

# Clean up. Take off.

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## management report

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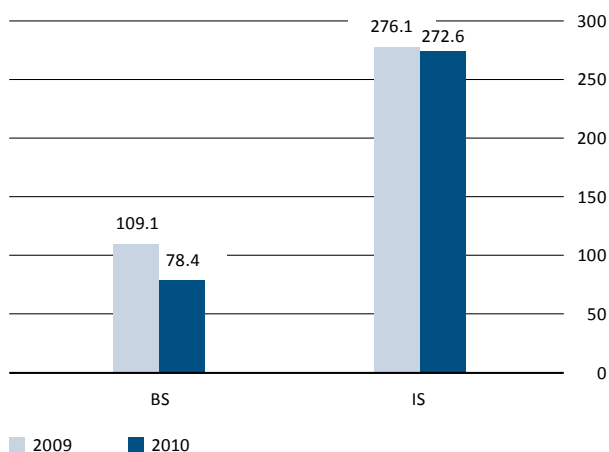
## declaration of the management board in accordance with section 82 para. 4 no. 3 BörseG (austrian stock exchange act)

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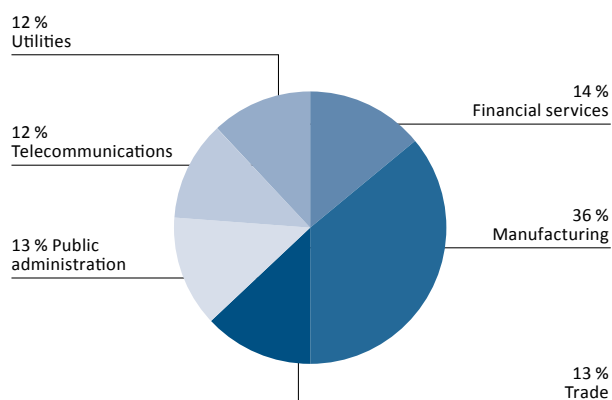
# Key figures:

## REVENUE DEVELOPMENT (in EUR million)\*



\* 2009: Reclassified in accordance with IFRS 5

## REVENUE PER INDUSTRY



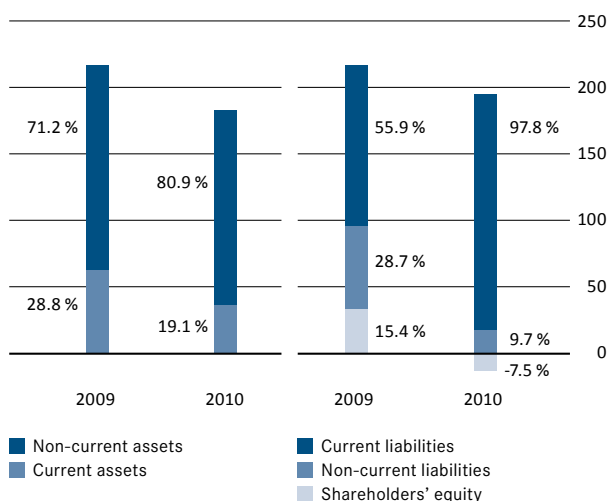
## KEY FINANCIAL DATA (in EUR million)

	2010	change in %	2009*	**	2008*
Revenue	351.1	-9 %	385.2		502.5
EBITDA	-12.9	-	1.2		18.7
Result from operations (EBIT)	-40.3	837 %	-4.3		11.6
Result before tax	-45.3	481 %	-7.8		4.8
Result for the year / Net result	-48.7	296 %	-12.3		-0.3
Diluted earnings per share in EUR	-13.82	408 %	-2.72		0.71
Shareholders' equity	-13.5	-140 %	33.4		46.8
Total assets	181.4	-16 %	216.8		255.5
Net financial liabilities	69.2	34 %	51.8		55.2
Net gearing	38.1 %	-	23.9 %		21.6 %
Employees at year-end	2,019	-15 %	2,385		3,135

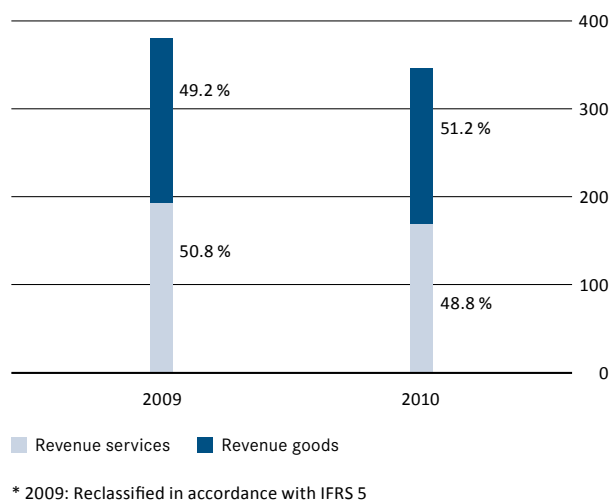
\* Reclassified in accordance with IFRS 5

\*\* A comparison does not make any sense due to the non-reclassification of the 2008 results on the basis of S&T's continuing operations in 2010.

**BALANCE SHEET STRUCTURE** (in EUR million)

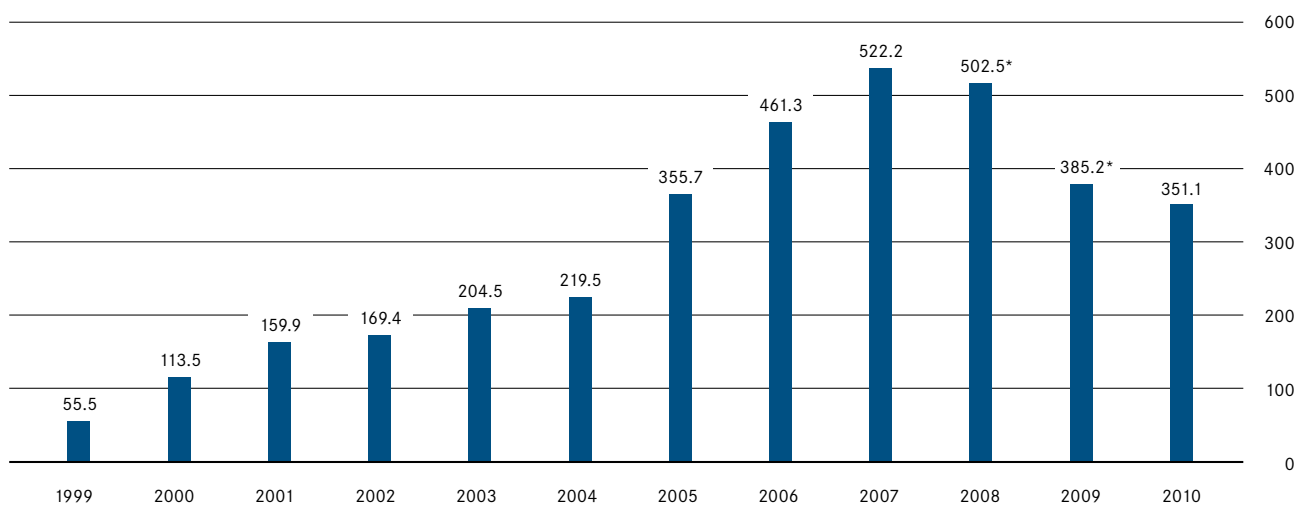


**DEVELOPMENT OF SERVICE SHARE IN REVENUES** (in EUR million)\*



\* 2009: Reclassified in accordance with IFRS 5

**DEVELOPMENT TOTAL SALES SINCE 1999** (in EUR million)



\* Reclassified in accordance with IFRS 5

# Group Management Report

## Overall business environment and business development

Without doubt the year 2010 marked a turning point in international business development. The global economy was characterized by a markedly positive upswing, though this was given less media coverage than the start of the recession. In the meantime, the recession which came close to affecting the entire world in 2009 can be considered as a thing of the past. Nevertheless, growth has not uniformly come to all sectors and countries in which S&T operates. German-speaking Europe has seen a significant increase in momentum with respect to its economic activity, thanks to extensive fiscal measures a good international competitiveness. In contrast, the Central and Eastern European markets have not recovered to the same extent.

Developments which were already foreseen in 2009 led to an overall considerably more difficult business environment for S&T in the 2010 financial year. In this case, it is important to clearly distinguish economic developments within and outside of the Central and Eastern Europe. The CEE region featured margin pressure with positive operating results in almost all S&T Group subsidiaries, though below expectations. In contrast, the desired turnaround could not be achieved in Germany, Austria, Switzerland and Japan. In these countries the operating results were negative in all four quarters, which led to high cash outflows. These expenses could be covered by existing resources in the Group in 2010, but resulted in a more difficult liquidity situation, especially in the second half of the year. In turn, the company's operational flexibility was increasingly limited, particularly in Austria. In this country, which generated the most revenues, larger business projects could not be realized due to the lack of working capital financing, hindering planned revenues and profit contributions. In order to counteract this situation, the new management team developed and approved a comprehensive package of measures for Austria in July 2010 aiming to achieve savings in all areas. Although the measures were implemented, the savings could not sufficiently compensate for the revenue

decline, preventing the targeted turnaround from taking place at the turn of the year.

In Germany there were indications of a stabilization of the business in the first half-year. The restructuring plan included the hiring of specialists to complement the service offering. In the second half of 2010 revenues remained below expectations, accompanied by a number of consultancy unexpectedly handing in their resignation notices. As a result, the German staff shrank below the required critical mass. This led to the previously announced shutdown and subsequent bankruptcy of the German subsidiary in January 2011. Due to the close operational and financial ties of the Swiss subsidiary to its German sister company, the Swiss firm was also shutdown in February 2011 and bankruptcy filed.

In the course of the year 2010, several developments, mainly in the second half-year, resulted in a perceptible uncertainty on the part of customers, employees and the general public with respect to the future of the S&T Group. Numerous articles, particularly by the German language media, reported about the company, its corporate bodies and core shareholders in the form of articles which were partially correct, though written in a linguistically negative and sometimes very speculative manner. The focus was on the shareholder AvW, the financial situation of Mr. Streimelweger, the ongoing losses of the Group and uncertainties about the potential participation of an investor. On balance, together with the increasingly difficult financing situation, this resulted in a particularly challenging business environment and increased information needs on the part of customers, mainly in German-speaking Europe.

At the end of 2010, S&T was directly operating or represented by close cooperation partners in 20 countries. After the balance sheet date, in January and February 2011, a majority stake in the Ukrainian and Moldovan subsidiaries was sold. For this reason, all proceeds and expenses arising from the operation and shutdown of these companies, including one-off costs, are recognized as results from discontinued operations. The comparative figures for 2009 were correspondingly adapted. S&T continues to be present in Ukraine and Moldova via a strategic partner and a minority shareholding.

In our view, the market for information technology in the countries covered by S&T was in the midst of a partial recovery in 2010. The IT market was characterized by a renewed rise in business volume but extreme margin pressure in the infrastructure and service segments. This development is still delayed in several countries such as Romania, Croatia and Slovenia, which means the markets continue to remain difficult.

All in all, the CEE region began to remove the investment backlog, which to varying extents is due to EU funding.

The speed at which the IT consulting sector overcame the serious recession also differed in 2010. The continuing strong investment activity on the part of quasi-public service providers, in part supported by EU funding, played a major role in driving the recovery.

We strongly moved ahead with initiatives such as verticalization, outsourcing and shared service center, but had to defer their further development in the fourth quarter for the time being.

## Revenue development

Revenue development must be seen in the light of this market environment. Total revenues of the S&T Group fell by 8.9% in the 2010 financial year to EUR 351.1 million, compared to the prior-year level of EUR 385.2 million (adjusted for discontinued operations as previously mentioned – refer to the consolidated financial statements, Note 8). The revenue decline in Austria accounted for a major part of this decrease.

