial year 2015/16 at a price of € 14.72 and reached its high for the reporting period of € 16.35 at the beginning of August 2015. In line with events on international capital markets, there was a subsequent price correction until the low of € 10.12 was recorded in February 2016. The AT&S share then performed well in the last weeks of the financial year and significantly recovered from its low point. The price at the end of the reporting period on 31 March 2016 was € 12.90. For financial year 2015/16, this corresponds to a decline of 11.8% (closing price on 31 March 2015: € 14.62). Compared to the ATX Prime Index of the Vienna Stock Exchange, which fell by 7.6% in the past financial year, this represents a slightly below-average performance. The average daily trading volume for 2015/16 was 65,400 shares (single-counted). AT&S shares were traded for a total value of € 225.9 million in the reporting year, resulting in an average daily turnover of € 914,387 (prior year: € 693,255). The increase in trading volume was also essential for the first-time inclusion of AT&S in the leading Austrian benchmark, the ATX, of which the AT&S share has been a part since 21 March 2016. The acceptance criteria for the ATX are the average daily trading volume over the past twelve months and the free-float capitalisation as of the end of February 2016. AT&S has also been included since June 2015 in the Austrian sustainability index, VÖNIX. This index consists of the shares of companies that stand out from their peers with respect to ecological and social activities and performance.

ANNUAL RESULTS 2014/15
- Record year for AT&S
- Revenue: + 13.1%, EBITDA: + 31.8%, EBITDA margin: 25.1%, earnings per share of €1.78
- One of the most profitable companies in the printed circuit board industry

Q1 2015/16
- Limited seasonality
- Increase in revenue of 37.6%, EBITDA margin 23.4%, earnings per share rise by 159.2% to €0.50
- Revenue guidance increase to €725 million

H1 2015/16
- Very high capacity utilisation
- Increase in revenue of 28.2%, EBITDA margin 24.1%, and earnings per share rise to €1.08
- Further revenue guidance increase to €740 million
- Revenues from advanced packaging technology triple and achieve positive earnings

Q1–Q3 2015/16
- Growth significantly stronger than the printed circuit board market
- Increase in revenue of 19.4%, EBITDA margin at 24.0%, and earnings per share at €1.55
- Slight weakening in demand for mobile end devices in the last months of the 3rd quarter



INTERNAL EVENTS

Qualification and certification of Chongqing plant I

- Announcement of Chongqing expansion
- AT&S Technology Forum
- Start serial production of IC substrates
- Listing in the VÖNIX sustainability index
- Capital Markets Day in Chongqing
- AT&S cooperation with Fairphone
- Start of construction – Chongqing Plant II
- AT&S share price high of € 16.35
- 21st Annual General Meeting
- Conclusion of promissory note loan agreement for around € 221.0 million
- Roof topping-off ceremony for Chongqing II
- Listing on the ATX index

EXTERNAL EVENTS

APRIL TO AUGUST 2015:
uncertainty over Greece remaining in the Eurozone

- Rising tensions between Turkey and Russia
- Crude oil temporarily falls to 13-year low
- Tec DAX temporarily falls to under 1,500 points
- DAX falls below 9,000 points, ATX falls below 2,000 points
- DAX reaches new all-time high of 12,391 points
- Equity markets in China fall by more than 30%
- Renminbi devalued
- DAX below 10,000 points, Dow Jones below 16,000 points
- ECB does not fulfill expectations of a further loosening of monetary policy
- The FED raises interest rates
- Tec DAX reaches its high for the reporting period of 1,889 points
- Trading volume on the Vienna Stock Exchange rises by 24%
- Greek referendum on reform measures
- High for the year for the ATX at 2,681 points
- New high for the Dow Jones at 18,351 points
- The FED declines an increase in interest rates
- VW scandal emerges
- Euro Stoxx 50 falls to just under 3,000 points
- Turbulence on equity markets in China
- Share prices fall globally, Dow Jones again below 16,000 points

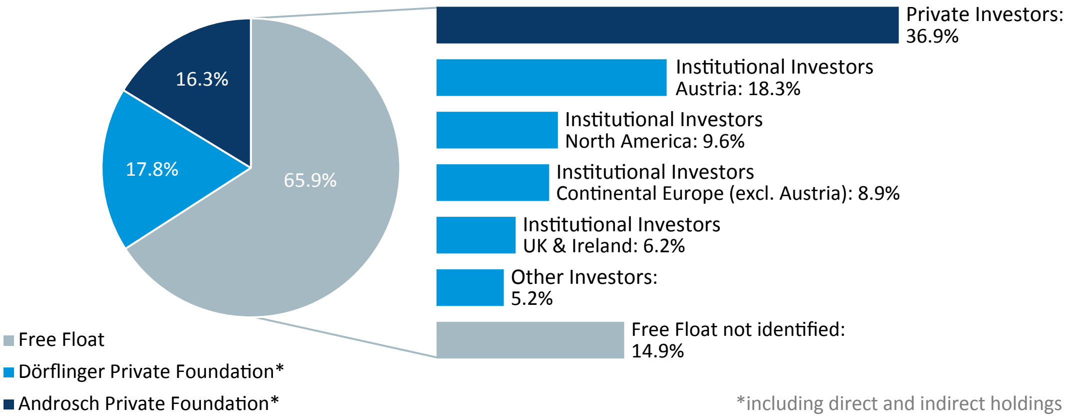
AT&S　ATX Prime　Tec DAX

Key Stock figures	Unit	2015/16	2014/15	2013/14
Closing price at 31 March	€	12.90	14.62	8.75
High	€	16.35	15.55	9.12
Low	€	10.12	7.68	6.15
Market capitalisation, end of reporting period	€ in millions	501.2	568.0	339.9
Average share turnover per day	€ in thousands	914.4	693.3	496.6
Average number of shares traded per day	Shares	65,400	67,000	50,200
Dividend per share[1)]	€	0.36	0.36	0.20
Dividend yield (at the closing price)	%	2.8%	2.5%	2.3%
Earnings per share	€	1.44	1.78	1.24
Carrying value per share	€	14.64	15.56	10.06
Price-earnings ratio per share	-	8.96	8.21	7.06

1) 2015/16: Proposal to the Annual General Meeting on 7 July 2016.

DIVIDEND POLICY Through to the financial year 2011/12, the amount of the AT&S dividend was linked to "cash earnings". On average, approximately 10% of cash earnings was distributed as dividends. With the start of the IC substrates investment project in Chongqing, this dividend policy was temporarily suspended and replaced by a fixed amount of € 0.20 per share for the financial years 2012/13 and 2013/14, and € 0.36 per share for the financial year 2014/15. For the financial year 2015/16, the Management Board will propose a dividend of € 0.36 per share to the Annual General Meeting on 7 July 2016.

SHAREHOLDER STRUCTURE Regional split as % of shares outstanding (free float)



*including direct and indirect holdings

ANALYSIS OF THE AT&S SHARE As at 31 March 2016, the AT&S share was analysed by the following eight investment banks.

Investment bank	Recommendation	Investment bank	Recommendation
Berenberg Bank	Buy	Kepler Cheuvreux	Hold
Erste Group	Buy	Oddo Seydler Research	Neutral
Hauck & Aufhäuser	Hold	Raiffeisen Centrobank	Hold
HSBC	Buy	Wood & Company	Buy

The names of the analysts and the respective analysis date and price target are available on the website www.ats.net/investors.

ROADSHOWS AT&S continued its extensive programme of roadshows in financial year 2015/16, providing information to existing and potential investors, both private and institutional, as well as analysts as part of over 20 roadshows and investor conferences as well as numerous teleconferences and individual meetings and a Capital Markets Day. The programme covered relevant capital market centres in Europe, Asia and the USA. At the centre was information about development of the new plant for IC substrates in Chongqing and the progress toward the certification as the start of serial production. In connection with this, the Capital Markets Day was held in June 2015 in Chongqing to give the participants a first-hand view directly at the site. A medium-term technology roadmap was also outlined. Further important topics in the dialogue with the capital market participants were the current trends in the market and in technology as well as the developments in the customer segments.

CAPITAL MARKET COMMUNICATION The AT&S investor relations team is committed to transparent, proactive and continuous communication with all capital market participants on an equal basis. By means of comprehensive dialogue and by providing information that is timely and relevant, we aim to reinforce long-term confidence in AT&S, its business model and the associated opportunities and risks. All relevant information for capital market participants is available on our comprehensive Investor Relations website at http://www.ats.net/investors, and information can also be sourced through the AT&S Twitter page (@ATS_IR_PR) and YouTube channel (ATundS). For greater transparency and the equal treatment of all shareholders, AT&S broadcasts its Annual General Meeting and twice-yearly press conferences on the Internet. In connection with this, the Investor Relations team is also pleased to receive requests and feedback on the Shareholders Hotline (see Contact). We cordially invite all shareholders to attend the next Annual General Meeting on 7 July 2016. All current and complete information is published on the website. The resolutions from the last Annual General Meeting as well as all information and documents are also available on the website.

Financial Calendar

27 June 2016	Record date Annual General Meeting
07 July 2016	22nd Annual General Meeting
26 July 2016	Ex-dividend day
27 July 2016	Record date dividend
28 July 2016	Dividend payment day
28 July 2016	Results for the first quarter 2016/17
03 November 2016	Results for the first half-year 2016/17
31 January 2017	Results for the first three quarters 2016/17
09 May 2017	Annual results 2016/17

CONTACT/SHAREHOLDER'S HOTLINE

Elke Koch
Phone.: +43 (0)3842 200-5925
Email: ir@ats.net

Corporate Governance Report

TABLE OF CONTENTS

Principles and Corporate Governance Declaration

CORPORATE GOVERNANCE CODE In Austria, the Corporate Governance Code (ÖCGK) 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 amended where necessary.

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

Its basis 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 rules of the ÖCGK are divided into three categories:

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

The version of the ÖCGK 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 shares have been listed on the Vienna Stock Exchange since 20 May 2008. In order to qualify for inclusion in the Prime Market, companies must provide an undertaking to comply with the ÖCGK. AT&S has therefore expressly subscribed to the ÖCGK since its shares were listed.

AT & S Austria Technologie & Systemtechnik Aktiengesellschaft (AT&S) declares its adherence to the Austrian Corporate Governance Code (ÖCGK) as amended in January 2015, 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 2015/16. It is also available on the company's website, www.ats.net, under Company – Corporate Governance – Reports. With the following declarations of undertaking, AT&S complies as of 31 March 2016 with the provisions of the Code as amended in January 2015:

C-RULE 18A Internal Audit conducts regular group-wide reviews based on an audit plan approved by the Audit Committee, which includes measures to fight corruption in the Group. It reports to the Audit Committee on this matter regularly and also if warranted by particular events.

C-RULES 27–28A AND ALL RELATED PROVISIONS 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 Heinz 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 Andreas 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 Andreas Gerstenmayer was signed in January 2010, nor when his Management Board appointment was renewed in 2013. This was not considered necessary because the Group’s stock option scheme had already expired (see below). Furthermore, the Management Board and Supervisory Board work closely together on the long-term development of the Group. The Supervisory Board and the Nomination and Remuneration Committee also regularly analyse the broader long-term orientation of Management Board remuneration. The following deviations from the rules currently require explanation:

The Group's now-expired stock option scheme did not require the beneficiaries to hold shares in the Group, and provided only 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 having been made on 1 April 2012. Options granted under this scheme may still be exercised until 31 March 2017.

After extensive planning, a long-term incentive ("LTI") programme for the Management Board and key staff was implemented by resolution of the Supervisory Board on 3 July 2014 as a replacement for the stock option scheme that expired with the last distribution on 1 April 2012. The new programme is based on stock appreciation rights ("SAR"). The Management Board and Supervisory Board also work continuously to raise the performance of AT&S Group still further with respect to non-financial targets. However, in order to maintain the transparency and traceability of target achievement as it relates to variable long-term remuneration, no fixed non-financial criteria for remuneration under the long-term incentive programme are stipulated. Details of this long-term incentive programme can be found in the section on Management Board remuneration.

The variable remuneration of the Management Board in financial year 2015/16 (not in the form of stock options and SAR), which was accounted for in total remuneration and for which provisions have been established until payout in financial year 2016/17, was dependent on the achievement of three performance indicators defined in the budget for the respective financial year: return on capital employed (ROCE), cash earnings, each with a 45% weighting, and the innovation revenue rate (IRR), with a 10% weighting. The basic prerequisite for awarding this variable remuneration is positive EBIT for the Group as a whole for the financial year and attainment of the target EBIT for the Group as a whole by at least 70% (the "hurdle rate"). If these key performance indicators are exceeded, 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 the future business success of the Group. It can also be reliably measured. IRR represents the share of total revenue generated from technologically innovative products introduced in the past three years. The three-year reference period provides a long-term component of variable remuneration.

Management Board members are contractually entitled to termination benefits in accordance with the Salaried Employees Act (AngG), applied mutatis mutandis (“old system for severance pay”), if their appointments are terminated. In the event of premature termination of a Management Board member's appointment by the respective board member for reasonable cause, or where the function becomes obsolete for legal reasons, remuneration is payable until the end of the appointment contract, and not necessarily for a maximum of two years. Where a Management Board member resigns their appointment or is removed from office for severe breach of duty, and in the event of death, payment of salary ceases at the end of the applicable month. Subject to termination provisions in accordance with the Salaried Employees Act, compensation payments in the case of premature termination of Management Board appointments, even if without good cause, could exceed more than two years' total remuneration in exceptional cases.

AT&S AG Management Board

As a collective executive body, the Management Board is jointly responsible for the management of the company. Each member of the Management Board is also responsible for defined areas of the business, in addition 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 a joint decision by all Management Board members. Meetings of the Management Board are characterised by a culture of open discussion. 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 is required to obtain the prior consent of the Supervisory Board for business transactions as stipulated by law and the Articles of Association or rules and procedures issued by the Supervisory Board to the Management Board. Internal Audit reports directly to the Management Board. The audit plan and any material outcomes must be reported to the Audit Committee of the Supervisory Board 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 24 Management Board meetings. Written minutes of all Board meetings and decisions are required.

As at 31 March 2016 and during the entire reporting period, the Management Board of AT&S was composed of Andreas Gerstenmayer as Chairman (CEO), Karl Asamer as Deputy Chairman and Chief Financial Officer (CFO) and Heinz Moitzi as Chief Operating Officer (COO).

In addition to the statutory collective responsibility, functional responsibility is allocated to the members of the Management Board as follows:

a) Andreas Gerstenmayer is Chairman of the Management Board (CEO) and responsible for:

- Sales and Marketing
- Human Resources
- Investor Relations, Public Relations and Internal Communications
- Business Development & Strategy
- Compliance
- CSR & Sustainability

b) Karl Asamer is Deputy Chairman of the Management Board with responsibility as CFO for:

- Finance and Accounting, Treasury
- Controlling
- Legal Affairs, Risk Management and Internal Audit
- IT and Organisation
- Procurement

c) Heinz Moitzi is COO, with responsibility for:

- Research & Development (R&D)
- Operations
- Quality Management
- Business Process Excellence
- Environment
- Safety

Andreas Gerstenmayer was born on 18 February 1965 and is a German citizen. He is a graduate of the Production Engineering programme 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 (global headquarters). He was first appointed to the Management Board on 1 February 2010 and his current term ends on 31 January 2018. 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 advisory committee of the Styrian Research Council (Forschungsrat Steiermark).

Karl 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. Prior to that, his responsibilities included financial management 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. He became a member of the Management Board of AT&S on 1 April 2014. His current term ends on 31 March 2017. 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.

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 the Austrian higher technical college (HTBL), where he completed his certificate in electrical engineering. In 1981 he was a measurement engineer at the Leoben University of Mining and Metallurgy. Mr Moitzi has been with AT&S since 1981, first as head of the mechanics and electroplating department, then as production and plant manager at Leoben-Hinterberg. From 2001 to 2004 he was project leader and COO of AT&S in Shanghai. Upon his return, he assumed the position of Vice President of Production. He was first appointed to the Management Board on 1 April 2005, and his current term ends on 31 March 2018. 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.

AT&S AG Supervisory Board

AT&S AG Supervisory Board

	Date of birth	Date of first appointment	End of current appointment	Independent according to ÖCGK rule
Hannes Androsch	18.04.1938	30.09.1995[1]	26th AGM 2020	-
Willibald Dörflinger	20.05.1950	05.07.2005	26th AGM 2020	53, 54
Regina Prehofer	02.08.1956	07.07.2011	22nd AGM 2016	53, 54
Karl Fink	22.08.1945	05.07.2005	26th AGM 2020	53, 54
Albert Hochleitner	04.07.1940	05.07.2005	26th AGM 2020	53, 54
Gerhard Pichler	30.05.1948	02.07.2009	25th AGM 2019	53
Georg Riedl	30.10.1959	28.05.1999	22nd AGM 2016	53
Karin Schaupp	23.01.1950	07.07.2011	22nd AGM 2016	53, 54
Wolfgang Fleck	15.06.1962	03.09.2008[2]		n.a.
Sabine Fussi	12.10.1969	14.09.2011[2]		n.a.
Franz Katzbeck	11.02.1964	15.10.2013[2] [3]	resigned[3]	n.a.
Siegfried Trauch	30.08.1960	28.01.2016[2] [3]		n.a.
Günther Wölfler	21.10.1960	10.06.2009[2]		n.a.

[1] 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.

[2] Appointed by the Works Council; date of first appointment in this case is either the date of the first Supervisory Board meeting attended or the date of notification to the Supervisory Board of the appointment.

[3] Siegfried Trauch was appointed to the Supervisory Board by the Works Council effective 28 January 2016, replacing Franz Katzbeck.

The Supervisory Board monitors and supervises Management, and is responsible for decisions that are of fundamental importance to, or involve the strategic focus of, the Group.

Throughout the financial year from 1 April 2015 to 31 March 2016, 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 business issues. The Supervisory Board met five times during the financial year 2015/16, with the participation of the Management Board.

In these meetings, the Management Board and the Supervisory Board discussed the economic position of AT&S Group in depth. As part of the Group's ongoing reporting process and at all board meetings, the Management Board gave the Supervisory Board comprehensive reports on the Group's operating and financial position, and on its investments in other companies, the staff situation and planned capital expenditures. In-depth discussions focused primarily on debt financing, progress on the entry into the IC substrate market and the associated qualification for production and ramp-up of serial production, as well as the further expansion and strategic direction of new site in Chongqing, China, and the Group as a whole.

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 Board. In the financial year 2015/16, 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. The annual evaluation carried out by the Supervisory Board confirmed that its regular practices meet the requirements of the Austrian Stock Corporation Act and the Austrian Corporate Governance Code (ÖCGK), and that its organisation, work practices and orientation in the interest of the shareholders and all other stakeholders are effective. The self-evaluation will continue to constitute an important component of the Supervisory Board's critical review of its own activities.

COMPOSITION

SHAREHOLDER REPRESENTATIVES

Hannes Androsch, Chairman of the Supervisory Board, was first appointed on 30 September 1995. His current appointment runs until the 26th Annual General Meeting in 2020.

Mr Androsch is an industrialist who, from 1970 to 1981, was Austrian Federal Minister of Finance. Between 1976 and 1981 he 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 holds 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 26th Annual General Meeting in 2020.

Mr Dörflinger began his professional career in 1972 at 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 Managing Director from 1986 to 1990. From 1990 to 1994 Mr Dörflinger was Managing Director of AT&S as well as of EUMIG Fohnsdorf Industrie GmbH. In 1994 he joined Hannes Androsch and Helmut Zoidl in the management buyout of AT&S. Until 2005, he served first as Managing Partner, then became a member and finally Chairman of the Management Board. In 2005 he joined AT&S's Supervisory Board.

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

Regina Prehofer, Second Deputy Chairwoman 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.

Ms Prehofer studied commerce and law in Vienna. She started her career in 1981 at Österreichische Kontrollbank. In 1987 she joined 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. From 2011 to 2015 she was Vice Rector with responsibility for finance and infrastructure at the Vienna University of Economics and Business Administration.

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

Karl Fink was first appointed on 5 July 2005. His current appointment runs until the 26th Annual General Meeting in 2020.

Mr Fink 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 Deputy Managing

Director in July 2004. 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, holds a number of supervisory positions and consultative positions within that Group. He is also honorary consul of Montenegro.

Albert Hochleitner was first appointed on 5 July 2005. His current appointment runs until the 26th Annual General Meeting in 2020.

Mr 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 joined Siemens AG, where he was head of the electric motors business in the automotive technology sector based in Wurzburg. 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 becoming a member of the Supervisory Board of Siemens AG in 2005, which he left in 2010 because of reaching the applicable age limit for members of the Supervisory Board.

Gerhard Pichler was first appointed on 2 July 2009. His current appointment runs until the 25th Annual General Meeting in 2019.

Mr Pichler 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.

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

Mr Riedl acquired his doctorate in law in 1984 from the University of Vienna. In 1991 he commenced independent practice at Riedl & Ringhofer. He has been in independent practice since 2013 at the law office of Frotz Riedl Rechtsanwälte. He specialises in business, commercial, corporate, foundation and tax law, mergers and acquisitions, and contract law.

Other Supervisory Board or similar positions held by Mr Riedl in listed companies:

- VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe

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

Ms Schaupp earned her doctorate at the Karl Franzens University in Graz in 1978 and began her career as a university 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 Southeastern Europe. In 2000 she was appointed to the management board of Fresenius Kabi AG, Bad Homburg, with responsibility for worldwide operations. She has been 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 at 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 there is an odd number of shareholders' representatives, 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 appointed to the Supervisory Board by the Works Council. Effective 28 January 2016, Siegfried Trauch was appointed by the Works Council to the Supervisory Board, replacing Franz Katzbeck. Thus, Franz Katzbeck resigned from the Supervisory Board on this date.

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 Group 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.
- During the last three years, the Supervisory Board member was neither a statutory auditor of the Group, 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 Group, 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.

In the meeting of 17 March 2016, the members of the Supervisory Board representing shareholder interests each declared whether they were independent as determined by the above criteria. Seven of the eight members of the AT&S AG Supervisory Board representing shareholder interests declared that they were independent. Mr 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 – Regina Prehofer, Karin Schaupp, Willibald Dörflinger, Karl Fink and Albert Hochleitner – declared themselves independent within the meaning of this rule.

DIVERSITY Expertise and management experience are vital considerations when selecting members of the Supervisory Board. Diversity is also a consideration in its composition. Three members of the Supervisory Board are women, representing a proportion of female members of 25% – significantly above the Austrian average. The age of Supervisory Board members ranges from 46 to 78. All members of the Supervisory Board representing shareholder interests have extensive experience in international business.

AGREEMENTS REQUIRING APPROVAL In connection with various projects, the Group obtained the services from consulting companies where the Chairman of the Supervisory Board Hannes Androsch, as member of the Management Board, has full authority to act on behalf of the company (AIC Androsch International Management Consulting GmbH) and where the First Deputy Chairman of the Supervisory Board Willibald Dörflinger, as Managing Director, has full authority to act on behalf of the company (Dörflinger Management & Beteiligungs GmbH). The Group obtained legal services from Frotz Riedl Rechtsanwälte, where member of the Supervisory Board Georg Riedl works as an independent attorney.

€ in thousands	2015/16	2014/15
AIC Androsch International Management Consulting GmbH	395	380
Dörflinger Management & Beteiligungs GmbH	5	8
Frotz Riedl Rechtsanwälte	-	3
Total	**400**	**391**

COMMITTEES In order to provide effective support and to properly address complex technical matters, the Supervisory Board has established two permanent committees for in-depth analysis of particular issues and regular reporting to the Supervisory Board. In the financial year 2014/15, the Supervisory Board also established a Project Committee to review matters related to debt financing. This committee continued its mandate in financial year 2015/16 and was discontinued upon resolution of these matters.

AUDIT COMMITTEE In the financial year under review, the Audit Committee comprised:

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

These members were confirmed in the extraordinary (constitutive) meeting of the Supervisory Board that took place in connection with this after the Annual General Meeting on 9 July 2015.

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 Group'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 2015, the planning and preparation for the audit of the annual and consolidated annual financial statements for the financial year 2015/16, and the discussion of the risk management, internal control and internal audit systems. The chairwoman of the Audit Committee was also involved in the quarterly reporting in the financial year 2015/16.

NOMINATION AND REMUNERATION COMMITTEE Until 9 July 2015, this committee comprised:

- Hannes Androsch (Chairman)
- Karl Fink
- Albert Hochleitner
- Wolfgang Fleck
- Günther Wölfler

Since the election in the extraordinary (constitutive) meeting of the Supervisory Board that took place after the Annual General Meeting on 9 July 2015, the Nomination and Remuneration Committee comprised the following members:

- Hannes Androsch (Chairman)
- Willibald Dörflinger (Deputy Chairman)
- Georg Riedl
- Wolfgang Fleck
- Günther Wölfler

The Nomination and Remuneration Committee submits proposals to the Supervisory Board for appointments to fill vacancies on the Management Board whenever necessary. It deals with succession planning issues and the remuneration of Management Board members. The committee met three times for these purposes in the financial year 2015/16.

The Nomination and Remuneration Committee is authorised to make decisions in urgent cases. All of the committee members representing shareholders possess knowledge of and experience in the area of remuneration policies.

PROJECT COMMITTEE In financial year 2014/15, the Supervisory Board – in connection with a policy resolution of the same date concerning the implementation of various measures for debt financing – resolved under Section 17 of the Articles of Association to create a Project Committee made up of Supervisory Board members to oversee further progress, including giving approval for implementation of the relevant transactions. The Project Committee comprised the following members:

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

The Project Committee was authorised by the Supervisory Board to provide all further approvals required for issuing bonds, or assuming another form of debt, and the precise terms and conditions with respect to this.

The Project Committee, which was formed on 19 March 2015, and thus at the end of the financial year, met once during the financial year 2015/16, with all committee members taking part, and dissolved on 24 September 2015 after the Supervisory Board passed a resolution approving a number of debt financing measures as requested by the Management Board with the support of the Project Committee. Subsequently, matters of financing were discussed solely by the full Supervisory Board.

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 2015/16 annual and consolidated financial statements.

MANAGEMENT BOARD REMUNERATION Total remuneration paid to members of the Management Board in the financial year:

	Financial year 2015/16			Financial year 2014/15		
€ in thousands	Fixed	Variable	Total	Fixed	Variable	Total
Andreas Gerstenmayer	430	457	887	429	506	935
Karl Asamer	376	277	653	374[1)]	301	675
Heinz Moitzi	360	289	649	359	361	720
Total	**1,166**	**1,023**	**2,189**	**1,162**	**1,168**	**2,330**

1) Last year's figure was slightly adjusted for a proportionate 13th and 14th salary, based on the assignment as of 1 April 2014.

The fixed element represented 48.48% of Mr Gerstenmayer's total remuneration, and the variable element 51.52%. The fixed element represented 57.58% of Mr Asamer's total remuneration, and the variable element 42.42%. The fixed element represented 55.47% of Mr Moitzi's total remuneration, and the variable element 44.53%. For the Management Board as a whole, the fixed element represented 53.27% of total remuneration, and the variable element 46.73% in the financial year 2015/16.

The stock option based system of Management Board remuneration at AT&S is based on the Stock Option Scheme 2009-2012, in which allocations were made 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 of every year

	Total	2012	2011	2010	2009
Andreas Gerstenmayer	120,000	40,000	40,000	40,000	–
Heinz Moitzi	120,000	30,000	30,000	30,000	30,000
Exercise Price (€)		9.86	16.60	7.45	3.86

The options granted may be exercised in tranches: up to 20% after two years, up to an additional 30% after three years, and up to an additional 50% after four years (from the allotment date). 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 granting expire without compensation. If the end of the five-year period falls within a restricted period, however, the restricted period will interrupt that five-year period. Options can be exercised again after the restricted period for the length of time the interruption occurred. The five-year period is extended in this special case. Options not exercised by the end of any five-year period extended in this manner become invalid and lapse without compensation. The stock option scheme in question ended with the last allotment made on 1 April 2012. Options allotted on 1 April 2012 and not yet exercised (see Directors' holdings and dealings, including changes in the financial year 2015/16) may still be exercised until 31 March 2017.

