AT&S

Quarterly Financial Report 03

2011/2012

Key figures

(if not otherwise stated, all figures in EUR 1,000)	IFRS Q1–3 2011/12 before non-recurring items	IFRS Q1–3 2011/12 after non-recurring items	IFRS Q1–3 2010/11 before non-recurring items[1]	IFRS Q1–3 2010/11 after non-recurring items[1]
CONSOLIDATED INCOME STATEMENT				
Revenues		371,754		364,808
thereof produced in Asia		72.3%		70.5%
thereof produced in Europe		27.7%		29.5%
EBITDA	75,913	75,913	76,368	73,758
EBITDA margin	20.4%	20.4%	20.9%	20.2%
EBIT	31,644	31,644	40,263	37,586
EBIT margin	8.5%	8.5%	11.0%	10.3%
Net income	21,864	21,864	32,246	29,569
Shareholders' interest in net income	21,891	21,891	32,382	29,705
Cash earnings	66,159	66,159	68,487	65,878
CONSOLIDATED BALANCE SHEET				
Total assets		722,209		603,032
Total equity		289,293		247,243
Total equity of owners of the parent company		289,338		246,888
Net debt		255,727		186,624
Net gearing		88.4%		75.5%
Net working capital		108,184		90,073
Net working capital per revenues		21.8%		18.5%
Equity ratio		40.1%		41.0%
CONSOLIDATED CASH FLOW STATEMENT				
Net cash generated from operating activities (OCF)		50,433		42,591
CAPEX, net		91,592		82,901
GENERAL INFORMATION				
Payroll (incl. leased personnel), ultimo		7,322		7,505
Payroll (incl. leased personnel), average		7,461		6,858
KEY STOCK FIGURES				
Earnings per share (EUR)	0.94	0.94	1.39	1,27
Cash earnings per share (EUR)	2.84	2.84	2.94	2,82
Market capitalisation, end of period		196,143		400,682
Market capitalisation per equity		67.8%		162.3%
Weighted average number of shares outstanding		23,322,588		23,322,588
KEY FINANCIAL FIGURES				
ROE[2]	11.2%	11.2%	18.9%	17.7%
ROCE[2]	7.6%	7.6%	11.3%	10.6%
ROS	5.9%	5.9%	8.8%	8.1%

[1] Non-recurring items include the closing of the Vienna office.
[2] Calculated on the basis of average values.

Highlights

- *AT&S Mobile Devices reports record sales*
- *First patient fitted with pacemaker containing AT&S printed circuit board*
- *AT&S signs strategic partnership with MFLEX*

Statement of the Management Board

Dear shareholders,

In the third quarter of financial 2011/12 Mobile Devices again increased sales significantly as compared with the preceding quarter, resulting in the highest sales in the history of our Shanghai plant. This performance is all the more gratifying given that for some of our customers' Christmas sales did not come up to expectations. We were also confronted with postponements of deliveries, a development which was reflected both in lower revenues and in increased inventories. In part, inventory build-ups can be attributed to preparation for the Chinese New Year, and we expect inventories to be reduced again during the course of the next quarter. Industrial is continuing to experience declining sales. At present, we note a definite reluctance to invest on the part of our industrial customers, as a result of the continuing financial and debt crisis in Europe and the associated economic uncertainties. The order book for automotive component suppliers has remained stable.

We have also registered another major success in the strategically important medical segment: in January, the first pacemakers featuring highly complex AT&S printed circuit boards entered into series production. The customer is an international market leader in this area. We are currently the only printed circuit board manufacturer in Europe to achieve certification for medical products under the EN ISO 13485 standard, meaning that the Group already satisfies the strictest quality management requirements. This certification is a clear demonstration to the outside world that AT&S has defined medical technologies as one of its core focuses.

Elsewhere too, we have set important markers for the direction of our future development by entering into a strategic alliance with MFLEX, one of the world's leading manufacturers of flexible printed circuit boards. AT&S and MFLEX will work together to produce high density interconnect (HDI) rigid-flex printed circuit boards. This type of circuit board is made up of a combination of rigid and flexible substrates, which are laminated together to form a single unit. HDI rigid-flex printed circuit technology is used to incorporate dense clusters of components into three-dimensional flexible printed circuit boards. This technology makes it possible to eliminate connectors and wiring, with a consequent reduction in overall volume and weight. By drawing on each partner's core expertise we are now in a position to take best in class HDI rigid-flex printed circuit boards to market. This cooperative venture is another major step on our way to becoming a recognised technological and innovation leader in the industry. The strategic partnership opens up new design options for our customers' products and applications.