## Earnings

The selective reduction of operating costs was an important measure carried out in 2010. This was quickly and directly achieved with respect to merchandise costs and purchased services to a lesser extent. However, for analytical purposes, proceeds derived from BS services should be excluded in calculating the material input ratio, as there are no merchandise sales here and expenses for subcontracting are minimal. Due to the slight rise in margin pressure, this ratio rose from 80.9% to 81.1%. On an absolute basis, the cost of merchandise, spare parts and purchased services fell 3.1% to EUR 226.8 million. Staff cost savings were even more pronounced thanks to voluntary redundancy and structural adjustment measures, which led to a 12.9% reduction in the total S&T Group staff (full-time equivalents) for continuing operations. Accordingly, staff costs fell by 8.6% to EUR 101.9 million. However, the actual cost cuts were lower than the decline in the workforce due to one-off expenditures for restructuring measures.

Savings of 7.3% could be achieved for the item other operating expenses. Despite increased consultancy fees, the cost reductions mainly related to lower travel expenses, rental

expenses for office space and general savings in the costs of materials as well as a decline in write-offs for receivables.

Accordingly, EBITDA fell from EUR +1.2 million to EUR -12.9 million. This development already became evident in the course of the year, which is why comprehensive restructuring measures were initiated and implemented in Q4 2010 and after the reporting date. The negative earnings were primarily reported in the German speaking areas of Europe, thus the restructuring measures concentrated on this region. The imminent shutdown of the German and Swiss subsidiary which subsequently took place at the beginning of 2011 required the complete write-off/impairment adjustment amounting to EUR 15.1 million of the goodwill attributed to the Swiss subsidiary and its subsidiaries in the consolidated financial statements 2010 of the S&T Group. A further impairment loss of EUR 7.5 million was taken in the Business Solutions segment. In contrast, ordinary depreciation fell from EUR 5.5 million to EUR 4.8 million.

EBIT totaled EUR -40.3 million, compared to EUR -4.3 million in 2009, showing the entire scope of the required restructuring.

Financing costs: The net finance costs rose from EUR 3.4 million to EUR 5.0 million. This increase is due to the increased use of lines of credit in the course of 2010, and to a lesser extent to one-off expenditures for financing in relation to bank negotiations. The effect of the volatility of key Group currencies in 2010 showed an increase in the currency translation differences from EUR 0.4 million to EUR 1.1 million. Nevertheless, the overall results are characterized by the still favorable financing available at the present time for corporate bonds.

Due to not capitalizing tax loss carry-forwards and due to write-down of deferred tax assets, the income tax expense amounted to EUR 4.0 million in 2010, up from EUR 1.9 million in 2009. The effective income tax expense affecting liquidity was EUR 1.3 million.

The negative net result of the S&T Group of EUR -48.7 million comprises the results from continuing operations of EUR -49.3 million as well as the results of discontinued operations of EUR 0.6 million.

## Development of segments

As a full service provider S&T advises customers on all technological issues relating to IT. The Group covers all areas providing enhanced productivity for companies on the basis of information technology, from strategy and project consulting to comprehensive outsourced hardware and software services. The cooperation with renowned producers ensures that state-of-the-art technologies are being implemented. The mix of a regional presence and know-how in vertical markets is one of S&T's strengths. In its financial reporting S&T distinguishes between two strategic business segments:

**Business Solutions (BS):** Demand for IT solutions and process consulting is growing. Transformation processes must be technologically supported and mapped out, a challenge S&T has risen up for many years by making its extensive expertise available to customers. Whereas a particularly high project risk in Business Solutions was perceptible in 2009, this risk could be significantly reduced in 2010. Nevertheless, the general trend towards "fixed price projects" puts considerable pressure on attainable prices. At S&T, the portfolio has been expanded in particular to include Software as a Service as well as Microsoft CRM. Moreover, we have further driven the overall trend towards sector-specific solutions with our own further developments.

The project business developed weakly in the first half of 2010, but seemed to stabilize at a lower level in the course of the year, and the order volume was promising. Nevertheless, despite the good order situation in Germany and Switzerland, a number of highly qualified employees left the company, which in turn led to a collapse of delivery capacities and the company falling short of the required critical mass. As a consequence, the strategic decision was made to completely withdraw from these markets. In contrast, the BS business developed comparatively better in the CEE region.

**Infrastructure Solutions (IS):** In the traditional Infrastructure business, S&T offers complete purchasing services as well as the installation and maintenance of IT facilities. The expertise offered by S&T ranges from simple workplace computers to complex network, security and storage concepts. As a cutting-edge pioneer in IT trends in CEE, we are also massively offering cross-sector outsourcing on the market. This ranges from infrastructure services to application management of the hardware on a rental basis, or managing the operations in a virtual data center. The offering has been expanded to include cloud computing, i.e. standardized cloud services, featuring Infrastructure as a Service (computing capacities, storage) and Applications as a Service (e.g. MS Exchange applications) to ensure the smooth operations and functionality of outsourced processes. All underlying services already comprised our core competencies in the past.

CONDENSED INCOME STATEMENT (in EUR million)	2010	Change	2009 <sup>*)</sup>
Revenue goods	6.9	-48 %	13.3
Revenue services	71.5	-25 %	95.8
<b>Total Business Solutions revenue</b>	<b>78.4</b>	<b>-28 %</b>	<b>109.1</b>
Revenue goods	172.7	-2 %	176.4
Revenue services	99.9	0 %	99.7
<b>Total Infrastructure Solutions revenue</b>	<b>272.6</b>	<b>-1 %</b>	<b>276.1</b>
Revenue goods	179.6	-5 %	189.7
Revenue services	171.4	-12 %	195.5
<b>Total revenue</b>	<b>351.1</b>	<b>-9 %</b>	<b>385.2</b>
EBITDA	-12.9	-	1.2
Result from operations (EBIT)	-40.3	837 %	-4.3
Result before tax	-45.3	481 %	-7.8
Result for the year / Group net result	-48.7	296 %	-12.3
Result from operations per share in EUR (diluted) <sup>1)</sup>	-11.3	834 %	-1.2

1) Result from operations (EBIT) / Weighted number of shares in circulation

\*) Reclassified in accordance with IFRS 5

Revenue development in the two strategic segments varied considerably, comparable to the situation in the prior year, and was foreseeable in the course of the financial year. Whereas the IS segment revenue remained stable compared to the previous year's level, BS revenue dropped by 28%.

An analysis of the profit contributions generated by the two segments also did not show a unified development. Whereas the negative earnings contributions in the BS segment were almost completely compensated by the positive results in the

IS segment in 2009, this was no longer possible in 2010 due to the previously-mentioned business development. As a result of decreased earnings, the preponderance of costs compared to earnings and the extraordinary write-downs on goodwill, the BS segment posted a massive loss of EUR -38.3 million. In contrast, the IS segment generated positive results of EUR 3.5 million, though considerably below the prior-year level. The assumptions underlying segment reporting and detailed segment results are presented in Point 1 of the Notes to the consolidated financial statements.

## Cash flow

CONDENSED CASH FLOW STATEMENT (in EUR million)	2010	Change	2009 <sup>*)</sup>
Cash flow from operating activities	-15.1	–	5.3
Cash flow from investing activities	-0.4	-86 %	-2.8
Cash flow from financing activities	0.9	–	-5.4
Cash and cash equivalents at the end of the year	13.2	-52 %	27.3

\*) Reclassified in accordance with IFRS 5

Due to the negative EBITDA and lower net cash inflow from working capital management (EUR 6.3 million compared to EUR 13.8 million in 2009), the cash flow from operating activities was negative at EUR -15.1 million. As a result of the economic situation, discretionary investments were curtailed, so that there was only a cash outflow from investing activities of EUR -0.4 million. The cash flow from financing activities showed a slight rise in new debt of EUR 0.9 million.

On balance, cash and cash equivalents at the end of the year fell by EUR 14.1 million to EUR 13.2 million, which can be mainly attributed to the negative cash flow from operating activities.

## Assets, finances and liquidity

KEY BALANCE SHEET FIGURES	2010	Change	2009 <sup>*)</sup>
Total assets in EUR million	181.4	-16 %	216.8
Shareholders' equity in EUR million	-13.5	-140 %	33.4
Equity ratio in %	-7.4	–	15.4
Working capital in EUR million <sup>1)</sup>	24.4	-15 %	28.8
Net financial liabilities in EUR million <sup>2)</sup>	69.2	34 %	51.8
Gearing in % <sup>3)</sup>	45.0	–	36.5
Liquidity ratio <sup>4)</sup>	0.83	-35 %	1.27
Market capitalization at year-end in EUR million <sup>5)</sup>	19.2	-57 %	44.8

1) Current assets (excluding cash and cash equivalents) less current liabilities (excluding financial liabilities)

2) Non-current and current financial liabilities less cash and cash equivalents

3) Non-current and current financial liabilities in relation to total assets

4) Current assets in relation to current liabilities

5) Number of shares multiplied by the share price at the end of the financial year

\*) Reclassified in accordance with IFRS 5

With regard to non-current assets, scheduled depreciation resulted in a decline in the item property, plant and equipment from EUR 9.6 million 2009 to EUR 7.6 million in 2010. Intangible assets fell significantly due to the previously-mentioned impairment losses on goodwill from EUR 43.2 million to EUR 20.7 million. As a result of these impairment losses, deferred tax assets dropped from EUR 5.5 million to EUR 2.9 million.

With respect to current assets, working capital remained stable for the most part, whereas liquidity was down from EUR 27.3 million to EUR 12.4 million as a result of the cash-related part of the company's loss posted in 2010. Thus liquidity management and retention became vitally important in managing the company, particularly in the second half of the 2010 financial year. In several countries, this situation led to restrictions or exclusion from competitive tenders regardless of the high level of competence of the particular subsidiaries.

Due to the decision to sell the subsidiaries in Moldova and the Ukraine in the 2010 financial year (and the actual disposal at the beginning of 2011), the item "Assets classified as held for sale" increased at the balance sheet date, along with the related liabilities. In the previous year, these two items only encompassed the much smaller Chinese subsidiary which has already been sold in the meantime.

The operating losses and the high impairment adjustments resulted in a decline in retained earnings and other reserves to the amount of the Group net result for the year (EUR -48.7 million) and, taking account the currency translation differences of EUR +1.8 million) recognized directly in equity, led to the negative retained earnings and other reserves of EUR -25.3 million at the end of 2010. At the balance sheet date 2010, shareholders' equity totaled EUR -13.5 million. However, this negative sum does not have any legal consequences. This development as well as the lower total assets resulted in a decline of the equity ratio from 15.4% in the previous year to -7.4% in 2010. The main priorities of the Management Board in this regard are to restore profitability via a positive cash flow from operating activities, and to increase the equity ratio through future retained earnings and capital measures.

In terms of borrowed capital, the outstanding bonds were reclassified as current liabilities due to the tense economic situation in 2010 as well as the related failure to fulfill the terms and conditions of the bonds. This took place irrespective of the agreement reached with banks concerning a package of measures involving financing and a deferment of payment for outstanding debts.

As a consequence of these developments, total assets fell by 16%, to EUR 181.4 million.

Similar to most companies, the S&T Group is partly financed on the basis of long-term and short-term borrowed capital. Thus the Group a net borrower, and is thus dependent on maintaining these financing possibilities.

More information is included in Point 5.1 of the consolidated financial statements as well as Point 20 of the Notes to the consolidated financial statements. The remaining amount of non-current liabilities mainly encompasses a loan newly taken out in 2011.

In the case of a major underperformance of the company, the risk exists for every bank financing that the current lines of credit will not be extended. Ahead of the scheduled due date of the EUR 30 million corporate bond, S&T has been conducting intensive negotiations on refinancing them since the second quarter of 2010, as well as potentially restructuring current liabilities to banks. The aim was to secure sufficient financing and liquidity for the S&T Group for the next financial year, even in the case of the company being unable to fulfill agreed covenants for certain short-term lines of credit as at December 31, 2010. S&T managed to achieve this objective despite the deteriorating economic conditions. S&T concluded a debt deferment and interim financing agreement as part of its effort to refinance the bonds which were scheduled to mature and refinance its liabilities. The financing banks made funding available which was required for the short- and medium-term operations of the company, and deferred payment for the bond due in 2011 and most of the interest accrued.