By resolution of the Supervisory Board on 3 July 2014, a long-term incentive ("LTI") programme for the Management Board and key staff was implemented as a replacement for the stock option scheme that expired with the last distribution on 1 April 2012. The new programme is based on stock appreciation rights ("SAR"). SAR are rights to appreciation in value based on share performance over a defined period of time. As with stock options, but without a granting of actual shares or an option for such granting, the recipient receives financial remuneration only if the performance of the share price is positive. In particular, the conditions include long-term and multiple-year performance criteria, a minimum vesting period of three years (with a subsequent exercise period of no more than two years), a minimum own investment by the recipient, and an upper limit on the potential financial benefits.

- Earnings per share (EPS) determines how many of the SAR allotted may actually be exercised once the vesting period ends. The EPS established by the medium-term plan for the reporting date of the third year following the allotment applies as the target. If, at the end of the vesting period, less than 50% of the EPS target has been achieved, the allotted SAR are forfeited. If 100% or more of the EPS target has been achieved at the end of the vesting period, all of the allotted SAR may be exercised. If achievement of the target is between 50% and 100%, the allotted SAR may be exercised in linear proportion to the percentage achieved.
- Own investment is a mandatory prerequisite for exercising SAR. The own investment is made by purchasing shares corresponding to 20% of the total allotment amount in SAR for a given year (e.g. for an allotment of 5,000 SAR, the own investment is 1,000 shares). If the own investment has not been made in full by the end of the vesting period (after three years), SAR are forfeited in a corresponding amount. The own investment must be held for the entire period of participation in the LTI programme.
- The exercise price is determined on the allotment date and is equal to the average closing price of AT&S shares on the Vienna Stock Exchange during the six months preceding the respective allotment date.
- The performance of the share price determines the amount of the LTI awarded to the recipient: The difference between the exercise price of the relevant virtual allotment and the closing price of the AT&S share on the Vienna Stock Exchange on the exercise date is multiplied by the number of SAR. There are no premiums on the exercise price and payouts are made in cash. In the event of extraordinary positive performance, the payout amount per SAR is limited to the amount represented by 200% of the respective exercise price. (Example: for an exercise price of € 8.00, the maximum value per SAR is € 16.00, which means that any share closing price above € 24.00 produces no associated increase in the value per SAR.)

In this LTI Programme for 2014 – 2016, three allotment tranches were possible between 1 April 2014 and 1 April 2016. To date, the following number of SAR has been allotted to members of the Management Board at the exercise price indicated:

Allocated on 1 April of each year

	Total	2015	2014
Andreas Gerstenmayer	80,000	40,000	40,000
Karl Asamer	60,000	30,000	30,000
Heinz Moitzi	60,000	30,000	30,000
Exercise Price (€)		10.70	7.68

The variable remuneration of the Management Board in financial year 2015/16 (not in the form of stock options and SAR), which was accounted for in total remuneration and for which provisions have been established until payout in financial year 2016/17, was dependent on the achievement of three performance indicators defined in the budget for the respective financial year: return on capital employed (ROCE), cash earnings, each with a 45% weighting, and the innovation revenue rate (IRR), with a 10% weighting. The basic prerequisite for awarding this variable remuneration is positive EBIT for the Group as a whole for the financial year and the attainment of the target EBIT for the Group as a whole by at least 70% (the "hurdle rate"). If these key performance indicators are exceeded, 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. Innovative strength – the development of new technologies, products or product types – is a crucial factor for the future business success of the Group. It can also be reliably measured: IRR represents the share of total revenue generated by technologically innovative products introduced in the past three years. The three-year reference period provides a long-term component of variable remuneration. Management Board members are contractually entitled to termination benefits in accordance with the Salaried Employees Act (AngG), applied mutatis mutandis ("old system for severance pay"), if their appointments are terminated. In the event of premature termination initiated by a Management Board member for reasonable cause, or if the function is eliminated 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 the event of death, payment of salary ceases at the end of the applicable month. There are no other rights or entitlements arising from the termination of appointments.

Mr Gerstenmayer and Mr Moitzi have pension entitlements in the form of defined benefit or defined contribution plans agreed individually. For Andreas Gerstenmayer, a contribution of 10% of monthly gross salary is paid into a pension fund. Mr Moitzi's pension entitlement is 1.2% of his most recent salary for each year of service, up to a maximum of 40%. 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 taxable remuneration is considered when calculating the net salary), 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 2015/16 for the previous financial year was in accordance with the resolution passed at the 21st Annual General Meeting of 9 July 2015.

in €

Member	Fixed fee	Committee fee	Variable remuneration	Attendance fee	Total
Hannes Androsch	30,000	3,000	18,700	2,400	54,100
Willibald Dörflinger	25,000	–	9,350	2,400	36,750
Regina Prehofer	20,000	3,000	9,350	2,000	34,350
Karl Fink	20,000	2,000	9,350	2,000	33,350
Albert Hochleitner	20,000	2,000	9,350	2,400	33,750
Gerhard Pichler	20,000	2,000	9,350	2,400	33,750
Georg Riedl	20,000	2,000	9,350	2,400	33,750
Karin Schaupp	20,000	–	9,350	2,000	31,350
Total	**175,000**	**14,000**	**84,150**	**18,000**	**291,150**

The Chairman of the Supervisory Board receives fixed remuneration of € 30,000 per financial year, the First Deputy Chairman € 25,000 and all other elected members € 20,000. Chairmanship of a standing committee (Nomination and Remuneration Committee, Audit Committee) is remunerated with a fixed amount of € 3,000 per financial year, and membership of a standing committee with € 2,000. The attendance fee is € 400 per Supervisory Board meeting and all cash expenses are reimbursed. Members of the Supervisory Board also receive variable remuneration based on the short-term achievement of defined targets for the performance indicators cash earnings (with a weighting of 45%), ROCE (return on capital employed; also with a weighting of 45%) and the innovation revenue rate (IRR) with a weighting of 10%. If the targets are achieved 100%, the Chairman receives € 10,000 and other members € 5,000. If the key performance indicators for ROCE, Cash

Earnings and IRR are exceeded, variable remuneration of a maximum of 200% of the base described above is paid. Members of the Supervisory Board do not receive stock options in the Group. Since the targets established for variable remuneration in the budget for financial year 2014/15 were achieved, variable remuneration accrued for that year and was subsequently paid out in accordance with the resolution by the 21st Annual General Meeting of 9 July 2015.

The employee representatives perform their duties on the Supervisory Board voluntarily and therefore receive no separate remuneration for their position.

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 and selected other senior staff. 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)		
	As of 31 Mar 2015	Change	As of 31 Mar 2016	% capital[1)]	As of 31 Mar 2015	Exercised/ lapsed	As of 31 Mar 2016
Andreas Gerstenmayer	10,000	–	10,000	0.03%	80,000	20,000	60,000
Karl Asamer	4,000	5,000	9,000	0.02%	–	–	–
Heinz Moitzi	2,786	2,214	5,000	0.01%	60,000	–	60,000
Hannes Androsch	599,699	–	599,699	1.54%	–	–	–
Androsch Privatstiftung	6,339,896	–	6,339,896	16.32%	–	–	–
Willibald Dörflinger	–	–	–	–	–	–	–
Dörflinger Privatstiftung	6,902,380	–	6,902,380	17.77%	–	–	–
Karl Fink	–	–	–	–	–	–	–
Albert Hochleitner	–	–	–	–	–	–	–
Gerhard Pichler	26,768	–	26,768	0.07%	–	–	–
Regina Prehofer	–	–	–	–	–	–	–
Georg Riedl	15,482	–	15,482	0.04%	–	–	–
Karin Schaupp	–	–	–	–	–	–	–
Wolfgang Fleck	–	–	–	–	–	–	–
Sabine Fussi	–	–	–	–	–	–	–
Franz Katzbeck	–	–	–	–	–	–	–
Siegfried Trauch	–	–	–	–	–	–	–
Günther Wölfler	–	–	–	–	–	–	–

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

The individual directors' dealings notifications can be viewed in and downloaded from the FMA Directors' Dealings Database, at https://www.fma.gv.at/en/companies/issuers/directors-dealings/directorsdealings-database.html.

Other codes of conduct

CODE OF BUSINESS ETHICS AND CONDUCT AT&S has established its own code of ethics and conduct, which describes how AT&S conducts its business in an ethical and socially responsible way. These principles apply to all AT&S's activities worldwide, to all AT&S segments, and to all companies that are part of the AT&S Group. The AT&S Code of Business Ethics and Conduct is based on the ethics standard SA8000. AT&S is committed to meeting the requirements of the Electronic Industry Citizenship Coalition (EICC). Integrity and compliance with both legal and ethical principles are essential for maintaining the credibility, trustworthiness and authenticity of the Group. 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 does not tolerate any form of discrimination, for example on the basis of gender, age, religion, or ethnic origin, in activities such as recruitment, remuneration and promotion.

CAPITAL MARKET COMPLIANCE As a company listed on the Vienna Stock Exchange, AT&S acknowledges its responsibility to prevent the abuse of compliance-related information and insider information through appropriate measures and in accordance with applicable laws and regulations. AT&S attaches great importance to the equal treatment of all investors and the provision of comprehensive information. AT&S also complies with laws related to third parties such as customers and suppliers. All employees are therefore required to conduct themselves with due care in this respect. AT&S supports the aim of the ÖCGK to raise Austrian and foreign investors' confidence in the Austrian financial market by enhancing transparency and reinforcing standard principles.

For the purpose of preventing insider trading and ensuring compliance with other relevant capital market regulations, the Group has adopted a Compliance Code ("Corporate Directive Issuer Compliance") that also applies to all Supervisory Board members. The Corporate Directive Issuer Compliance was most recently updated in the financial year 2015/16, and the amended version entered into force on 15 October 2015. These guidelines apply to all companies in the AT&S Group, and all employees and governing bodies, including the Supervisory Board. It applies in particular to certain persons working in sensitive areas and contains detailed instructions, guidelines and aids to ensure compliance with the relevant regulations.

ADVANCEMENT OF WOMEN IN SENIOR MANAGEMENT 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 at AT&S and its subsidiaries. Although no women are represented on the Management Board of AT&S, 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 average for Austrian companies. At the end of the financial year, the proportion of female employees at AT&S was 35%. The female proportion in Europe at 43% and the United States at 37% are still significantly higher than in Asia, where the proportion of females employed by AT&S is 33%. Women constitute 10% of the employees reporting directly to the Management Board of the AT&S Group. The Group continues to try 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.

Management Board

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


AT&S


!
TENSION

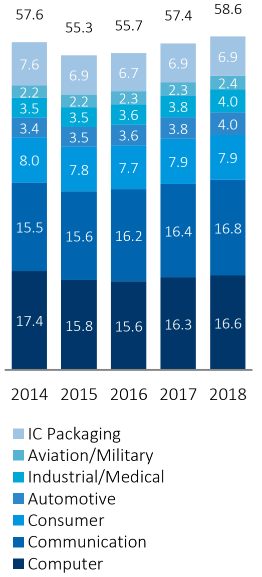
Group Management Report 2015/16

TABLE OF CONTENTS

1. Business development

1.1. Market and industry

PCB market
US$ in billions



Source: Prismark, February 2016

Over the past two decades, the global market for printed circuit boards has been shaped by the growth of and technological change in the electronics industry in general and, in particular, by end devices such as computers – from servers to desktops and notebooks – in addition to smartphones and tablets.

The extraordinary growth rates for smartphones and tablets have slowed considerably, and the market for desktop and notebook computers is declining. The communication and computer segment continue to be the largest buyers of high-end printed circuit boards and substrates.

Contrary to the original estimates by Prismark, which projected average growth in 2015 of around 3% in the market for printed circuit boards and substrates year on year, the market recorded an overall decline of around 4%. AT&S, however, recorded organic growth of 5.2%. A deciding factor in the market downturn in 2015 was a weak demand in the computer segment and in consumer products. The likewise above-average decline in substrates of 8.9% was directly connected to the contraction of 10% in the computer segment.

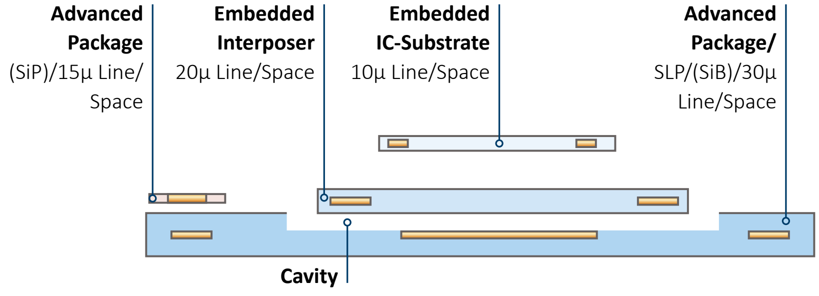
Based on the most recent estimates by Prismark, average annual market growth between 2015 and 2018 will be around 2%. As a result, the global printed circuit board market would not return to its 2014 volume until 2017.

Further reasons for the outlook of low growth for the overall market are the increasing miniaturisation and higher integration in the semiconductor industry as well as the integration of components into substrates and printed circuit boards, which reduces the area needed for these connection platforms. Particularly affected by this are providers in the middle and low-end technology segments. For providers of high-end technologies such as AT&S, these broad market forecasts require a more differentiating analysis.

The technological development of high-end printed circuit boards and substrates will continue to be driven in the next several years by applications in the communication and computer areas. These segments will continue to influence the architecture of the electronic components they need, including semiconductors, and not only accelerate the already rapid technological development of substrates and printed circuit boards, but also drive the convergence of the technologies they use.

According to Moore's law, the continuous miniaturisation in the semiconductor industry will define the associated increase in power density – even if, in the future, it is no longer every two years but a longer interval instead. There will be a simultaneous reduction in semiconductor size and miniaturisation in printed circuit boards and substrates, and thus continued growth in HDI and microvia technology. Furthermore, additional miniaturisation potential will emerge through the combination of production processes and materials for high-end printed circuit boards with the processes and technologies from substrate production.

With the additional integration of components in substrate and printed circuit boards, measurements in all dimensions will become smaller, as the example in the diagram below illustrates.



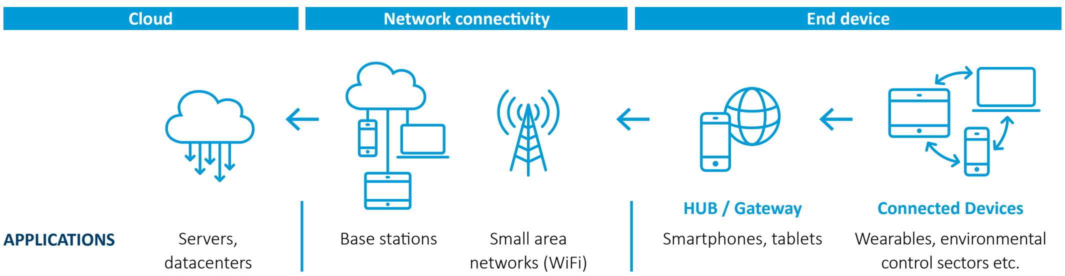
The opportunities that arise from the intelligent combination of various technologies also mean new growth potential for the printed circuit board industry. Thus the assembly service market, which today is controlled exclusively by electronic manufacturing services and original device manufacturing companies, opens up for manufacturers of high-end printed circuit boards and substrates through embedding technologies, as does the packaging market currently dominated by the semiconductor industry.

TRENDS AND TECHNOLOGIES

The world is becoming more digital. The driving forces are the available and nearly omnipresent possibilities for connection, the ever-declining costs of data transmission and sensors, and use of the internet to support communication between electronic devices.

As such, society is poised at the start of the "Internet of Things" (IoT) – a logical technological development based on how internet-connected devices are used to improve the exchange of data, automate complex industrial processes, and generate valuable information. The potential of the "Internet of Things" as the "next big thing" is most often assessed based on the growth in devices connected through the internet.

However, the latest studies by Yole forecast that the strongest areas of growth in connection with IoT will not be end devices such as wearables and sensors or smartphones and tablets, but rather the necessary infrastructure such as base stations for the transmission of data as well as powerful computers and data centres to process and store the rapidly increasing volume of data.



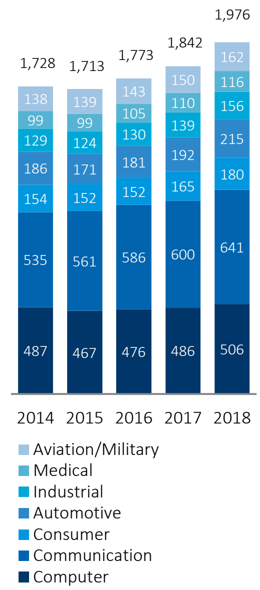
Source: Yole, April 2016

This development will significantly influence further growth of the entire electronics industry in all segments. Servers and storage media show the greatest growth potential in the computer segment, with average annual increases of 5.7% until 2018, end devices in the consumer segment at 5.8%, electronics for automobiles at 7.9%, industrial electronics at 8.0% and the market for medical electronics at 5.4%.

A printed circuit board is a connection platform for electrical, electronic and mechanical components. It enables the mechanical attachment and the electrical connection of resistors, capacitors, microprocessors, memory chips, sensors, connectors and many other components that are required for a fully functioning electronic system. Since nearly every electronic device contains one or more printed circuit boards, they are an indispensable part of our daily life.

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

Electronics market by segment
US$ in billions



Source: Prismark, February 2016

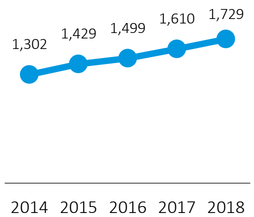
has placed its focus on the production of highly complex printed circuit boards for the most sophisticated applications. Over 75% of revenue is now generated in this top category of technology.

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

INTERNATIONAL MARKET DEVELOPMENT

The global printed circuit board market is strongly influenced by the highly developed but increasingly difficult to predict electronics industry. As a result of rapidly changing customer needs and the shifting global economic climate, the markets for end devices and semiconductors are subject to increasingly greater fluctuations. The printed circuit board industry is also subject to these macro trends which determine the demand for electronic devices and systems. Additionally, the imbalance between supply and demand, the progressing geographic migration, the price decline and the fierce competition exert an influence over this highly fragmented market. Globally, there were around 2,400 producers in 2014 (source: NTI, August 2015). The top 30 companies have a combined market share of around 60%. (source: Prismark, February 2016).

Sales volume smartphones
units sold in millions



Source: IDC, December 2015

Independent market analysts predict an average annual growth of about 2% for the global printed circuit board market until 2018 (source: Prismark, February 2016), expecting above-average growth rates of 5.8% for more advanced technologies such as any-layer printed circuit boards (source: Prismark, June 2015).

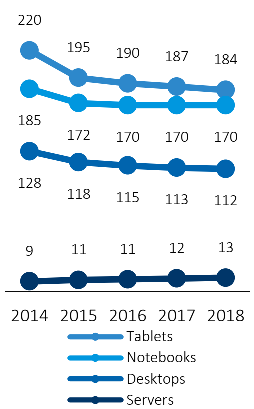
In 2015, global demand for printed circuit boards stood at US$ 55.3 billion (source: Prismark, February 2016), representing a decline of 4% from the previous year.

COMMUNICATION: SMARTPHONES REMAIN THE TECHNOLOGICAL GROWTH DRIVER IN THE ELECTRONICS INDUSTRY

With about 1.429 billion devices sold, the smartphone market was by far the largest segment of the global electronics industry in 2015, and also the fastest growing (10% growth) year-on-year. Even if independent market analysts predict significantly lower average growth rates of about 6.6% for the coming years (source: IDC, December 2015), smartphones will remain the largest segment of the electronics industry.

The market for communications infrastructure will become more important again in the next several years as a result of the IoT and, beginning in 2019, with the introduction of fifth generation networks (5G). Based on the most recent forecasts, it should grow by 2.6% annually (source: Prismark, February 2016).

Sales volume computer market
units sold in millions



Source: Prismark, February 2016

COMPUTERS: THE "INTERNET OF THINGS" WILL GENERATE NEW GROWTH IN SERVERS AND STORAGE MEDIA

The market for computers – desktops, notebooks and tablets – recorded a decline of around 9% in 2015. Contrary to original forecasts, even the tablet computer market, for which average growth of 13% p.a. had been expected (source: IDC, January 2014), declined for the first time in 2015, by around 11.4% from 2014 (source: Prismark, February 2016). For the coming years, steady demand is projected with different growth rates for the various end devices.

For server and storage computing devices, solid and sustained growth of about 5% is anticipated in the next several years due to continuing digitalisation and thus the rising volume of data, which must be analysed and stored (source: Prismark, February 2016).

CONSUMER

The consumer market, which has significant demand for high-end printed circuit boards in products such as digital cameras, TVs and so-called smart devices like smart watches and fitness trackers, also experienced a decline in 2015, of 1.3%, as wearable applications did not break through on the market and digital cameras are being replaced by smartphones.

According to Prismark, there will be no growth in this market again in 2016 but will begin to grow again in 2017 at an average rate of around 5.8%. Growth will be driven primarily by 4K TVs, smart watches, consumer robots and handheld projectors

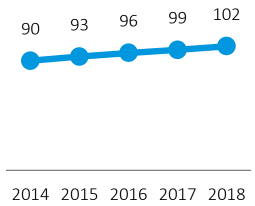
AUTOMOTIVE ELECTRONICS: ABOVE-AVERAGE GROWTH THROUGH NEW DEVICES

The share of the automotive market in electronic systems declined in value in 2015 by 8.1% on a US$ basis. It is expected to grow by 7.9% annually until 2018 (source: Prismark, March 2016). Demand for printed circuit boards for automotive electronics is anticipated to grow by an annual average of 4.6% (source: Prismark, February 2016). Thus the growth rates for electronic systems for the automotive market as well as for printed circuit boards in this segment are significantly higher than the average overall figures for the global electronics industry.

In this segment, applications in the area of safety and information also drive the demand and the use of HDI and microvia printed circuit boards. The applications in which HDI and microvia printed circuit boards are now used extend from navigation, multimedia and infotainment systems to emergency calling and camera systems and electronic transmission control.

The concept of "autonomous driving" has sparked the development of central systems to collect the data and information from camera systems, radar and ultrasound sensors, analyse them, and ultimately control the relevant actuators for braking, stability and steering systems. These new central computers also need HDI technology because of the large volumes of data and the required data transfer speed.

Sales volume
automotive market
vehicles sold in millions



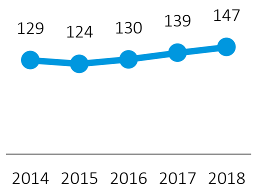
Source: Prismark, February 2016

INDUSTRIAL ELECTRONICS

The industrial electronics systems market declined from 2014 to 2015 by 3.9%. In 2016, independent market analysts expect a growth rate of 4.8% (Source: Prismark, February 2016). The correlated growth in printed circuit boards for this segment is expected to about 3% for the same time period. (Source: Prismark, February 2016).

The industrial electronics segment continues to be heavily influenced by applications in the areas measurement and control technology, power electronics, lighting systems as well as diagnostic instruments, RFID readers and also railway technology. In the future, M2M (machine-to-machine and machine-to-man) communication modules driven by Industry 4.0 activities will enable further growth in this segment.

Sales volume
industrial electronics systems market
US$ in billions

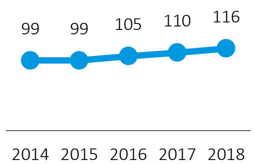


Source: Prismark, February 2016

MEDICAL ELECTRONICS

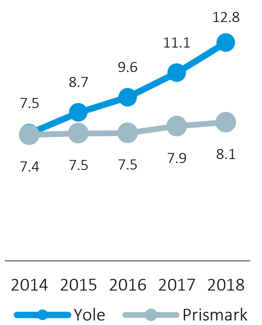
The global market for medical electronics systems had a value of US$ 99 billion in 2015 (source: Prismark, February 2016), representing stagnation year on year. The medical electronics market is characterised by a high level of complexity with regard to applications such as diagnostic and imaging devices, therapy applications and patient monitoring. Further application areas are surgical lighting, analytical instruments and molecular diagnostics. Prices for medical technology, devices and systems range from low two-digit US$ amounts for fitness trackers to several 100,000 US$ for a computer tomography system. Average annual growth of around 5.4% is expected until 2018.

Sales volume
medical electronics systems market
US$ in billions



Source: Prismark, February 2016

Production volume
IC substrates
in million sqm



Source: Prismark, February 2016
Yole, April 2016

THE MARKET FOR IC SUBSTRATES

Independent market analysts calculate the volume of surface produced for 2014 of 7.5 million m² (Yole) or 7.4 million m² (Prismark), and the volume for 2015 of 8.7 million m² (Yole) or 7.5 million m² (Prismark). Based on the Yole calculation, this represents growth of around 16%, and based on Prismark, growth of 1.2%. The forecasts for 2016 amount to 9.6 million m² (Yole) and 7.5 million m² (Prismark).

These differing estimates arise from diverging ways of defining the market for substrates, i.e. the inclusion of different substrate technologies such as wire-bond substrates versus flip-chip substrates or even chip-on-board and chip-on-flex interconnection platforms. The different estimates are also related to the prediction of demand for end uses and applications, which is becoming increasingly difficult.

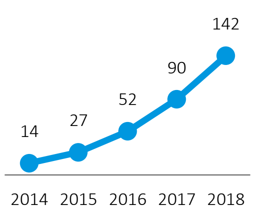
The substrates market in recent years has been shaped primarily by growth in the smartphone industry and decline in the computer market. In the next several years, the Internet of Things will have a significant influence on further growth in the semiconductor industry and the associated demand for substrates. IoT is not a single application but rather the connection of end devices such as wearables and sensors with "gateways" such as smartphones or tablets. These gateways are connected through base stations via WiFi networks and process the data through servers and data centres in the cloud. Differing growth forecasts result from how certain factors are assessed, such as the demand for end devices or the required expansion of networks and data centres as the engine of IoT.

IC substrates are used in all segments of the electronics industry, and more than 80% of them in smartphones, desktop and notebook computers, tablets, servers and storage systems (source: Prismark, July 2014). In contrast to the large number of printed circuit board producers, there are only a few manufacturers of IC substrates, among which the top 10 providers jointly lay claim to more than 80% of the market (source: Prismark, July 2014). This environment presents AT&S with the opportunity in the coming years to establish itself as a leading provider to this high-tech segment.

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

Embedded die packaging technology is still in the market introductory phase. Yole analysts estimate the total market volume for 2015 to be US$ 27 million and predict a market increase until 2018, reaching a total volume of about US$ 142 million. This corresponds to an average annual growth rate of about 73% (source: Yole, March 2015).

Sales volume of embedded die
packaging market
US$ in millions



Source: Yole, March 2015

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

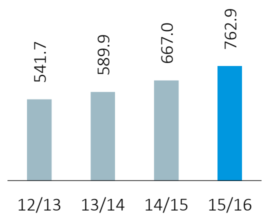
ECP technology focuses on two different areas. So-called packages or system-in-package (SiP) modules currently represent the largest part. Typical examples for application include power modules, MOSFET and IGBT applications, MEMS modules, sensor and camera modules, audio and radio modules as well as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

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

1.2. Profit situation

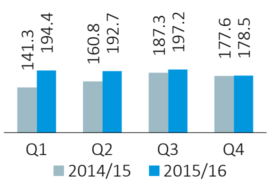
In financial year 2015/16, AT&S once again significantly exceeded the record revenue level of 2014/15 despite the printed circuit board industry and the customer segments addressed by AT&S showing uneven performance compared to financial year 2014/15 and increasing price pressure in the core business. Overall, AT&S increased Group revenue by € 95.9 million or 14.4% to € 762.9 million (previous year: € 667.0 million). This positive development was due to strong demand in all segments, with revenue increasing organically by € 34.4 million or 5.2%. Alongside this strong organic growth, positive currency effects of € 58.9 million or 8.8% contributed to this revenue growth in the reporting period. Initial revenues from the Chongqing project increased revenue by € 2.6 million or 0.4%. Around 73.3% of revenue in 2015/16 was invoiced in foreign currencies. The revenue share of products manufactured in Asia rose from 79.0% in the previous year to 81.0% in the reporting year. The regional revenue structure based on the customer's headquarters shows a share of 56.1% for Americas, compared to 53.4% in the previous year. The revenue share of the remaining regions shifted accordingly.