Despite the very satisfactory performance of the Mobile Devices Business Unit and expansion of the customer base, we do not expect to make up the shortfalls in sales of the first quarter of the financial year. Events in Japan and the continuing European finance and debt crisis have a direct impact on our industrial business. Although the continued uncertainties in financial markets means that it remains difficult to offer firm forecasts, we expect revenues for the year to end up at around the EUR 500m mark. We are projecting an EBIT margin of between eight and nine percent. Investment volumes will remain unchanged at about EUR 130m for the current financial year. We see the market as still fundamentally sound, and in the medium to longer term it promises attractive growth rates.

Third quarter results

AT&S Group has recorded sales of EUR 130m to report for the third quarter, following on from the strong performance of the previous quarter. Earnings before interest and tax (EBIT) amounted to some EUR 12.1m, which translates into earnings per share for the Group of about 34 eurocents. Net investment declined from EUR 34.2m to EUR 29.0m and chiefly reflected the final phase of expansion at the Shanghai facilities and construction work in Chongqing. Net debt edged up by EUR 5m to around EUR 256m. The gearing ratio came down from 95.7% to 88.4% in the third quarter as a result of group earnings and favourable exchange rate differences, as equity rose by EUR 27.5m to EUR 289.3m.

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

- Sales revenues: EUR 371.8m
- Gross profit: EUR 62.4m, for a gross margin of 16.8%
- EBITDA: EUR 75.9m, for an EBIDTA margin of 20.4%
- Operating profit: EUR 31.6m, for an EBIT margin of 8.5%
- Profit before tax: EUR 26.1m
- Consolidated net profit: EUR 21.9m
- Earnings per share: EUR 0.94
- No. of shares outstanding (average)*: 23,323

* Thousands of shares

Financing

In November 2011 AT&S Group successfully issued a EUR 100 million corporate bond in Austria with a maturity of five years and a coupon of 5 percent. The bond was fully subscribed in an extremely short period of time, with a mix of institutional and private investors.

This successful issue significantly improved the maturities profile of total financial liabilities, which at 31 December 2012 was as follows:

Less than 1 year:	EUR 115.4m
1–5 years:	EUR 188.8m

After a muted first quarter which was seriously affected by project postponements, significantly improved capacity utilisation was achieved in the second quarter. This trend continued into the third quarter. Overall, however, we have been unable to meet the external and internal growth forecasts for the first nine months in full. The market prospects – given the growth in demand forecast for the printed circuit board industry – continue to be fundamentally sound and promise attractive growth rates over the medium to longer term. That said, the behaviour of the global economy in the medium term is difficult to gauge. We will keep markets and macroeconomic conditions under constant critical review, in order to be able to react promptly to any crucial changes.

With best regards

Andreas Gerstenmayer
Chairman of the Management Board

Thomas Obendrauf
Chief Financial Officer

Heinz Moitzi
Chief Technical Officer


sms
12⁰⁰ H: 18° L: 10°
Intermittent clouds
Call History
1 new voicemail
Appointments:
No upcoming appointments
No tasks
Profile: Normal

Corporate governance information

The provisions of the 2007 Issuers Compliance Regulation (ECV) have been changed following the issuance of Regulation BGBl. II 30/2012 by the Austrian Finance Market Authority. The Regulation has introduced the concept of "compliance-relevant information" into the Issuers Compliance Regulation as an addition to or an enhancement of the concept of insider information. This change is intended to ensure that internal processes which are not in the public domain and which may affect share prices, irrespective of the existence of insider information, are incorporated into compliance mechanisms at an early stage.

AT&S adopted this change before it entered into force, adapting its corporate governance guidelines at an early stage.