Due to the economic situation of the company, short-term possibilities exist for the banks and creditors to terminate the agreement. However, the management believes they will not exercise this right if the agreed-upon plans are carried out. Furthermore, the agreement contains a so-called betterment clause, requiring payment of a surcharge if the Group's shareholders' equity surpasses 8% of total assets. The Management Board does not believe any payments arising from this obligation will occur before December 31, 2014. Projections based on the parameters of an impairment test foresee an equity ratio no earlier than 2015 which would require payments arising from this obligation in line with the currently valid agreement. The company is currently determining the expected deferred value for this obligation in the year 2011.

According to the going concern opinion, the S&T Group has sufficient short-term lines of credit and thus liquidity reserves to ensure the continuing existence of the company until the conclusion of the above-mentioned financing negotiations as well as potential capital raising measures. The agreements for the required interim financing and payment deferment stipulate the pledging of all major shareholdings, receivables and entitlements to profit as collateral. The financing package also includes expanded reporting requirements, as well as the hiring of a Chief Restructuring Officer and a recommended consultant

to support the restructuring and plausibility of planning and the obligation to obtain consent from the banks for all major (primarily intercompany) transactions.

A further measure to safeguard the company's existence and open up the possibility to put the firm back on track for growth are the negotiations initiated by the Management Board to attract a strategic partner to improve the stability of the company. The Management Board has been talking to potentially interested investors to expand the shareholder base. The talks and interest on the part of potential strategic partners have intensified since the above-mentioned financing agreements were concluded. This process is being supported by an M&A advisor. A successful outcome would likely send positive signals influencing the company's market position as well as the motivation of customers, suppliers and employees.

## Order situation

Although the overall business environment significantly improved in comparison to 2009, the year 2010 remained unpredictable and very heterogeneous in the individual countries. S&T makes use of customer relationship management and control systems in order to evaluate the order entry and be able to make appropriate assessments in advance. The longer-term predictability of non-contracted revenue (visibility) remains difficult in the IS segment.

The order situation in the BS segment differs from one country to the next, but the general upward trend compared to the prior year is fundamentally strong. In contrast to the developments in Germany and Switzerland, our delivery in the remaining countries is considerably more stable, also in part due to a flexible and extremely competitive delivery model (near shore center, international delivery center). Poland, Czech Republic and Serbia can be considered as markets with particularly promising pipelines.

## Risk management

S&T has set up a comprehensive risk management system integrated into business processes and subject to continuing further development. The pillars of the risk management system are standardized planning and control processes, ongoing reporting, Group-wide guidelines and the internal control system.

The principles underlying risk management are defined by the Management Board and supervised by the Supervisory Board. The Risk Management Department at S&T is assigned responsibility for implementing suitable measures and actively monitoring compliance with these principles.

The primary financial risks and relevant countermeasures are explained below. A detailed presentation of financial risk management is presented in Point 5 of the accounting policies included in the Notes to the consolidated financial statements.

### • Market risk

Due to the international orientation of the S&T Group, despite the generally increasing use of the euro, a significant share of business is carried out in other currencies than the euro, the reporting currency of the company. Key currencies include the US dollar and local currencies in Central and Eastern Europe. The volatility of individual currencies can have a significant effect on the sales proceeds and earnings of the S&T Group. Foreign exchange risk is countered by means of match funding of business transactions, the procurement of third-party services in the respective local currency and price adjustment clauses in the event of currency fluctuations. Derivative financial instruments are applied in isolated cases to hedge risk. Speculative transactions involving the incurrence of risks above and beyond those arising from normal business operations are not permitted.

### • Default risk

We counteract default risk in respect to trade accounts receivable with a consistent receivables management and a systematic targeted strategy of customer diversification. The creditworthiness of customers is continually evaluated. Based on the results of this assessment, credit limits and risk-adequate payment terms and conditions are agreed upon. Write-downs are recognized and provisions are allocated in the case of recognizable default risks. Because of the diversified customer base, no single customer is responsible for more than 10 percent of total Group sales. Potential default risk is also counteracted by the geographical diversification of the companies served by the S&T Group in more than 20 countries and across many different sectors. No major losses from receivables were reported during the period under review.

### • Financing and liquidity risk

One of the most important company objectives is to ensure sufficient liquidity. Liquidity is effectively managed on the basis of weekly liquidity analyses and centrally managed financial planning. The liquidity situation of the S&T Group has deteriorated as a result of the unsatisfactory earnings development. From today's perspective securing sufficient liquidity in the short- and medium-term comprises a key business risk. The success of the company's efforts considerably depends on the approval of short-term funding which has now been granted, the refinancing of the bond deferred until April 2012 and the results of the ongoing talks with investors to strengthen the company's capital base. In this respect, reference is made to Point 5.1, "Financial risk factors – liquidity risk" in the Notes to the consolidated financial statements as well as Note 35, "Events after the balance sheet date".

- **Interest rate risk**

Interest rate risk is the risk of changes in the value of fixed-interest financial instruments used to finance the Group's operations as a result of movements in market interest rates. The Group's risk management policies do not allow for the active hedging of non-cash risks, and thus such measures are only implemented to a minor extent.

Other main risk categories covered by S&T's regular risk reporting are described below:

- **Project risk**

The IT project business is subject to various risks in respect to calculating fees and the implementation process, particularly contracts based on fixed prices. It cannot be excluded that consulting projects are delayed or completely cancelled.

This not only leads to the problem of having to file claims for compensation for losses suffered, but also to risks with respect to capacity utilization. In the 2010 financial year the focus was on increasing risk awareness and improving risk management in project management and controlling.

- **Personnel risk**

As a consequence of the ongoing weak business development, especially in the German-speaking countries of Europe and the accompanying decline in earnings, S&T has been forced to carry out downward adjustments in the number of people employed in the group to reflect its actual requirements within the context of the restructuring program. The total staff was reduced by 15% year-on-year to 2,196 people (incl. Ukraine and Moldova). Targeted professional development and training programs and an attractive performance-based remuneration system are integral parts of S&T's policies.

## Internal control system

At S&T an internal control system (ICS) features several levels of operation. The organizational unit situated in the company's headquarters reports directly to the CFO. The local business units report to the financial or project manager depending upon the task to be carried out. The Management Board's responsibility is to set up and design the system, which ensures that the entire group adheres to all legal requirements by pursuing the in-house controlling of and managing of the risks arising from accounting procedures. The core control procedures performed by the ICS include evaluating ongoing operations to evaluate the facts and developments, comparing actual performance and business targets and analyzing key indicators, controlling the accuracy, completeness and proper approval as well as the separation of functions. In line with the decentralized structure of S&T, the respective local management is responsible for the implementation and monitoring of the internal control system. The local management is charged with employing self-evaluation methods to ensure and document

adherence to the controlling procedures while undertaking mission-critical processes. The investments in a single, Group-wide IT system (SAP4ALL) covering all group operations has led to further improvements and greater transparency of procedures.

Group companies maintain their books and their documentation according to the legal regulations in force in the countries in which they were founded and registered. Group-wide accounting and evaluation methods are employed to undertake the transition necessary to reconcile the companies' financial statements with the IFRS. The transferring of the financial data to the central system of consolidation is largely performed via automated interfaces. Within the context of compiling the consolidated financial statements, the management of the subsidiaries confirms that the financial data provides a clear and proper view of the reporting unit's assets, finances and earnings.

Moreover, the internal auditing system uses sampling procedures conducted on a regular basis to verify adherence to Group guidelines as well as the adequacy and effectiveness of controls of business and organizational processes. The results of these analyses are reported to the Management and Supervisory Boards on a regular basis.

A standardized planning and reporting tool is used in in-house management reporting procedures. This tool largely automatically avails itself of data issued by the primary system. The reporting is undertaken according to countries and segments, and contains reports on the results achieved in the previous month, previews of the three months to come, a regularly updated outlook for the financial year and deviation analyses.

In addition, specific project management and controlling solutions are also applied and further developed.

The reporting is undertaken not only to the Management Board but also to the Supervisory Board and Audit Committee. At its regularly convened meetings, the committee is provided with the consolidated financial accounts for the quarter, and is briefed on business developments via detailed reports.

## Research and development

The S&T Group does not carry out fundamental research in the scientific sense. However, S&T specialists continually develop innovative IT solutions, on the basis of standardized products such as SAP and Microsoft as well as with individual programming. S&T's own near shore centers carry out such work in a concentrated manner. Research is also implemented on a project basis. With the shutdown of the Swiss subsidiary after the balance sheet date, the ongoing scientific exchange with universities such as the Swiss University of St. Gallen has been terminated for the time being.

## Human Resources

Highly trained people used to working and communicating in different cultures and markets work for the S&T Group. For this reason, the main responsibilities of the Human Resources Department are personnel development and the targeted advancement of promising young employees. Specific performance incentives and significant variable salary components for most positions are offered at both the local and Group levels. The quality of S&T's human resources work was also recognized by external institutes in 2010.

The average number of employees (FTEs) declined from 2,419 to 2,106, taking discontinued operations into account.

## Non-financial performance indicators

### • Customer satisfaction

Every one to two years, S&T implements a "Customer Satisfaction Survey" in 13 countries, asking 1,250 of its most important customers to respond. The representative results (with a response rate of over 44 percent) of the last available study carried out in 2009 shows an improvement in overall customer satisfaction. Whereas S&T was rated at a level of 2.3 in the year 2008, the company was given an overall rating of 2.2 in 2009 (1 = very satisfied, 6 = very dissatisfied). The results are a fixed component of the performance targets set with our employees.

### • Corporate Social Responsibility

Despite economic pressures, the S&T Group strives to support the sustainable development of the markets and countries in which the company operates. The CSR Report describes the specific measures taken by the Group in detail. They include adult education programs and cooperation with universities. Particularly in difficult times, we strive to cushion, if possible, the effects on employees whose employment contracts must be terminated and identify new perspectives for them. The coaching focus is on professional issues such as professional reorientation, burnout, conflict management and personal consulting.

Non-financial performance indicators such as capacity utilization or customer satisfaction are used within the framework of the balanced scorecard system already applied in several countries on a local level.

### • Information on environmental issues

The business activities of the S&T Group do not encompass the production of material goods. For this reason, the environmental impact is naturally very limited. Nevertheless, S&T attaches considerable importance to the issue of energy efficiency in selecting the suitable IT infrastructure for customers and for its own use.

## Events after the balance sheet date

At the Supervisory Board meeting held on January 17, 2011, Ms. Viktoria Kickinger was elected to serve as the Chairwoman of the S&T Supervisory Board. Mr. Andreas Frech, the previous Chairman, resigned from this position for personal reasons and shortly afterwards also resigned from the Supervisory Board.

Effective January 31, 2011, Mr. Michael Lanik was appointed by the Supervisory Board to serve as the Chief Restructuring Officer (CRO) and Spokesman for the Management Board. The agreement may be terminated at short notice.

At the end of January 2011 S&T reached principle agreement with banks on a financing package, calling for an extension of the corporate bond featuring a nominal value of EUR 30 million until April 1, 2012, the deferment of interest payments and making required funding available to ensure continuing short- and medium-term operations. In this regard, reference is made to the above-mentioned financing and liquidity risk and to Point 5.1 of the accounting policies of the consolidated financial statements.

As part of the financing package, it was agreed to sell the subsidiaries in the Ukraine and Moldova to a strategic investor (refer to the above-mentioned explanation contained in the section on "Assets, finances and liquidity").

After the announcement of shut down of the German subsidiary a precise analysis of the potential courses of action, concluded that bankruptcy proceedings were unavoidable. Because of the close ties with this company and a similarly difficult economic development, the shutdown of the Swiss subsidiary was announced on February 22, 2011 via bankruptcy proceedings. Both processes have not yet been concluded. As things stand at present, within the context of the upcoming deconsolidation of S&T Deutschland GmbH, Germany and S&T Schweiz Consulting AG, Switzerland, impairment losses on Group receivables and provisions for legal claims are expected to comprise EUR 4.0 million to EUR 7.0 million.

On April 19, 2011, the Management Board announced that the shareholders' equity of the mother company fell below the value of half of the company's issued capital. The Management Board plans to report about these circumstances and required measures at the scheduled shareholders' meeting to be held on July 1, 2011.

