

Leoben-Hinterberg, 2 June 2014

## **Report of the Supervisory Board pursuant to section 96(2) Austrian Companies Act (AktG)**

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

The Supervisory Board met five times during the 2013/14 financial year, with the participation of the Management Board.

Albert Hochleitner, Karl Fink, Willibald Dörflinger and Franz Katzbeck were excused on one occasion each, and all other members attended all five meetings.

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

## **Changes in the Supervisory Board**

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

## **Supervisory Board committees**

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

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

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

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

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

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

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

### **Self evaluation of the Supervisory Board**

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

### **Annual financial statements**

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

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

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

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

On behalf of the Supervisory Board

Hannes Androsch  
Chairman of the Supervisory Board