AT&S stock options

In the third quarter Management Board member Heinz Moitzi exercised stock options on 6,000 shares for cash settlement (exercise price: EUR 3.86, calculated at the closing price on 5 December 2011 of EUR 8,90). Stock options held by members of the Management Board were as follows:

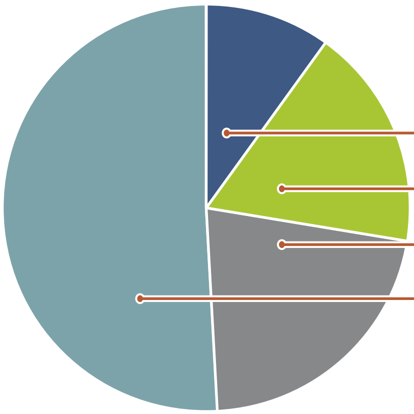
	2007	2008	2009	2010	2011	**Total**
Andreas Gerstenmayer	–	–	–	40,000	40,000	**80,000**
Heinz Moitzi	30,000	30,000	24,000	30,000	30,000	**144,000**
Thomas Obendrauf	1,500	1,500	1,500	1,500	30,000	**36,000**
Exercise price (EUR)	22.57	15.67	3.86	7.45	16.60	

Members of the Supervisory Board do not receive stock options.

AT&S stock

Shareholdings

As of 31 December 2011, 50.80% of AT&S's shares were in the free float, 21.51% were held by the Androsch Private Foundation, 17.74% by the Dörflinger Private Foundation and 9.95% by AT&S.



Share price in the first nine months of 2011/12

In October AT&S again participated in the Erste Group investor conference in Stegersbach. In addition to the traditional asset managers, an increasing number of pension- and insurance funds demonstrated an interest in AT&S stock. Pension- and insurance-funds are eligible for tax relief on investments in AT&S stock under section 108g Austrian Income Tax Act (EStG), even though the initial listing of the stock was on the Frankfurt Stock Exchange.

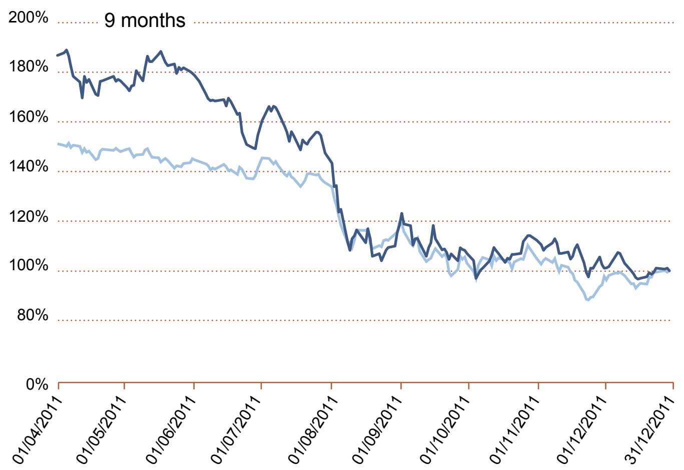
Over the past nine months three factors have had a major impact on the performance of AT&S stock:

- The drop in volumes traded on the Vienna Stock Exchange
- The escalation of the debt crisis in several European countries, and the consequent deterioration in the economic outlook for Europe
- The reported profits, which fell short of expectations.

To our complete surprise UniCredit Group stopped covering Austrian shares altogether in November.

AT&S stock is currently being followed by four analysts, of which three unequivocally rate it "buy".

AT&S against the ATX Prime



Key stock figures for the first nine months

EUR	31 December 2011	31 December 2010
Earnings per share	0.94	1.27
High	15.90	17.18
Low	8.13	8.04
Close	8.41	17.18

AT&S stock

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

Financial calendar

Investors Day Hinterberg	22 March 2012
Publication of annual results 2011/12	10 May 2012
18th Annual General Meeting	05 July 2012
Ex-day and dividend payment date	26 July 2012

Investor Relations

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Interim Financial Report (IFRS)