Development of revenue
€ in millions



Due to the high importance of mobile devices, AT&S revenue shows a certain seasonality. The first quarter of the financial year is typically weaker than the second and third quarters, which generally show very high demand due to preparations for the Christmas trade, and is characterised by the launches of the latest product generations. The fourth quarter normally has weaker customer demand and is characterised by production breaks in our largest plant in Shanghai (and, in the future, also in Chongqing) due to Chinese New Year. In the current year, the seasonality was not very distinct, as demand from the Mobile Devices & Substrates segment was unusually strong in the first few months of the financial year. Furthermore, AT&S benefited from a very strong US dollar compared to the previous year. Growth rates decreased mid-year, as the comparable periods in the previous year where already unusually strong, the available production capacity was almost all at full utilisation in the previous year and exchange rates showed no significant changes. The production break caused by Chinese New Year was on a normal level compared to the previous year (when the plant closure was reduced to the minimum) and was offset by the stable high level of demand from the Automotive, Industrial, Medical segment throughout the year.

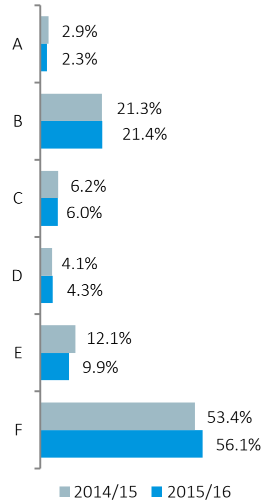
Revenue by quarter
€ in millions



Result key data

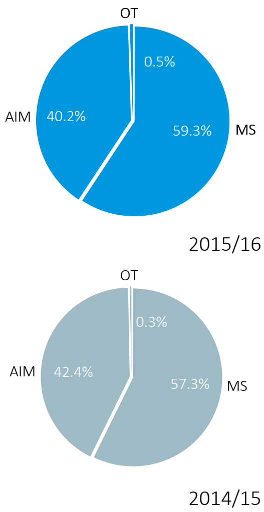
€ in millions (unless otherwise stated)	2015/16	2014/15	Change in %
Revenue	762.9	667.0	14.4%
Operating result before interest, tax, depreciation and amortisation (EBITDA)	167.5	167.6	0.0%
EBITDA margin (%)	22.0%	25.1%	
Operating result (EBIT)	77.0	90.1	(14.6%)
EBIT margin (%)	10.1%	13.5%	
Profit for the year	56.0	69.3	(19.3%)
Earnings per share (€)	1.44	1.78	(19.1%)
Additions to fixed assets	303.0	154.5	96.1%
Average number of staff (incl. leased personnel)	8,759	7,638	14.7%

Revenue by region
(Customer headquarters)
in %



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

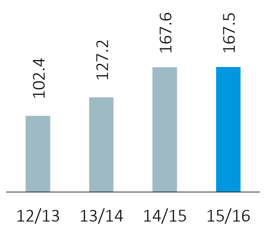
Revenue from external customers by segment
in %



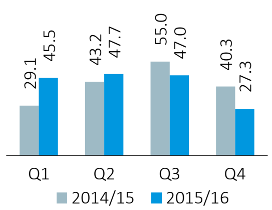
The Mobile Devices & Substrates segment (MS) achieved a revenue of € 539.7 million in the reporting year, an increase of € 84.5 million or 18.6% compared to the previous year’s figure of € 455.2 million. The segment benefited from very strong demand in the first two quarters of the reporting year and positive currency effects, whereas the fourth quarter in particular showed the normal seasonality for this segment. The Automotive, Industrial, Medical segment (AIM) increased its revenue by € 24.9 million or 8.2% to € 326.7 million (previous year: € 301.8 million). This development was mainly driven by the ongoing trend towards more electronics in motor vehicles and the stronger demand for mobile applications in the patient monitoring area. The industrial area showed stable development and repeated the previous year’s good figures. The Advanced Packaging business unit, which is included in the Others segment (OT), showed a further strong advancement and achieved a revenue increase of € 11.2 million or 102.9% to € 22.1 million (previous year: € 10.9 million) in the reporting year. The increase was due both to the successful acquisition of new customers and the ongoing implementation of the embedding technology with existing customers from the other segments. In the current year, the significance of the Mobile Devices & Substrates segment increased further as the growth rates in this segment were higher than in the Automotive, Industrial, Medical segment.

The Group's EBITDA of € 167.5 million was at the previous year’s level of € 167.6 million. The result already recflects the first negative impacts of the start of the serial production of the Chongqing project. The startup costs of the Chongqing project burdened EBITDA by € 12.7 million in the reporting period (previous year: € 4.3 million). The increase of € 8.4 million comprised € 6.9 million from the planned start of serial production and € 1.5 from exchange rate effects. Group-wide, exchange rate effects increased EBITDA by € 13.0 million or 7.7%. The results in the first two quarters were in line with the very positive revenue development, while the last quarter was heavily impacted by the startup costs.

Development of EBITDA
€ in millions



EBITDA by quarter
€ in million



Development of profit

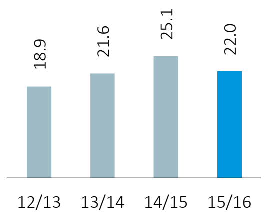
€ in millions	2014/15	One-off effects[1]	Currency effects[2]	Organic	2015/16
Revenue	667.0	2.6	58.9	34.4	762.9
Cost of sales	(511.6)	(13.2)	(50.2)	(36.3)	(611.2)
Gross profit	155.4	(10.6)	8.7	(1.9)	151.6
Distribution costs	(31.6)	(0.3)	(1.8)	(1.0)	(34.6)
General and administrative costs	(28.0)	(0.7)	(0.9)	0.2	(29.4)
Other operating result	(5.7)	(3.8)	(2.1)	0.9	(10.7)
Operating result before depreciation and amortisation (EBITDA)	167.6	(6.9)	13.0	(6.2)	167.5
Operating result (EBIT)	90.1	(15.3)	3.9	(1.8)	77.0
Finance costs - net	(5.1)	(0.3)	(2.1)	(0.7)	(8.1)
Profit before tax	85.0	(15.5)	1.8	(2.5)	68.8
Income taxes	(15.6)	3.7	(1.3)	0.4	(12.9)
Profit for the year	**69.3**	**(11.8)**	**0.5**	**(2.0)**	**56.0**

[1] Chongqing project
[2] Translation and valuation effects included in the consolidated financial statements

Compared to the previous year, the EBITDA margin decreased by 3.1 percentage points from 25.1% to 22.0%. This development is mainly due to the start-up costs in connection with the start of serial production for the Chongqing project. After deducting one-off effects from both years, the decrease amounts to 2.1 percentage points, from 25.8% in the previous year to 23.7% in the reporting year. This decrease is mainly due to a compensation payment by a supplier included in the previous year, changes to the payroll-related costs in our biggest factory in Shanghai and the temporary discontinuation of an export promotion in India. However, the EBIDTA margin remained above our long-term target of 18-20%.

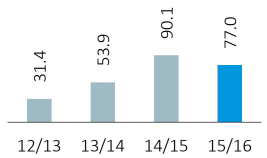
Cost of materials increased from 34.1% in the previous year to 35.1% in the reporting year, reflecting the development towards superior quality, complex products as well as the startup-costs. The ratio of staff costs to revenue amounted to 21.1%, slightly above the previous year's figure of 20.0%. This can be explained by payroll-related costs in Shanghai as well as the start-up costs. The absolute increase in administrative and distribution costs resulted from exchange rate effects, the setup of the Chongqing organisation according to plan and the further enhancement of distribution activities, which, however, increased at a lower rate compared to revenue. Other operating incomes and expenses includes non capitaliseable development costs for the Chongqing project of € 10.7 million (previous year: € 8.7 million), positive currency differences resulting from the measurement of foreign currency receivables and liabilities of € 0.1 million (previous year: € 0.7 million) and impairments of € 3.1 million (previous year: € 6.0 million).

EBITDA margin
in %



Amortisation of intangible assets and depreciation of property, plant and equipment of € 87.4 million or 11.0% of non-current assets (previous year: € 71.5 million or 11.0% of non-current assets) reflect AT&S's high technical standards as well as its investment ratio and have increased particularly due to currency exchange effects and the start of depreciation of the technical equipment and development costs for Chongqing. In addition to scheduled depreciation and amortisation, lower impairments were incurred compared to the previous year of € 3.1 million or 0.4% of non-current assets (previous year: € 6.0 million or 0.9% of non-current assets) resulting from the impairment of technical equipment in China no longer in use. Impairments are made when there is no longer a potential for use in ongoing operations and the amount recoverable through a disposal falls below the carrying amount.

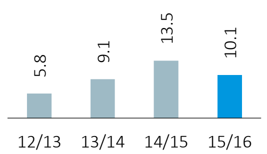
Development of EBIT
€ in millions



The operating result (EBIT) decreased by € 13.1 million or -14.6% to € 77.0 million (previous year: € 90.1 million). Adjusted for the Chongqing project, AT&S achieved an increase of € 5.0 million or 5.1% to € 103.2 million (previous year: € 98.2 million). The EBIT margin decreased by 3.4 percentage points to 10.1% (previous year: 13.5%), or, adjusted by the Chongqing project, by 1.1 percentage points from 14.7% in the previous year to 13.6% in the current year.

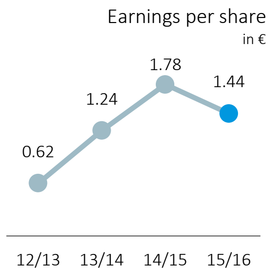
Finance costs – net declined from € -5.1 million to € -8.1 million. Interest expenses on financial liabilities reduced from € 11.3 million to € 8.9 million. This was mainly due to an increase in the capitalised interest costs to € 6.6 million (previous year: € 2.8 million) relating to the purchase of qualified assets in Chongqing. Gross interest expenses rose only slightly by € 1.4 million from € 14.1 million to € 15.5 million due to effected optimising measures, although gross debt rose from € 405.3 million to € 523.0 million. These optimisations, however, resulted in hedging instruments, that swapped variable into fixed interest, becoming ineffective, because the duration and amount no longer matched with the primary secured debts, and the requirements for hedge accounting were no longer met. Due to these necessary changes in the accounting, € 3.8 million was included as a one-time expense in the profit and loss statement for the reporting period.

EBIT margin
in %



Lower social capital interest costs of € 0.4 million (previous year: € 1.3 million) and – although the environment was unfavourable for placing funds – a higher return on financial investments of € 3.0 million (previous year: € 2.2 million) resulted in a decline in finance costs – net. In the reporting year, finance costs – net included positive foreign exchange differences resulting from the measurement of liquid foreign currency funds and debts and realised exchange gains from financial instruments were recognised as income of € 3.9 million (previous year: € 6.7 million). In principle, finance costs – net are influenced by currency effects only to a limited extent, as the main part of the loans from credit institutions is made up of liabilities in euros. The main intra-group loans are long-term by nature and their repayment is neither scheduled nor probable in the foreseeable future. These loans are therefore recorded directly in equity through the statement of comprehensive income.

The Group's tax expense decreased in relation to the profit for the year before tax and amounted to € 12.9 million (previous year: € 15.6 million). Compared to the prior year, the effective tax rate rose slightly from 18.4% to 18.7%. Compared to the previous year, there were no significant tax-related changes. It will only be possible to assess the impacts of the OECD BEPS project on AT&S after implementation into the tax



laws of the individual countries. Current assessments however show, that this will lead to significantly higher reporting and documentation requirements (country by country reporting) and to higher administrative costs in order to ensure tax compliance in all Group companies and to minimise the risk of double taxation.

The profit for the year decreased from € 69.3 million in the previous year by € 13.3 million or -19.3% to € 56.0 million, and earnings per share decreased by € 0.34 or -19.1% from € 1.78 to € 1.44 with same number of outstanding shares.

1.3. Financial position

Development of statement of financial position

€ in millions	31 Mar 2015	One-off effects[1]	Currency effects	Organic	31 Mar 2016
Non-current assets	712.8	222.5	(81.0)	12.1	866.3
Current assets	508.1	(21.9)	(36.1)	28.2	478.3
Total assets	**1,220.8**	**200.6**	**(117.1)**	**40.3**	**1,344.7**
Equity	604.4	(29.4)	(82.6)	76.6	568.9
Non-current liabilities	413.1	148.6	(16.3)	(124.0)	421.4
Current liabilities	203.4	81.4	(18.2)	87.7	354.3
Total equity and liabilities	**1,220.8**	**200.6**	**(117.1)**	**40.3**	**1,344.7**

[1] Chongqing project

In financial year 2015/16, the total amount of the consolidated statement of financial position rose by € 123.9 million or 10.1% from € 1,220.8 million to € 1,344.7 million. This was mainly due to additions to assets for the Chongqing project of € 231.5 million which were partly offset by exchange rate effects.

The increase in intangible assets of a total of € 58.5 million or 129.4% to € 103.7 million (previous year: € 45.2 million) is mainly due to capitalised development costs of € 61.1 million that meet the criteria of IAS 38. Property, plant and equipment rose by a total of € 235.6 million, mainly due to additions in Chongqing of € 163.7 million and technology upgrades in Shanghai of € 52.1 million. Amortisation and depreciation of € 90.5 million (previous year: € 77.5 million) and exchange rate effects of € -67.3 million were taken into account in the net change in fixed assets which rose by € 144.0 million or 22.2% to € 792.9 million (previous year: € 648.9 million).

Non-current assets include input tax receivables of € 27.9 million (previous year: € 17.6 million) which can only be offset against VAT payables in over one year's time.

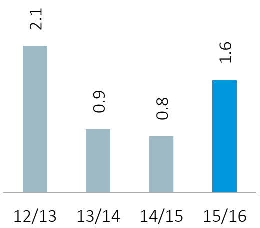
Net working capital

€ in millions (unless otherwise stated)	31 Mar 2016	31 Mar 2015	Change in %
Inventories	83.4	89.2	(6.5%)
Trade receivables	110.0	113.5	(3.1%)
Trade payables	(130.7)	(97.8)	33.6%
Liabilities from investments	55.6	17.5	218.1%
Working capital trade	**118.4**	**122.4**	**(3.3%)**
Other current assets, payables, provisions	(29.9)	(27.1)	10.5%
Net working capital	**88.4**	**95.3**	**(7.2%)**
Net working capital in % of total revenue	11.6%	14.3%	
Days outstanding (in days):			
Inventories	50	64	(21.4%)
Receivables	53	62	(14.7%)
Payables	63	77	(17.9%)

Inventories declined by € 5.8 million or -6.5% from € 89.2 million to € 83.4 million, mainly due to exchange rate effects. Increased inventories due to Chongqing were almost fully compensated by a reduction at the other sites. Trade receivables fell by € 3.5 million or -3.1% to € 110.0 million (previous year: € 113.5 million) due to exchange rate effects. Days of receivables outstanding decreased by 16.3% to 53 days (previous year: 62 days) due to higher revenue. Trade payables increased by € 32.9 million or 33.6% from € 97.8 million to € 130.7 million. This increase was due to an increase of € 38.1 million in payables of investments for € 55.6 million (previous year: € 17.5 million).

Equity decreased by € 35.5 million or -5.9% from € 604.4 million to € 568.9 million. The positive contribution from the Group result increased equity by € 56.0 million (previous year: € 69.3 million), however, negative currency differences from the translation of subsidiaries' net asset positions and from the translation of long-term loans to subsidiaries decreased equity by € 82.5 million. The decrease results from devaluations of the Chinese yuan renminbi, the Indian rupee and the South Korean won compared to the euro. Actuarial gains, mainly resulting from the higher interest rates applied in calculating personnel provisions, increased equity by € 2.7 million (previous year: reduction of € 6.8 million).

Net debt/EBITDA
Multiple

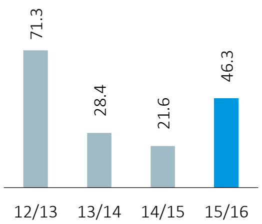


Non-current financial liabilities increased by € 2.3 million or 0.6% from € 359.3 million to € 361.6 million and thus maintained the level of the previous year. Current financial liabilities increased from € 46.0 million to € 161.4 million. These included the reclassification of the bond due on 18 November 2016 with a residual carrying amount of € 76.8 million.

Net debt

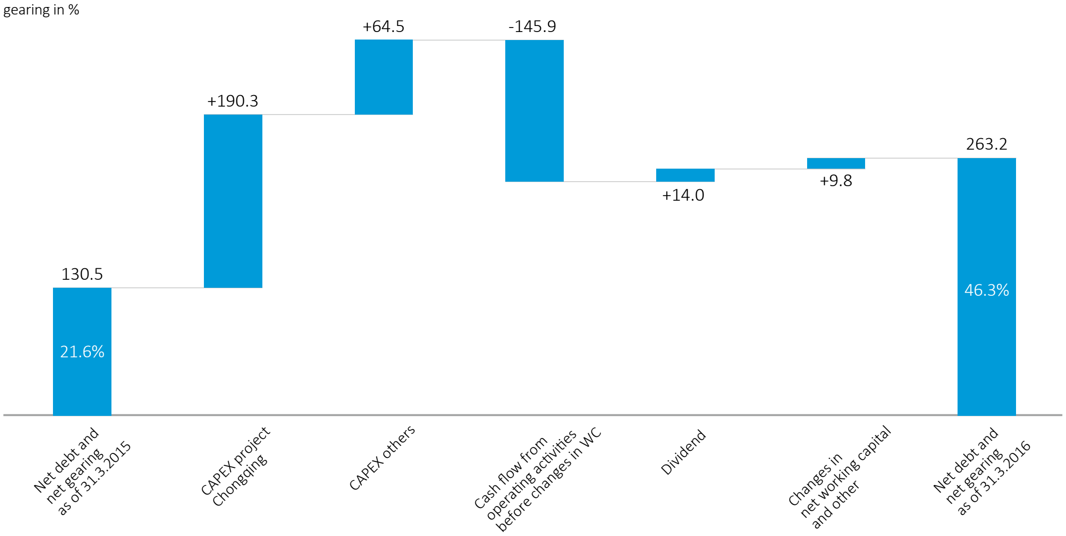
€ in millions (unless otherwise stated)	31 Mar 2016	31 Mar 2015	Change in %
Financial liabilities, current	161.4	46.0	250.6%
Financial liabilities, non-current	361.6	359.3	0.6%
Gross debt	**523.0**	**405.3**	**29.0%**
Cash and cash equivalents	(171.9)	(273.9)	(37.3%)
Financial assets	(87.9)	(0.9)	9,890.9%
Net debt	**263.2**	**130.5**	**101.7%**
Operating result before interest, tax, depreciation and amortisation (EBITDA)	167.5	167.6	(0.0%)
Net debt/EBITDA ratio	1.6	0.8	
Equity	568.9	604.4	(5.9%)
Total consolidated statement of financial position	1,344.7	1,220.8	10.1%
Equity ratio (%)	42.3%	49.5%	
Net gearing (Net debt/Equity) (%)	46.3%	21.6%	

Net gearing
in %



Despite high cash flows from operating activities, net debt increased by € 132.7 million or 101.7% to € 263.2 million (previous year: € 130.5 million) due to the high capital expenditures and the dividend paid. The gearing ratio increased to 46.3% and was thus significantly above the previous year's level of 21.6%. The indicator net debt/EBITDA, which represents a theoretical payback period for debts, declined from 0.8 years to 1.6 years due to the higher net debt.

Development of net debt
€ in millions
gearing in %



TREASURY ACTIVITIES In financial year 2015/16, Group Treasury set essential strategic directions for the coming years. With the aim of securing the current extremely favourable market conditons in the financing sector over the long term, reducing the costs of interest within the next years, refinancing the bond due on 18 November 2016 and extending the maturity date, AT&S successfully placed promissory note loans with a total volume of € 221.0 million on the market on 23 October 2015. Additionally, a bilateral promissory note loan of € 100.0 million was signed at the beginning of March 2016, which was disbursed in April 2016. Alongside the general financing of the Group, received funds were used for the partial, premature buyback of the bond with a nominal value of € 24.5 million and for the early redemption of the variable part of the promissory note loan with a volume of € 92.0 million that had been placed in 2014.

The financing of AT&S is based on a four-pillar strategy that minimises dependence on individual financing instruments. Based on the prevailing financial market conditions, individual areas can be expedited more strongly or, as the case may be, not used at times.

The starategy is based on long-term, fixed interest bearing retail bonds. Their advantage lies in their high predictability and security for the Company as they bear fixed interest rates and are non-redeemable. However, their higher placement costs are a disadvantage. The current retail bond, which has a carrying amount of € 76.8 million, matures on 18 November 2016. On 22 October 2015, bonds with a nominal value of € 18.0 million and on 25 February 2016 bonds with a nominal value of € 6.5 million, were bought back early from institutional investors. The aim of this measure was to use existing liquidity to yield a return. The current point of view is, that the maturing bonds will not be replaced for the time being.

Promissory note loans provided the the key support for the financing strategy in financial year 2015/16: Their key feature is also their high level of predictability – however, their placement costs were far lower. In March 2014, € 156.5 million and US$ 2.0 million with maturities of 5, 7 and 10 years, were placed. An interest rate swap was used to convert future variable euro interest obligations into fixed interest payments. The variable tranche of the promissory note loan placed in 2014 of € 92.0 million was partially reimbursed in October 2015, the remaining part was reimbursed in February 2016 in order to optimise financing costs. The concluded interest rate swaps continue to be used as security against the promissory note loan placed in October 2015 in order to hedge the variable interest payables in euros over a major part of the term. However, the effectiveness criteria of hedge accounting in accordance with IFRS are no longer being met and the evaluation is therefore recognised in the statement of profit or loss.

On 23 October 2015, a promissory note transaction with a total volume of € 221.0 million was closed successfully. The emission volume originally aimed for € 100 million was increased to € 221.0 million due to the high demand. The promissory note loan consists of tranches with terms of five and seven years at fixed and variable interests rates in euros and US dollars with an average interest rate at issue of around 1.6%. On 4 March 2016, a bilateral promissory note loan of € 100.0 million and a term of seven years, which will be paid out in April 2016, was signed. In the financial year 2015/16, the amount will be shown as unused credit lines. Due to the above-mentioned advantages, AT&S is planning to focus also on this type of financing in the future.

Bank loans are used as the third pillar. € 122.3 million in loans was taken out from several national and international banks. These loans mainly bear variable interest rates and have maturities of between one and six years.

The fourth pillar consists of credit lines serving to cover liquidity fluctuations. At the reporting date, AT&S reported more than € 247.4 million in unused credit lines in the form of loans commitments from banks or promissory note loans already concluded.

The most important task of the treasury function at AT&S is to secure sufficient liquidity reserves. It also monitors covenants defined in the credit agreements in order to ensure compliance with them.

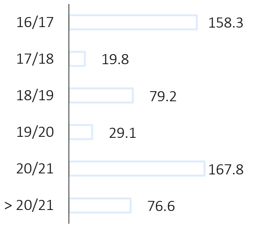
The notional payback period for debts, defined as net debt/EBITDA, of 1.6 years was significantly below the covenant of 4.0 and the Group's own target value of 3.0, and has worsened due to the high level of investment activity (previous year: 0.8 years). The equity ratio decreased from 49.5% in the previous year to 42.3% in the reporting year and thus continued to be significantly above the target value and the covenant. The equity ratio is negatively impacted by the higher gross debt resulting from the early financing. For further information regarding capital risk management, please refer to Note 20 "Additional disclosures on financial instruments" – sub-section Capital Risk Management – in the notes to the consolidated financial statements.

Treasury keydata

	Covenant[1]	Target[2]	31 Mar 2016	31 Mar 2015
Net debt/EBITDA ratio	< 4.0	< 3.0	1.6	0.8
Equity ratio	>35%	>40%	42.3%	49.5%

[1] Covenants are limits included in old credit agreements which the actual figures should not exceed (Net debt/EBITDA) or undercut (equity ratio).
[2] Target values are limits defined by AT&S which the actual figures, under normal circumstances, should not exceed (Net debt/EBITDA) or undercut (equity ratio).

Redemption
€ in millions



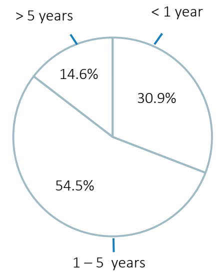
AT&S pursues a financing structure that is as balanced as possible, with an average duration that is consistent with the investment programme. At the reporting date, the duration was 3.9 years (previous year: 3.8 years). This slight increase is due to the placement of the promissory note loan in October 2015 which reimbursed part of the promissory note loan from 2014 that had a higher interest rate and is intended to redeem the bond due on 18 November 2016.

As a result of the repayment of the bond and bank loans of € 158.3 million in 2016/17 and the repayment of parts of the promissory note loan and bank loans of € 167.8 million in 2020/21, the financing structure shows a high amount in both years.

Carrying amount of financial liabilities by maturity

€ in millions	31 Mar 2016	in %	31 Mar 2015	in %
Remaining maturity				
Less than 1 year	161.4	30.9%	46.0	11.4%
Between 1 and 5 years	285.3	54.5%	321.6	79.3%
More than 5 years	76.3	14.6%	37.7	9.3%
Total financial liabilities	**523.0**	**100.0%**	**405.3**	**100.0%**

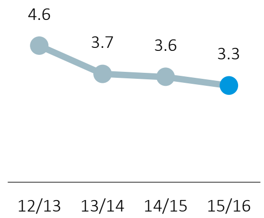
Maturities of financial liabilities
in %



A further aim was to minimise the interest rate risk by predominantly using fixed interest rates. 73.9% (previous year: 78.3%) of financing is conducted at or was swapped to fixed interest rates, and only 26.1% (previous year: 21.7%) is based on variable interest rates. These strategies for securing interest rates are being continuously adapted based on expectations of interests rates.

AT&S also intends to invest available liquid funds profitably but risk-sensitively: As at 31 March 2016 AT&S had total financial resources of € 259.8 million (previous year: € 274.8 million). By optimising the terms of investment and early conversion of liquid funds into currencies with higher interest rates and which are also continually required by AT&S, the highest possible yields should be achieved in a currently very challenging, from an investor-perspective, environment.

Average financing costs
in %



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

The final treasury aim consists of an optimised debtor relationship management. AT&S considers these to be defining banks for national and international cooperation and setting up and maintaining the communication that is needed on both sides. The aim is to create transparency across the opportunities and risks of AT&S in order to strengthen a long-term partnership with the financing institutions, that is profitable for both sides. The annual and quarterly reports act as the basis for this. In addition, meetings with our financing bank partners take place at least once a year in which the opportunities for cooperation are discussed.

AT&S adopts an active approach to financial management in order to achieve the above-mentioned treasury aims as cost-effectively as possible. The measures taken in financial year 2015/16 will reduce both the average financing costs and, from a current perspective, the total financing costs for the next year, even though the gross debts are expected to rise. For financial year 2016/17, AT&S must take advantage of current low interest rates in order to conclude further long-term financing contracts.

CASH FLOW Cash flow from operating activities before changes in working capital increased slightly from € 145.0 million to € 145.9 million. The decrease in profit for the year from € 69.3 million to € 56.0 million and the increase in interest payments increased from € 14.5 million to € 15.5 million were offset by higher depreciation and amortisation and by a reduction in tax payments (from € 16.4 million to € 10.3 million).

Cash flow from operating activities decreased from € 143.9 million by € 7.0 million or -4.8% to € 136.9 million. While cash flow from operating activities before changes in working capital increased by € 0.9 million or 0.7% to € 145.9 million, cash used in working capital rose by € 6.5 million. There was a lower inflow from other provisions of € 1.3 million.

Due to investment activities in Chongqing and Shanghai, various technological reinvestments at the other sites and the placing of liquid funds with terms of over 3 months, cash flow from investing activities amounted to € 342.2 million. Capital expenditures on property, plant and equipment and intangible assets amounted to € 254.8 million and was thus € 89.5 million above very high previous year's level of € 165.3 million.

At € 111.1 million, cash flow from financing activities was exceptionally higher at € 99.2 million above the previous year's figure, due to the placing of promissory note loans with a volume of € 221.0 million.