The restructuring process of the S&T Group is currently being implemented and should be concluded by the end of 2011. The focus is on the Austrian subsidiary. Furthermore, all other Group companies including S&T AG are being evaluated with respect to the potential to improve earnings. External consultants were contracted in cooperation with the banks.

The scheduled implementation of the previously described measures is a decisive factor in determining the success of the restructuring efforts, and maintaining the financing obligations of the banks, as explained in Point 5.1 of the accounting policies of the consolidated financial statements. In May 2011, important required contract adjustments were agreed upon, and the reallocation and ultimately payment of a further line of credit totaling EUR 3.7 million were arranged. In addition, the rights to prematurely terminate the agreement on grounds of the inability to meet specified performance targets in the current financial year were suspended. From the Management Board's point of view, despite the dependence on the financing creditors and banks, the pre-requisites enabling a positive going concern opinion have been fulfilled and the basis exists for successful negotiations aiming to attract a strong, long-term investor. In this regard, the underlying concepts stipulate equity and external capital raising measures as a means of restructuring liabilities on the balance sheet.

## Outlook

Following 2010, the most difficult year in the company's history, important operational and financial measures were implemented in the first months of 2011 as part of the restructuring program initiated in 2010. Even if the bankruptcies in Germany and Switzerland negatively affect the perception of the company on the part of external stakeholders, major loss-makers and the related payments have been stopped. At the time of publication of this Annual Report, the restructuring in Austria had not yet been concluded, and must be even more far-reaching than originally planned.

In 2010, Pierre Audoin Consultants (PAC) saw signs of a recovery on the software and IT services markets in CEE, even if the volume still remains substantially below the record year 2008. However, this situation should change in 2011. PAC also already sees indications of the previously-mentioned margin pressure, which can be attributed to the willingness of IT providers to give in to customer demands. Whereas corporate demand continues to be restrained and selective, demand from the public sector is more pronounced though contract acquisition has become more difficult. We expect considerable order-generating potential in the fields of infrastructure and applications from banks and public authorities considered to be the strongest customers at the present time.

We have long taken current market trends such as cloud computing and outsourcing into account by offering customized, cross-sector solutions, a high level of competence and active market development.

In 2011 the company is working towards a successful conclusion of the process being prepared since 2010 for the participation of an investor as well as the long-term agreement with the financing banks. Detailed documentation is being developed in cooperation with professional partners. An M&A consulting company is supporting S&T in structuring and completing the transaction. The target is to reach a successful conclusion of the process and thus secure the continued existence of the company on a long-term basis.

Once a solution is found to liquidity-related restrictions, we expect a return to a growth and a resumption of profitability.

## Disclosures pursuant to Section 243a Para. 1 Austrian Commercial Code

The company's share capital consists of 3,585,017 individual bearer share certificates. There is only one category of shares, each with the same rights. There are no owners of shares with special controlling rights. There are also no restrictions with regard to voting rights or the assignment of shares. The Management Board is not aware of any agreements between shareholders restricting voting rights or the assignment of shares.

The provisions relating to the appointment or dismissal of members of the Management Board are exclusively derived from the relevant regulations contained in the currently valid version of the Austrian Stock Corporation Act 1965. The Management Board has been authorized pursuant to § 169 Stock Corporation Act to increase the share capital by up to 3,585,016 euros by July 3, 2014, by issuing up to 1,792,508 individual bearer shares.

The Management Board has not been authorized to repurchase shares pursuant to § 243a Para. 1 (7) Austrian Commercial Code. At the 17th Annual General Meeting, the Management Board was granted the right, in accordance with Section 65 Para. 1b Stock Corporation Act to sell its own shares (treasury stock) using other channels other than the stock market, excluding subscription rights or the opportunity to purchase shares granted to shareholders. The authorization to sell treasury stock is valid for a period of five years.

The Management Board is aware of the following direct or indirect shareholdings of at least 10 percent at the balance sheet date: Thomas Streimelweger (about 28%), the bankruptcy trustee of the AvW Group (about 29%). As described in the section on Corporate Governance in this Annual Report, a three-quarters majority of votes cast at the Annual General Meeting is required for the election of a member of the Supervisory Board or a revocation of this member's appointment.

The company has not concluded any major agreements that would come into force, change or lose their validity in the event of a takeover offer. In the event of a takeover of the company, the members of the Management Board appointed before the 2007 balance sheet date have the right to receive transitional remuneration if they continue to be employed. Alternatively, this board member is entitled to severance pay should they exercise their right to resign.

The internal control system and risk management system in respect to the accounting process are described above.

Vienna, May 27, 2011

The Management Board



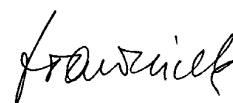
Michael Lanik



Martin Bergler



Peter Sturz



Peter Trawnicek

# Consolidated Financial Statements

For the year ended 31 December 2010

## General Information

S&T System Integration & Technology Distribution AG, the ultimate parent company of the S&T Group, is incorporated as a joint stock corporation and domiciled in Austria. The address of its registered office is A-1110 Vienna, Geiselbergstrasse 17-19.

The company has been listed on the Prime Market of the Vienna Stock Exchange since 11 April 2003 (ISIN AT0000905351). In 2010 due to the market capitalization development which the company could not influence, the S&T share was moved from the Prime Market to the Standard Market Continuous of the Vienna Stock Exchange.

S&T customers are generally medium-sized to large companies and institutions, in particular telecommunication providers, financial institutions, traders, utilities, railways, industrial companies, public and government organizations (ministries, civil service, hospitals).

S&T operates in the following operating segments: 'Business Solutions' (BS) and 'Infrastructure Solutions' (IS). These two operating segments correspond exactly with the segments in the financial reports.

The operating segment **Business Solutions** (BS) comprises IT consulting services, ERP and SAP projects as well as the development and implementation of 'Business Intelligence', such as Data Warehouse Solutions and Customer Relationship Management. Furthermore, in this business field, S&T also provides support for projects in the fields of Document and Content Management, Integration, Enterprise Application Integration and Service Oriented Architecture (SOA). By virtue of our specific know-how, our activities focus primarily on sales, customer service and supply chain solutions for technical industries, for the retail branch, and for the process, consumer goods and financial sectors.

Within the operating segment **Infrastructure Solutions** (IS), S&T renders services in connection with data processing centers (server and storage), IT workstations and data networks. These range from consulting and conception to supply, installation and integration of hardware and software as well as the operation of the complete infrastructure. The services are provided either in customer specific projects or in long-term outsourcing contracts. The medical sector also belongs to the fields of competence in the operating segment IS.

S&T offers tailor-made customer solutions, consulting services and user training, and, if needed, is able to advise customers regarding the financing of the projects.

For this purpose, S&T uses leading technologies from well-known hardware and software manufacturers such as Cisco Systems, Dell, EMC<sup>2</sup>, Hewlett-Packard, IBM, Lenovo, Microsoft, Oracle/Sun, Philips Medical Systems, SAP and VMware.

The following subsidiaries are included in the consolidation:

	2010	2009	Comments
Asset Verwaltungsgesellschaft m.b.H., Austria	100 %	100 %	Founded and consolidated for the first time in 2009.
S&T Schweiz Consulting AG (previously The Information Management Group AG), Switzerland	100 %	100 %	Subgroup acquired and consolidated for the first time in 2007. In 2009, it was contributed by S&T System Integration & Technology Distribution AG to Asset Verwaltungsgesellschaft m.b.H., Austria.
S&T Deutschland GmbH (previously The Information Management Group IMG GmbH), Germany	100 %	100 %	
S&T Software Development Sp. z o.o. (previously IMG Information Management Polska Sp. z o.o.), Poland	100 %	100 %	
S&T Serbia d.o.o., Serbia	100 %	100 %	
S&T CEE Holding s.r.o., Slovakia	100 %	100 %	Founded and consolidated for the first time in 2004. In 2009, it was contributed by S&T System Integration & Technology Distribution AG to Asset Verwaltungsgesellschaft m.b.H., Austria.
S&T Ukraine, Ukraine	100 %	100 %	In 2010, it was classified as held for sale (see Note 8), sold in 2011.
S&T Bulgaria e.o.o.d., Bulgaria	100 %	100 %	
S&T Services Polska Sp. z o.o., Poland	100 %	100 %	
BEELC Polska Sp. z o.o., Poland	–	↑	Acquired at the end of 2005 and consolidated for the first time in 2006. 2009, it was merged into S&T Services Polska Sp. z o.o., Poland.
S&T Plus s.r.o., Czech Republic	100 %	100 %	
S&T BA d.o.o., Bosnia-Herzegovina	100 %	100 %	
S&T CZ s.r.o., Czech Republic	100 %	100 %	
S&T Slovenija d.d., Slovenia	100 %	100 %	
S&T Hrvatska d.o.o., Croatia	100 %	100 %	
S&T Macedonia d.o.o.e.l., Macedonia	100 %	100 %	
HPC Trading Limited i.L., Cyprus	–	100 %	Acquired and consolidated for the first time in 1999, liquidated in 2010.
S&T Consulting Hungary Kft. (previously S&T UNITIS Hungary Ltd.), Hungary	100 %	100 %	Acquired in 1999, sold within the group, to S&T System Integration & Technology Distribution AG in 2007. In 2009, it was contributed by S&T System Integration & Technology Distribution AG to Asset Verwaltungsgesellschaft m.b.H., Austria.
S&T Austria GmbH, Austria	100 %	100 %	Acquired and consolidated for the first time in 2005. In 2009, it was contributed by S&T System Integration & Technology Distribution AG to Asset Verwaltungsgesellschaft m.b.H., Austria.
High Performance Systems Holding GmbH, Austria	100 %	100 %	
HPS International, OOO, Russia	–	–	Founded and consolidated for the first time in 2000, sold in 2009.
S&T Romania S.R.L., Romania	100 %	100 %	

The consolidated financial statements of S&T System Integration & Technology Distribution AG as of and for the fiscal year ended 31 December 2010 prepared in accordance with International Financial Reporting Standards/IFRSs as adopted by the EU and with section 245a (1) of the Austrian Commercial Code have been translated into English. In case of different interpretations, the German original is valid.

	2010	2009	Comments
S&T Consulting GmbH (previously S&T Deutschland GmbH), Germany	100 %	100 %	
S&T Slovakia s.r.o., Slovakia	100 %	100 %	
S&T Asia Holding AG, Switzerland	100 %	100 %	Founded in 2008. In 2009, it was contributed by S&T System Integration & Technology Distribution AG to High Performance Systems Holding GmbH, Austria.
IMG (UK) Ltd., United Kingdom	100 %	100 %	
IMG Japan K.K., Japan	100 %	100 %	
IMG Software Service (Shanghai) Co., Ltd., China	–	100 %	Acquired and consolidated for the first time in 2007. In 2008, it was sold within the group by IMG Japan K.K., Japan, to S&T Asia Holding AG, Switzerland. In 2009, it was classified as held for sale, sold in 2010 (see Note 32).
The Information Management Group Russia Holding AG, Switzerland	100 %	100 %	Acquired and consolidated for the first time in 2007. In 2008, it was contributed by The Information Management Group AG, Switzerland, to S&T Asia Holding AG, Switzerland, and further acquire of additional shares. In 2009, the remaining shares were acquired.
The Information Management Group Russia, OOO, Russia	–	–	Acquired and consolidated for the first time in 2007, sold in 2009.
S&T Software S.R.L. i.L., Romania	100 %	100 %	
S&T Mold S.R.L., Moldova	99 %	99 %	In 2010, it was classified as held for sale (see Note 8), sold in 2011.
S&T International, OOO, Russia	–	–	Founded and consolidated for the first time in 2000, sold in 2009.
S&T Bilisim Cözümleri A.S., Turkey	–	–	Acquired and consolidated for the first time in 2006, closed in 2009.