Consolidated Income Statement

(in EUR 1,000)	1 October - 31 December 2011	1 October - 31 December 2010	1 April - 31 December 2011	1 April - 31 December 2010
Revenues	129,870	122,127	371,754	364,808
Cost of sales	(105,768)	(96,688)	(309,384)	(293,252)
Gross Profit	24,102	25,439	62,370	71,556
Selling costs	(6,272)	(6,558)	(18,852)	(18,475)
General and administrative costs	(5,592)	(6,464)	(15,794)	(16,990)
Other operating result	(170)	2,362	3,920	4,172
Non-recurring items	–	(1,952)	–	(2,677)
Operating result	12,068	12,827	31,644	37,586
Financial income	1,374	2,009	3,670	6,122
Financial expense	(4,059)	(2,844)	(9,244)	(7,258)
Financial result	(2,685)	(835)	(5,574)	(1,136)
Profit before tax	9,383	11,992	26,070	36,450
Income tax expense	(1,487)	(1,525)	(4,206)	(6,881)
Profit for the period	**7,896**	**10,467**	**21,864**	**29,569**
thereof owners of the parent company	7,904	10,560	21,891	29,705
thereof non-controlling interests	(8)	(93)	(27)	(136)
Earnings per share for profit attributable to equity holders of the parent company (in EUR per share):				
- basic	0.34	0.45	0.94	1.27
- diluted	0.34	0.45	0.94	1.26
Weighted average number of shares outstanding – basic (in thousands)	23,323	23,323	23,323	23,323
Weighted average number of shares outstanding – diluted (in thousands)	23,363	23,484	23,363	23,484

Consolidated Statement of Comprehensive Income

(in EUR 1,000)	1 October - 31 December 2011	1 October - 31 December 2010	1 April - 31 December 2011	1 April - 31 December 2010
Profit for the period	**7,896**	**10,467**	**21,864**	**29,569**
Currency translation differences	19,612	12,761	46,660	11,094
Fair value gains/(losses) of available-for-sale financial assets, net of tax	(6)	–	(17)	2
Fair value gains/(losses) of cash flow hedges, net of tax	(5)	93	(160)	117
Other comprehensive income for the period	**19,601**	**12,854**	**46,483**	**11,213**
Total comprehensive income for the period	**27,497**	**23,321**	**68,347**	**40,782**
thereof owners of the parent company	27,502	23,412	68,371	40,916
thereof non-controlling interests	(5)	(91)	(24)	(134)

Consolidated Balance Sheet

(in EUR 1,000)	31 December 2011	31 March 2011
ASSETS		
Non-current assets		
Property, plant and equipment	457,844	385,510
Intangible assets	2,369	2,543
Financial assets	96	121
Overfunded retirement benefits	626	590
Deferred tax assets	14,839	10,736
Other non-current assets	8,765	4,144
	484,539	403,644
Current assets		
Inventories	72,281	53,376
Trade and other receivables	116,499	99,899
Financial assets	744	13,912
Current income tax receivables	453	277
Cash and cash equivalents	47,693	4,227
	237,670	171,691
Total assets	**722,209**	**575,335**
EQUITY		
Share capital	44,475	44,475
Other reserves	34,448	(12,032)
Retained earnings	210,415	197,020
Equity attributable to owners of the parent company	289,338	229,463
Non-controlling interests	(45)	353
Total equity	**289,293**	**229,816**
LIABILITIES		
Non-current liabilities		
Financial liabilities	188,816	95,559
Provisions for employee benefits	13,142	12,210
Other provisions	11,576	11,967
Deferred tax liabilities	5,325	4,238
Other liabilities	3,802	2,109
	222,661	126,083
Current liabilities		
Trade and other payables	88,174	96,554
Financial liabilities	115,444	116,427
Current income tax payables	4,680	3,757
Other provisions	1,957	2,698
	210,255	219,436
Total liabilities	**432,916**	**345,519**
Total equity and liabilities	**722,209**	**575,335**