Free cash flow, i.e. cash flow from operating activities plus cash flow from investing activities, was negative at € 205.3 million due to the high investment activities and was € 184.4 million below the previous year's figure of € -20.9 million. € 87.7 million of this change resulted from the investing of cash and cash equivalents and € 0.3 million from payments for the acquisition of minority interests.

Cash flow statement (short version)

€ in millions	2015/16	2014/15	Change in %
Cash flow from operating activities before changes in working capital	145.9	145.0	0.7%
Cash flow from operating activities	136.9	143.9	(4.8%)
Cash flow from investing activities	(342.2)	(164.8)	107.7%
Free cash flow	(205.3)	(20.9)	881.9%
Cash flow from financing activities	111.1	11.9	830.2%
Change in cash and cash equivalents	(94.2)	(9.0)	950.6%
Currency effects on cash and cash equivalents	(7.8)	22.8	(134.3%)
Cash and cash equivalents at end of the year	**171.9**	**273.9**	**(37.3%)**

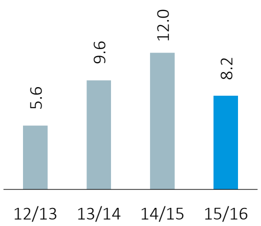
Due to the high level of investments, cash and cash equivalents decreased from € 273.9 million to € 171.9 million, despite the very strong cash flow from operating activities and the above-mentioned financing and investment measures. In addition, AT&S disposes of current financial assets of € 87.8 million (previous year: € 0.8 million). This amount, which currently remains very high, is being used to secure the financing of the new plant in Chongqing and the repayment of the bond that matures on 18 November 2016.

AT&S PERFORMANCE SYSTEM In addition to revenue and EBITDA, AT&S uses a further three key figures as primary reference values for performance measurement in internal strategic corporate management: ROCE, cash earnings and IRR. They describe and control performance in respect of investors, operational performance and performance in respect of customers.

AT&S uses return on capital employed (ROCE) to measure its performance from the point of view of investors, using the ratio of the result adjusted for finance costs – net and average capital employed. This illustrates the extent to which AT&S fulfills its investors' interest requirements. Average capital costs are derived from the minimum return expected by investors to provide equity or borrowings. The weighted average cost of capital (WACC) for the printed circuit board industry is around 8.9%. At a ROCE of 8.2%, AT&S was not able to achieve the WACC figure in the reporting year due to the expenditure in Chongqing and the associated average capital employed. After adjustments, ROCE was 19.3% (previous year: 18.5%). The return on capital employed in the core business was thus significantly higher than the return expected by investors.

ROCE declined year-on-year due to the decrease in EBIT. However, as a result of the considerable investment activities in the Chongqing project, the average capital employed rose to € 783.5 million (previous year: € 618.2 million).

ROCE
in %



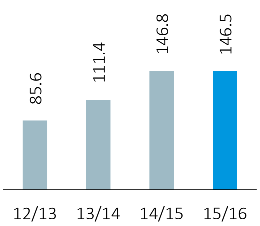
Return on capital employed (ROCE)

€ in millions	2015/16	2014/15	Change in %
Operating result (EBIT) before non-recurring items	77.0	90.1	(14.6%)
Income taxes	(12.9)	(15.6)	(17.6%)
Operating result after tax (NOPAT)	**64.1**	**74.5**	**(13.9%)**
Equity - average	586.7	497.5	17.9%
Net debt - average	196.9	120.7	63.1%
Capital employed - average	**783.5**	**618.2**	**26.7%**
ROCE	**8.2%**	**12.0%**	

In addition to the investor-oriented key figure of ROCE, AT&S uses cash earnings as a control reference. This indicator describes a company's operational financial performance.

Cash earnings fell only slightly by € 0.3 million or -0.2% to € 146.5 million (previous year: € 146.8 million). The decline in profit for the year was mainly due to higher depreciation and amortisation which are non-cash costs and thus do not affect cash earnings.

Cash earnings
€ in millions

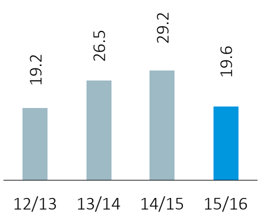


Cash earnings

€ in millions (unless otherwise stated)	2015/16	2014/15	Change in %
Profit for the year attributable to owners of the parent company	56.0	69.3	(19.2%)
Depreciation and amortisation and impairments of property, plant and equipment and intangible assets	90.5	77.5	16.8%
Cash earnings	**146.5**	**146.8**	**(0.2%)**
Cash earnings per share (€)	3.77	3.78	(0.3%)

The third performance indicator relates to the ability to implement innovations in a timely manner and in response to the market. AT&S measures this ability by using the innovation revenue rate (IRR), which expresses the revenue share of products that feature new and innovative technologies and which were launched on the market in the last three years. For financial year 2015/16, the IRR is 19.6% (previous year: 29.2%). AT&S aims to achieve an IRR of at least 20%. This decline was due to the maturity of certain generations of technology in 2015/16.

Innovation Revenue Rate (IRR)
in %



Innovation Revenue Rate (IRR)

€ in millions	2015/16	2014/15	Change in %
Main revenue	762.7	666.7	14.4%
Main revenue generated by innovative products	149.2	194.7	(23.4%)
IRR	**19.6%**	**29.2%**	

2. Significant events after the reporting period

Until 9 May 2016, no events or developments came to AT&S' attention that would have resulted in significant changes in the disclosure or measurement of the individual asset and liability items as at 31 March 2016.

3. Plants and branch offices

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

Austria

LEOBEN AND FEHRING The Austrian plants mainly deliver to the European and, to an increasing extent, American markets. Short turnaround times, special applications and proximity to customers are particularly important in Europe. The plant in Leoben successfully continued with the niche and prototype production which was launched in recent years. Despite the high production capacity utilisation at the Leoben site, the flexibility to handle short-term requests was maintained. Production for the future market of Advanced Packaging is also operated in Leoben. The production capacity utilisation of the plant in Fehring showed a satisfying development in the reporting year. Synergies with other sites (Leoben and Nanjangud) are utilised in the outer layer manufacturing of multilayers. The decline in the original core business (double-layer printed circuit boards) was compensated by these measures.

China

SHANGHAI The plant in Shanghai produces HDI (high density interconnection) high-tech printed circuit boards in serial production for the Mobile Devices & Substrates segment and has customers all over the world. Capacity was well utilised in the financial year 2015/16 and, in some months, this plant was running at maximum capacity. Moreover, demand for HDI printed circuit boards for the automobile industry remained further on a very high level in 2015/16, which were produced for the Automotive, Industrial, Medical segment. The trend towards thinner line space was proactively used by the site to secure its leading technological position for the upcoming years.

China

CHONGQING AT&S sets another technological milestone at this new plant in China with the production of IC substrates (integrated circuit substrates). The certification of the first products was achieved in February 2016 and the serial production then started. The second substrate line is intended to start operations in the financial year 2016/17. The buildup of the second plant for substrate-like PCBs is on schedule, the installation of the first line should be completed by the middle of the year, and the start of production and initial revenues are expected in the second half of the financial year.

South Korea

ANSAN The positive performance of the Korean plant continued in the financial year 2015/16. In addition to the still very good utilisation of production capacities in the area of medical products for European and American customers, substantial volumes for the Mobile Devices & Substrates segment were also produced. The minority shares were acquired in the last financial year and, with SAP implementation, the plant also made progress in organisational terms.

India

NANJANGUD Revenue and the operating result showed a negative trend due to exchange rate effects. Manufacturing efficiency (material and energy consumption as well as maintenance costs) was improved through targeted measures. The plant's capacity was continuously at a very high level.

China

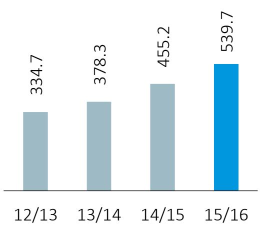
HONG KONG The company AT&S Asia Pacific, which is based in Hong Kong, is the holding company for the Mobile Devices & Substrates segment and the headquarters of Group-wide procurement for to this segment. The proximity to the CEMs of customers and to suppliers is another locational advantage which the business partners highly appreciate. About 60% of the Group’s revenue is carried out via this company.

Sales offices

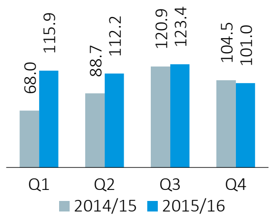
The sales offices in America, Germany, Japan and Taiwan continued to guarantee good and close contact with customers in the financial year 2015/16.

4. Business development by segments

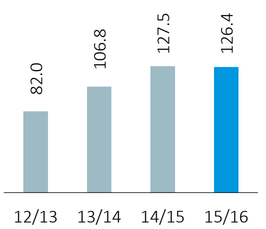
Mobile Devices & Substrates
Development of revenue
€ in millions



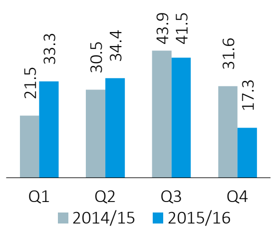
Mobile Devices & Substrates
Revenue from external
customers by quarters
€ in millions



Mobile Devices & Substrates
EBITDA Development
€ in millions



Mobile Devices & Substrates
EBITDA by quarters
€ in millions



The AT&S Group divides its operating activities into three segments: Mobile Devices & Substrates, Automotive, Industrial, Medical and Others. The Mobile Devices & Substrates segment mainly comprises the applications of smartphones, tablets, notebooks and consumer products such as digital cameras. At the beginning of the financial year, the Industrial & Automotive segment was renamed Automotive, Industrial, Medical. This change was made to underline the growing significance of business with medical devices in both therapy and diagnosis. The segment includes the industrial electronics, automotive, aviation & security, and medical applications. The Others segment covers the activities of the Advanced Packaging business unit (which is in the development phase) as well as higher-level Group activities. The Advanced Packaging business unit neither reaches the quantitative thresholds, nor are its opportunities and risks material to the Group as a whole. It is therefore not presented as a segment of its own in segment reporting.

MOBILE DEVICES & SUBSTRATES SEGMENT

The applications of the Mobile Devices & Substrates segment require technologically sophisticated printed circuit boards and permanent process and product innovations. The ongoing growth in demand for smartphones all over the world is the key growth driver. The growing performance of these devices would not be possible without HDI (high density interconnection) printed circuit boards. AT&S is one of the leading suppliers of HDI technology around the world and ranked third in 2014 (source: Prismark, August 2015). With a revenue share of 59.3% (previous year: 57.3%), the Mobile Devices & Substrates segment still remains the largest segment of the AT&S Group.

Mobile Devices & Substrates segment – overview

€ in millions (unless otherwise stated)	2015/16	2014/15	Change in %
Segment revenue	539.7	455.2	18.6%
Revenue from external customers	452.5	382.1	18.4%
Operating result before depreciation and amortisation (EBITDA)	126.4	127.5	(0.8%)
EBITDA margin (%)	23.4%	28.0%	
Operating result (EBIT)	48.3	60.1	(19.7%)
EBIT margin (%)	8.9%	13.2%	
Additions to fixed assets	271.8	126.8	114.3%
Employees (incl. leased personnel), average (no.)	5,990	5,017	19.4%

At € 539.7 million, revenue generated exceeded the previous year's figure of € 455.2 million by € 84.5 million or 18.6%. The very high demand from high-value mobile devices such as smartphones also continued in the first quarter of the current financial year and, combined with favourable exchange rates for AT&S, led to significant revenue increases. The second quarter, however, benefited from the ongoing strong demand, the product launches in the mobile industry and the favourable exchange rates. The third quarter was characterised by a return to normal growth rates and revenue managed to maintain the exceptionally strong level of the previous year. The fourth quarter, which is usually weaker as a result of plant closures due to the Chinese New Year, instead showed stable demand in the reporting period and was only slightly lower than the exceptionally strong level of the previous year.

In terms of geography, there was a further revenue increase from our American customers. Furthermore, the segment's revenue was positively affected by sustained high demand from the Automotive, Industrial, Medical segment. The plant in Shanghai, which is allocated to the Mobile Devices & Substrates segment, achieved significantly higher revenues with the Automotive, Industrial, Medical segment.

At € 126.4 million, segment EBITDA was € 1.1 million or -0.8% below on the previous year's figure of € 127.5 million and was negatively impacted in the fourth quarter by startup costs for the new site in Chongqing. Given the stable and high demand throughout the year, very high utilisation could be achieved.

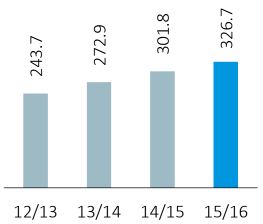
Furthermore, the ongoing good product mix and positive exchange rate effects led to an improved result that almost offset the higher startup costs at the Chongqing site. At 23.4%, the EBITDA margin for the Mobile Devices & Substrates segment was 4.6 percentage points down on the previous year's figure of 28.0%. Adjusted for the results of the new Chongqing site, the EBITDA margin was 26.0% compared to 28.5% in the previous year and reflects a return to normality.

The operating result (EBIT) decreased by € 11.8 million or -19.7% to € 48.3 million (previous year: € 60.1 million). Compared to the previous year, impairments on technologies no longer in use decreased by € 2.9 million to € 3.1 million (previous year: € 6.0 million). Depreciation was affected by the beginning of the depreciation of the substrate plant in Chongqing which was caused by the certification and the accompanying start of serial production. Before only the administration building was included in the depreciation.

The EBIT margin decreased by 4.3 percentage points to 8.9% (previous year: 13.2%) due to the decrease in EBIT and increase in revenue.

Additions to assets increased by € 145.0 million or 114.3% to € 271.8 million (previous year: € 126.8 million). Alongside additions of € 52.2 million resulting from ongoing investment in technology upgrades, replacements and expansion investments in the Shanghai plant, non-current assets increased by € 219.6 million at the new site in Chongqing. The first products of the new IC substrate line were successfully certified, and serial production was started. The further expansion of the site is on schedule. The second production line for IC substrates is currently being installed and serial production should start in financial year 2016/17. Additionally, installation began of the first production line in the plant for substrate-like PCBs in the nearly completed building of the plant which will also start operating in the next financial year 2016/17, resulting in initial revenue.

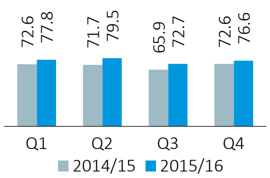
Automotive, Industrial, Medical
Development of revenue
€ in millions



AUTOMOTIVE, INDUSTRIAL, MEDICAL SEGMENT

With revenue growth of € 24.9 million to € 326.7 million (previous year: € 301.8 million), the Automotive, Industrial, Medical segment generated an increase of 8.2%. This positive development was based, on the one hand, on continually increasing demand in the automotive sector (the share of electronic components in vehicles, e.g. for advanced driver assistance systems, continues to increase) and, on the other hand, on a stronger demand in the medical technology sector.

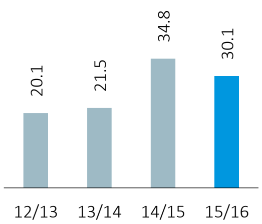
Automotive, Industrial, Medical
Revenue from external customers by quarters
€ in millions



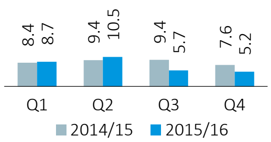
Automotive, Industrial, Medical segment – overview

€ in millions (unless otherwise stated)	2015/16	2014/15	Change in %
Segment revenue	326.7	301.8	8.2%
Revenue from external customers	306.5	282.9	8.4%
Operating result before depreciation and amortisation (EBITDA)	30.1	34.8	(13.5%)
EBITDA margin (%)	9.2%	11.5%	
Operating result (EBIT)	19.2	25.9	(25.8%)
EBIT margin (%)	5.9%	8.6%	
Additions to fixed assets	29.4	25.5	15.0%
Employees (incl. leased personnel), average (no.)	2,616	2,489	5.1%

Automotive, Industrial, Medical
EBITDA development
€ in millions



Automotive, Industrial, Medical
EBITDA by quarters
€ in millions



Regarding the development of the Leoben, Fehring, Ansan and Nanjangud sites allocated to the Automotive, Industrial, Medical segment, refer to Section 3 in the Group Management Report. In general, financial year 2015/16 was characterised by stable capacity utilisation at a high level.

The segment result was, however, affected by negative exchange rate effects in financial year 2015/16 which led to exchange rate based cost increases and had a severely negative impact on results. Overall, this resulted in an decrease in EBITDA of € 4.7 million or -13.5% to € 30.1 million (previous year: € 34.8 million).

The EBITDA margin decreased by 2.3 percentage points to 9.2% (previous year: 11.5%).

The operating result (EBIT) decreased by € 6.7 million or -25.8% to € 19.2 million (previous year: € 28.5 million). At 5.9%, the EBIT margin for the Automotive, Industrial, Medical segment was significantly below the previous year's figure of 8.6% due to the effects stated above.

Additions to assets rose by € 3.9 million or 15.0% to € 29.4 million (previous year: € 25.5 million). These additions were due to ongoing investment in technology upgrades, replacements and expansion at all sites.

OTHERS SEGMENT

Alongside general holding activities, the Others segment also includes the Advanced Packaging business unit which is in the development phase. This business unit deals with embedding active and passive electronic components in printed circuit boards by using the ECP® technology patented by AT&S. The objective is to further miniaturise the printed circuit boards while improving heat distribution, electrical performance and service life. The business unit continued to significantly increase its revenue in financial year 2015/16, and to establish itself as a development partner to its customers. Due to the business unit still being small in size, it is still not reported as a standalone segment.

Others segment – overview

€ in millions (unless otherwise stated)	2015/16	2014/15	Change in %
Segment revenue	22.1	10.9	102.9%
Revenue from external customers	3.9	2.0	90.2%
Operating result before depreciation and amortisation (EBITDA)	10.9	5.2	108.8%
EBITDA margin (%)	49.2%	47.8%	
Operating result (EBIT)	9.4	4.0	136.8%
EBIT margin (%)	42.4%	36.4%	
Additions to fixed assets	1.9	2.1	(12.6%)
Employees (incl. leased personnel), average (no.)	153	133	14.9%

5. Group

5.1. Employees

In today's environment, where change is the only constant, committed employees are especially important to us. To be the first choice for highly sophisticated technologies, a company like AT&S must offer its employees prospects and clear opportunities for development; it must support them and challenge them. Managers at AT&S play a particularly significant role in this respect. In order to embrace innovation as a company every day, we need people who are prepared to go in new directions and are open to thinking in terms of alternatives.

HUMAN RESOURCES FACTS AND FIGURES In financial year 2015/16, AT&S employed an average of 8,759 full-time equivalents including temporary employees. This means there were 1,121 more full-time equivalents compared to the average in the previous financial year. This increase is mainly attributable to the hiring of staff at the plants in Chongqing.

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

	2015/16	2014/15	Change
Mobile Devices & Substrates segment	5,990	5,017	973
Automotive, Industrial, Medical segment	2,616	2,489	127
Others	153	132	21
Total Group	**8,759**	**7,638**	**1,121**

EXCELLENCE IN LEADERSHIP Three principles have been defined for excellence in leadership based on the AT&S vision and mission: OPEN-MINDEDNESS, COMMITMENT and RESPONSIBILITY. We consider leadership to be an essential part in realising our vision and achieving our mission. Studies clearly show that good leadership practices have a significant influence on employee commitment and dedication. Our leadership values provide all of our managers with a framework that enables them to live effective leadership. In the past financial year, we offered our first-level managers the opportunity to attend modules with a focus on communication and a culture of feedback, which they also took advantage of. The improved dialogue they initiated leads to better mutual understanding and provides space for reflection. Open and appreciative feedback creates fertile ground for frictionless, open and dynamic development for the entire organisation. As a result of positive feedback, this initiative will be extended to the next level of management in financial year 2016/17.

SUPPORT AND CHALLENGE Communication and feedback are essential instruments for ensuring the commitment of our employees and their desire to grow, both now and in the future. Managers at AT&S therefore have a responsibility to create an atmosphere of lifelong learning and a culture of dialogue for every single employee. Their core responsibilities include talent management, continuous development of skills and abilities, ongoing development of an open, two-way feedback culture, as well as providing support and challenge for each individual employee.

The annual staff appraisal meeting is the basic tool that helps AT&S managers to obtain a structured view of the potential, experience and innovative ideas of their employees. In the staff appraisal meeting, goals are agreed, based on the company's goals, for each employee in line with their responsibilities for the following financial year. In addition, potential and development opportunities within the current position as well as possible career paths are discussed. It is the responsibility of every manager to support and challenge their employees according to their interests and potential.

In annual evaluations based on this, employees with the greatest development potential are selected for further career steps and the next steps required are decided upon.

AT&S employees have the opportunity to earn additional qualifications through internal and external training programmes, workshops and coaching. Internally, we provide introductory training for new employees to familiarise them with the market, our products, the organisational structure and procedures of AT&S, and our corporate values. Training programmes specific to AT&S are provided by internal specialists. Cross-functional, international and intercultural training supports our internal connections, the optimisation of processes and a continuous transfer of knowledge. Basic management training programmes include leadership principles and training on the ever-current topic of change management and strategic development. A number of important modules are offered as part of customised, site-specific training catalogues.

In the past financial year, AT&S began a customised programme of training based on a Lean Management (efficiency) and Six Sigma (effectiveness) approach in the areas of administration, research and production. The Lean Six Sigma initiative at AT&S is named iPOK internally (Implementation of Practice Oriented Knowledge) and encompasses all employee and organisational levels. The training consists of a theoretical and a practical section, with the latter designed to firmly anchor the theoretical learnings within the organisation for the long term. iPOK will help AT&S achieve its vision and mission by means of improvement projects and, moreover, have positive effects on our employees' work environment. Across all sites, a total of 52 employees have been certified or are participating in "Black Belt" training (project managers with cross-functional projects and around 140 hours of training) and 81 employees are certified or participating in “Green Belt" training (project managers with departmental projects and around 40 hours of training). There have been 133 Lean Six Sigma projects initiated as a result of this certification and training.

AT&S offers comprehensive apprenticeships for the skilled workers of tomorrow, primarily in the areas of mechatronics, laboratory technology, physics laboratory, mechanical engineering and metal technology, but also in the administrative area. At the end of the financial year, we employed 27 apprentices in Austria and one in Germany, and, during the past financial year, 11 apprentices started their apprenticeship with AT&S. So as to generate excitement among young people for technical professions at AT&S, we participate in career fairs specific to our target groups and offer school children a direct insight into production by means of our ongoing, interactive "AT&S High Technology Experience" as well as introductory and seasonal internships. AT&S also positions itself as an attractive employer for young academics. We provide information to them at career fairs and, in close cooperation with universities, we offer bachelor and master thesis projects. With our first "International Talent Programme", which enabled training in Austria for the seven participants in eight modules over a period of 12–18 months, we were able to train talented young academics from different countries and make them "fit" for our sites in China. We are currently recruiting the second generation for the international talent programme – this time for assignments in China and India. The tremendous international interest in this programme is evidenced by the applications received from 63 countries.

In the past financial year, around € 1,926 thousand was invested in external training and continuing professional development. The increase of €1,056 thousand compared to the previous year is primarily attributable to the specialised training of the new employees who were recruited in the course of establishing the plants in Chongqing. In addition, AT&S also invested in university training for employees in China and in global leadership and iPOK Lean Six Sigma initiatives. On the one hand, these figures reflect the importance of the qualifications of new labour forces, but they also reflect the focus we place on efficiency, effectiveness and leadership.

Expenditure on external training sessions

€ in thousands	2015/16	2014/15	Change in %
Mobile Devices & Substrates segment	1,147	384	198.9%
Automotive, Industrial, Medical segment	319	284	12.5%
Others	460	202	127.3%
Total Group	**1,926**	**870**	**121.5%**

DIVERSITY & MOBILITY

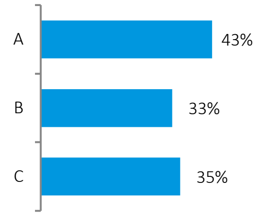
As a company that operates globally, diversity among our employees is a basic requirement for our success. AT&S promotes equal opportunities with regard to career paths and remuneration or training, irrespective of age, gender, background, religion, sexual orientation, ethnicity, disability, and religious or political belief.

At the end of the financial year, the proportion of female employees at AT&S was 35%. The female proportion in Europe, at 43%, and the United States, at 37%, is still significantly higher than in Asia, where the proportion of females within AT&S is 33%. Women constitute 10% of the employees reporting directly to the Management Board of the AT&S Group.

As an international company, AT&S employs people from 45 nationalities. We offer a variety of career options at an international level to our employees, and also to external applicants – through our “International Talent Programme”, for example – and we value professional mobility. We also promote cooperation across sites and provide intercultural training entirely in the interest of maintaining a learning organisation and in accordance with our leadership principle of "Open Mindedness".

The average age at AT&S is 31 years. This is primarily a result of the large number of young employees in China, where the average age is 29. In Europe and the USA, the average age is 39 and 45 years, respectively. The average term of service Group-wide is 5.4 years based on each of the sites. It is higher in Europe, at 12.2 years, than in Asia, at 4.2 years. This is also attributable to our sites in China, and mainly to the ongoing build-up of employees in Chongqing.

Proportion of female employees
in %



A - Europe and USA
B - Asia
C - Total

CODE OF BUSINESS ETHICS AND CONDUCT

AT&S has made a voluntary commitment to corporate social responsibility (CSR) measures, and to the Electronic Industry Citizenship Coalition (EICC). In alignment with the Triple Bottom Line approach, we have a responsibility to conduct business sustainably and in the interests of all stakeholders from an economic, ecological and social point of view. Clear ecological standards and goals and the creation of an appropriate environment for employees as well as the company allows us to implement our environmental, economic and social goals equitably and simultaneously. We are proud that the same standards for the environment, health and safety apply – and are put into practice – at all of our plants. The Code of Business Ethics and Conduct requires all employees to conduct themselves in a responsible and respectful manner and to comply with the standards set by AT&S. This results in transparency and mutual trust, and at the same time appeals to the personal responsibility of every individual. Further details with regard to our sustainability activities can be found in the chapter “Sustainability” and in the current Sustainability Report.

REMUNERATION SYSTEM

An important factor for motivating employees and for recruiting and retaining new talent, alongside remuneration in line with the market, is the opportunity to participate in the financial success of the company. Based on the AT&S global bonus system, individually and collectively agreed bonus payments are distributed whenever specific hurdle rates (defined minimums for key data) have been achieved. The basic requirement for participation is a positive EBIT for the Group as a whole. The hurdle rate itself is coupled with achievement of a certain EBIT figure in relation to the budgeted goals of the respective area of responsibility.

The level of the payment will depend on ROCE, Cash Earnings, the Innovation Revenue Rate (IRR) as well as the individual performance of each member of staff. Details on how ROCE, Cash Earnings and the IRR are determined can be found in Section 1.3. "Financial position" in the Management Report. The bonus system also ensures that, in more challenging economic times in which set aims were not achieved, bonus payments will be either reduced or entirely suspended.

OUTLOOK

Excellence in leadership has an enormous impact on sustainable business success. The executive leadership programme – the further professional development of management in the interest of sustainability – is therefore a significant area of focus for financial year 2016/17 and the years that follow. Based on new standards, we will also aim for greater transparency and permeability with respect to our training and career paths in all areas. The introduction of an expert career path alongside the management career path will be an import pillar. Our goal is clear: we aim to create conditions for our employees that produce exceptional commitment to sustainably achieving our ambitious goals.