The following subsidiaries were not consolidated on the grounds of immateriality:

	held by S&T	Comments
S&T Crna Gora d.o.o., Montenegro	100 %	Founded in 2002
S&T TechnoServ Leasing Moscow, OOO, Russia	100 %	Founded in 1999, currently dormant
S&T Albania Sh.p.k., Albania	100 %	Founded in 2005
IMG Ukraine Ltd., Ukraine	100 %	Acquired in 2007, currently dormant
Information Management Group - IMG S.R.L. i.L., Romania	100 %	Acquired in 2007, in liquidation

## Consolidated income statement – by nature of expense

	Notes	Year ended 31 December	
		2010	2009 <sup>1)</sup>
Revenues	(1)	351,062	385,175
Other own work capitalized	(11)	610	733
Merchandise, spare parts and purchased services		(226,773)	(234,082)
Staff costs	(2)	(101,895)	(111,432)
Other operating expenses	(3)	(39,276)	(42,377)
		(367,944)	(387,891)
Other operating income	(4)	3,330	3,200
Total operating expenses less other operating income		(364,614)	(384,691)
<i>Result from operations before depreciation, amortization and finance costs (EBITDA)</i>		(12,942)	1,217
Depreciation and amortization	(5)	(27,343)	(5,536)
<b>Result from operations (EBIT)</b>	<b>(1)</b>	<b>(40,285)</b>	<b>(4,319)</b>
Finance costs	(6)	(6,125)	(4,201)
Finance income	(6)	1,107	754
Finance costs - net	(6)	(5,018)	(3,447)
<b>Result before tax</b>		<b>(45,303)</b>	<b>(7,766)</b>
Income tax expense	(7)	(3,982)	(1,913)
<b>Result from continuing operations</b>		<b>(49,285)</b>	<b>(9,679)</b>
Result from discontinued operations	(8)	612	(2,615)
<b>Result for the year</b>		<b>(48,673)</b>	<b>(12,294)</b>
Attributable to:			
Equity holders of the company		(48,669)	(12,288)
Minority interest		(4)	(6)
<b>Result for the year</b>		<b>(48,673)</b>	<b>(12,294)</b>
Earnings per share from continuing operations attributable to equity holders of the company in EUR:			
Basic and diluted earnings per share	(9)	(13.82)	(2.72)

1) Reclassified in accordance with IFRS 5.

The accounting policies on pages 51 to 63 and the Notes on pages 64 to 91 form an integral part of these consolidated financial statements.

## Consolidated statement of comprehensive income

	Year ended 31 December	
	2010	2009
<b>Result for the year</b>	<b>(48,673)</b>	<b>(12,294)</b>
Items net of tax		
Available-for-sale financial assets <sup>1)</sup>	7	43
Net investment hedge	–	119
Currency translation differences	1,758	(1,256)
<b>Other comprehensive income</b>	<b>1,765</b>	<b>(1,094)</b>
<b>Total comprehensive income</b>	<b>(46,908)</b>	<b>(13,388)</b>
Attributable to:		
Equity holders of the company	(46,904)	(13,383)
Minority interest	(4)	(5)
<b>Total comprehensive income</b>	<b>(46,908)</b>	<b>(13,388)</b>

1) net of deferred tax TEUR -1 (2009: TEUR -5)

The accounting policies on pages 51 to 63 and the Notes on pages 64 to 91 form an integral part of these consolidated financial statements.

## Consolidated balance sheet

Assets	Notes	As at 31 December	
		2010	2009
<i>Non-current assets</i>			
Property, plant and equipment	(10)	7,590	9,570
Intangible assets	(11)	20,670	43,228
Financial assets	(12)	858	828
Long-term receivables	(13)	2,613	3,361
Deferred tax assets	(23)	2,882	5,496
		<u>34,613</u>	<u>62,483</u>
<i>Current assets</i>			
Inventories	(15)	11,733	13,899
Trade accounts and other receivables	(16)	114,076	112,017
Current income tax receivables		734	582
Financial assets held for trading	(12)	–	82
Cash and cash equivalents	(17)	12,379	27,329
		<u>138,922</u>	<u>153,909</u>
Assets classified as held for sale	(8)	7,852	369
		<u>146,774</u>	<u>154,278</u>
<b>Total assets</b>		<b>181,387</b>	<b>216,761</b>
<b>Equity and Liabilities</b>			
<i>Shareholders' equity</i>			
Issued capital	(18)	7,170	7,170
Share premium	(18)	5,882	5,882
Treasury shares	(18)	(1,326)	(1,326)
Retained earnings and other reserves	(19)	(25,246)	21,658
Equity attributable to equity holders of the company		<u>(13,520)</u>	<u>33,384</u>
Minority interest		1	5
		<u>(13,519)</u>	<u>33,389</u>
<i>Non-current liabilities</i>			
Long-term financial liabilities	(20)	14,146	56,120
Other long-term liabilities	(21)	814	514
Long-term provisions	(22)	2,572	5,481
Deferred tax liabilities	(23)	9	49
		<u>17,541</u>	<u>62,164</u>
<i>Current liabilities</i>			
Trade accounts and other payables	(24)	103,478	96,034
Current income tax liabilities		499	405
Short-term financial liabilities	(25)	67,416	23,035
Provisions	(26)	856	1,288
		<u>172,249</u>	<u>120,762</u>
Liabilities classified as held for sale	(8)	5,116	446
		<u>177,365</u>	<u>121,208</u>
<b>Total equity and liabilities</b>		<b>181,387</b>	<b>216,761</b>

The accounting policies on pages 51 to 63 and the Notes on pages 64 to 91 form an integral part of these consolidated financial statements.

## Consolidated statement of changes in shareholders' equity

	Issued capital	Share premium	Treasury shares	Retained earnings	Equity attributable to equity holders of the company	Minority interest	Total
<b>Shareholders' equity</b>							
Balance at 1 January 2009	7,170	5,915	(1,322)	35,041	46,804	(18)	46,786
Currency translation differences	–	–	–	(1,138)	(1,138)	1	(1,137)
Securities available for sale	–	–	–	43	43	–	43
Net result recognized directly in equity	–	–	–	(1,095)	(1,095)	1	(1,094)
Result for the year	–	–	–	(12,288)	(12,288)	(6)	(12,294)
Total comprehensive income	–	–	–	(13,383)	(13,383)	(5)	(13,388)
Initial consolidation	–	(33)	–	–	(33)	28	(5)
Changes in treasury shares	–	–	(4)	–	(4)	–	(4)
<b>Balance at 31 December 2009</b>	<b>7,170</b>	<b>5,882</b>	<b>(1,326)</b>	<b>21,658</b>	<b>33,384</b>	<b>5</b>	<b>33,389</b>
Balance at 1 January 2010	7,170	5,882	(1,326)	21,658	33,384	5	33,389
Currency translation differences	–	–	–	1,758	1,758	–	1,758
Securities available for sale	–	–	–	7	7	–	7
Net result recognized directly in equity	–	–	–	1,765	1,765	–	1,765
Result for the year	–	–	–	(48,669)	(48,669)	(4)	(48,673)
Total comprehensive income	–	–	–	(46,904)	(46,904)	(4)	(46,908)
Changes in treasury shares	–	–	–	–	–	–	–
<b>Balance at 31 December 2010</b>	<b>7,170</b>	<b>5,882</b>	<b>(1,326)</b>	<b>(25,246)</b>	<b>(13,520)</b>	<b>1</b>	<b>(13,519)</b>

The accounting policies on pages 51 to 63 and the Notes on pages 64 to 91 form an integral part of these consolidated financial statements.

The consolidated financial statements of S&T System Integration & Technology Distribution AG as of and for the fiscal year ended 31 December 2010 prepared in accordance with International Financial Reporting Standards/IFRSs as adopted by the EU and with section 245a (1) of the Austrian Commercial Code have been translated into English. In case of different interpretations, the German original is valid.

## Consolidated cash flow statement

	Notes	Year ended 31 December <sup>1)</sup>	
		2010	2009
<b>Cash flows from operating activities</b>			
<b>a) Cash flows from continuing operations</b>			
Result before tax		(45,303)	(7,766)
Adjustments			
Finance costs – net		5,018	3,447
Depreciation and amortization		27,343	5,536
(Gains)/losses on disposals		(145)	(203)
Foreign exchange gains/(losses) from operating activities		(1,117)	(404)
(Gains)/losses on disposal of subsidiaries		(535)	–
Other (net)		(2,213)	(2,715)
		<u>(16,952)</u>	<u>(2,105)</u>
Changes in working capital			
(Increase)/decrease in trade accounts and other receivables		(9,965)	15,965
(Increase)/decrease in inventory		1,743	4,376
Increase/(decrease) in current liabilities		14,528	(6,580)
		<u>6,306</u>	<u>13,761</u>
Cash generated from operations		<u>(10,646)</u>	<u>11,656</u>
Interest received		1,107	755
Interest paid		(5,008)	(3,813)
Taxes paid		(1,399)	(1,445)
		<u>(15,946)</u>	<u>7,153</u>
<b>b) Cash flows from discontinued operations</b>	(8)	864	(1,844)
Net cash generated from operating activities	(28)	<u>(15,082)</u>	<u>5,309</u>
<b>Cash flows from investing activities</b>			
<b>a) Cash flows from continuing operations</b>			
Purchase of property, plant and equipment and intangible assets	(28)	(2,177)	(3,135)
Purchase of financial assets (securities and investments)		(1)	(30)
Proceeds from sale of property, plant and equipment		676	714
Proceeds from sale of financial assets		100	–
Disposal of subsidiaries, net of cash	(32)	127	(193)
Acquisition of subsidiaries, net of cash	(31)	–	(5)
Proceeds from sale of derivative financial instruments		15	239
Payments for derivative financial instruments		(3)	(474)
Long-term loans and receivables repaid		979	84
		<u>(284)</u>	<u>(2,800)</u>
<b>b) Cash flows from discontinued operations</b>	(8)	(115)	5
Net cash used in investing activities	(28)	<u>(399)</u>	<u>(2,795)</u>
<b>Cash flows from financing activities</b>			
<b>a) Cash flows from continuing operations</b>			
(Purchase)/sale of treasury shares		–	(4)
Increase in long-term borrowings		4,178	–
Decrease in long-term loans and borrowings		(3,288)	(3,450)
Repayment of finance lease liabilities		(1,729)	(1,493)
Increase/(decrease) in short-term borrowings	(28)	1,792	(2,153)
		<u>953</u>	<u>(7,100)</u>
<b>b) Cash flows from discontinued operations</b>	(8)	(78)	1,674
Net cash generated from financing activities		<u>875</u>	<u>(5,426)</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<u>(14,606)</u>	<u>(2,912)</u>
<b>Movement in cash and cash equivalents</b>			
At beginning of year		27,337	30,529
Increase/(decrease)		(14,606)	(2,912)
Effect of exchange rate changes		449	(280)
<b>At end of year</b>	(17)	<u>13,180</u>	<u>27,337</u>

1) Reclassified in accordance with IFRS 5

The accounting policies on pages 51 to 63 and the Notes on pages 64 to 91 form an integral part of these consolidated financial statements.

## Accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 1 Basis of preparation

The consolidated financial statements at 31 December 2010 were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the applicable commercial law provisions of § 245a UGB.

They have been prepared under the presumption that the group will continue as a going concern and under the historical cost convention, with the exception of financial assets and derivative financial instruments which are measured at fair value. With respect to the subsidiaries S&T Deutschland GmbH, Germany, and S&T Schweiz Consulting AG, Switzerland, the assumption of going concern bases was no longer justified. Accordingly these companies were recognized at their liquidation value. Valuation differences mainly arose in the balance sheet items deferred tax assets as well as non-current and current provisions (refer to Point 20 "Critical accounting estimates and assumptions – valuation at fair value".)

The preparation of financial statements in conformity with IFRS as adopted by the European Union requires the use of certain estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in item 20 'Critical Accounting Estimates and Assumptions' of the accounting policies.

The consolidated financial statements are prepared in thousands of euro (EUR '000 or TEUR). Calculations are based on full amounts including not displayed digits and may cause calculation differences.

The various group companies maintain their books and other accounting records in accordance with local legal requirements in the currency of the respective country in which they were incorporated and are registered. Adjustments to these financial statements have been effected in order to achieve compliance with IFRS as adopted by the EU.