Consolidated Statement of Cash Flows

(in EUR 1,000)	1 April - 31 December 2011	2010
Cash flows from operating activities		
Profit for the period	21,864	29,569
Adjustments to reconcile profit for the period to cash generated from operations:		
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	44,268	36,173
Changes in non-current provisions	352	219
Income tax expense	4,206	6,881
Financial expense	5,575	1,136
Losses from the sale of fixed assets	220	119
Release from government grants	(599)	(3,197)
Other non-cash expense, net	730	1,781
Changes in working capital:		
- Inventories	(14,913)	(21,267)
- Trade receivables and others	1,450	(16,225)
- Trade and other payables	2,204	19,252
- Other provisions	(736)	408
Cash generated from operations	64,621	54,849
Interest paid	(8,430)	(7,626)
Interest and dividends received	170	351
Income tax paid	(5,928)	(4,983)
Net cash generated from operating activities	**50,433**	**42,591**
Cash flows from investing activities		
Capital expenditure for property, plant and equipment and intangible assets	(91,643)	(83,075)
Proceeds from sale of property, plant and equipment and intangible assets	52	174
Acquisition of non-controlling interest	(473)	–
Purchases of financial assets	(1,618)	(3,393)
Proceeds from sale of financial assets	1,433	1,787
Net cash used in investing activities	**(92,249)**	**(84,507)**
Cash flows from financing activities		
Changes in borrowings	89,247	31,492
Proceeds from government grants	2,664	3,040
Dividend paid	(8,396)	(2,332)
Net cash generated from financing activities	**83,515**	**32,200**
Net increase/(decrease) in cash and cash equivalents	**41,699**	**(9,716)**
Cash and cash equivalents at beginning of the year	4,227	13,354
Exchange gains on cash and cash equivalents	1,767	150
Cash and cash equivalents at end of period	**47,693**	**3,788**

Consolidated Statement of Changes in Equity

(in EUR 1,000)	Share capital	Other reserves	Retained earnings	Equity attributable to owners of the parent company	Non-controlling interests	Total equity
31 March 2010	**45,680**	**(1,560)**	**164,184**	**208,304**	**489**	**208,793**
Total comprehensive income for the period	–	11,211	29,705	**40,916**	(134)	**40,782**
Dividend related 2009/10			(2,332)	**(2,332)**	–	**(2,332)**
31 December 2010	**45,680**	**9,651**	**191,557**	**246,888**	**355**	**247,243**
31 March 2011	**44,475**	**(12,032)**	**197,020**	**229,463**	**353**	**229,816**
Total comprehensive income for the period	–	46,480	21,891	**68,371**	(24)	**68,347**
Dividend related 2010/11			(8,396)	**(8,396)**	–	**(8,396)**
Acquisition of non-controlling interest			(99)	**(99)**	(374)	**(473)**
31 December 2011	**44,475**	**34,448**	**210,416**	**289,339**	**(45)**	**289,294**

Segment Reporting

1 April - 31 December 2011

(in EUR 1,000)	Europe	Asia	Not allocated and consolidation	Group
External sales	242,528	129,226	–	371,754
Intercompany sales	53	129,803	(129,856)	–
Total revenues	242,581	259,029	(129,856)	371,754
Inter-segment revenue	(129,803)	(53)	129,856	
Segment revenue, net	112,778	258,976	–	371,754
Operating result	16,999	21,169	(6,524)	31,644
Financial result				(5,574)
Profit before income tax				26,070
Income tax expense				(4,206)
Profit for the period				**21,864**
Total assets	141,180	579,730	1,299	722,209
Investments	7,271	67,153	68	74,492
Depreciation/amortisation	3,845	40,264	158	44,267
Non-recurring items	–	–	–	–

1 April - 31 December 2010

(in EUR 1,000)	Europe	Asia	Not allocated and consolidation	Group
External sales	260,798	104,010	–	364,808
Intercompany sales	1	153,244	(153,245)	–
Total revenues	260,799	257,254	(153,245)	364,808
Inter-segment revenue	(153,244)	(1)	153,245	
Segment revenue, net	107,555	257,253	–	364,808
Operating result	11,669	36,004	(10,087)	37,586
Financial result				(1,136)
Profit before income tax				36,450
Income tax expense				(6,881)
Profit for the period				**29,569**
Total assets	113,118	488,797	1,117	603,032
Investments	3,459	105,141	350	108,950
Depreciation/amortisation	3,630	32,005	538	36,173
Non-recurring items	–	–	(2,677)	(2,677)

Additional information

Revenue broken down by industries is as follows:

	1 April - 31 December	
(in EUR 1,000)	2011	2010
Mobile Devices	215,166	209,592
Industrial	92,546	109,205
Automotive	62,860	43,915
Other	1,182	2,096
	371,754	**364,808**

Revenue broken down by country is as follows:

	1 April - 31 December	
(in EUR 1,000)	2011	2010
Austria	15,965	17,819
Germany	96,817	92,110
Hungary	31,637	31,734
Other European countries	27,505	22,965
Asia	142,239	104,827
Canada, USA, Mexico	53,792	92,379
Other	3,799	2,975
	371,754	**364,808**

Explanatory Notes to the Interim Financial Report

General

Accounting and valuation policies

The interim report for the nine months ended 31 December 2011 has been prepared in accordance with the standards (IFRS and IAS) of the International Accounting Standards Board (IASB), taking IAS 34 into account, and interpretations (IFRIC and SIC) as adopted by the European Union.