5.2. Sustainability

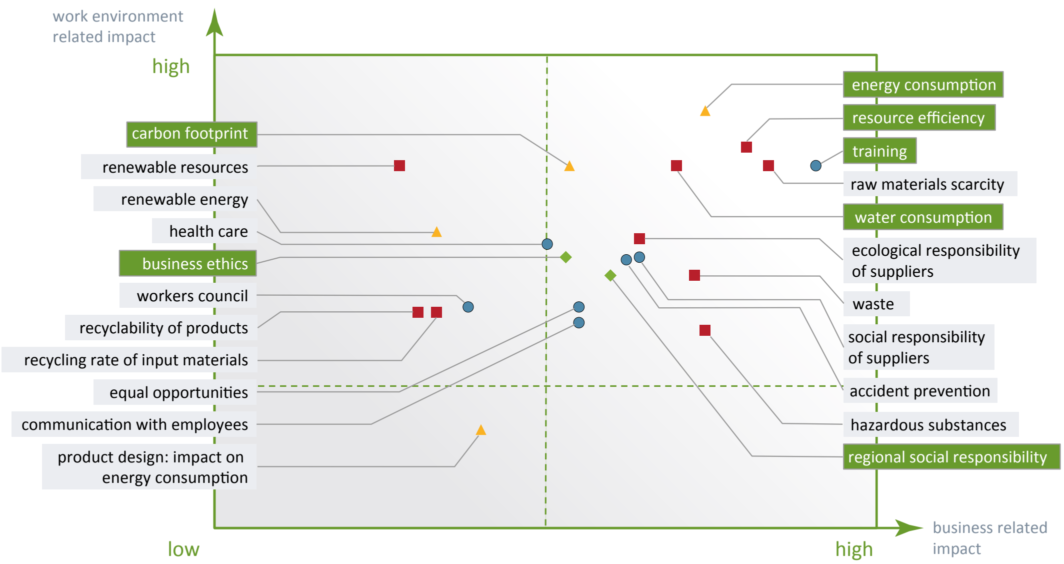
Conduct business responsibly and sustainably. This is a clear commitment, which AT&S has expressed again in the past financial year by means of the rigorous continuation of our corporate and sustainability strategy and the activities associated with it.

The significance of sustainability is clearly reflected in our corporate mission:

- We reduce our ecological footprint
- We care about people
- We create value

We create value that extends beyond a purely economic view. European standards at all sites, ambitious key performance indicators for resource consumption and emissions, and a clear commitment to good corporate citizenship are among the ways AT&S expresses sustainable management.

At AT&S, effective sustainability strategies centre on those areas that stand in the company's direct sphere of influence and are found within the sustainability triangle of economy, ecology and social responsibility. So as to satisfy this requirement, all important aspect groups were evaluated in a comprehensive process and the key topics of the AT&S sustainability strategy were jointly developed though a materiality analysis.



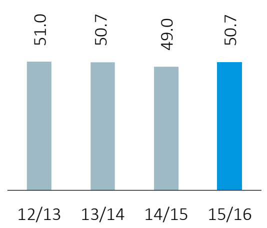
The following aspects from the materiality analysis define the key topics of AT&S sustainability activities:

ENERGY AND CARBON FOOTPRINT We established processes at all of our plants that sustainably ensure more energy-efficient operations. In this respect, the ongoing technological development in the printed circuit board industry presents a great challenge for energy efficiency: new processes need time for evaluation and optimisation of energy efficiency after the qualifying phase.

Toward the end of financial year 2014/15, the energy management standard ISO 50001 was introduced for both sites in Austria. Within this framework, analyses of the potential were conducted in the financial year 2015/16, which found an energy savings potential of around 7 GWh. Comparable efficiency analyses are already being planned for the sites in Asia and are expected to be implemented in financial year 2016/17.

Energy efficiency is reflected in the calculated CO_2 emissions because a significant portion of total emissions is based on the indicator "purchased electricity". In a four-year comparison, the CO_2 at AT&S calculated as CO_2 per square metre of printed circuit board produced declined from 51 kg to 50.7 kg per m^2. In the past financial year, however, we were unable to achieve the set target of reducing CO_2 emissions by 5% compared to the previous year. This development is based on two factors: due to the high outdoor temperatures during the summer months of the past year, greater energy needs for process and building cooling were recorded. This resulted in higher CO_2 emissions. In addition to this, the production of ever more complex printed circuit boards with additional functional requirements also requires more energy consumption per m^2 of printed circuit board produced. We are working hard to implement further improvements for the coming year.

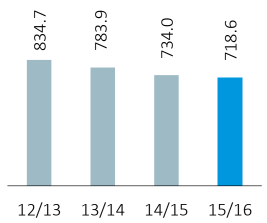
Carbon footprint
in kg CO_2 per sqm weighted PCB



WATER Special attention continued to be paid to water consumption in the past financial year because the production of printed circuit boards is intensive in terms of water consumption. We therefore placed our focus, as we did in the energy area, on highlighting the major consumption areas through an effective measurement system and implementing the resulting optimisations – to the extent permitted by the production parameters.

By means of continuous improvement projects, we were able to reduce our global water consumption considerably. Details can be found in the Sustainability Report 2015/16.

Freshwater consumption
in litres per sqm weighted PCB



RESOURCES Material costs represent a significant share of the production cost of a printed circuit board. Efficiency improvements in this area have not only an economic impact. Most importantly, we reduce unnecessary waste and improve our recycling rate.

Material consumption in the following table refers to the plants in production during financial year 2015/16.

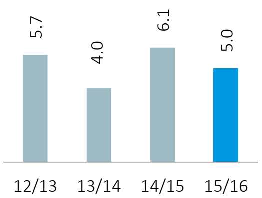
Purchase of significant materials

	Unit	2015/16	2014/15	2013/14
Gold	kg	593	596	484
Copper*)	t	3,362	3,550	3,144
Laminate	million sqm	13.5	13.4	12.5
Chemicals	tsd. t	96.2	92.9	87.2

AT&S AS A PLACE OF LEARNING As in past years, one of our main priorities is the training and further development of our employees. In-depth training and corresponding experience not only benefits our employees, who thereby set the cornerstone for their further development within the company, but also benefits the quality of our technologies, the efficiency of our actions, and the relationships with our customers. A detailed presentation of the measures and programmes, as well as key indicators, is provided in the Human Resources section.

SHAPING THE FUTURE BY THINKING AHEAD Anticipate the future. This is the basis of our vision "First choice for advanced applications". Although we are faced with intense competition, especially in Asia, and generally constant price pressure, we do not compromise when it comes to the highest standards in all of our spheres of influence. Be it implementation of the work and safety standard OHSAS 18001 at all of our sites, which is now complete, or with regard to environmental and quality standards: we want to be the industry benchmark at all of our sites and simultaneously be among the most profitable manufacturers of printed circuit boards.

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



In the area of occupational safety, we were able to record an improvement compared to the previous year. We consider our focus in this area to be especially important and we will always work to improve the existing, extensive safety measures. Creating awareness among our employees plays a large role in this respect. For this reason, we launched the initiative "LIFE – Living in an Injury-Free Environment" at the Chongqing site. Through various measures, "LIFE" ensures that the issue of health and safety is ever present in the daily work routine.

Due to our global presence, ethical principles among our employees and partners is a major priority. In accordance with the code of conduct of the EICC, an electronics industry organisation, we ensure that a work environment is created at all of our plants that reaches beyond the legal requirements, one in which employees count as people. We provide this information to our business partners though an annually recurring self-disclosure.

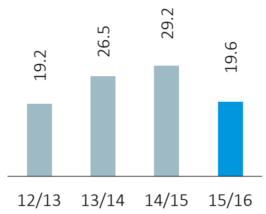
We revised our Code of Business Ethics and Conduct in the past year. The code was adapted to the requirements of the EICC, the code of conduct of the electronic industry association. The code therefore reflects the most recent developments in our corporate ethic. Thus, we ensure that all of our employees are sensitised to important corporate issues such as preventing discrimination, anti-corruption or environmental matters and occupational safety, and that they conduct themselves in accordance with these rules and the expectations of the company. All employees commit to this through their signature. The management at the respective sites are required to continuously monitor compliance.

For AT&S, sustainability is an important contributor to the successful future of our company. Specific goals and measures can be found in the Sustainability Report 2015/16.

5.3. Research and development

HIGHLIGHTS IN THE FINANCIAL YEAR 2015/16

Innovation Revenue Rate (IRR)
in %



- 19.6% of total revenue generated by technologically innovative products that have been on the market for less than three years (Innovation Revenue Rate)
- Development project for the production of first generation IC substrates successfully completed – significant, forward-looking innovation for AT&S
- Increased use of Industry 4.0 technologies and processes in production.

The key sentence in the AT&S Mission: “We industrialise leading-edge technologies" is having an impact. AT&S generated about 20% of its revenues with innovative products launched onto the market during the last three years. These products are the result of our consistent business and innovation strategy which has the further expansion of technological leadership as its goal. AT&S has set the target of achieving an Innovation Revenue Rate (IRR) of at least 20% each year. This is intended not only to make a significant contribution to revenue generation, but also as an expression of our major point of differentiation from the competition. Last year, this figure was 29.2%. The decline is attributable to the maturity of certain generations of technology during financial year 2015/16.

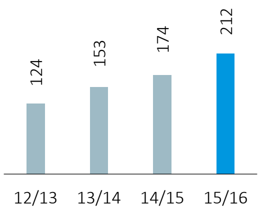
The electronics industry is currently undergoing profound change. This was triggered by the slowdown in the speed of development in processor technology. (Remark: Moore’s Law, which says that the complexity of integrated circuits always doubles within 12 to 24 months, is no longer valid.) This creates completely new opportunities for certain segments of the electronics supply chain: specifically for the packaging, substrate and printed circuit board industry. Many new functions and features can be produced with significantly less development expense than would be needed to produce them on chips. The further development in our areas of business will have an enormous impact on the entire electronics market in the next several years. AT&S is anticipating these trends by taking them into account in our short- and long-term focus areas for development.

R&D FOCUS AREAS IN THE PAST FINANCIAL YEAR

- Flexibility/Design: integration of electronics in the smallest of spaces and interconnection of electronic modules
- Miniaturisation/Weight reduction: devices are becoming increasingly smaller, lighter and more powerful – interconnection electronics need to create the foundation
- Modularisation/Packages: new, highly integrated modules to achieve the tightest packing density and highest performance capacity for a simplified value creation chain
- High speed/High frequencies: contactless communication of people and devices with large volumes of data and radar applications for self-driving cars and work equipment
- Power electronics/High currents: energy-efficient mobility implies the electrification of mobility – mechanical solutions are being replaced by energy-saving electronic solutions
- Production processes/Business models: use of data to optimise and improve production processes; integration of new and incremental steps in the value creation chain and more efficient use of resources in production

Research and development costs in financial year 2015/16 amounted to € 95.5 million. This corresponds to a research rate (i.e. ratio to revenue) of 12.5% compared to 8.7% in the previous year. The figure for financial year 2015/16 was heavily influenced by high development costs for the substrate technology. Adjusted for this special project, the research rate was 4.5%, and the associated research and development expenses increased by € 6.3 million or 22.3% to € 34.4 million (previous year: € 28.2 million). This research rate is the basis for securing our position as a technology leader in the coming years.

Number of patents granted
in units



Our innovative strength and long-term competitiveness is also demonstrated in the number and quality of our patents. In financial year 2015/16, AT&S submitted 46 new applications for patents. AT&S now has 162 patent families, resulting in 212 granted patents.

We ensure efficiency in our development through close cooperation with customers, suppliers and research institutions. Internally, AT&S pursues a two-stage innovation process. Development activities in the fields of materials, processes and applications are carried out at the AT&S research institutions in Leoben to the point where the basic technological feasibility has been demonstrated. This area thus covers applied research and technology evaluation. After that, it is the responsibility of the local departments that have responsibility for technology development and implementation situated at AT&S sites worldwide to continue the experimental development of products and processes in order to then integrate them within existing production operations.

HIGHLIGHTS FROM RESEARCH AND DEVELOPMENT PROJECTS

In February 2016, after around 17 months of extensive development and intense effort, certification was completed for serial production of the first generation of IC substrates at Plant 1 in Chongqing. To obtain this certification, all facilities and hundreds of process steps had to be precisely defined and test substrate produced under serial-production conditions. This step signified the start of serial production for the first of two production lines, for the present. AT&S will be manufacturing IC substrate – so-called flip-chip ball grid array substrates – for use in microprocessors. AT&S thus becomes the first manufacturer of high-end IC substrates in China.

In the area of high-end high density interconnects (HDI), currently the core business, AT&S continued to develop the next generation of printed circuit boards, known as substrate-like printed circuit boards. The development of this technology made further advances at our Shanghai site by means of a test line, and even is leading to technological enhancement for the entire site. Serial production will take place at an additional plant at the site in Chongqing. The significant technological leap that comes with substrate-like printed circuit boards will be introduced in the second half of 2016. It will enable an entirely new generation of products with respect to miniaturisation and increasing the performance capacity of the products in our core business.

The trend continues toward higher currents on the printed circuit board and the related need for integrated thermal management in printed circuit boards and electronic modules, and clearly shows that the development by AT&S of the past years now is proving to be fertile ground. The driver behind this trend is rising electro-mobility and the future vision of autonomous driving. The new AT&S solutions for power electronics, which were developed as part of an international network, have generated great interest from customers. AT&S packaging solutions have been mirrored internationally, for example in the "Little Box Challenge" put forth by Google for the smallest 2kV power inverter. As a result of the development work carried out by AT&S, it was possible to reduce the volume by a factor of more than 10 compared to today's conventional inverters.

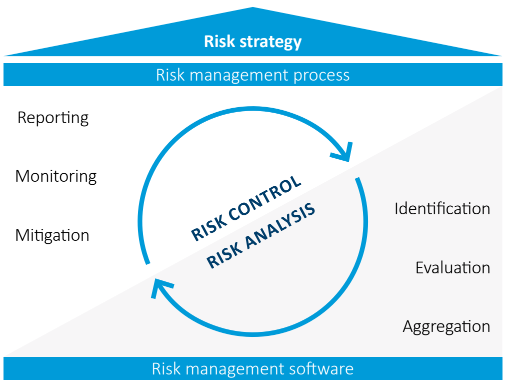
AT&S focuses increasingly on the deployment of Industry 4.0 methods in its production processes. Data from the manufacturing process is drawn upon to optimise product properties and the efficiency of the process flow. In recent years, AT&S has already introduced a "Manufacturing Execution System" (MES) at some sites, enabling process monitoring and control with data in real time. In order to progress even further with these methods and introduce additional applications, AT&S is part of a European consortium consisting of 37 partners from different positions along the electronics value creation chain. This is where, in the next three years, new and coordinated solutions will be developed that reach beyond the current boundaries in the value creation chain, which cannot be described here for competitive reasons.

6. Risk and opportunities management

PRINCIPLES, STRUCTURES AND PROCESSES Risk and opportunities management is a fundamental part of conducting business within the AT&S Group. The target 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, and in accordance with the Austrian Code of Corporate Governance (ÖCGK), AT&S operates a Group-wide Risk Management (RM) system, an Internal Control System (ICS) in accordance with COSO standards, as well as Internal Audit based on the IIA standard.

From an organisational perspective, the Risk Management, Internal Control System and Internal Revision functions come within the responsibility of the CFO. The Internal Auditor and Group Risk Manager report to the full Management Board as part of a monthly 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 assessed once a year by the external auditor in the course of the annual audit of financial statements pursuant to Rule 83 ÖCGK.

The risk management process shown in Figure 1 is conducted at least twice a year. Risk management is conducted based on the risk strategy and risk appetite at the hierarchy level assigned to the relevant level of risk. (see Figure 2):



Risk strategy: defined by the Management Board and persons responsible for processes.

Risk identification: Group-wide survey with subsequent evaluation. Immediate reporting of significant new risks (≥3).

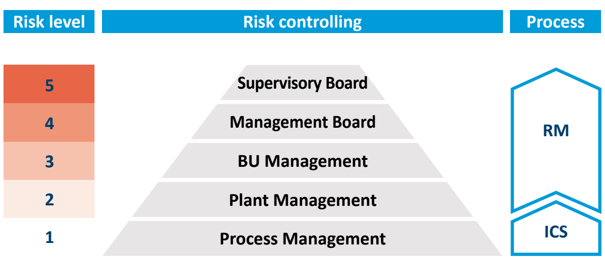
Risk evaluation: consistent Group-wide evaluation of all risks with respect to their monetary impact, probability of occurring, and resulting risk rating of 1 (low) – 5 (very high).

Aggregation & Reporting: aggregation and regular reports on all significant risks (risk level ≥3) to the Management Board and Audit Committee by the Risk Manager.

Risk Mitigation & Monitoring: in accordance with defined reporting and decision levels (based on risk level, see Figure 2).

Risk management software: Group-wide for risks and ICS controls.

Figure 1: AT&S Risk Management Process



Risk appetite & risk level: a maximum risk exposure of 50% of equity is intended. The AT&S risk levels are derived from operating cash flow as an indicator of the risk capacity of the Group.

ICS & RM: management of process risks (risk level 1-2) supported by the internal control system. At Group level, relevant risks (risk level ≥3) are managed and reported through the risk management process.

Risk Mitigation: clear assignment of responsible decision levels based on risk level (see left)

RM: Risk Management; ICS: Internal Control System; BU: Business Unit
Figure 2: AT&S Risk Levels and Risk Management

RISK MANAGEMENT IN 2015/16 In addition to the expansion of the AT&S risk map and deeper integration of risk management at all sites, a consistent Group-wide quantitative evaluation method for all risks and opportunities was established in the past financial year. Uniform Group-wide documentation as part of the internal control system is ensured by the risk management software developed by AT&S for all significant processes and sites. As a result of further development of this software, also in the past financial year, the execution and documentation of the entire risk management process now takes place through this application as of the start of financial year 2016/17.

OPERATIONAL RISK MANAGEMENT The risks, uncertainties and opportunities facing the Group are generally based on worldwide developments in the printed circuit board and substrate market. An overview of the AT&S risk categories, significant individual risks, risk mitigation measures and the expected trend is shown in Figure 3 and explained in further detail below.

Risk strategy	Significant risks & opportunities	Trend	Risk mitigation & opportunity realisation
STRATEGY	Sales price development Capacity utilisation, technology development, investments (substrate & substrate-like PCB)	↗	▪ Consistent focus on high-end technology and target applications ▪ Future technological and strategic site alignment ▪ Technology development projects and technology roadmap ▪ Strict project control, periodic strategy workshops
MARKET	Market and segment development Development of key customers Sales strategy and implementation	↗	▪ Balanced segment portfolios and diversification of the customer portfolio ▪ New customer acquisition and share increases with existing customers ▪ Consistent acquisition of defined target applications
PROCUREMENT	Development of procurement prices Single-source risk Supply chain risk	↘	▪ Procurement strategy (negotiation, allocation, technical changes) ▪ Single-source strategy; supplier risk evaluation and multi-sourcing ▪ Supply chain optimisation and regional diversification
BUSINESS ENVIRONMENT	Catastrophe, fire Political risk	→	▪ Internal & external audits, emergency practice, insurance ▪ Business programme management, insurance
OPERATIONS	Quality performance Intellectual property Technical project management Operating costs	→	▪ Black Belt programme, continuous quality improvement measures ▪ Continuous expansion and protection of the IP portfolio ▪ Rigorous technical project management ▪ Cost reduction programmes at all sites
ORGANISATION	Loss of key personnel	→	▪ Employee retention, deputy regulation and succession planning
FINANCE	Foreign exchange risk Financing & liquidity Tax risk	→	▪ Natural FX hedging through long-term cash flow planning ▪ Long-term planning for financing and liquidity, interest swaps ▪ Continuous monitoring of compliance with tax laws

IP: Intellectual Property; FX: Foreign Exchange; CF: Cash Flow

Figure 3: AT&S Risk Categories, Significant individual Risks, Risk Trends and Risk Mitigation Measures

Strategy

INVESTMENTS In order to make the most of growth potential and remain competitive, AT&S undertakes substantial investments in new forms of technology as well as in the further development and capacity expansion of existing technologies. There are particular opportunities to be gained from, but also risks to be taken into account, in association with, entering into the substrates business. Entering this new business segment was carried out through a strategic partnership with a leading global semiconductor manufacturer. Furthermore, the location at Chongqing in China offers competitive advantages over the largely Japanese dominated competition with respect to production costs.

Incorrect assessments of technological developments, changes in demand, and negative price developments can have severe adverse effects on the intrinsic value of investments. These effects could relate, in particular, to entry into the substrate business, building capacity for substrate-like printed circuit boards in Chongqing, but also to all current AT&S business activities as well.

COMPETITION The clear focus on the high-tech segment coupled with the highest quality standards and consistent cost controls meant that AT&S was able to achieve a competitive advantage over a majority of its competitors in the HDI (high-density interconnect) technology segment. This focus enabled AT&S to successfully withstand the effects of intense competition, overcapacity in the market, and persistent ‘commodification’ (with a corresponding margin reduction). Complementing this was the successful transfer of HDI technology from smartphone applications and other mobile devices to further applications, such as those in the automotive industry.

The opportunities related to Austrian plants of AT&S are based on high flexibility, high quality standards and the ability to react very quickly to changing specifications and technologies. These capabilities are absolutely imperative for prevailing in the competitive environment, especially in the industrial segment, which is characterised by diverse technological requirements among a large number of customers. To ensure our competitive edge, new forms of technology and projects are constantly pushed forward in close cooperation with our customers.

Advanced Packaging, a technology which was introduced to the market under the ECP® brand name, also offers considerable potential in itself, and the successful industrialisation of this technology continues to be driven forward.

Competitor risks arise due to potential quality improvements and technological developments in countries with low production costs. This could mean thas AT&S sites, especially in Austria and possibly also at other manufacturing locations like those in China, might become less competitive.

Market

KEY CUSTOMERS With the help of advanced production technologies and high quality standards, the AT&S Group has managed – largely due to its capacities in Asia – to establish itself as a reliable provider to some of the world's most renowned players in the electronics industry. The revenue generated with the five largest among these customers accounts for 56% of total revenue. Our long-term relationships with these customers also offer excellent opportunities for the future. However, concentration of this kind also poses risks in the event that there is a significant reduction in business volume from these customers. Therefore, the ongoing expansion of AT&S's competitiveness as well as the continued broadening of its customer base and development of new product segments are of enormous significance to our ability to quickly compensate a possible decline in the sales volume of any one key customer.

MARKET PERFORMANCE Emergence of a weak market environment in financial year 2016/17 could have an adverse impact on the Group's results. However, an upward trend in the economy could also lead to increased business opportunities. The diversified positioning throughout Mobile Devices & Substrates as well as the automotive, industrial and medical product segments provides some mitigation of market risks resulting from their different production cycles.

Procurement

PROCUREMENT PRICES Price fluctuations in energy and raw materials (gold, copper and laminates) can have both a positive as well as a negative impact on achievable margins in the short term. Currently, the trend is positive, and will be further reinforced through targeted implementation of the procurement strategy.

SOURCING The sourcing strategy of AT&S focuses on a wide and clearly diversified base of carefully selected suppliers in order to reduce dependencies on individual suppliers. The Group enjoys long-standing and stable customer-supplier relations with its main key suppliers with particular expertise and competitive standings. To avoid supply shortages, AT&S conducts rigorous supplier risk management, taking account of regional cluster risks, various supply routes, and alternative procurement options. So, with few exceptions – such as in the IC substrates area for which the suppler base is smaller – alternative supplier options are available in order to respond to supply risks.

Business environment

LOCATION SPECIFIC RISKS The large majority of AT&S' operating activities is based at sites outside of Austria, particularly in China. 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 disruptive events such as fire, natural disasters, acts of war, shortages of supply or other elementary 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.

To minimise the effects of such risks, the Group has instituted business continuity management. The Group conducts active insurance management by means of weighing the risks and associated costs. It 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.

COMPLIANCE Any amendments to regulatory requirements, such as the prohibition of specific processes or materials, might lead to a rise in production costs. AT&S might be subject to payment of substantial penalties should any breach of customer confidentiality agreements or statutory provisions occur. AT&S has implemented organisational measures aimed at preventing or minimising the occurrence of compliance risks. The extension of such measures is ongoing. As a rule, AT&S follows a zero-tolerance policy and expects 100% compliance on the part of its employees with all applicable laws and regulations.

FRAUD, DATA SECURITY AND CYBERCRIME The rising number of ever-more professional attempts at fraud and cybercrime has also been noted by AT&S. To successfully prevent attempted fraud, in the past, internal controls were further intensified in the financial year 2015/16 and initiatives to sensitise employees with regard to such fraud schemes were increased. Moreover, AT&S continues to expand its data and IT security measures on a regular basis.

Operations

QUALITY PERFORMANCE As in the past, 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 exploit growth opportunities in the future. Any technical defects, quality deficiencies or difficulties in delivering products may expose AT&S to warranty claims, claims for damages and contractual penalties, resulting in product recalls and the loss of customers. AT&S has established a 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.

INTELLECTUAL PROPERTY AT&S endeavours to exploit any opportunities for obtaining intellectual property as well as gaining access to promising patents through the development of its own projects, cooperation schemes with partners and investments. Risks arise if AT&S fails to protect its intellectual property, thus enabling the competition to utilise these technologies. Legal disputes about intellectual property can prevent AT&S from using or selling disputed technologies. Furthermore, legal disputes with regard to the unauthorised use of external intellectual property can have considerable negative financial consequences. The new IC substrates segment in particular bears risks in this regard, as AT&S needs to further increase its relevant expertise in this field.

TECHNOLOGY AND PROJECT DEVELOPMENT The Group's know-how regarding project and technology development, particularly in China, enables the Group to exploit further promising growth opportunities, such as the establishment and expansion of capacity for IC substrates and substrate-like printed circuit boards in Chongqing. At the same time, however, this entails special risks, also in view of the substantial volume of investments in the Chongqing project. Complications in the further technological development and project implementation might result in major burdens for business development as well as existing financial and administrative resources. With the successful qualification/certification of the substrate plant in Chongqing, the focus in the coming financial year will be on the ramp-up of serial production and continuous performance improvement, as well as the qualification of additional production lines.

COST CONTROL Strict cost control at all sites is essential for maintaining the competitiveness and profitability of the Group. Rising costs, for example caused by a substantial increase in wage costs, particularly at the production sites in China, might have a negative impact on the competitiveness of the Group.

Organisation

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

Finance

EXCHANGE RATE RISKS Exchange rate fluctuations in EUR, RMB and USD – and to a lesser extent in JPY, KRW and INR – can have considerable positive or negative effects on the results of the Group. To minimise these effects, the Group employs a hedging strategy by means of the long-term forecasting of cash flows in each currency.

FINANCING AND LIQUIDITY To secure the financial needs for the expansion strategy, the Group uses long-term financial and liquidity planning. Interest rates are hedged centrally for the Group as a whole through Group Treasury in part with the use of appropriate financial instruments.

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 subject to 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. In order to minimise future task risks, the Group continuously monitors compliance with national tax laws and international guidelines such as the BEPS (Base Erosion and Profit Shifting) guideline of the OECD and makes any necessary adjustments.

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

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

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

The accounting procedures are documented in separate process instructions. As far as possible, these processes are standardised across the Group and are presented in a standardised documentation format. Additional requirements for accounting procedures result from specific local regulations. The basic principles of accounting and reporting are documented in the process descriptions and also in detailed process instructions, which are also filed in the central management manual. In addition, guidelines on measurement procedures and organisational requirements in connection with the processes of accounting and preparing the financial statements are compiled and updated on a regular basis. Schedules 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 and Group Controlling department (part of Group Finance & Controlling). The monthly budget/actual variance with corresponding comments on the results of the seg-ments, of the plants as well as of the Company, is reported internally to the executives and to the members of the Supervisory Board.

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

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

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

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

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

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

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

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

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

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

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

TREASURY SHARES By a resolution passed at the 21st Annual General Meeting on 9 July 2015, 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 8 July 2020, upon approval by the Supervisory Board, to sell treasury shares also in a different way than via the stock exchange or by public offering, most notably to serve employee stock options, convertible bonds or to use such shares as a consideration for the acquisition of entities or other assets and for any other legal purpose.

As of 31 March 2016, the Group does not hold any treasury shares.

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

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

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

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

9. Outlook

The effects of digitalisation, the continuous connecting of devices (Internet of Things) and the processing of large amounts of data will require sustained increases in the performance of electronic devices.

This rising penetration of nearly all applications with electronic technologies will result in continued growth for the electronics industry. The interconnection technologies will follow these trends both in terms of volume and technological development. By combining various known and new technologies, innovative solutions will emerge that can meet the demanding requirements.

Following the slow-down of growth in the area of communications devices (smartphones, tablets), it can be expected that new stimulus for further growth will be provided by the area of Internet of Things. At the same time, it can be expected that there will be no one "big thing" in the future, but rather many connected "smart things".