The consolidated financial statements were prepared by the Management Board on the undersigned date and released for issue. The entity financial statements of the parent company, which have been included in the consolidated financial statements after transition to the applicable accounting standards, will be presented to the Supervisory Board for review and approval on 27 May 2011. The Supervisory Board and, assuming presentation of these financial statements at the Annual General Meeting, the shareholders could alter these entity financial statements in a form that may also impact the presentation in the consolidated financial statements.

The consolidated financial statements have been prepared applying those IFRS effective at the balance sheet date. The International Accounting Standards Board (IASB) published a number of changes to existing standards as well as new standards and interpretations mandatory for 2010. These standards should also be applied in the EU and concern the following topics:

#### **New and amended standards and interpretations adopted by the European Union and applied for the first time in the fiscal year:**

All pronouncements applicable for the first time (amendments of standards, new interpretations and amendments of interpretations) and mandatory in the current fiscal year do not have any material impact on the group's financial statements.

**Standards, interpretations and amendments of pronouncements that have not yet been applied:**

A number of amendments to standards and interpretations as well as a new interpretation and a new standard were published, but either they were not yet adopted by the European Union or they were already adopted by the European Union, but were not mandatory in the current financial year. These pronouncements do not have any material impact on the group's financial statements or are not yet finally evaluated and therefore not presented in detail (except for the following amendments):

IAS 24 (revised), 'Related party disclosures', was published in November 2009 and supersedes IAS 24 (2003). The new standard is mandatory for reporting periods beginning on or after 1 January 2011.

The revised standard clarifies and simplifies the definition of a related party. The core area of this revision was the introduction of a relaxation provision for entities that are controlled, jointly controlled or significantly influenced by the government (*Government-related Entities*). The significant relaxation requires only minimum disclosures for transactions between *Government-related Entities* and the government, and all other *Government-related Entities*. The group will apply the revised standard from 1 January 2011. It is not expected to have a material impact on the group's financial statements. When the revised standard is applied, the group and the parent will need to disclose any transactions between its subsidiaries and its associates. The group is currently putting systems in place to capture the necessary information. It is, therefore, not possible at this stage to disclose the impact, if any, of the revised standard on the related party disclosures.

**2 Consolidation**

Subsidiaries are those companies in which the group, directly or indirectly, holds an interest of more than one-half of the voting rights or otherwise has power to exercise control over the operations. Subsidiaries are consolidated from the date on which effective control is transferred to the group and deconsolidated from the date on which this effective control ceases to exist.

In accordance with IFRS 3, applied in conjunction with IAS 36 and IAS 38, the purchase method of accounting is prescribed to account for all business combinations. The initial consolidation is carried out by comparing the acquisition price with the group's share of the revalued net assets of the subsidiary. Identifiable assets, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. Intangible assets should be recognized separately from the goodwill if they are identifiable or arise from a contractual or other legal right. Provisions for restructuring may not be recognized as part of the purchase price allocation. The remaining positive difference is capitalized as goodwill. An excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost (also referred to as 'negative goodwill') arising from an initial consolidation is recognized immediately in income. The group will apply IFRS 3 (revised), effective for reporting periods beginning on or after 1 July 2009, for future acquisitions. All acquisition-related costs should be expensed. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets (Full or Partial Goodwill Method).

In accordance with IFRS 3 in combination with IAS 36, the carrying amount of goodwill is tested for impairment annually or when there are indications for an impairment. If this results in the carrying amount of a cash-generating unit to which goodwill was allocated exceeding the recoverable amount, the allocated goodwill is initially written down by the difference. An impairment loss recognized for goodwill shall not be reversed in a subsequent period. Additional impairment losses are taken into account by reducing the carrying amount of the other remaining non-current assets on a prorated basis. In the deconsolidation, residual carrying amounts of capitalized goodwill are taken into account when calculating the profit/loss on disposal.

All inter-company transactions, balances and unrealized profits from transactions within the group were eliminated on consolidation. Material inter-company profits were eliminated. Minority interests are disclosed separately.

Subsidiaries which are dormant or have low business volumes and which are only of minor importance in determining fair presentation of the group's financial position, financial situation and results, are not consolidated. They are recognized in the consolidated financial statements at the lower of cost or fair value in accordance with IAS 39.46.

### Transactions with minority shareholders – economic entity approach

The group treats transactions with minority shareholders as transactions with equity owners of the group. For purchases of minority interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to minorities are also recorded in equity.

### 3 Foreign currencies

In the individual financial statements of S&T AG and its consolidated subsidiaries, transactions in foreign currencies are translated at the rates prevailing at the dates of the transactions.

The income statements of foreign entities are translated into euro at the average exchange rates for the year, balance sheets are translated at the mid-rates at the balance sheet date. Exchange differences arising from re-translation of the net investments in foreign subsidiaries are taken to 'accumulated translation adjustments' in shareholders' equity.

Currency	2010	2010	2009	2009
1 EUR =	Average rate	Closing rate	Average rate	Closing rate
CHF	1.3823	1.2504	1.5099	1.4836
CNY <sup>1)</sup>	9.4507	9.2006	9.5174	9.8350
CZK	25.2939	25.0610	26.4548	26.4730
GBP	0.8582	0.8608	0.8911	0.8881
HRK	7.2887	7.3830	7.3413	7.3000
HUF	275.3550	277.9500	280.5442	270.4200
JPY	116.4567	108.6500	130.2333	133.1600
PLN	3.9950	3.9750	4.3298	4.1045
RON	4.2106	4.2620	4.2396	4.2363
RSD	103.4790	106.0890	94.5536	96.7741
RUB <sup>2)</sup>	–	–	44.1030	43.8810
TRY <sup>3)</sup>	–	–	2.1618	2.2212
UAH	10.6909	10.6933	11.3572	11.6374
USD	1.3268	1.3362	1.3933	1.4406

1) In 2010: Average from January to March and as of 1 April 2010 respectively.

2) In 2009: Average from January to June and as of 1 July 2009 respectively.

3) In 2009: Average from January to March and as of 1 April 2009 respectively.

In the Republic of Moldova and in Macedonia, where the subsidiaries conduct their operations primarily in USD and in EUR respectively, the USD and the EUR respectively serve as the functional currencies. All other subsidiaries and the parent company prepare their financial statements in their respective local currency, which also represents the functional currency. The functional currency is the currency of the primary economic environment in which the subsidiary operates.

Foreign currency transactions are converted at the exchange rates prevailing at the date of the transactions: gains and losses resulting from such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognized in the income statement. Monetary assets and liabilities in the balance sheet are translated at year-end exchange rates.

#### 4 Financial instruments

##### Original financial instruments:

Financial instruments carried in the balance sheet include cash and cash equivalents, securities, investments, trade receivables, trade creditors, lease liabilities and borrowings. The recognition and measurement methods applied for these financial instruments are shown under the accounting policies for the relevant financial statement line items.

The group classifies its investments in accordance with IAS 39 into the following categories: financial assets at fair value through profit or loss with its subcategory 'trading' and 'available-for-sale'. Investments that are acquired principally for the purpose of generating a profit from short-term price fluctuations are classified as trading investments and included in current assets. Investments intended to be held for an indefinite period of time, which may be sold in the case of liquidity requirements or changes in interest rates, are classified as available-for-sale. These are included in non-current assets unless management has the express intention of disposing of these securities within the next 12 months from the balance sheet date, in which case they are included in current assets. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

All purchases and sales of investments are recognized in the balance sheet on the trade date, which is the date that the group commits to purchase or sell the asset. The cost of purchase of available-for-sale investments includes transaction costs. The securities are derecognized when the rights to the cash flows have expired or have been transferred and the group has transferred substantially all risks and rewards. Trading and available-for-sale investments are subsequently measured at fair value. Securities, in particular equity investments, for which fair values cannot be measured reliably on the basis of market prices or using valuation models are recognized at cost or cost less applicable impairment. Realized and unrealized gains and losses arising from changes in the fair value of available-for-sale investments are recognized directly in equity. Whenever there are indications for impairment, an impairment test is carried out. Significant or prolonged declines in the fair values are charged to the income statement.

##### Derivative financial instruments:

Derivative financial instruments are initially recognized at acquisition cost on the day of conclusion of the contract. In future periods these are measured at fair value. The method of recognizing gains or losses depends upon whether the derivative was classified as a hedge instrument and, if this is the case, the underlying hedged item. The group did not hold any derivative financial instruments as at 31 December 2009 and 31 December 2010.

##### Net investment hedge

In 2008, the group designated a loan in CHF as a net investment hedge. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in equity. The gain or loss relating to the ineffective portion is recognized immediately in the income statement. Gains and losses accumulated in equity are included in the income statement when the foreign operation is partially disposed of or sold. Due to a partial repayment of the loan in CHF, the net investment hedge became ineffective in 2009. No new net investment hedge was designated.

## 5 Financial risk management

### 5.1 Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow risk and interest rate risk), credit risk and in the current situation particularly the liquidity risk. With due regard to these inherent risks, the central S&T risk management attempts to minimize possible losses and their effects on the financial strength of the entity. The group occasionally uses derivative financial instruments such as foreign exchange contracts, currency swaps and interest rate swaps to hedge certain exposures.

Local and central treasury departments carrying out the risk management operate under group policies approved by the Board of Directors. These treasury departments identify, evaluate and possibly hedge financial risks in close cooperation with the operating units. The Board provides written guidelines acting on the exposures to business risks, as well as written guidelines covering specific areas, such as foreign exchange risk, credit risk, etc.

#### Market risk

##### (1) Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to US Dollar (USD), Swiss Franc (CHF) and various local currencies in Central and Eastern Europe. In single cases, forward contracts are used to hedge the exposure to foreign currency risk with regard to the local reporting currency. Treasury departments are responsible for hedging such positions by using foreign currency borrowings and external forward currency contracts.

At 31 December 2010 (31 December 2009), if the currencies listed below had weakened/strengthened by the percentage rates ('volatility') with all other variables held constant, pre-tax profit and equity for the year would have been higher/lower by the following amounts (Transaction risk in foreign currency is in CHF and USD only. All other currencies only influence the exchange difference arising from re-translation of the net investments in foreign subsidiaries.):

Currency	Volatility	Hypothetical change of result	
		2010	2009
USD	10 %	221	365
CHF	10 %	3	334

##### (2) Cash flow and interest rate risk

As the group holds no material interest-bearing assets, the consolidated net result and operating cash flow are mostly independent of changes in the market interest rate. The group's interest rate risk arises from long-term interest-bearing borrowings. The interest rate risk is the risk that arises from changes in the value of fluctuations of financial instruments, other balance sheet line items and/or interest rate dependent cash flows as a result of fluctuations in market interest rates. In the case of variable interest rates for balance sheet items, the interest rate risk includes the cash flow risk. For fixed interest rate financial instruments a market interest rate over the full period of the instrument is agreed upon. For these financial instruments the risk exposure lies in the fact that the market value (present value of future cash flows, i.e. interest and capital repayment, discounted at the interest rate applicable at the balance sheet date for the remaining outstanding period of the instrument) will change. The interest rate risk would result in a loss or profit if a fixed interest rate financial instrument is disposed of or repaid prior to maturity. In the case of variable interest rate financial instruments, the interest rate is adjusted promptly and tends to follow the market interest rate. The risk exposure is a fluctuating market interest rate which may result in different interest payments.

The S&T Group predominantly uses third party financing. In addition to financing obtained through non-interest-bearing trade payables as well as short-term and variable interest rate borrowings, fixed interest rate long-term borrowings exist.

Changes in the market interest rates of non-derivative financial instruments with fixed interest rates only affect income if these are measured at their fair value. As such, all financial instruments with fixed interest rates that are carried at amortized cost are not subject to interest rate risk as defined in IFRS 7. Changes in market interest rates affect the interest income or expense of non-derivative variable-interest financial instruments the interest payments of which are not designated as hedged items of cash flow hedges against interest rate risks. As a consequence, they are included in the

calculation of income-related sensitivities. If the market interest rates had been 100 basis points higher (lower) at 31 December 2010, profit or loss and equity would have been TEUR 224 (31 December 2009: TEUR 198) lower (higher).