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

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

The consolidated interim statements for the nine months ended 31 December 2011 are unaudited and have not been the subject of external audit review.

Notes to the income statement

Revenues

Sales revenues for the first three quarters of the financial year were up to EUR 371.8 million (m), compared with EUR 364.8m a year earlier. This improvement is chiefly attributable to a higher technology product mix and the resultant higher square metre price. On a quarterly basis, sales in the third quarter were nearly on par with those of the second quarter of the current financial year, with only a 1% difference, and were up by fully 18% compared with the first quarter. Compared with the same period last year, sales in the third quarter were up by 6%.

The distribution of production volumes – 72% in Asia and 28% in Europe – was more or less the same as in the comparable period last year, when the split was 71% to 29%. The quarter by quarter comparison for 2011 shows higher production in Asia than in Europe in the third quarter, reflecting higher capacity utilisation in Shanghai.

On a segment basis, there was a marked increase in automotive business, where sales have jumped 43% in comparison with the same period last year. Mobile Devices likewise had gains to report, albeit at the more modest rate of 3%. Only Industrial reported a downturn, with a 15% decline in sales. On a quarterly basis, Mobile Devices performed satisfactorily; the jump in sales from the first quarter to the second was 36%, and between the second and third quarters there was a further increase of 9%.

Gross profit

Since the expansion of production capacities in Shanghai was effectively completed by the end of the first half of this financial year, there were higher charges for depreciation of property, plant and equipment in the period under review, and in consequence increased production costs in comparison with the same period last year. This resulted in a gross profit of EUR 62.4m, as compared with EUR 71.6m a year ago. On a quarterly basis, gross profit increased by 77% from the first to the second quarter, and remained virtually unchanged between the second and the third, with a gross profit of EUR 24.1m for the third quarter.

Non-recurring items

During the first three quarters of the current financial year no costs were incurred that were attributable to non-recurring items. Non-recurring items in the same period a year earlier related to the closure of the Vienna headquarters and the compensation of a departing Management Board member.

Operating result

Similarly to the gross profit, operating profit for the period fell from EUR 37.6m in the first three quarters of financial 2010/11 to EUR 31.6m in the comparable period this financial year. There were minor savings in general administrative costs compared with the first three quarters of last financial year. Both selling costs and other operating income held firm at about the previous year's level.

The operating profit in relation to sales (EBIT margin) of 8.5% was not quite as high as the 10.3% achieved last year. Following an increase from 4% to 11.5% between the first and second quarters, the margin slipped back slightly to 9.3% in the third quarter.

The segment results before consolidation compared with the same period last year showed a considerable increase in Europe, from EUR 11.7m to EUR 17.0m. In Asia, however, mainly because of higher depreciation following the completion of construction together with the low capacity utilisation in the first quarter of financial 2011/12, segment results fell back from EUR 36.0m for the first three quarters of 2010/11 to EUR 21.2m for the same period this year.

Financial result

The financial income for the period under review was mainly the result of valuation gains on the financing of the factory in China, reflecting the appreciation of the renminbi yuan (CNY) against the euro since 31 March 2011.

Financial expenses consisted of interest expense of EUR 8.7m, compared with EUR 6.3m in the same period last year, and of unrealised gains arising from changes in exchange rates relating to Group financing activities.

Taxes on income

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

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

Notes to the statement of comprehensive income

Currency translation differences

The increase in the foreign currency translation reserve in the first nine months of the current financial year (EUR 46.5m) reflected almost exclusively the changes in exchange rates of the Group's functional currencies, the renminbi yuan (CNY) and Hong Kong dollar (HKD), against the Group reporting currency, the euro. Last year there was an increase of EUR 11.2m.