Against this background, AT&S will focus in the coming years even more intensely than it has thus far on rapidly industrialising new technologies and developing new high-end interconnection solutions for the future in combination with existing technologies. The plants in Chongqing will make a decisive contribution in this respect. Therefore, in financial year 2016/17, the focus will be on further utilisation of the first production line for IC substrates, ramp-up of the second production line for IC substrates toward the end of calendar year 2016, and ramp-up of the first production line for substrate-like printed circuit boards during the second half of calendar year 2016. In the core business, high-end printed circuit boards and embedding technology, AT&S will make continuous investments in technological developments at the existing sites in order to expand our leading market position.

In financial year 2016/17, in view of a weakened growth dynamic in some areas of existing customer segments as well as more intense competition, AT&S again expects stronger seasonality in certain financial quarters (primarily the first and fourth quarters of financial year 2016/17) and a continuous limited visibility. Provided that the macroeconomic environment remains stable, a USD-EUR currency ratio at a level similar to the previous financial year, 2015/16, and stable demand in the core business, Management assumes revenue growth in the coming financial year of 10–12%. Based on costs related to the ramp-up of Chongqing, the EBITDA margin is expected to be at a level of 18–20%; the EBITDA margin in the core business, however, will be at a similar level to financial year 2015/16. Higher, additional depreciation and amortisation of around € 40 million in the financial year 2016/17 for the project Chongqing will have a significant impact on EBIT.

Leoben-Hinterberg, 9 May 2016

The Management Board

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

Consolidated Financial Statements as of 31 March 2016

TABLE OF CONTENTS

Consolidated Statement of Profit or Loss

€ in thousands	Note	2015/16	2014/15
Revenue	1	762,879	667,010
Cost of sales	2	(611,247)	(511,628)
Gross profit		**151,632**	**155,382**
Distribution costs	2	(34,624)	(31,595)
General and administrative costs	2	(29,376)	(28,005)
Other operating result	4	(10,663)	(5,696)
Operating result		**76,969**	**90,086**
Finance income	6	7,533	9,067
Finance costs	6	(15,668)	(14,170)
Finance costs - net		**(8,135)**	**(5,103)**
Profit before tax		**68,834**	**84,983**
Income taxes	7	(12,883)	(15,634)
Profit for the year		**55,951**	**69,349**
Attributable to owners of the parent company		55,951	69,279
Attributable to non-controlling interests		–	70
Earnings per share attributable to equity holders of the parent company (in € per share):	25		
- basic		1.44	1.78
- diluted		1.44	1.78

Consolidated Statement of Comprehensive Income

€ in thousands		2015/16	2014/15
Profit for the year		**55,951**	**69,349**
Items to be reclassified:			
Currency translation differences		(82,521)	161,373
Gains/(losses) from the fair value measurement of hedging instruments for cash flow hedges, net of tax		2,831	(2,517)
Items not to be reclassified:			
Remeasurement of post-employment obligations, net of tax		2,659	(6,757)
Other comprehensive income for the year		**(77,031)**	**152,099**
Total comprehensive income for the year		**(21,080)**	**221,448**
Attributable to owners of the parent company		(21,080)	221,350
Attributable to non-controlling interests		–	98

Consolidated Statement of Financial Position

€ in thousands	Note	31 Mar 2016	31 Mar 2015
ASSETS			
Property, plant and equipment	8	689,161	603,664
Intangible assets	9	103,736	45,211
Financial assets	13	96	96
Deferred tax assets	7	33,826	34,301
Other non-current assets	10	39,519	29,485
Non-current assets		866,338	712,757
Inventories	11	83,438	89,222
Trade and other receivables	12	134,687	143,130
Financial assets	13	87,817	780
Current income tax receivables		504	1,004
Cash and cash equivalents	14	171,866	273,919
Current assets		478,312	508,055
Total assets		1,344,650	1,220,812
EQUITY			
Share capital	22	141,846	141,846
Other reserves	23	73,688	150,774
Retained earnings		353,402	311,642
Equity attributable to owners of the parent company		568,936	604,262
Non-controlling interests		–	96
Total equity		568,936	604,358
LIABILITIES			
Financial liabilities	16	361,558	359,268
Provisions for employee benefits	17	36,293	33,726
Other provisions	18	6,957	7,545
Deferred tax liabilities	7	8,844	7,774
Other liabilities	15	7,755	4,757
Non-current liabilities		421,407	413,070
Trade and other payables	15	180,257	149,409
Financial liabilities	16	161,413	46,037
Current income tax payables		7,557	2,823
Other provisions	18	5,080	5,115
Current liabilities		354,307	203,384
Total liabilities		775,714	616,454
Total equity and liabilities		1,344,650	1,220,812

Consolidated Statement of Cash Flows

€ in thousands	2015/16	2014/15
Operating result	**76,969**	**90,086**
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	90,519	77,485
Gains/losses from the sale of fixed assets	632	114
Non-cash expense/(income), net	576	5,900
Interest paid	(15,507)	(14,460)
Interest received	3,047	2,267
Income taxes paid	(10,308)	(16,436)
Cash flow from operating activities before changes in working capital	**145,928**	**144,956**
Inventories	(426)	(16,011)
Trade and other receivables	(11,099)	(23,612)
Trade and other payables	2,254	36,926
Other provisions	268	1,611
Cash flow from operating activities	**136,925**	**143,870**
Capital expenditure for property, plant and equipment and intangible assets	(254,764)	(165,318)
Proceeds from the sale of property, plant and equipment and intangible assets	499	539
Acquisition of non-controlling interests	(272)	–
Capital expenditure for financial assets	(89,480)	–
Proceeds from the sale of financial assets	1,775	–
Cash flow from investing activities	**(342,242)**	**(164,779)**
Proceeds from borrowings	252,140	34,623
Repayments of borrowings	(131,740)	(16,249)
Proceeds from government grants	4,659	1,339
Dividends paid	(13,986)	(7,770)
Cash flow from financing activities	**111,073**	**11,943**
Change in cash and cash equivalents	**(94,244)**	**(8,966)**
Cash and cash equivalents at beginning of the year	273,919	260,133
Exchange gains/(losses) on cash and cash equivalents	(7,809)	22,752
Cash and cash equivalents at the end of the year	**171,866**	**273,919**

Consolidated Statement of Changes in Equity

€ in thousands	Share capital	Other reserves	Retained earnings	Equity attributable to owners of the parent company	Non-controlling interests	Total equity
31 Mar 2014	**141,846**	**(1,297)**	**250,133**	**390,682**	**(2)**	**390,680**
Profit for the year	–	–	69,279	69,279	70	69,349
Other comprehensive income for the year	–	152,071	–	152,071	28	152,099
thereof currency translation differences	–	*161,339*	–	*161,339*	*34*	*161,373*
thereof remeasurement of post-employment obligations, net of tax	–	*(6,751)*	–	*(6,751)*	*(6)*	*(6,757)*
thereof change in hedging instruments for cash flow hedges, net of tax	–	*(2,517)*	–	*(2,517)*	–	*(2,517)*
Total comprehensive income for the year 2014/15	**–**	**152,071**	**69,279**	**221,350**	**98**	**221,448**
Dividends paid relating to 2013/14	–	–	(7,770)	(7,770)	–	(7,770)
31 Mar 2015	**141,846**	**150,774**	**311,642**	**604,262**	**96**	**604,358**
Profit for the year	–	–	55,951	55,951	–	55,951
Other comprehensive income for the year	–	(77,031)	–	(77,031)	–	(77,031)
thereof currency translation differences	–	*(82,521)*	–	*(82,521)*	–	*(82,521)*
thereof remeasurement of post-employment obligations, net of tax	–	*2,659*	–	*2,659*	–	*2,659*
thereof change in hedging instruments for cash flow hedges, net of tax	–	*2,831*	–	*2,831*	–	*2,831*
Total comprehensive income for the year 2015/16	**–**	**(77,031)**	**55,951**	**(21,080)**	**–**	**(21,080)**
Dividends paid relating to 2014/15	–	–	(13,986)	(13,986)	–	(13,986)
Acquisition of non-controlling interests	–	(55)	(205)	(260)	(96)	(356)
31 Mar 2016	**141,846**	**73,688**	**353,402**	**568,936**	**–**	**568,936**

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 in the segments Mobile Devices & Substrates, Automotive, Industrial, Medical and Others. The products are manufactured in the European and Asian markets 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 on the Vienna Stock Exchange since 15 September 2008. Prior to changing the stock exchange, the Company had been listed on the Frankfurt Stock Exchange since 16 July 1999. Due to increased turnover, the Company’s shares were included in the Austrian ATX index for the first time on 21 March 2016. The criteria for inclusion in the ATX are the average daily trading volumes during the latest twelve months as well as the free float capitalisation at the closing date of February 2016.

According to Section 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) of the International Accounting Standards Board (IASB) as adopted by the European Union (EU).

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 2016, 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 2015), meaning that they were consolidated on the basis of the interim financial statements as of 31 March 2016.

The consolidated financial statements were approved for issue by the Management Board on 9 May 2016. The separate financial statements of the Company, which are included in the consolidation after reconciliation to the applicable accounting standards, will be presented for approval to the Supervisory Board on 6 June 2016. The separate financial statements of the Company can be modified by the Supervisory Board and, in case of presentation to the Annual General Meeting, by the Company’s shareholders in a way that might also affect the presentation of the consolidated financial statements.

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

- AT&S Asia Pacific Limited, Hong Kong, China (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 100%
- AT&S Americas LLC, USA (hereinafter referred to as AT&S Americas), share 100%
- AT&S Deutschland GmbH, Germany, share 100%

In the financial year 2015/16, all non-controlling interests, a share of 1.24% in AT&S Korea Co., Ltd., were acquired and the subsidiary AT & S Klagenfurt Leiterplatten GmbH in Liqu. was liquidated and deconsolidated.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value 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.

For each business combination, the Group measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets and, accordingly, recognises the full or proportional goodwill. If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in profit or loss.

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

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

Capital consolidation is made in accordance with IFRS 10 "Consolidated Financial Statements". Intercompany accounts receivable and payable as well as expenses and income are eliminated. Unless immaterial, intercompany results in non-current assets and inventories are eliminated. Furthermore, uniform accounting and measurement methods are applied to all consolidated subsidiaries.

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

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

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

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

At the beginning of the financial year 2015/16, the business unit Industrial & Automotive was renamed Automotive, Industrial, Medical. This change was made to underline the growing significance of business with medical devices in both therapy and diagnosis.

The business unit Mobile Devices & Substrates is responsible for the production of printed circuit boards for mobile end-user devices such as smartphones, tablets, notebooks and consumer products like digital cameras. The printed circuit boards for these applications are largely produced in our Shanghai (AT&S China) plant. The serial production of IC substrates has started in March 2016 at the plant in Chongqing (AT&S Chongqing).

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

The activities of the emerging business segment Advanced Packaging and parent group activities are included in the business unit Others. 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 segment is still under development and is therefore not yet shown separately, since neither the quantative threshold reached nor the associated opportunities and risks are material to the Group as a whole.

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.

	Closing rate			Average rate		
	31 Mar 2016	31 Mar 2015	Change in %	01 Apr 2015 - 31 Mar 2016	01 Apr 2014 - 31 Mar 2015	Change in %
Chinese yuan renminbi	7.3514	6.6572	10.4%	6.9623	7.8448	(11.2%)
Hong Kong dollar	8.8231	8.3285	5.9%	8.5393	9.8166	(13.0%)
Indian rupee	75.3466	67.2055	12.1%	72.0208	77.3582	(6.9%)
Japanese yen	127.8200	128.7780	(0.7%)	132.1891	138.6920	(4.7%)
South Korean won	1,297.7560	1,191.6030	8.9%	1,269.9367	1,341.2992	(5.3%)
Taiwan dollar	36.5967	33.6151	8.9%	35.3607	38.7183	(8.7%)
US dollar	1.1378	1.0740	5.9%	1.1011	1.2660	(13.0%)

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 includes deferred income taxes.

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

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

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

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

Deferred taxes are not recognised for temporary differences in connection with holdings in subsidiaries provided that the Group is able to control the timing of the reversal of the temporary differences and it is likely that the temporary differences will not be reversed in the foreseeable future.

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

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the acquisition or production costs of this asset in accordance with IAS 23.

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

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

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

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

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 is 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 a 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 its useful life, generally between two and ten years. Amortisation terms and methods are reviewed annually at the end of the financial year.

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

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

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- Its intention to complete the intangible asset and use or sell it.
- Its ability to use or sell the intangible asset.
- How the intangible asset will generate probable future economic benefits is verifiable.

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

Capitalised development projects include all the directly attributable costs incurred as a result of development process. Borrowing costs are capitalised if the development project is a qualifying asset in accordance with IAS 23. Development costs are amortised on a straight-line basis over a useful life from six to seven years, which is derived from the expected sales periods.

h. IMPAIRMENT LOSSES AND WRITE-UPS OF PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS 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. 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 its value in use. The value in use corresponds to the estimated future cash flows expected from the continued use of the asset and its disposal at the end of its useful life. The discount rates applied correspond to the weighted cost of capital based on externally available capital market data that are typical in the industry and have been adapted to the specific risks.

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 on borrowed capital 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 covers 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 the 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 in prices or trader margins are classified as financial assets at fair value through profit or loss. At the time of their acquisition they are stated at fair value, excluding transaction costs, and 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 listed 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. Available-for-sale securities are instruments which Management intends to sell as a reaction to expected liquidity requirements or expected changes in interest rates, exchange rates or share prices. Their classification as non-current or current assets depends on the length of time for which they are expected to be held.

At the time of acquisition they are stated at cost, including transaction costs, in subsequent periods at their respective fair values. Unrealised gains and losses, net of income tax, are recognised in other comprehensive income and not taken through profit or loss until they are sold or considered as impaired.

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

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

When an available-for-sale security is considered to be impaired, the accumulated unrealised loss previously recognised in equity is recognised in profit or loss in "Finance costs - net". An asset is impaired, if there are indications that the recoverable value is below its carrying amount. In particular, this is the case if the decrease in fair value is of such extent that the acquisition cost is unlikely to be recovered in the foreseeable future. Recoverability is reviewed annually at every balance sheet date.

Furthermore, financial assets that have not been allocated to any of the other categories described are recognised under available-for-sale financial assets. If the fair value of non-listed equity instruments cannot be determined reliably, these financial assets are 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 Where possible the Group uses derivative financial instruments to hedge against foreign currency fluctuations related to transactions in foreign currencies – in particular the US dollar. These instruments mainly include forward contracts, foreign currency options and foreign exchange swap contracts. They are entered into in order to protect the Group against exchange rate fluctuations by fixing future exchange rates for foreign currency assets and liabilities.

Furthermore, 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 (commercial papers and money market funds).

n. NON-CONTROLLING INTERESTS The Company acquired the non-controlling interest of 1.24% of the equity in AT&S Korea in financial year 2015/16 and thus no longer reports any non-controlling interests.

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 for the non-controlling interests.

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

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

p. PROVISIONS FOR EMPLOYEE BENEFITS

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

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

For individual members of the Management Board and certain executive employees, the Group has defined benefit plans that are valued by qualified and independent actuaries at each balance sheet date. The Group's obligation is to meet 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 the case of a funded pension scheme. The present value of the future pension benefit is determined on the basis of years of service, expected remuneration and pension adjustments.

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

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

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

For employees who joined Austrian companies up to and including 2002, the Company has direct obligations that account for the major part of the Group's severance payment obligations. In accordance with IAS 19, these liabilities are calculated using the projected unit credit method as described above and represent severance payment obligations not covered by plan assets. For employees who joined the Company as on or after of 1 January 2003, the severance payment obligation is met 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 insurance policies. 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 duration of service. Eligibility is determined by a certain minimum length of employment. The respective liability is calculated in accordance with the projected unit credit method based on the same parameters used for severance payments.

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

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

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

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

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

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

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to investments in 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 life of the related assets. Government grants relating to costs and property, plant and equipment are recognised in profit or loss in the other operating result.

u. CONTINGENT LIABILITIES, CONTINGENT ASSETS AND OTHER FINANCIAL OBLIGATIONS Contingent liabilities are not recognised in the statement of financial position, but disclosed in Note 21 in the notes to the consolidated financial statements. They are not disclosed if an outflow of resources with economic benefit is unlikely.

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

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

- Annual improvements to IFRS 2010–2012 cycle.
- Annual improvements to IFRS 2011–2013 cycle.
- IAS 19: Employee benefits (clarification of instructions for contributions of employees to a defined benefit plan).
- IFRIC 21: Levies (regulation of timing approach of provision for levies).

The initial application had no significant impact on the disclosures of the Group.

w. FUTURE AMENDMENTS TO ACCOUNTING STANDARDS The IASB and IFRIC issued additional standards and interpretations not yet effective in the financial year 2015/16.

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

	Standard/Interpretation (Content of the regulation)	Effective date [1]	EU [2]	Expected impacts on the consolidated financial statements
IFRS 11	Accounting for Acquisition of Interests in Joint Operations	01 Jan 2016	Yes	None
IAS 16, IAS 41	Property, Plant and Equipment/Agriculture: Bearer Plants	01 Jan 2016	Yes	None
IAS 1	Disclosure initiative (Amendments to IAS 1)	01 Jan 2016	Yes	None
IAS 16, IAS 38	Property, Plant and Equipment/Intangible Assets Clarification of Acceptable Methods of Depreciation and Amortisation	01 Jan 2016	Yes	None
	Annual Improvements to IFRSs 2012-2014	01 Jan 2016	Yes	None
IFRS 9	Financial instruments (New rules on the classification and measurement of financial instruments, the provisions on hedge accounting and on impairment)	01 Jan 2018	No	Changes in fair values of financial instruments currently classified as "available-for-sale" by the Group will (in part) be recognised in profit or loss in the future.
IFRS 15	Revenue from Contracts with Customers	01 Jan 2018	No	None
IFRS 14	Regulatory Deferral Accounts	01 Jan 2016	No	None
IAS 27	Consolidated and Separate Financial Statements: Equity Method in separate financial statements	01 Jan 2016	No	None
IFRS 10, IFRS 12, IAS 28	Investment companies: Application consolidate exception	01 Jan 2016	No	None
IAS 28 IFRS 10	Investments in Associates: Sales or contributions of assets between an investor and its associate/joint venture	Postponed indefinitely	No	None
IFRS 16	Leases	01 Jan 2019	No	No major changes are expected.

[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, including expectations regarding future events that seem reasonable under the given circumstances. In the future, actual results may differ from these estimates. Management believes that the estimates are reasonable.

DEVELOPMENT COSTS Capitalised development costs largely relate to the development of a new technology for the production of substrates for silicon semiconductor chips taking place at the new site in Chongqing, China. These development costs were capitalised because the criteria for capitalisation presented in the accounting methods were fully met as at 1 March 2014. This technology was available for use from March 2016 onwards and the depreciation of it has begun.

For the purposes of assessing impairment of capitalised development costs, Management made assumptions in the financial year 2014/15 on the amount of the estimated future cash flows arising from the project, the discount rate to be applied, the growth rate and the period of inflow of the expected future benefit.

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

	Pre-tax discount interest rate +5.00%	Growth rate +5.00%
Capitalised development costs	no impairment required	no impairment required

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

	Pre-tax discount interest rate -5.00%	Growth rate -5.00%
Capitalised development costs	no impairment required	no impairment required

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

These actuarial assumptions used to calculate the pension expenses and the expected defined benefit obligations were subjected to stress tests using the following parameters: An increase in the interest rate, in the expected remuneration and/or in future pensions for the Austrian entities by the percentage points stated in the table below would affect the present values of the projected pension and severance payment obligations as follows as at 31 March 2016:

€ in thousands	Interest rate +0.50%	Increase in renumer-ation +0.25%	Increase in pensions +0.25%
Pension obligation	(1,230)	111	563
Severance payments	(1,104)	561	–

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 as at 31 March 2016:

€ in thousands	Interest rate -0.50%	Increase in renumer-ation -0.25%	Increase in pensions -0.25%
Pension obligation	1,389	(108)	(537)
Severance payments	1,203	(541)	–

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 € 34.6 million were not recognised for income tax loss carryforwards in the Group of € 138.3 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 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, if necessary, relate to impairments of non-current assets and provisions, as well as the measurement of derivative financial instruments, allowances for doubtful accounts receivable and measurements of inventory. Reference is particularly made to Note 4 “Other operating result”, Note 8 “Property, plant and equipment”, Note 9 “Intangible assets” and Note 18 “Other provisions”.

II. Segment Reporting

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

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

At the beginning of financial year 2015/16, the business unit Industrial & Automotive was renamed Automotive, Industrial, Medical. This change was made to underline the growing significance of business with medical devices in both therapy and diagnosis.

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

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

€ in thousands	Mobile Devices & Substrates		Automotive, Industrial, Medical		Others		Elimination/ Consolidation		Group	
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15
Segment revenue	539,665	455,192	326,679	301,790	22,135	10,913	(125,600)	(100,885)	762,879	667,010
Internal revenue	(87,206)	(73,115)	(20,143)	(18,898)	(18,251)	(8,872)	125,600	100,885	–	–
External revenue	452,459	382,077	306,536	282,892	3,884	2,041	–	–	762,879	667,010
Operating result before depreciation/amortisation	**126,439**	**127,501**	**30,087**	**34,780**	**10,876**	**5,211**	**86**	**79**	**167,488**	**167,571**
Depreciation/amortisation	(78,182)	(67,368)	(10,856)	(8,874)	(1,481)	(1,243)	–	–	(90,519)	(77,485)
Operating result	**48,257**	**60,133**	**19,231**	**25,906**	**9,395**	**3,968**	**86**	**79**	**76,969**	**90,086**
Finance costs - net									(8,135)	(5,103)
Profit before tax									**68,834**	**84,983**
Income taxes									(12,883)	(15,634)
Profit for the year									**55,951**	**69,349**
Property, plant and equipment and intangible assets	696,578	567,909	92,695	70,036	3,624	10,930	–	–	792,897	648,875
Additions to property, plant and equipment and intangible assets	271,752	126,825	29,362	25,515	1,869	2,135	–	–	302,983	154,475

INFORMATION BY GEOGRAPHIC REGION

Revenue broken down by customer region, based on customer's headquarters:

€ in thousands	2015/16	2014/15
Austria	17,525	19,308
Germany	163,374	142,269
Other European countries	46,073	41,562
China	32,387	27,429
Other Asian countries	75,603	80,687
Americas	427,917	355,755
Revenue	**762,879**	**667,010**

56% of total revenue (52% in the financial year 2014/15) is attributable to the five largest customers in terms of revenue.

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

€ in thousands	31 Mar 2016	31 Mar 2015
Austria	66,054	49,019
China	696,534	567,867
Others	30,309	31,989
Total	**792,897**	**648,875**

III. Notes to the Consolidated Statement of Profit or Loss

1. REVENUE

€ in thousands	2015/16	2014/15
Main revenue	762,646	666,705
Incidental revenue	233	305
Revenue	**762,879**	**667,010**

2. TYPES OF EXPENSES

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

€ in thousands	2015/16	2014/15
Cost of materials	267,806	227,503
Staff costs	160,898	133,572
Depreciation/amortisation	79,679	67,755
Purchased services incl. leased personnel	46,405	46,744
Energy	41,415	37,786
Maintenance (incl. spare parts)	47,022	40,732
Transportation costs	14,845	13,086
Rental and leasing expenses	5,634	4,878
Change in inventories	(3,023)	(12,231)
Other	14,566	11,403
Total	**675,247**	**571,228**

In the financial years 2015/16 and 2014/15, the item “Other” mainly relates to travel expenses, insurance expenses, IT service costs, legal and consulting fees.

3. RESEARCH AND DEVELOPMENT COSTS

In the financial year 2015/16, the Group incurred research and development costs in the amount of € 34,428 thousand (in the financial year 2014/15: € 28,150 thousand). The stated amounts represent only costs which can be directly allocated and which are recognised in the profit and loss under cost of sales. In these consolidated financial statements, development costs of € 61,052 thousand (in the financial year 2014/15: € 29,789 thousand) were capitalised. Reference is made to Note 9 “Intangible assets”.

4. OTHER OPERATING RESULT

€ in thousands	2015/16	2014/15
Income from the reversal of government grants	191	309
Government grants for expenses	3,193	3,402
Income/(expenses) from exchange differences	52	987
Gains/(losses) from the disposal of non-current assets	(632)	(114)
Impairments of property, plant and equipment[1)]	(3,113)	(5,966)
Start-up losses	(10,774)	(8,703)
Miscellaneous other income	420	4,389
Other operating result	**(10,663)**	**(5,696)**

[1)] Reference is made to Note 8 "Property, plant and equipment".

In the financial years 2015/16 and 2014/15, government grants for expenses mainly relate to export refunds as well as research and development awards. Similar to prior financial year 2014/15, start-up losses resulted in the financial year 2015/16 from the construction of the new plant in Chongqing, China and from costs relating to the construction of a new line in Hinterberg-Leoben, Austria. In the financial year 2015/16, the item “Miscellaneous other income” mainly relates to services in-kind for miscellaneous projects and the derecognition of other liabilities written off. In the financial year 2014/15, the item "Miscellaneous other income" mainly relates to the reduction in the provision for building space no longer used – reference is made to Note 18 "Other Provisions" – as well as to one-off income from a compensation payment made by a supplier.

5. NON-RECURRING ITEMS

In the past and previous financial year no non-recurring costs or income were incurred.

6. FINANCE COSTS - NET

€ in thousands	2015/16	2014/15
Interest income from held to maturity investments, financial assets at fair value through profit or loss and available-for-sale financial assets	1,610	35
Other interest income	1,437	2,232
Gains from the sale of cash equivalents	–	91
Realised gains from derivative financial instruments, net	604	–
Foreign exchange gains, net	3,882	6,709
Finance income	**7,533**	**9,067**
Interest expense on bank borrowings and bonds	(8,860)	(11,308)
Net interest expense on personnel-related liabilities	(363)	(1,327)
Realised losses from derivative financial instruments, net	–	(690)
Losses from the measurement of derivative financial instruments at fair value, net	(3,871)	–
Other financial expenses	(2,574)	(845)
Finance costs	**(15,668)**	**(14,170)**
Finance costs - net	**(8,135)**	**(5,103)**

In accordance with IAS 23, the item "Interest expense on bank borrowings and bonds" includes capitalised borrowing costs in the amount of € 6,620 thousand (financial year 2014/15: € 2,791 thousand), net.

7. INCOME TAXES

Income taxes are broken down as follows:

€ in thousands	2015/16	2014/15
Current income taxes	15,821	14,564
Deferred taxes	(2,938)	1,070
Total tax expense	**12,883**	**15,634**

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	2015/16	2014/15
Expected tax expense at Austrian tax rate	17,209	21,245
Effect of different tax rates in foreign countries	(5,057)	(5,354)
Non-creditable foreign withholding taxes	1,825	1,142
Effect of change in previously unrecognised tax losses and temporary differences	(807)	(938)
Effect of the change in tax rate	(622)	979
Effect of permanent differences	195	(1,479)
Effect of taxes from prior periods	140	39
Total tax expense	**12,883**	**15,634**

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 2016		31 Mar 2015	
	Assets	Liabilities	Assets	Liabilities
Non-current assets	26,639	(4,740)	23,435	(2,806)
Provisions for employee benefits	4,607	–	4,977	–
Temporary differences arising from shares in subsidiaries	–	–	46	–
Losses not yet realised from hedging instruments for cash flow hedges, recognised in equity	–	–	944	–
Income tax loss carryforwards including taxable goodwill	1,620	–	415	–
Deferred income tax from long-term assets/liabilities	**32,866**	**(4,740)**	**29,817**	**(2,806)**
Non-current assets	3,505	–	2,897	–
Trade and other receivables	8	–	16	–
Trade and other payables	1,871	–	2,994	–
Others	466	–	1,682	–
Temporary differences arising from shares in subsidiaries	–	(8,844)	–	(7,675)
Others	–	(151)	–	(398)
Deferred income tax from short-term assets/liabilities	**5,850**	**(8,995)**	**7,589**	**(8,073)**
Deferred income tax assets/liabilities	**38,716**	**(13,735)**	**37,406**	**(10,879)**
Deferred income tax assets/liabilities, offsetting against the same taxation authority	**(4,890)**	**4,891**	**(3,105)**	**3,105**
Deferred income tax assets/liabilities, net	**33,826**	**(8,844)**	**34,301**	**(7,774)**

At 31 March 2016, the Group has income tax loss carryforwards and tax-deductible amortisation of goodwill amounting to a total of € 147,797 thousand (at 31 March 2015: € 171,820 thousand), which for the most part can be carried forward for an unlimited period of time. For loss carryforwards amounting to € 138,279 thousand (at 31 March 2015: € 164,163 thousand), included in this figure, deferred income tax assets in the amount of € 34,570 thousand (at 31 March 2015: € 42,083 thousand) were not recognised since it is unlikely that they will be realised in the foreseeable future.