The carrying amount of trade receivables and other receivables and payables, as well as cash and cash equivalents disclosed in the balance sheet approximate their fair values due to the short payment terms.

**Credit risk:**

Credit risk with respect to trade receivables is limited due to the group's customer diversification and large number of customers who are internationally dispersed and operate in different branches, e.g. manufacturing, distribution and financial services. In addition, governmental institutions form part of the customer base. Based on the group's historical experience in the collection of accounts receivable, risks with regard to trade receivables are provided for by means of the creation of adequate bad debt provisions. Management at present does not envisage any additional material credit risk beyond amounts provided for in respect of collection losses in the group's trade receivables.

**Liquidity risk:**

At the present time management is particularly monitoring the liquidity risk. On the one hand the reason is the high share of borrowed capital as part of total financing, but also the shorter remaining terms to maturity of the corporate bonds issues, the currently weak level of profitability and the resulting threat of premature repayment obligations. For this reason, the company is fundamentally striving to implement a cautious liquidity management policy. This includes maintaining a sufficient reserve of cash and cash equivalents and tradable securities, financing based on an adequate amount of approved lines of credit and the ability to issue financial instruments on the market. In the 2010 financial year the deterioration of the economic situation intensified the need to hold talks with financing banks and creditors, to reach agreements securing sufficient liquidity and thus ensuring the continuing existence of the group.

Management monitors rolling forecasts of the group's liquidity reserves based on liquidity plans compiled weekly.

The table below analyses the group's **financial liabilities and derivative financial liabilities** into maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the **undiscounted cash flows**.

<b>At 31 December 2010</b>	Less than 1 year	Between 1 and 5 years
Financial liabilities (excl. finance lease liabilities)	66,472	13,350
Finance lease liabilities	1,673	1,181
Derivative financial instruments	–	–
Trade and other payables	52,427	–

<b>At 31 December 2009</b>	Less than 1 year	Between 1 and 5 years
Financial liabilities (excl. finance lease liabilities)	22,439	58,725
Finance lease liabilities	1,878	1,390
Derivative financial instruments	–	–
Trade and other payables	53,906	–

Similar to most companies, the S&T Group is financed partly with long and short term debt. The financing structure of the S&T Group is primarily dominated by the non-current bonds issued by the parent company, which are scheduled to reach maturity on 4 May 2011 (EUR 30 million), April and September 2012 (EUR 15 million and 10 million respectively). Due to the fact that the company is not able to fulfill the terms and conditions related to the EUR 15 million bond (see Note 20), this bond due in the year 2012 was also disclosed as a current liability. The cash balances arise from treasury requirements and reduce current bank liabilities. Thus the group is a net borrower and depends on the ongoing continuation of these financing possibilities. In case of a major underperformance as is the case with all bank financing, the risk exists that the short term lines of credit will not be extended, may be adjusted or foreclosed. Before the EUR 30 million bond reaches maturity, S&T Has been conducting intensive negotiations regarding the refinancing of the bonds as well as a potential restructuring of short-term liabilities to banks. The objective was to ensure the financing and liquidity of the S&T Group for the next financial year even if the group does not achieve the effective covenants as of 31 December 2010 regarding profitability and debt repayment period for certain short term lines of credit. S&T managed to achieve this objective at the beginning of 2011 despite the deteriorating economic conditions. S&T concluded a debt deferment and interim financing agreement as part of its effort to refinance the matured bonds and refinance its liabilities. The financing banks made funding available which was required for the short- and medium-term operations of the company, and deferred payment for the bond due in 2011 and most of the interest accrued. Due to the economic situation of the company, short-term termination option possibilities exist for the banks and creditors. However, the management believes they will not exercise this right if the agreed-upon plans are carried out. Furthermore, the agreement contains a so-called betterment clause, requiring payment of a surcharge if the Group's shareholders' equity surpasses 8 % of total assets. The Management Board does not believe any payments arising from this obligation will occur before 31 December 2014. Projections based on the parameters of an impairment test lead to equity ratio no earlier than 2015 which would require payments arising from this obligation in line with the currently valid agreement. The company is currently determining the accrued value for this obligation in the year 2011. According to the going concern forecast, the S&T Group has sufficient short-term lines of credit and thus liquidity reserves to ensure the continuing existence of the company until the conclusion of the above-mentioned financing negotiations as well as potential capital raising measures. The agreements for the required interim financing and debt payment deferment stipulate the pledging of all major shareholdings, receivables and entitlements to profit to serve as collateral. The financing package also includes expanded reporting requirements, as well as the hiring of a Chief Restructuring Officer and a recommended consultant to support the restructuring and plausibility of planning and the obligation to obtain his consent for all major (primarily intercompany) transactions.

A further measure to safeguard the company's existence and open up the possibility to put the business back on track for growth are the negotiations initiated by the Management Board to attract a strategic partner to improve the stability of the company. The Management Board has been talking to interested parties since the summer of 2010 to expand the shareholder base. The talks and interest on the part of potential strategic partners have intensified since the above-mentioned financing agreements were concluded. This process is being supported by an M&A consultant. A successful outcome would likely send positive signals influencing the company's market position as well as the motivation of customers, suppliers and employees.

## 5.2 Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as non-current and current liabilities as shown in the consolidated balance sheet less cash and cash equivalents. Total capital is calculated as shareholders' equity as shown in the consolidated balance sheet plus net debt.

	2010	2009
Non-current liabilities	17,541	62,164
Current liabilities	177,365	121,208
Cash and cash equivalents	(12,379)	(27,329)
Net debt	182,527	156,043
Shareholders' equity	(13,519)	33,389
Total capital	169,008	189,432
Gearing ratio	108 %	82 %

The increase of the gearing ratio arises from the decreased total capital, the negative shareholders' equity and the increased net debt.

## 6 Property, plant and equipment

All property, plant and equipment is recorded at historical cost, reduced by depreciation using the straight-line method over the useful life of 10 to 33 years for buildings, and 3 to 10 years for furniture and office equipment.

Repairs and maintenance are charged directly to the income statement in the year in which the expenditure is incurred.

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down to its recoverable amount in accordance with IAS 36.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

## 7 Goodwill

Within a business combination, goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net assets of the acquired subsidiary at the date of acquisition. Goodwill on such acquisitions is disclosed in the balance sheet as an intangible asset. In accordance with IFRS 3 together with IAS 36, goodwill is no longer amortized, but is subject to an annual impairment test as at 30 September or impairment tests if there are indications for an impairment. In order to assess impairment, goodwill is allocated to cash-generating units. Each of these cash-generating units represents the investment of the group in the relevant region in terms of the operating segment.

## 8 Intangible assets

The intangible assets other than goodwill are recorded at cost and are amortized using the straight-line method over their estimated useful lives (licenses and similar rights 2 to 5 years).

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down to its recoverable amount in accordance with IAS 36.

### Research and development cost

Costs associated with research are recognized as an expense. Development costs that are directly attributable especially for the SAP-template 'SAP4ALL' are recognized as intangible assets when all of the following criteria are met:

- a. it is technically feasible to complete the intangible asset so that it will be available for use or for sale
- b. management intends to complete the intangible asset and use or sell it
- c. there is an ability to use or sell the intangible asset

- d. it can be demonstrated how the intangible asset will generate probable future economic benefits. The entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset
- e. the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset and
- f. the expenditure attributable to the intangible asset during its development can be reliably measured

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. Development costs recognized as intangible assets are amortized over their estimated useful lives not exceeding four years. The amortization commences when the asset is available for use.

Development costs which are not yet amortized are tested for impairment in accordance with IAS 36. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

## **9 Accounting for leases - where a group company is the lessee**

Leases of property, plant and equipment where the group assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased asset or the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other non-current liabilities. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element is charged to the income statement over the lease period. The property, plant and equipment acquired under finance lease contracts is depreciated over the useful life of the asset.

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

## **10 Accounting for leases - where a group company is the lessor**

### **Finance leases:**

When assets are sold under a finance lease, the present value of the lease payments is recognized as a receivable. The difference between the gross receivable and the present value of the receivable is recognized as unearned finance income. Finance income is recognized over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

### **Operating leases:**

Assets leased out under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar fixed assets. Rental income is recognized on a straight-line basis over the lease term.

## **11 Inventories**

Inventories including demonstration equipment are stated at the lower of cost or net realisable value. Cost comprises all external cost including freight and duties and is determined by the "first-in first-out (FIFO) method" or by the average cost method. Net realizable value is the estimated selling price in the ordinary course of business less installation and selling cost.

## 12 Receivables from 'fixed-price' service agreements

When the outcome of a 'fixed-price' service agreement cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable.

When the outcome of a 'fixed-price' service agreement can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognized over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

The group uses the 'percentage-of-completion method' to determine the appropriate amount to recognize in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

The group presents as an asset the gross amount due from customers for 'fixed-price' service agreements in progress for which costs incurred plus recognized profits (less recognized losses) exceed progress billings. Progress billings not yet paid by customers and retention are included within 'trade and other receivables'.

The group presents as a liability the gross amount due to customers for 'fixed-price' service agreements in progress for which progress billings exceed costs incurred plus recognized profits (less recognized losses).

## 13 Trade receivables

Trade receivables are carried at anticipated realizable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified.

## 14 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks, and investments in money market instruments, in particular time deposits.

## 15 Provisions

The group recognizes provisions when it has a present legal or constructive obligation as a result of past events, it is probable that the transfer of economic benefits will be required to settle the obligation and a reasonable estimate of the obligation can be made.

The group recognizes the estimated future liability on all products sold and services provided on or prior to balance sheet date and still under warranty at the balance sheet date. This provision is calculated based on past experience.

## 16 Employee benefits

The holding company and certain subsidiaries provide various post-employment benefits, as well as long-term benefits in accordance with local labour law. The entitlements are principally measured on the basis of the remaining working life of the employees until retirement age, as well as, if applicable, minimum periods of service. The costs of defined benefit plans are spread over future periods of service of the employees until retirement age using the projected unit credit method (see Note 22). Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions in excess of the greater of 10 % of the value of the plan assets or 10 % of the defined benefit obligation are charged or credited to income over the expected average remaining working lives of the related employees. Service costs are disclosed under staff costs, the interest costs of the increase in the provision under finance costs. Furthermore, employee benefits from defined contribution plans from external pension funds (see Note 2) exist.

## 17 Income taxes

Income taxes are recognized according to the source of tax and are based on the corresponding profit of the financial year. Deferred income tax is provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. The principal temporary differences arise from provisions and the valuation of current, non-current assets and tax losses carried forward. Currently enacted tax rates for the individual subsidiaries' jurisdictions are used to determine deferred income tax. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised. A deferred tax asset is set off against a deferred tax liability of the same taxable entity if they relate to income taxes levied by the same taxation authority and the entity has a legally enforceable right to set off current tax assets against current tax liabilities.

## 18 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the group.

The group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the group's activities as described below. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

### Sales of goods:

Sales of goods are recognized when a group entity has delivered products to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the group has objective evidence that all criteria for acceptance have been satisfied.

### Sales of services:

The group sells consulting, installation and repair services. These services are provided on a time and material basis or as a fixed-price contract, with contract terms generally ranging from less than one year to three years.

Revenue from time and material contracts is recognized under the percentage-of-completion method. Revenue is generally recognized at the contractual rates. For time contracts, the stage of completion is measured on the basis of labour hours delivered as a percentage of total hours to be delivered. For material contracts, the stage of completion is measured on the basis of direct expenses incurred as a percentage of the total expenses to be incurred.

Revenue from fixed-price contracts is also recognized under the percentage-of-completion method. Revenue is generally recognized based on the services performed to date as a percentage of the total services to be performed. Maintenance contract revenue is recognized over the period of the relevant agreement.

If circumstances arise that may change the original estimates of revenues, costs or extent of progress toward completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in income in the period in which the circumstances that give rise to the revision become known by management.

### Interest income:

Interest income is recognized using the effective interest method.

### Dividend income:

Dividend income is recognized when the right to receive payment is established.