Notes to the balance sheet

Assets and finances

Net debt rose to EUR 255.7m, an increase of EUR 62.0m compared with the position at 31 March 2011. Financing requirements have increased mainly in connection with the expansion of the plant in Shanghai together with the first phase of investment in the new plant in China, in Chongqing. Working capital also increased, from EUR 79.4m at 31 March 2011 to EUR 108.2m at the end of the first three quarters of the financial year. Over the same period, the net gearing ratio rose from 84% to 88%. At the end of the second quarter it was still as high as 96%. This reduction reflected the improvement in the Group's equity as a result of the Group's satisfactory profits together with exchange translation gains.

As a result of the healthy earnings and exchange translation gains, the Group's consolidated equity rose from EUR 229.8m at the end of the last financial year to EUR 289.3m at 31 December 2011. Consolidated net income for the period totalled EUR 68.3m.

Treasury shares

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

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

Notes to the statement of cash flows

Net cash provided by operating activities in the financial year to date amounted to EUR 50.4m, compared with EUR 42.6m in the same period last year. This positive result largely reflects the EUR 8.1m higher year-on-year depreciation charge following completion of the facilities in Shanghai and India.

Net cash used in investing activities amounted to EUR 92.2m. The increase compared with the same period last year (EUR 84.5m) is explained by the continuing expansion of capacity in Shanghai and development of the new facility in Chongqing, China.

A EUR 100m bond was successfully placed in the third quarter of the current financial year. Total net cash inflows from financing activities amounted to EUR 83.5m, compared with EUR 32.2m a year earlier.

Other information

New sales office in Taiwan

In order to be able to provide our customers in Taiwan with a better service, we have set up a sales office there. The new company is a wholly-owned subsidiary of AT&S Asia Pacific Ltd.

Dividends

As resolved in the Annual General Meeting of 7 July 2011, a dividend of EUR 0.36 per share amounting to EUR 8,396,000 out of retained earnings as at 31 March 2011 was paid during the current financial year.

Related party transactions

In connection with various projects, in the first three quarters of financial 2010/11 fees amounting to EUR 295,000 were payable to AIC Androsch International Management Consulting GmbH, fees of EUR 4,000 were payable to Riedl & Ringhofer (lawyers) and fees of EUR 4,000 payable to Dörflinger Management and Beteiligungs GmbH.

Leoben-Hinterberg, 25 January 2012

Management Board

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

Group Interim Management Report

Business developments and performance

The first three quarters of financial 2011/12 delivered the highest sales to date in AT&S Group's history. As in past years, the seasonality of printed circuit board business is very much in evidence in this financial year too, particularly in the Mobile Devices sector: demand in the second and third quarters again rose appreciably. In the second quarter sales were up by 19% to EUR 131.4m, after EUR 110.5m in the first quarter. At EUR 129.9m, third quarter sales were only just short of the total for the second quarter.

Because of the current global economic climate, it has become generally more difficult to forecast future demand. However, markets remain fundamentally sound, and in the medium to longer term we continue to base our plans on the assumption of attractive growth rates.

Considering revenues by Business Unit, after a weak first quarter Mobile Devices is again showing a positive trend. After a 36% increase in the second quarter to EUR 76.2m (from EUR 56.0m in the first quarter), sales for this Business Unit advanced a further 9% to EUR 83.0m in the third quarter. Automotive reported a seasonal decline following an increase from the first quarter to the second. In spite of this development, cumulative sales for this Business Unit in the first three quarters were up 43% on the comparable period of the last financial year. AT&S's Industrial Business Unit has been hit by the general decline in the industrial sector triggered by financial uncertainties stemming from the continuing financial and debt crisis in Europe, with the result that sales for the first three quarters of 2011/12 were down compared with the same period last year.

The successful implementation of our strategy of focusing production on high-tech printed circuit boards has resulted in our being able to increase the m² prices at nearly all our production facilities. The Austrian plants specialising in special orders and small batches have played a major role in this development.

Our plant in Shanghai, which is geared towards large batches using HDI technology, achieved satisfactory capacity utilisation in the second and third quarters after a period of capacity underutilisation in the first quarter. The forecast for the current fourth quarter is also positive.

To cope with growing demand from our customers, a new plant in Chongqing, China is to be built in the months to come. Currently, the production hall is under construction. Further investment decisions will be made depending on how customer demand develops.