Deferred income taxes (net) changed as follows:

€ in thousands	2015/16	2014/15
Carrying amount at the beginning of the financial year	26,527	18,800
Currency translation differences	(3,736)	7,958
Income recognised in profit or loss	2,938	(1,070)
Income taxes recognised in equity	(747)	839
Carrying amount at the end of the financial year	**24,982**	**26,527**

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

€ in thousands	2015/16 Income/(expense) before taxes	2015/16 Tax income/(expense)	2015/16 Income/(expense) after taxes	2014/15 Income/(expense) before taxes	2014/15 Tax income/(expense)	2014/15 Income/(expense) after taxes
Currency translation differences	(82,521)	–	(82,521)	161,373	–	161,373
Gains/(losses) on the measurement of hedging instruments for cash flow hedges	3,775	(944)	2,831	(3,356)	839	(2,517)
Remeasurements of post-employment obligations	2,462	197	2,659	(6,757)	–	(6,757)
Other comprehensive income	**(76,284)**	**(747)**	**(77,031)**	**151,260**	**839**	**152,099**

IV. Notes to the Consolidated Statement of Financial Position

8. PROPERTY, PLANT AND EQUIPMENT

€ in thousands	Land, plants and buildings	Machinery and technical equipment	Tools, fixtures, furniture and office equipment	Prepayments and construction in progress	Total
Carrying amount 31 Mar 2014	46,996	267,635	4,865	115,607	435,103
Exchange differences	18,381	77,073	994	26,411	122,859
Additions	7,890	68,478	2,925	43,650	122,943
Disposals	(3)	(658)	–	–	(661)
Transfers	27,163	53,572	11	(80,746)	–
Impairment	–	(5,966)	–	–	(5,966)
Depreciation, current	(4,656)	(63,998)	(1,960)	–	(70,614)
Carrying amount 31 Mar 2015	**95,771**	**396,136**	**6,835**	**104,922**	**603,664**
Thereof					
Acquisition cost	*135,314*	*1,088,131*	*27,223*	*104,922*	*1,355,590*
Accumulated depreciation	*(39,543)*	*(691,995)*	*(20,388)*	–	*(751,926)*
Exchange differences	(8,701)	(39,227)	(583)	(12,557)	(61,068)
Additions	386	87,365	4,428	143,434	235,613
Disposals	–	(1,044)	(86)	–	(1,130)
Transfers	54	91,228	832	(92,114)	–
Impairment	–	(3,113)	–	–	(3,113)
Depreciation, current	(6,195)	(76,048)	(2,562)	–	(84,805)
Carrying amount 31 Mar 2016	**81,315**	**455,297**	**8,864**	**143,685**	**689,161**
Thereof					
Acquisition cost	*123,028*	*1,148,510*	*27,817*	*143,685*	*1,443,040*
Accumulated depreciation	*(41,713)*	*(693,213)*	*(18,953)*	–	*(753,879)*

The value of the land included in "Land, plants and buildings" amounts to € 1,701 thousand (at 31 March 2015: € 1,858 thousand).

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

In the financial year 2015/16, borrowing costs on qualifying assets of € 5,365 thousand were capitalised (in the financial year 2014/15: € 2,557 thousand). A financing rate of 4.1% was applied (in the financial year 2014/15: 3.6%).

IMPAIRMENT Impairment of machinery and technical equipment amounted to € 3,113 thousand (in the financial year 2014/15: € 5,966 thousand) in the financial year 2015/16. In both years this impairment resulted from machines that are no longer usable in the segment Mobile Devices & Substrates.

9. INTANGIBLE ASSETS

€ in thousands	Industrial property and similar rights and assets, and licenses in such rights and assets	Capitalised development costs	Goodwill	Prepayments	Other intangible assets	Total
Carrying amount 31 Mar 2014	1,313	140	–	7,692	–	9,145
Exchange differences	85	5,354	–	–	–	5,439
Additions	1,535	29,789	–	–	208	31,532
Amortisation, current	(697)	–	–	–	(208)	(905)
Carrying amount 31 Mar 2015	**2,236**	**35,283**	**–**	**7,692**	**–**	**45,211**
Thereof						
Acquisition cost	*16,572*	*35,283*	*7,767*	*7,692*	*–*	*67,314*
Accumulated amortisation	*(14,336)*	*–*	*(7,767)*	*–*	*–*	*(22,103)*
Exchange differences	(52)	(6,204)	–	12	–	(6,244)
Additions	5,877	61,052	–	87	354	67,370
Transfers	7,791	–	–	(7,791)	–	–
Amortisation, current	(930)	(1,317)	–	–	(354)	(2,601)
Carrying amount 31 Mar 2016	**14,922**	**88,814**	**–**	**–**	**–**	**103,736**
Thereof						
Acquisition cost	*29,987*	*90,065*	*7,132*	*–*	*–*	*127,184*
Accumulated amortisation	*(15,065)*	*(1,251)*	*(7,132)*	*–*	*–*	*(23,448)*

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

The Group's largest development project is the development of a new technology for the production of substrates for silicon semiconductor chips taking place for the project Chongqing. As the evidence required for the capitalisation of development costs was provided for this project, the corresponding costs were recognised in the consolidated financial statements. The serial production of substrates and the scheduled amortisation of development costs started in March 2016.

In the financial year 2015/16, borrowing costs of € 1,255 thousand were capitalised with regards to capitalised development costs (in the financial year 2014/15: € 234 thousand). A financing rate of 4.1% was applied (in the financial year 2014/15: 3.6%).

IMPAIRMENTS In the financial years 2015/16 and 2014/15, there were no impairments to be recognised on intangible assets. The impairment test for the development project in Chongqing, China that had not yet been completed in the financial year 2014/15 was based on calculations of the value in use. Value in use is determined annually in accordance with the DCF method, based on the following critical assumptions in the prior year:

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

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

10. OTHER NON-CURRENT ASSETS

€ in thousands	31 Mar 2016	31 Mar 2015
Prepayments	6,081	6,878
Deposits made	5,477	5,013
Other non-current receivables	27,961	17,594
Carrying amount	**39,519**	**29,485**

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, which will be recovered gradually through VAT liabilities during the operating phase.

11. INVENTORIES

€ in thousands	31 Mar 2016	31 Mar 2015
Raw materials and supplies	28,918	32,558
Work in progress	23,871	22,533
Finished goods	30,649	34,131
Carrying amount	**83,438**	**89,222**

The balance of inventory write-downs recognised as an expense amounts to € 17,454 thousand as of 31 March 2016 (€ 13,953 thousand at 31 March 2015). As in the previous year, no material write-downs resulted from the measurement of inventories at net realisable value in the financial year 2015/16.

12. TRADE AND OTHER RECEIVABLES

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

€ in thousands	31 Mar 2016	31 Mar 2015
Trade receivables	110,275	113,886
Impairments for trade receivables	(322)	(394)
VAT receivables	14,242	15,140
Other receivables from authorities	3,564	6,253
Prepayments	3,750	4,722
Energy tax refunds	1,170	1,937
Deposits	1,589	977
Other receivables	419	609
Total	**134,687**	**143,130**

As at 31 March 2016 and 31 March 2015, other receivables mainly include receivables resulting from prepaid expenses and accrued charges.

Trade receivables amounting to € 32,000 thousand (at 31 March 2015: € 32,000 thousand) act as collateral in connection with various financing agreements. Reference is made to Note 16 “Financial liabilities”.

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

REMAINING MATURITIES OF RECEIVABLES All receivables as at 31 March 2016 and 31 March 2015 have remaining maturities of less than one year.

DEVELOPMENT OF PAST DUE RECEIVABLES AND IMPAIRMENTS OF TRADE RECEIVABLES

31 Mar 2016		thereof not impaired and	thereof not impaired and not insured and past due for the following periods			
€ in thousands	Carrying amount	not past due or insured	less than 3 months	between 3 and 6 months	between 6 and 12 months	more than 12 months
Trade receivables	110,275	109,306	593	17	37	–

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

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

Impairments of trade receivables have developed as follows:

€ in thousands	2015/16	2014/15
Impairments at the beginning of the year	394	82
Utilisation	(7)	–
Reversal	(275)	–
Addition	232	253
Currency translation differences	(22)	59
Impairments at the end of the year	**322**	**394**

13. FINANCIAL ASSETS

The carrying amounts of the financial assets are as follows:

€ in thousands	31 Mar 2016	thereof non-current	thereof current
Financial assets at fair value through profit or loss	631	–	631
Available-for-sale financial assets	96	96	–
Held-to maturity investments	87,186	–	87,186
Total	**87,913**	**96**	**87,817**

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

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

€ in thousands	31 Mar 2016	31 Mar 2015
Bonds	**631**	**780**

All bonds are denominated in euro (nominal currency).

AVAILABLE-FOR-SALE FINANCIAL ASSETS

€ in thousands	2015/16	2014/15
Carrying amount at the beginning of the year	96	96
Disposals	–	–
Realised gains/(losses) from the current period, removed from equity	–	–
Exchange differences	–	–
Carrying amount at the end of the year	**96**	**96**

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

FINANCIAL INSTRUMENTS HELD TO MATURITY

The held to maturity financial investments are denominated in euro and Chinese yuan renminbi (nominal currencies). They mainly consist of time deposits, wealth management products with interest and capital guarantees, and discountable bank bills with a maturity of more than three and less than twelve months.

14. CASH AND CASH EQUIVALENTS

€ in thousands	31 Mar 2016	31 Mar 2015
Bank balances and cash on hand	171,866	273,919
Carrying amount	**171,866**	**273,919**

The reported carrying amounts correspond to the respective fair values.

15. TRADE AND OTHER PAYABLES

		Remaining maturity		
€ in thousands	31 Mar 2016	Less than 1 year	Between 1 and 5 years	More than 5 years
Trade payables	130,668	130,668	–	–
Government grants	7,164	152	3,851	3,161
Liabilities to fiscal authorities and other state authorities	4,131	4,131	–	–
Liabilities to social security authorities	3,888	3,888	–	–
Liabilities from unconsumed vacations	5,856	5,856	–	–
Liabilities from stock options	207	207	–	–
Liabilities from stock appreciation rights	743	–	743	–
Liabilities to employees	25,842	25,842	–	–
Other liabilities	9,513	9,513	–	–
Carrying amount	**188,012**	**180,257**	**4,594**	**3,161**

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

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

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

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

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

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

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

The exercise price is determined at the respective date of grant and is calculated as 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 one share in 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 expiry of the subsequent waiting period. Options not exercised within five years after the grant date become invalid and forfeit without compensation. In the event that a restricted period comprises the end of this five-year period, this restricted period will interrupt the five-year period concerned. After the end of the restricted period, stock options may still be exercised for a period corresponding to the interruption. Stock options not exercised by the end of this five-year period (extended as stated above) become invalid and forfeit without compensation.

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

The following table shows the development of the stock options in the financial years 2015/16 and 2014/15.

	Date of grant		
	1 April 2012	1 April 2011	1 April 2010
Exercise price (in €)	9.86	16.60	7.45
31 Mar 2014	88,500	88,500	88,500
Number of options exercised	–	–	84,000
Number of options expired	1,500	1,500	1,500
31 Mar 2015	**87,000**	**87,000**	**3,000**
Number of options exercised	24,500	–	–
Number of options expired	–	–	3,000
31 Mar 2016	**62,500**	**87,000**	**–**
Remaining contract period of stock options	1 year	3 months[1)]	–
Fair value of granted stock options at the balance sheet date (in € thousands)			
31 Mar 2015	**417**	**32**	**21**
31 Mar 2016	**194**	**–**	**–**

[1)] Restricted period ending in the middle of June after three days of exercise period.

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

The weighted average share price on the day of execution of all options exercised in the financial year 2015/16 is € 15.36 (in the financial year 2014/15: € 9.93).

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

Risk-free interest rate	-0.47%
Volatility	37.24%

Volatility is calculated based on the daily share prices from 4 May 2015 until the balance sheet date.

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

At 31 March 2016, the stock options' exercisable intrinsic value is € 58 thousand (at 31 March 2015: € 104 thousand).

As at 31 March 2016, 19,000 stock options still are exercisable from the grant of 1 April 2012 and 87,000 stock options are exercisable from the grant of 1 April 2011. As at 31 March 2015, 3,000 stock options are exercisable from the grant of 1 April 2010, 43,500 stock options are exercisable from the grant of 1 April 2011 and 17,400 stock options are exercisable from the grant of 1 April 2012.

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

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

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

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

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

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

Number and allocation of granted SAR:

	Date of grant	
	1 April 2015	1 April 2014
Exercise price (in €)	10.70	7.68
Number of stock appreciation rights granted	–	230,000
31 Mar 2015	**–**	**230,000**
Number of stock appreciation rights granted	240,000	–
Number of stock appreciation rights expired	5,000	5,000
31 Mar 2016	**235,000**	**225,000**
Remaining contract period of stock appreciation rights granted	4 years	3 years
Fair value of granted stock appreciation rights as at the balance sheet date (in € thousands)		
31 Mar 2015	**–**	**1,192**
31 Mar 2016	**418**	**832**

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

Risk-free interest rate	-0.37 to -0.47%
Volatility	33.40 to 34.69%

Volatility is calculated based on the daily share prices from 1 March 2013 until the balance sheet date.

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

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

16. FINANCIAL LIABILITIES

€ in thousands	31 Mar 2016	Remaining maturity: Less than 1 year	Remaining maturity: Between 1 and 5 years	Remaining maturity: More than 5 years	Nominal Interest rate in %
Bonds	76,798	76,798	–	–	5.00
Export loans	32,000	32,000	–	–	0.29
Loans from state authorities	741	213	528	–	0.75-2.00
Other bank borrowings	409,561	52,402	280,853	76,306	1.16-5.18
Derivative financial instruments [1)]	3,871	–	3,871	–	
Carrying amount	**522,971**	**161,413**	**285,252**	**76,306**	

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

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

The bond with a total nominal amount of € 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 of 5.00% of the nominal value is payable on 18 November of each year in arrears. The bonds proceed is used for the general corporate purposes.

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 if the following events occur at the Company or one of its main subsidiaries:

- Cessation of payments or announcement of insolvency or over-indebtedness,
- Bankruptcy or other insolvency proceedings (with the exception: of 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 the 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.

€ 18.0 million of the total nominal amount of € 100 million was repurchased on 22 October 2015 and € 6.5 million on 25 February 2016 ahead of schedule.

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

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

- Net debt/EBITDA max. 4
- Equity ratio of at least 30%
- No 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 for a total amount of € 158 million in February 2014. Loan comprises several tranches with terms to maturity of five, seven and ten years bearing variable and fixed interest rates. The loan was concluded in euros and US dollars. The variable euro interest rate was hedged in full by interest rate swaps. The main contract terms are as follows:

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

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

To further optimise the funding of the Group, the variable interest rate tranches denominated in euros of € 92 million were terminated and repaid in October 2015 and February 2016. The interest rate swaps continue to be used to secure the variable tranches of the promissory note loans placed in October 2015. Due to different maturities and amounts, no effective hedging exists.

In order to secure planned investments and to further optimise the funding of the Group, a promissory note loan was successfully placed for a total amount of € 221 million in October 2015. Loan comprises several tranches with terms of maturity of five and seven years bearing variable and fixed interest rates. The loan was concluded in euros and US dollars. The main contract terms are as follows:

- Net Debt/EBITDA >3 (step-up covenant)
- Change of control within the meaning of the Austrian Takeover Act if this makes it illegal for the lender to maintain the loan due to mandatory statutory or regulatory provisions.

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

The contractually agreed (undiscounted) interest and redemption payments of the financial liabilities as at 31 March 2016, including interest rate hedging, are as follows in the coming financial years:

€ in thousands	Bonds	Export loans	Loans from state authorities	Other bank borrowings	Derivative financial instruments
2016/17					
Redemption	75,500	32,000	213	50,605	–
Fixed interest	3,775	–	8	5,570	–
Variable interest	–	93	–	3,781	–
2017/18					
Redemption	–	–	227	19,526	–
Fixed interest	–	–	3	5,167	–
Variable interest	–	–	–	3,431	–
2018/19					
Redemption	–	–	–	76,870	2,280
Fixed interest	–	–	2	4,765	–
Variable interest	–	–	–	3,127	–
2019/20					
Redemption	–	–	113	28,948	–
Fixed interest	–	–	2	2,574	–
Variable interest	–	–	–	2,882	–
2020/21					
Redemption	–	–	188	165,976	1,591
Fixed interest	–	–	1	2,289	–
Variable interest	–	–	–	2,225	–
after 2020/21					
Redemption	–	–	–	76,607	–
Fixed interest	–	–	–	2,059	–
Variable interest	–	–	–	1,292	–

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

At the previous year's balance sheet date of 31 March 2015, the contractually agreed (undiscounted) interest and redemption payments of the financial liabilities, including interest rate hedging, were as follows for the coming financial years:

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

Some of the bonds, loans from state authorities and other bank borrowings in part no longer bear market interest rates. For this reason, differences may arise between their fair values and carrying amounts.

	Carrying amounts		Fair values	
€ in thousands	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015
Bonds	76,798	101,505	77,388	105,000
Export loans	32,000	32,000	32,000	32,000
Loans from state authorities	741	508	745	520
Other bank borrowings	409,561	267,515	415,876	270,801
Derivative financial instruments	3,871	3,777	3,871	3,777
Total	**522,971**	**405,305**	**529,880**	**412,098**

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

The carrying amounts of financial liabilities by currency are as follows:

€ in thousands	31 Mar 2016	31 Mar 2015
Euro	400,390	351,610
US Dollar	122,528	53,534
Others	53	161
Total	**522,971**	**405,305**

Bank borrowings are secured by trade receivables of € 32,000 thousand (at 31 March 2015: € 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 2016	31 Mar 2015
Export credit	8,000	8,000
Other credit	239,416	203,068
Total	**247,416**	**211,068**

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

€ in thousands	31 Mar 2016	31 Mar 2015
Less than 1 year	3,212	2,113
Between 1 and 5 years	6,388	7,133
More than 5 years	1,200	2,709
Total	**10,800**	**11,955**

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

The obligations from operating leases mainly relate to 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 term until December 2021. The stated amounts also include € 3,461 thousand at 31 March 2016 (at 31 March 2015: € 4,219 thousand) attributable to minimum lease payments from the operating lease for no longer used building spaces in Leoben-Hinterberg, which has already been included in the statement of financial position as other provisions. Reference is made to Note 18 "Other provisions".

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

€ in thousands	2015/16	2014/15
Leasing and rental expenses	3,213	3,551

17. PROVISIONS FOR EMPLOYEE BENEFITS

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

DEFINED CONTRIBUTION PLANS The majority of the Group's employees in Austria and some of its employees in India are covered by defined contribution pension plans that have been outsourced to a pension fund. For employees in Austria, the pension plans are supplemented by death and endowment insurance policies. Employer contributions are determined on the basis of a certain percentage of current remuneration.

Employer contributions under these plans amounted to € 491 thousand in the financial year 2015/16 and to € 472 thousand in the financial year 2014/15.

DEFINED BENEFIT PLANS The Group operates defined benefit plans for several current and former members of the Management Board and former 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 life expectancy and inflation risks due to future increases in pay and pensions and from the funding of deviations in yields.

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 monthly remuneration per year of service and a fixed maximum. Severance payment obligations are covered by a life insurance policy. The main risk to which the Group is exposed from these obligations is the risk of inflation due to future pay increases.

UNFUNDED SEVERANCE PAYMENTS Employees in Austria, South Korea and China are entitled to receive severance payments, which are based upon years of service and remuneration received by the respective member of staff and are generally payable upon retirement and, under certain circumstances, upon leaving the company. For staff members having joined the company before 1 January 2003, the severance payments in Austria range from two to twelve months of monthly salary, with staff members in South Korea and China also entitled to a fixed amount depending on years of service and salary. The main risk to which the Group is exposed from these obligations is the risk of inflation due to future pay increases.

For employees in Austria who joined on or after 1 January 2003, regular contributions are paid to a staff provision fund ("Mitarbeitervorsorgekasse") without any further obligations on the part of the Group. The contributions for the financial year 2015/16 amounted to € 335 thousand and for the financial year 2014/15 to € 288 thousand.

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

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

	Retirement benefits		Severance payments		Other employee benefits	
€ in thousands	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15
Current service cost	132	98	1,703	1,366	1,352	261
Interest expense	120	136	409	549	126	149
Remeasurement of obligations from other employee benefits	–	–	–	–	2,066	1,121
Expenses recognised in profit for the period	**252**	**234**	**2,112**	**1,915**	**3,544**	**1,531**
Remeasurement of obligations from post-employment benefits	(905)	2,551	(1,556)	4,206	–	–
Expenses recognised in other comprehensive income	**(905)**	**2,551**	**(1,556)**	**4,206**	**–**	**–**
Total	**(653)**	**2,785**	**556**	**6,121**	**3,544**	**1,531**

Expenses for retirement, severance payments and other employee benefits are recognised in profit and loss under cost of sales, distribution costs, general and administrative costs and in other comprehensive income. Net interest expense on personnel-related liabilities is presented in "Finance costs – net".

Amounts accrued in the STATEMENT OF FINANCIAL POSITION are:

€ in thousands	31 Mar 2016	31 Mar 2015
Funded pension benefits	4,929	5,546
Unfunded pension benefits	1,394	1,493
Total pension benefits	**6,323**	**7,039**
Unfunded severance payments	22,091	22,284
Funded severance payments	252	202
Total severance payments	**22,343**	**22,486**
Other employee benefits	7,627	4,201
Provisions for employee benefits	**36,293**	**33,726**

Pension obligations and severance payments are as follows:

	Retirement benefits		Severance payments	
€ in thousands	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015
Present value of funded obligations	14,941	15,862	1,055	1,014
Fair value of plan assets	(10,012)	(10,316)	(803)	(812)
Funded status of funded obligations	**4,929**	**5,546**	**252**	**202**
Present value of unfunded obligations	1,394	1,493	22,091	22,284
Provisions recognised in the statement of financial position	**6,323**	**7,039**	**22,343**	**22,486**

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	2015/16	2014/15	2015/16	2014/15
Present value of pension obligation:				
Present value at the beginning of the year	15,862	13,010	1,493	1,226
Current service cost	132	98	–	–
Interest expense	270	424	25	39
Remeasurement from the change in financial assumptions	(759)	3,604	(53)	269
Remeasurement from adjustments based on past experience	(230)	(1,132)	(8)	21
Benefits paid	(334)	(142)	(63)	(62)
Present value at the end of the year	**14,941**	**15,862**	**1,394**	**1,493**
Fair value of plan assets:				
Fair value at the beginning of the year	10,316	9,919		
Investment result	(146)	211		
Interest income	175	327		
Benefits paid	(333)	(141)		
Fair value at the end of the year	**10,012**	**10,316**		
Funded status of funded pension benefits	**4,929**	**5,546**		

As at 31 March 2016, the average maturity of funded pension benefits is 16 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 2016	31 Mar 2015
Debt securities	54%	39%
Equity securities	33%	45%
Real estate	4%	4%
Cash and cash equivalents	9%	12%
Total	**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	2015/16	2014/15	2015/16	2014/15
Present value of severance payment obligation:				
Present value at the beginning of the year	1,014	674	22,284	16,505
Exchange differences	(116)	181	(196)	354
Service cost	64	50	1,639	1,316
Interest cost	74	64	396	544
Remeasurement from the change in demographic assumptions	–	–	253	(369)
Remeasurement from the change in financial assumptions	29	59	(1,713)	3,820
Remeasurement from adjustments based on past experience	15	12	(130)	680
Benefits paid	(25)	(26)	(442)	(566)
Present value at the end of the year	**1,055**	**1,014**	**22,091**	**22,284**
Fair value of plan assets:				
Fair value at the beginning of the year	812	608		
Exchange differences	(91)	149		
Contributions	36	26		
Investment result	10	(4)		
Interest income	61	59		
Benefits paid	(25)	(26)		
Fair value at the end of the year	**803**	**812**		
Funded status of funded severance payments	**252**	**202**		

As at 31 March 2016, the average maturity of unfunded severance payments is 12 years.

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

€ in thousands	2015/16	2014/15
Present value at the beginning of the year	4,201	3,867
Exchange differences	(290)	305
Service cost	1,352	261
Interest expense	126	149
Remeasurement from the change in demographic assumptions	363	(286)
Remeasurement from the change in financial assumptions	(292)	493
Remeasurement from adjustments based on past experience	1,995	914
Reclassification	1,968	–
Benefits paid	(1,795)	(1,502)
Present value at the end of the year	**7,628**	**4,201**

At 31 March 2016, the average maturity of other employee benefits is 11 years. The reclassification relates to an amount of € 1,968 thousand is the transfer of the short-term part of anniversary bonuses from trade and other payables.

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

	Retirement benefits		Severance payments		Other employee benefits (anniversary bonuses)	
	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015
Discount rate	2.00 %	1.70 %	2.12 %	2.10 %	2.28 %	2.15 %
Expected rate of remuneration increase	2.25 %	2.25 %	2.85 %	3.40 %	5.08 %	5.00 %
Expected rate of pension increase	2.00 %	2.00 %	–	–	–	–
Retirement age	65	65	[1]	[1]	–	–

[1] Individual according to respective local legislation

18. OTHER PROVISIONS

€ in thousands	Total	Warranty	Restructuring	Others
Carrying amount 31 Mar 2015	12,660	2,515	8,153	1,992
Utilisation	(1,421)	(178)	(622)	(621)
Reversal	(1,796)	(1,796)	–	–
Addition	2,885	1,856	–	1,029
Interest effect	15	–	15	–
Exchange differences	(306)	(199)	–	(107)
Carrying amount 31 Mar 2016	**12,037**	**2,198**	**7,546**	**2,293**

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

€ in thousands	31 Mar 2016	31 Mar 2015
thereof non-current	6,957	7,545
thereof current	5,080	5,115
Carrying amount	**12,037**	**12,660**

WARRANTY PROVISION This item relates to the costs of 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, and is not yet recognised as a liability due to the uncertainty as to amount and timing. The amount of expected costs includes amounts assumed from product liability insurance.

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

OTHERS This item relates to provisions for risks from pending losses on onerous contracts and to provisions for the risks associated with pension scheme contributions in Asia resulting from the uncertain legal situation there.

19. DERIVATIVE FINANCIAL INSTRUMENTS

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 had been settled at the balance sheet date.

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

	31 Mar 2016		31 Mar 2015	
€ in thousands	Assets	Liabilities	Assets	Liabilities
Interest rate swaps at fair value	–	3,871	–	3,777
Total market values	**–**	**3,871**	**–**	**3,777**

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 2016		31 Mar 2015	
Currency	Nominal amount in 1,000 local currency	Market value € in thousands	Nominal amount in 1,000 local currency	Market value € in thousands
Euro	92,000	(3,871)	92,000	(3,777)

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

in months	31 Mar 2016	31 Mar 2015
Interest rate swaps	35 - 59	47 - 71

At 31 March 2016, the fixed interest rates for interest rate swaps are 1.01% and 1.405%, the variable interest rate is based on the 6-month EURIBOR.

Based on the various scenarios, the Group hedges its cash flow interest rate risk by using interest rate swaps. Such interest rate swaps have the economic effect of converting loans from floating rates to fixed rates. If the Group takes out loans at floating rates, it uses swaps to convert such loans into fixed rate loans. Under these interest rate swaps, the Group agrees with other parties to exchange, at specified intervals, the difference between the fixed and variable interest rates calculated by reference to the agreed nominal amounts. Through the prepayment of the variable parts of the promissory note loan in the financial year 2015/16 from 2014 the basis for hedge-accounting was eliminated. The existing interest rate swaps are now used for other variable loans. Due to the different maturity and amount there is no effective hedging relationship as defined by IAS 39 that assumes no influence on gains or losses and therefor in the financial year 2015/16, € 3.8 million of the equity was recognised as non-recurring in profit and loss. Gains or losses arising from the ongoing subsequent measurement of interest rate swaps were recognised in profit or loss under “finance costs”.

20. ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS

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

31 Mar 2016 € 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		109,953	
Other receivables	LAR		419	
Other receivables	–		24,315	
Trade and other receivables			**134,687**	
Financial assets	FAAFVPL	1	631	631
Financial assets	HTMI		87,186	
Financial assets			**87,817**	
Cash and cash equivalents	LAR		171,866	
Cash and cash equivalents			**171,866**	
Liabilities				
Bonds	FLAAC	1	76,798	77,388
Other financial liabilities	FLAAC	2	442,302	448,621
Derivative financial instruments	DHI	2	3,871	3,871
Non-current and current financial liabilities			**522,971**	**529,880**
Trade payables	FLAAC		130,668	
Other payables	FLAAC		25,842	
Other payables	–		31,502	
Trade and other non-current and current payables			**188,012**	
Aggregated by measurement categories				
Assets				
Loans and receivables	LAR [1)]		282,238	
Available-for-sale financial assets	AFSFA [2)]		96	
Financial assets at fair value through profit or loss	FAAFVPL [3)]		631	
Held-to-maturity investments	HTMI [4)]		87,186	
Liabilities				
Financial liabilities at amortised costs	FLAAC [5)]		675,610	
Derivatives as hedging instruments	DHI [6)]		3,871	

31 Mar 2015 € in thousands	Measurement categories in accordance with IAS 39 or measurement in accordance with other IFRSs	Level	Carrying amount	Fair value
Assets				
Non-current assets				
Financial assets	AFSFA	2	**96**	**96**
Current assets				
Trade receivables less impairments	LAR		113,492	
Other receivables	LAR		609	
Other receivables	–		29,029	
Trade and other receivables			**143,130**	
Financial assets	FAAFVPL	1	780	780
Financial assets			**780**	**780**
Cash and cash equivalents	LAR		273,919	
Cash and cash equivalents			**273,919**	
Liabilities				
Bonds	FLAAC	1	101,505	105,000
Other financial liabilities	FLAAC	2	300,023	303,321
Derivative financial instruments	DHI	2	3,777	3,777
Non-current and current financial liabilities			**405,305**	**412,098**
Trade payables	FLAAC		97,785	
Other payables	FLAAC		29,133	
Other payables	–		27,248	
Trade and other non-current and current payables			**154,166**	
Aggregated by measurement categories				
Assets				
Loans and receivables	LAR [1)]		388,020	
Available-for-sale financial assets	AFSFA [2)]		96	
Financial assets at fair value through profit or loss	FAAFVPL [3)]		780	
Liabilities				
Financial liabilities at amortised costs	FLAAC [5)]		528,446	
Derivatives as hedging instruments	DHI [6)]		3,777	

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

When measuring fair value, a distinction needs to be made between three valuation hierarchies.

- 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	2015/16	2014/15
Loans and receivables	3,499	6,815
Financial assets at fair value through profit or loss	(2,223)	(29)
Available-for-sale financial assets	8	8
Held-to-maturity investments	1,579	–
Financial liabilities at amortised cost	(7,490)	(8,712)
Total	**(4,627)**	**(1,918)**

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.

€ 121 thousand in net income (in 2014/15: € 427 thousand) of the total net result from financial instruments is included in the operating result, and € 4,747 thousand in net expense (in 2014/15: € 2,345 thousand in net expense) in "Finance costs – net".

FINANCIAL RISKS

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

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

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

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

On the liabilities side, 74% (in the previous year 78%) of the total bonds and bank borrowings are subject to fixed interest rates, taking into account interest rate hedging instruments. Reference is made to Note 16 "Financial liabilities".

The financial liabilities of the Group are linked to loan commitments that are customary in the market. These commitments are reviewed on a quarterly basis. In the event of non-compliance with these commitments, 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 2016, the Group has liquidity reserves of € 507.1 million (at 31 March 2015: € 485.9 million). This comprises € 259.7 million (at 31 March 2015: € 274.8 million) in cash and cash equivalents, held-to-maturity investments, securities held for trading and available-for-sale and € 247.4 million (at 31 March 2015: € 211.1 million) in available unused credit facilities. Thus, the liquidity reserves increased by € 21.2 million year-on-year and include € 99.4 million (at 31 March 2015: € 131.7 million) in current reserves, which relate to AT&S in China and are subject to specific liquidity requirements.

The Group has a significantly positive operating cash flow. The cash flow from operating activities for the financial year 2015/16 amounts to € 136.9 million (in 2014/15: € 143.9 million). Thus, the investments made in the reporting year could be only partly financed by the operating cash flow.

CREDIT RISK In the Group, credit risk refers to the potential for payment default by customers. The Group has always managed to establish strong partnerships with its largest customers. 56% 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 to a minimum by means of a comprehensive process. Customers are the subject to regular credit assessments and their receivables are covered by insurance to a large extent. Non-insured receivables are continuously monitored and, if any risks are identified, the deliveries are made only against advance payments or bank guarantees. In the financial year 2015/16, € 0.3 million (in 2014/15: € 0.4 million) or 0.3% (in 2014/15: 0.3%) of receivables was impaired.

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 sites. Within 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 Section I.B.l. "Accounting and measurement policies: Derivative financial instruments" and in Note 19 "Derivative financial instruments". The Group uses derivative financial instruments, such as forward contracts, options and swaps, exclusively for hedging purposes.

EVALUATION OF FINANCIAL MARKET RISKS BY SENSITIVITY ANALYSES The Group applies sensitivity analyses to quantify the interest rate and currency risks. In gap analyses, the potential change in profit/loss resulting from a 1% change in price (exchange rate or interest rate) of the foreign currency or interest net position is determined. Correlations between different risk elements are not included 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), based on the financing structure at the balance sheet date, the profit for the year would have been € 1.4 million lower (or higher) (in 2014/15: € 0.9 million), provided all other variables remained constant. This would have mainly been due to higher (or lower) interest expenses for variable interest financial liabilities. The effect of this interest rate sensitivity analysis is based on the assumption that the interest rates would deviate by 100 basis points during an entire financial year 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 US dollar exchange rate of 1% against the euro would have had an impact on the profit for the year in the amount of € 0.1 million (in 2014/15: € 0.6 million) due to the measurement of trade receivables and payables, financial balances, and derivative financial instruments measured at fair value based on US dollars.

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

CAPITAL RISK MANAGEMENT The objectives of the Group in respect of capital management include firstly securing the company as a going concern in order to be able to continue providing the shareholders with dividends and the other stakeholders with their due services and, secondly, 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 shareholders (withdrawal of treasury shares), new shares are issued or the portfolio of other assets is changed.

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

The Group’s strategy is not to fall below an equity ratio of 40% and not to exceed a theoretical payback period for debts of 3.0 years, creating sufficient leeway to cushion the effects of adverse business developments and to secure the Company as a going concern even in times of crisis. Temporary deviations from the values are acceptable.

At the balance sheet date, the equity ratio was 42.3% and thus below the previous year’s figure of 49.5%. At 1.6 years, the theoretical payback period for debts was above the previous year’s figure of 0.8 years.

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 2016, the Group has other financial commitments amounting to € 80,127 thousand (at 31 March 2015: € 32,857 thousand) in connection with contractually binding investment projects. Furthermore, at the balance sheet date, the Group has no contingent liabilities from bank guarantees (at 31 March 2015: € 51 thousand). There were no other guarantees or commitments relating to ordinary business operations at the balance sheet date.

22. SHARE CAPITAL

	Outstanding shares in thousand shares	Ordinary shares € in thousands	Share premium € in thousands	Share capital € in thousands
31 Mar 2014	38,850	42,735	99,111	141,846
31 Mar 2015	**38,850**	**42,735**	**99,111**	**141,846**
31 Mar 2016	38,850	42,735	99,111	141,846

ORDINARY SHARES

The ordinary shares of the Company as of 31 March 2016 amount to € 42,735 thousand (previous year: € 42,735 thousand) and are made up of 38,850,000 (previous year: 38,850,000) no-par value bearer shares with a notional value of € 1.10 each.

APPROVED CAPITAL AND CONDITIONAL CAPITAL INCREASE

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

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

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

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

OUTSTANDING SHARES The number of shares issued amounts to 38,850,000 at 31 March 2016 (at 31 March 2015: 38,850,000).

TREASURY SHARES By a resolution passed at the 21th Annual General Meeting on 9 July 2015, the Management Board was again authorised (pursuant to Section 65 (1) No. 8 of the Austrian Stock Corporation Act (AktG)) to acquire — within 30 months as from the resolution date — treasury shares to the maximum extent of up to 10% of the ordinary shares of the Company at a lowest price that may be no more than 30% lower than the average unweighted closing price of the previous 10 trading days and at a highest price per share of a maximum of up to 30% above the average unweighted closing price of the previous 10 trading days. This authorisation also includes the acquisition of shares by the Company's subsidiaries (Section 66 AktG). The acquisition may be carried out via the stock exchange, by means of a public offering or in any other legal way and for any legal purpose. The Management Board was also authorised to withdraw repurchased treasury shares as well as treasury shares already held by the Company without any other resolution of the Annual General Meeting. This authorisation may be exercised in full, in part or in several tranches.

At 31 March 2016, the Group does not hold any treasury shares.

At the 21th Annual General Meeting on 9 July 2015, the Management Board, in accordance with Section 65 (1b) AktG, was again authorised, for a period of five years from the date the resolution was passed, i.e. up to and including 8 July 2020, upon approval by the Supervisory Board and without any further resolution of the Annual General Meeting, to also sell the repurchased treasury shares or treasury shares already held by the Company other than via the stock exchange or by public offer, or, 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 of an affiliated company, including the servicing of stock transfer programmes (particularly with regard to stock options, long-term incentive plans or other participation programmes),
- To serve any issued convertible bonds
- As consideration for the acquisition of entities, investments or other assets, and
- For any other legal purpose,

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

DIVIDEND PER SHARE In the financial year 2015/16, a dividend of € 0.36 was paid per share (in 2014/15: € 0.20).

23. OTHER RESERVES

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

€ in thousands	Currency translation differences	Available-for-sale financial assets	Hedging instruments for cash flow hedges	Remeasurement of obligations from post-employment benefits	Other reserves
Carrying amount 31 Mar 2014	2,268	3	(314)	(3,254)	(1,297)
Balance of unrealised changes before reclassification, net of tax	161,339	–	(2,517)	–	158,822
Remeasurement of obligations from post-employment benefits	–	–	–	(6,751)	(6,751)
Carrying amount 31 Mar 2015	**163,607**	**3**	**(2,831)**	**(10,005)**	**150,774**
Balance of unrealised changes before reclassification, net of tax	(82,521)	–	2,831	–	(79,690)
Remeasurement of obligations from post-employment benefits, net of tax	–	–	–	2,659	2,659
Acquisition of non-controlling interests	(50)	–	–	(5)	(55)
Carrying amount 31 Mar 2016	**81,036**	**3**	**–**	**(7,351)**	**73,688**

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”.

24. CASH FLOW

In accordance with IAS 7, cash and cash equivalents comprise cash on hand and demand deposits and current, liquid investments that can be converted into known cash amounts at any time, and are only subject to an insignificant risk of changes in value. The indirect method was used to prepare the consolidated cash flow statement.

Cash flow from operating activities before changes in working capital in the financial year 2015/16 was € 145,928 thousand (in 2014/15: € 144,956 thousand).

Cash flow from investing activities in the financial year 2015/16 amounts to € -342,242 thousand (in 2014/15: € -164,779 thousand) and comprises investment activities in Chongqing and Shanghai as well as various technological reinvestments at other locations and investment of liquid funds.

Net cash generated from financing activities in the financial year 2015/16 was € 111,073 thousand (in 2014/15: € 11,943 thousand), which was unusually high due to the placing of promissory note bonds of € 221.0 million.

€ in thousands	2015/16	2014/15
Cash flow from operating activities before changes in working capital	145,928	144,956
Cash flow from operating activities	136,925	143,870
Cash flow from investing activities	(342,242)	(164,779)
Free cash flow	(205,317)	(20,909)
Cash flow from financing activities	111,073	11,943
Change in cash and cash equivalents	(94,244)	(8,966)
Currency effects on cash and cash equivalents	(7,809)	22,752
Cash and cash equivalents at end of the year	**171,866**	**273,919**

The balance of cash and cash equivalents at end of the financial year 2015/16 was € 171,866 thousand (in 2014/15: € 273,919 thousand). This decrease was due to the very high level of investment, in spite of the very strong cash flow from operating activities. This currently very high amount is used to ensure the financing of the new plant in Chongqing and refinancing of the bond that matures on 18 November 2016.

The non-cash expense/income is as follows:

€ in thousands	2015/16	2014/15
Changes in non-current provisions	2,492	6,079
Release of government grants	(1,340)	(1,189)
Other non-cash expense/(income), net	(576)	1,010
Non-cash expense/(income), net	**576**	**5,900**

V. Other Disclosures

25. 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 2016, no treasury shares are held, which would have had to be deducted in the calculation of earnings per share.

The weighted average number of outstanding shares for the basic earnings per share calculation amounts to 38,850 thousand in the financial year 2015/16 and to 38,850 thousand in the financial year 2014/15.

The weighted average number of outstanding shares for the diluted earnings per share calculation amounts to 38,850 in the financial year 2015/16 and to 38,850 thousand in the financial year 2014/15.

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

in thousands	2015/16	2014/15
Weighted average number of shares outstanding – basic	38,850	38,850
Diluting effect	–	–
Weighted average number of shares outstanding – diluted	**38,850**	**38,850**

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

	2015/16	2014/15
Profit for the year (€ in thousands)	55,951	69,279
Weighted average number of shares outstanding – basic (in thousands)	38,850	38,850
Basic earnings per share (in €)	**1.44**	**1.78**

DILUTED EARNINGS PER SHARE Diluted earnings per share are calculated by dividing the profit for the period attributed to the shareholders of the Company by the weighted average number of outstanding shares including the number of potentially outstanding ordinary shares in the same period. The potentially outstanding ordinary shares comprise the additional shares to be issued for exercisable options or subscription rights and are included in diluted earnings per share.

	2015/16	2014/15
Profit for the year (€ in thousands)	55,951	69,279
Weighted average number of shares outstanding – diluted (in thousands)	38,850	38,850
Diluted earnings per share (in €)	**1.44**	**1.78**

26. MATERIAL EVENTS AFTER THE BALANCE SHEET DATE

No material events occurred after the balance sheet date.

27. RELATED PARTY TRANSACTIONS

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

€ in thousands	2015/16	2014/15
AIC Androsch International Management Consulting GmbH	395	380
Dörflinger Management & Beteiligungs GmbH	5	8
Frotz Riedl Rechtsanwälte	–	3
Total	**400**	**391**

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 2015/16 and until the issue date of these consolidated financial statements, the following persons served on the MANAGEMENT BOARD:

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

In the financial year 2015/16, the following persons were appointed members of the SUPERVISORY BOARD:

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

Delegated by the Works Council:

- Wolfgang Fleck
- Sabine Fussi
- Franz Katzbeck until 28 January 2016
- Siegfried Trauch from 28 January 2016
- 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 2016	31 Mar 2015	2015/16	2014/15
Andreas Gerstenmayer	60,000	80,000	(4)	218
Heinz Moitzi	60,000	60,000	(36)	114
Total Management Board	**120,000**	**140,000**	**(40)**	**332**
Total other executive employees	29,500	37,000	(36)	99
Total	**149,500**	**177,000**	**(76)**	**431**

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

	Number of outstanding stock appreciation rights		Staff costs (€ in thousands)	
	31 Mar 2016	31 Mar 2015	2015/16	2014/15
Andreas Gerstenmayer	80,000	40,000	65	69
Karl Asamer	60,000	30,000	48	52
Heinz Moitzi	60,000	30,000	47	52
Total Management Board	**200,000**	**100,000**	**160**	**173**
Total other executive employees	260,000	130,000	186	224
Total	**460,000**	**230,000**	**346**	**397**

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

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

	2015/16			2014/15		
€ in thousands	Fixed	Variable	Total	Fixed	Variable	Total
Andreas Gerstenmayer	430	457	887	429	506	935
Karl Asamer	376	277	653	374[1)]	301	675
Heinz Moitzi	360	289	649	359	361	720
Executive employees	4,419	2,259	6,678	4,134	1,996	6,130
Total	**5,585**	**3,282**	**8,867**	**5,296**	**3,164**	**8,460**

1) The prior year figure has been adjusted slightly for a pro rata 13th and 14th monthly salary due to joining the Board on 1 April 2014

In accordance with IAS 24, these are key management personnel having direct or indirect authority and responsibility for planning, directing and controlling the activities of the entity, including any managing director of that entity.

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

	Severance payments Financial year		Pensions Financial year	
€ in thousands	2015/16	2014/15	2015/16	2014/15
Expenses recognised in profit for the period	202	165	345	328
Remeasurement recognised in other comprehensive income	(267)	381	(905)	2,550

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

	2015/16			2014/15		
€ in thousands	Fixed	Variable	Total	Fixed	Variable	Total
Hannes Androsch	63	24	87	35	19	54
Willibald Dörflinger	49	16	65	28	9	37
Regina Prehofer	51	16	67	25	9	34
Karl Fink	29	12	41	24	9	33
Albert Hochleitner	30	12	42	25	9	34
Gerhard Pichler	33	12	45	25	9	34
Georg Riedl	36	12	48	25	9	34
Karin Schaupp	30	12	42	22	9	31
Total	**321**	**116**	**437**	**209**	**82**	**291**

Shareholdings and stock options of members of the Management Board and the Supervisory Board at 31 March 2016:

	Shares	Stock options	Total shares and stock options	% capital
Management Board members	**24,000**	**120,000**	**144,000**	**0.37**
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**
Total	**13,908,225**	**120,000**	**14,028,225**	**36.11**

28. EXPENSES FOR THE GROUP AUDITOR

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

€ in thousands	2015/16	2014/15
Audit of consolidated and separate financial statements	137	137
Other assurance services	6	2
Other services	7	48
Total	**150**	**187**

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:

	2015/16	2014/15
Waged workers	6,754	5,924
Salaried employees	2,005	1,714
Total	**8,759**	**7,638**

The calculation of the number of staff includes an average of 3,059 leased personnel for the financial year 2015/16 and an average of 3,264 for the financial year 2014/15.

Leoben-Hinterberg, 9 May 2016

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, 9 May 2016

The Management Board

Andreas Gerstenmayer m.p. Chief Executive Officer	Karl Asamer m.p. Chief Financial Officer	Heinz Moitzi m.p. Chief Operations Officer

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, which comprise the consolidated balance sheet as of March 31, 2016, the separate consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year then ended, and the notes to the consolidated financial statements.

MANAGEMENT’S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements under Section 245a UGB, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether du to fraud or error.

AUDITOR’S RESPONSIBILITY Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Austrian generally accepted auditing standards. These standards require the application of the International Standards on Auditing according to which we are to comply with ethical requirements and to 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 basis for our audit opinion.

OPINION Our audit did not give rise to any objections. In our opinion, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of March 31, 2016 and of its financial performance and its cash flows for the fiscal year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the additional requirements under Section 245a UGB.

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 Group'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 are appropriate.

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

Vienna, 9 May 2016

PwC Wirtschaftsprüfung GmbH

signed:

Jürgen Schauer
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

Actuators
Drive sections which convert electrical signals into mechanical movement.

Advanced Packaging
Active and passive electrical components are embedded in printed circuit boards and interconnected via microvias and conducting lines instead of being assembled on the printed circuit board. This technology enables space-saving, high-performance applications for a wide range of customer segments.

All-in-one module
All the components needed for an end device are connected in an integrated module, combining various interconnection technologies.

Assembly service
Assembling of components on (or inside) the printed circuit board.

ATX Global Players
A free float weighted price index made up of all stocks traded on the 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. This is a broadly-based index for all stocks that meet the minimum capitalisation requirements and satisfy the stricter disclosure and reporting obligations.

Bare dies
Unpackaged part of a semiconductor silicon wafer.

BGA substrates
Ball Grid Array substrate. This substrate is at least 1.2 times as large as the chip placed on it.

CAPEX
CAPEX refers to the cash investments in property, plant and equipment and intangible assets, meaning that the asset acquisition is adjusted to exclude non-cash effects.

Carbon footprint
The carbon footprint refers to the amount of greenhouse gas emissions produced over the entire life cycle of a product.

Cash earnings
For calculation, please refer to the Group Management Report.

CEMs
Contract electronic manufacturers: companies which provide production services – primarily printed circuit board assembly – to the customer.

Chip-on-board and/or chip-on-flex interconnection platforms
Method for the direct assembly of unpackaged semiconductors on printed circuit boards.

Corporate citizenship
Civic engagement in and by companies that follow a mid and long-term corporate strategy based on responsible business operations and which, as a "good citizen", are actively engaged even beyond their business activities in the local community, for example, in environmental or cultural pursuits.

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

Corporate social responsibility (CSR)
The contribution of a business enterprise to sustainable development, beyond the statutory requirements. CSR should promote responsible corporate behaviour in business activities – with respect to the environment, relationships with staff (the workplace), and the dialogue with other stakeholders and interest groups.

COSO standard
Internationally recognised standard for Internal Control Systems (ICS) and risk management published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Covenants (financial)
A covenant is an obligation of a borrower to the creditor not to exceed or fall below certain criteria. The most common covenants are the equity ratio and net debt/EBITDA.

Coverage
Company analysis with assessment by financial analysts.

CSP substrates
Chip Scale Packaging Substrate; this substrate is no more than 1.2 times as large as the chip placed on it.

Dividend record date
Date on which the company declares who is a shareholder in the company and therefore entitled to dividends.

Duration
The average repayment time for financial liabilities.

EBIT
Operating result = earnings before net finance costs and taxes (Earnings Before Interest and Taxes).

EBIT margin
EBIT as a percentage of total revenue.

EBITDA
Operating result before depreciation and amortisation (Earnings Before Interest, Taxes, 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 trademark AT 255868).

Embedded die packaging
Technology used to embed active and passive components in a printed circuit board.

Embedded interposer
Interconnection between the printed circuit board and substrate with embedded components, to compensate different structure levels.

Embedding
Integrating active and/or passive electronic components inside printed circuit boards.

Ex-dividend date
If shares are purchased on the ex-dividend date, there is no entitlement to dividends.

Foreign exchange
Conversion from one currency into another.

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

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

High-end segment
Technologically demanding market segment on which AT&S focuses 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 the chip(s) and the main printed circuit board.

IFRS
International Financial Reporting Standards are the international accounting rules which are mandatory for AT&S as an exchange-listed company.

IGBT applicators
An insulated-gate bipolar transistor (IGBT) is a semiconductor component used in power electronics.

IIA standard
Standards for measures and the assessment of the quality of internal auditing specified by the Institute of Internal Auditors (IIA).

Intellectual property
In contrast to tangible property, intellectual property is the right to intangible property such as a technical invention.

Internet of Everything
Most of the "connected devices" in use today require active interaction by the user and are mainly used for acquiring information or entertainment. The majority of the 50 billion connected things in 2020 will be used to link and direct systems in a variety of areas such as industry, smart homes, smart cities, smart energy, smart healthcare, wearables and much more.

Internet of Things
A trend based on how internet-connected devices are used to improve the exchange of data, automate complex processes in industry and generate valuable information.

IRR
The Innovation Revenue Rate represents the share of total revenue generated from products that feature new, innovative technologies and have been introduced in the past three years.

ISIN
Alphanumerical securities identification number (International Securities Identification Number).

ISO
International Organisation for Standardisation.

Key Performance Indicators
Key indicators for managing corporate targets and measuring progress and/or achievement.

Lean Six Sigma
Management system for efficiency and process improvement. The core element of the system is the description, measurement, analysis, improvement and monitoring of business processes using statistical methods.

L/S
Line/space: line width and spacing of circuit paths.

LTI
Long-term incentive: long-term-oriented bonus system.

Manufacturing Execution System (MES)
Computer systems which gather and process data in a production process – from the raw material to the final product – in real time.

MEMS
Microelectromechanical system.

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

Miniaturisation
Trend towards even more densely printed circuit board structures on ever smaller surfaces.

Modularisation
Individual components packaged into modules.

MOSFET
Metal-oxide semiconductor field-effect transistor which amplifies or converts electronic signals.

Motherboard
The main printed circuit board in a computer.

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
For calculation, please refer to the key data section in the Group Management Report.

Net gearing
For calculation, please refer to the Group Management Report.

NOPAT
Net operating profit after tax represents annual profit adjusted to exclude net finance costs. For calculation, please refer to the Group Management Report.

ÖCGK
Austrian Corporate Governance Code (Österreichischer Corporate Governance Kodex).

OEMs
Original Equipment Manufacturers – manufacturers of original electronic end devices.

OHSAS 18001
Occupational Health and Safety Assessment Series.

Original Device or Design Manufacturer
Manufactures products commissioned by other companies, some of which are developed in-house, that are ultimately sold under the brand name of the customer.

OSATs
Outsourced assembly and test: manufacturers that offer integrated IC (Integrated Circuit) Packaging solutions (see Advanced Packaging).

Prepreg
Fibreglass mats saturated with epoxy resin which are cured using heat and pressure. They provide – apart from copper foils – the base material for the production of printed circuit boards.

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.

Promissory note loan
A large bond-like loan with a medium to long term. The lenders are usually banks or insurance companies. The loan is certified with the borrower's promissory note.

Ramp-up
Start-up phase of a manufacturing plant.

R&D
Research and Development.

Retail bonds
Corporate bonds whose subscribers can be either private or institutional investors.

RFID
Radio Frequency Identification – technology for transceiver systems for the automatic and contactless identification of objects using radio waves.

Risk exposure
The situation of being exposed to risk. Used as a factor in risk management to indicate risks: a combination of the potential impact and the probability of a risk occurring.

ROCE
Return on capital employed measures how effectively a company generates returns from the capital it uses. For calculation, please refer to the Group Management Report.

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.

Solder-resist mask
Finish that protects the surface of the printed circuit board.

Sourcing strategy
Strategy for sourcing goods and services for a company from various suppliers.

Stock options
Options to buy or sell particular stocks.

Substrate-like printed circuit boards
The next generation of high-end HDI printed circuit boards with even finer structures in the 20–30 micrometre range. They enable applications such as SiP (System in Package) for mobile applications and wearables.

Swap
A swap is a derivative financial instrument under which future payment streams are exchanged. Typically, currencies (currency swap) or fixed and variable interest payments (interest swap) are exchanged.

System in Board (SiB)
When passive and/or active components are embedded inside printed circuit boards.

System in Package (SiP)
Consists of one or more semiconductors and passive components that form a system or a functional block.

Tier 1 manufacturers
Automotive suppliers.

WACC
Weighted Average Cost of Capital represents the average cost that a company has to pay to obtain equity or debt capital.

Wearable devices
Electronic devices that can be worn.

Wire-bond substrate
Substrate on which a semiconductor is connected with wires.

Contact/Imprint

AT & S Austria Technologie & Systemtechnik Aktiengesellschaft
Fabriksgasse 13
8700 Leoben
Austria
Phone: +43 (0)3842 200-0
ir@ats.net
www.ats.net

Published by and responsible for content
AT & S Austria Technologie & Systemtechnik Aktiengesellschaft
Fabriksgasse 13
8700 Leoben
Austria

Concept and design (general section)
Mensalia Unternehmensberatungs GmbH, Vienna

Photos
Andreas Jakwerth: pages 1, 5, 8, 11, 22, 30, 50, 90
AT&S: pages 7, 42, 49, 153
Daniel Novotny: page 23
Helmut Jokesch: page 35
Klaus Vyhnalek: page 35
Werbeagentur DMP: pages 12, 13

Illustrations
Stefanie Hilgarth/carolineseidler.com: pages 3, 14, 15, 21
Werbeagentur DMP: pages 2, 28, 63, 76

Published on 9 June 2016