To improve the maturity structure of its financing, on 18 November 2011 (value date), AT&S issued 5% bonds denominated in units of EUR 1,000 to a total value of EUR 100m, repayable in five years. The bonds have been admitted to listing in the Semi-Official Market of the Vienna Stock Exchange.

Oesterreichische Kontrollbank (OeKB) also approved a loan of EUR 69m to AT&S with a maturity of eight years. This credit line will be used to finance further investment in Asia.

Material events after balance sheet date

TIn January AT&S and MFLEX entered a strategic alliance for the manufacture of HDI rigid-flex printed circuit boards. These printed circuit boards are made up of a combination of rigid and flexible substrates, laminated together to form a single unit. This makes it possible to eliminate connectors and wiring, with a consequent reduction in volume and weight.

Significant risks, uncertainties and opportunities

There were no material differences in the categories of risk exposure in the course of the first three quarters of financial 2011/12 compared with those described in detail in the notes to the 2010/11 consolidated financial statements under II. Risk Report.

In order to reduce liquidity risk, long-term funding had already been put in place in earlier financial years. In addition, in November 2011 a 5-year EUR 100m bond was issued for the purpose of improving the maturity structure of AT&S Group's financing. Sufficient credit facilities are also available to cover the increased working capital requirements resulting from higher volumes of business. In addition to this, on the basis of the authorisation conferred in the Annual General Meeting of 7 July 2010 the Management Board also has the option of issuing up to 12,950,000 new shares out of authorised capital and convertible bonds up to a nominal value of EUR 100m and may dispose of treasury shares.

In the first three quarters of financial 2010/11 there were substantial positive operating cash flows. Given the projections of continuing net cash inflows from operating activities and the comprehensive financing arrangements, enough liquidity is available to cover all currently planned and potential future investments.

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

Despite continuing investment activities, the net gearing of 88% at 31 December 2011 was lower than at the end of the second quarter of the current financial year (96%). In addition to excellent consolidated net income, exchange translation gains from the appreciation of the CNY and HKD against the EUR helped to strengthen the Group's equity base. Given a continuation of the positive earnings situation and stable exchange rates, we believe that the ratio will return to the target level of 80% in the medium term.

With respect to the opportunities and risks attaching to developments in the external environment for financial 2011/12 as a whole, the assumption is still that total sales of the printed circuit board industry worldwide will increase. In the first three quarters of the year, internal and external growth expectations for AT&S were missed by a small margin, but developments in the second quarter were already moving in the right direction. The first quarter was still seriously affected by project postponements, while significantly improved capacity utilisation was achieved in the second quarter. This trend continued in the third quarter of the financial year 2011/12. The behaviour of the global economy in the medium term is, however, difficult to gauge. Past experience – especially in recent years – has shown that markets and macroeconomic conditions should be kept under constant critical review, in order to be able to react promptly to any crucial changes.

Outlook

The continuing increase in the importance of electronic systems in everyday life, the growing penetration rates of communications applications and the increasing functionality of mobile devices will all lead to rising demand for high-end printed circuit boards. Management expects above average benefits for AT&S from this development, because of its decision to focus on the high value end of the market.

On the basis of the latest market information and reports from customers, we do not expect to be able to make up for the shortfalls of the first quarter despite the very satisfactory performance of the Mobile Devices Business Unit and expansion of the customer base. This is primarily due to events in Japan and the continuing financial and debt crisis in Europe. The outlook for financial 2011/12 has been revised slightly to reflect the present situation: the projections are for sales of around EUR 500m, with EBIT in the 8-9% range. The current global economic climate continues to make it more difficult to quantify future requirements reliably, which in turn makes quarterly forecasting more uncertain. However, the market remains fundamentally sound, and in the medium to longer term promises attractive growth rates.

In order to be able to keep pace with faster growth in all its businesses and provide its customers with the service they require, AT&S continues to expand its production facilities. Depending on how rapidly construction and installation proceeds, present expectations are that investments for the whole of financial 2011/12 will be unchanged and in the region of EUR 130m. The lion's share of investment is accounted for by expansion activities in Shanghai, as well as the construction work (buildings and infrastructure) for the new plant in Chongqing.

Leoben-Hinterberg, 25 January 2012

Management Board

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