## 19 Discontinued operations

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale, and: (a) represents a separate major line of business or geographical area of operations; (b) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or (c) is a subsidiary acquired exclusively with a view to resale. Due to the liquidation of the subsidiary in Turkey and the transfer of the Russian activities in a cooperation with a minority interest in 2009, the sale of the subsidiary in China in 2010 and the sale of the subsidiaries in Moldova and the Ukraine, which was prepared in 2010 and executed in 2011, we have presented these activities as discontinued operations in accordance with IFRS 5. Assets shown in the balance sheet under assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell, if their carrying amount will be mainly recovered from sale instead of continuing use.

## 20 Critical accounting estimates and assumptions

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

### Potential impairment of goodwill:

The group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in item 7. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 11).

Due to the current loss situation, the two cash-generating units of the Business Solutions (BS) segment were evaluated once again for any potential impairment. This test carried out as at 31 December 2010 gives rise to an impairment (see Note 11).

An adjustment of specified parameters would result in the following sensitivities:

If the actual EBIT margin of the CGU 'Business Solutions – DACH, Asia and Central Europe (BS – DACH, Asia, CE)' had been 10 % below the expected EBIT margin as anticipated by the management on 31 December 2010, the group would have had to report an impairment loss on goodwill amounting to TEUR 1,821. If the discount rate before tax used to calculate the value in use had been one percentage point above the management's estimate on 31 December 2010, a write-down of goodwill amounting to TEUR 2,245 would have been necessary.

### Income taxes:

The group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

### Legal risks:

On a case by case basis S&T is exposed to legal process risks arising in the ordinary course of its business, including those from contract law, copyright, product liability and labor law. The counter parties could be former partners, employees, but also customers. The outcome of any currently pending or future proceedings cannot be predicted with certainty. It is therefore possible that legal or regulatory judgments could give rise to expenses that are not covered, or not fully covered, by insurers' compensation payments and which could significantly affect the business and earnings.

Based on the current estimates, allowances for bad debts and, where required, provisions were set up. The outcome of these claims cannot be estimated definitively.

The legal consequences of the insolvencies of S&T Deutschland GmbH, Germany, and S&T Schweiz Consulting AG, Switzerland, cannot be estimated finally.

**Employee benefits:**

The present value of obligations for pensions, leaving indemnities and jubilee bonuses depend on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for the estimation of employee benefits are based in part on current market conditions. Additional information is disclosed in Note 22.

**Valuation at liquidation values:**

The valuation of S&T Deutschland GmbH, Germany, and S&T Schweiz Consulting AG, Switzerland, resulted in particular in a reduction of deferred tax assets by TEUR 890, a reduction of non-current provisions by TEUR 3,153 and an increase of current provisions by TEUR 3,434.

## Notes to the consolidated financial statements

### 1 Segment information

#### Operating segments

S&T's activities are grouped into the operating segments Business Solutions (BS) and Infrastructure Solutions (IS). The management board of S&T System Integration & Technology Distribution AG, acting as 'Chief Operating Decision Maker' in accordance with IFRS 8 (applicable from 1 January 2009 onwards), reviews these two operating segments for purposes of allocating resources and assessing performance. The strategic management assesses the performance of the operating segments based on segment EBIT. The calculation of the segment EBIT conforms to the result from operations (EBIT) determined according to IFRS measurement principles before allocation of unallocated expenses (group expenses). This form of reporting is also supported by the expansion of the management board by a COO Business Solutions and a COO Infrastructure Solutions from 1 January 2009 onwards.

There are no material sales or other transactions between the operating segments. Unallocated costs represent mainly corporate expenses. Segment assets consist primarily of property, plant and equipment, inventories and receivables, and generally exclude investments and cash and cash equivalents. Segment liabilities consist of operating liabilities and exclude items such as taxation and certain corporate borrowings. Capital expenditure comprises additions to property, plant and equipment and intangible assets.

Year ended 31 December 2010	Business Solutions	Infrastructure Solutions	Group
Revenue goods	6,886	172,738	179,624
Revenue services	71,535	99,903	171,438
<b>Revenues</b>	<b>78,421</b>	<b>272,641</b>	<b>351,062</b>
<b>Segment result</b>	<b>(38,347)</b>	<b>3,463</b>	<b>(34,884)</b>
Unallocated costs			(5,401)
Result from operations (EBIT)			(40,285)
Finance costs (net)			(5,018)
Result before tax			(45,303)
Income tax expense			(3,982)
Result from continuing operations			(49,285)
Result from discontinued operations (Note 8)			612
<b>Result for the year</b>			<b>(48,673)</b>
Segment assets	35,200	107,153	142,353
Unallocated assets			39,034
<b>Consolidated total assets</b>			<b>181,387</b>
Segment liabilities	21,314	70,969	92,283
Unallocated liabilities			102,623
<b>Consolidated total liabilities</b>			<b>194,906</b>
Segment capital expenditure	640	959	1,599
Unallocated capital expenditure			1,843
<b>Consolidated total capital expenditure</b>			<b>3,442</b>
Segment depreciation and amortization <sup>1)</sup>	23,789	1,426	25,215
Unallocated depreciation and amortization			2,128
<b>Consolidated total depreciation and amortization</b>			<b>27,343</b>

1) thereof goodwill impairment segment Business Solutions TEUR 22,587

Year ended 31 December 2009 <sup>1)</sup>

	Business Solutions	Infrastructure Solutions	Group
Revenue goods	13,239	176,448	189,687
Revenue services	95,835	99,653	195,488
<b>Revenues</b>	109,074	276,101	385,175
<b>Segment result</b>	(11,421)	10,926	(495)
Unallocated costs			(3,824)
Result from operations (EBIT)			(4,319)
Finance costs (net)			(3,447)
Result before tax			(7,766)
Income tax expense			(1,913)
Result from continuing operations			(9,679)
Result from discontinued operations (Note 8)			(2,615)
<b>Result for the year</b>			(12,294)
Segment assets	62,170	114,975	177,145
Unallocated assets			39,616
<b>Consolidated total assets</b>			216,761
Segment liabilities	26,035	75,449	101,484
Unallocated liabilities			81,888
<b>Consolidated total liabilities</b>			183,372
Segment capital expenditure	750	732	1,482
Unallocated capital expenditure			2,035
<b>Consolidated total capital expenditure</b>			3,517
Segment depreciation and amortization	1,550	1,875	3,425
Unallocated depreciation and amortization			2,111
<b>Consolidated total depreciation and amortization</b>			5,536

1) Reclassified in accordance with IFRS 5.

**Geographical information**

in TEUR	2010		2009	
	Sales	Non-current assets	Sales	Non-current assets
Austria	75,100	2,714	83,575	3,842
Foreign countries	275,962	25,546	301,600	48,956
	351,062	28,260	385,175	52,798

No material revenues are generated in a single country outside Austria. Sales revenue is classified based on the country in which the customer is located. Non-current assets are shown by countries in which the assets are located.

**Information about major customers**

S&T did not generate 10 % or more of the reported revenues from a single customer.

## Notes to the consolidated income statement

As part of its strategy in 2009 to focus on core markets, the group closed its Turkish operations and sold a majority stake in the Russian subsidiary to a strategic partner. In addition, the disposal of the majority interest in the Chinese subsidiary was decided and prepared in 2009 and carried out in the first half-year of 2010. At the end of 2010 the Management Board conducted negotiations designed to sell the S&T subsidiaries in Moldova and Ukraine. This transaction was approved by the Supervisory Board in the first quarter of 2011 and was subsequently implemented.

We have presented these activities as discontinued operations in accordance with IFRS 5 (see Note 8).

The following Notes 2 to 7 to the consolidated income statement relate to the continuing operations.

### 2 Staff costs

	2010	2009
Salaries	68,171	75,665
Variable remuneration	14,565	14,861
Social security costs and payroll tax	19,286	18,180
Expenses for leaving indemnities and pensions <sup>1)</sup>	(1,199)	1,553
Other voluntary benefits	1,072	1,173
	101,895	111,432

1) inclusive reversal of actuarial gains relating to the subsidiary S&T Schweiz Consulting AG, Switzerland (see Point 20 'Critical Accounting Estimates and Assumptions -Valuation at liquidation values')

Variable remuneration includes one-off bonuses paid to management and sales personnel.

The average number of employees is as follows:

	2010	2009
Total	2,292	2,734
- discontinued operations	186	315
- continuing operations	2,106	2,419

Expenses for leaving indemnities and pension plans consist of:

	2010	2009
Expenses of defined benefit plans		
- pensions (Note 22)	(2,707)	722
- leaving indemnities (Note 22)	175	136
Contributions to employee provident funds and other expenses	884	478
Contributions to external pension funds	449	217
	(1,199)	1,553

**3 Other operating expenses**

	2010	2009
Rental expenses	7,519	6,693
Travel expenses	3,819	4,722
Legal, consultancy and audit fees	5,563	4,138
Communication and infrastructure costs	2,264	2,901
Marketing and advertising expenses	2,502	2,610
Office costs	3,735	3,360
Vehicle expense	7,983	7,779
Other taxes and levies	939	817
Training expenses	1,279	1,692
Maintenance expenses	1,156	1,448
Write-offs and allowances for receivables	526	2,963
Warranty expenses	538	1,002
Other operating expenses	1,453	2,252
	39,276	42,377

**4 Other operating income**

	2010	2009
Gain on disposal of assets, excluding financial assets	260	388
Compensations from suppliers	400	468
Miscellaneous income	2,670	2,344
	3,330	3,200

Miscellaneous income mainly includes income from passing on costs and compensations received from insurances. In 2009, a compensation in connection with the early termination of a customer contract in the amount of TEUR 788 is included.

**5 Depreciation and amortization**

	2010	2009
Depreciation of property, plant and equipment (Note 10)	3,708	4,666
Amortization of intangible assets (Note 11)	1,330	1,213
Expenses from low-value items written off	63	103
Goodwill impairment (Note 11)	22,587	–
	27,688	5,982
Less discontinued operations	(345)	(446)
Total of continuing operations	27,343	5,536

**6 Finance costs – net**

	<b>2010</b>	<b>2009</b>
Interest expense		
- financial instruments	(4,681)	(3,828)
- provisions for employee benefits	(325)	(413)
Gain/(loss) on held-for-trading financial instruments	4	41
Impairment losses on available-for-sale financial instruments	(29)	–
Net result of fair value adjustments to derivative financial instruments	12	376
Net foreign exchange differences	(1,117)	(400)
Other	11	23
Finance costs	(6,125)	(4,201)
Finance income – interest income	1,107	754
	<u>(5,018)</u>	<u>(3,447)</u>

Finance costs (net) include expected return on plan assets in the amount of TEUR 184 (2009: TEUR 306).

The company did not hold any derivative financial instruments as at 31 December 2009 and 31 December 2010.

**7 Income tax expense**

	<b>2010</b>	<b>2009</b>
Current tax charge	1,285	1,208
Deferred tax charge	2,697	705
	<u>3,982</u>	<u>1,913</u>

Tax on the group result before tax differs from the theoretical amount that arises from the application of the corporate tax rate in Austria, the home country of the parent company, as follows:

	<b>2010</b>	<b>2009</b>
Result before tax	(45,303)	(7,766)
Tax calculated at tax rate of 25 %	(11,326)	(1,941)
Effect of different tax rates in other countries	(1,389)	(865)
Other differences not recognized	16,239	4,147
Income not taxable	(49)	(77)
Expenses not deductible for tax purposes	507	649
Tax charge	<u>3,982</u>	<u>1,913</u>

Other differences not recognized relate primarily to loss carry-forwards not recognized. Further information on deferred tax is presented in Note 23.

## 8 Discontinued operations

Result from discontinued operations	2010	2009
Revenues	25,582	29,144
Operating expenses less other income	(25,075)	(28,975)
Result from operations (EBIT)	507	169
Finance costs – net	–	(751)
Result before tax of discontinued operations	507	(582)
Tax	102	(294)
Result after tax of discontinued operations	609	(876)
Pre-tax loss recognized on costs to sell and disposal <sup>1)</sup>	3	(1,739)
Tax <sup>2)</sup>	–	–
After-tax loss recognized on costs to sell and disposal	3	(1,739)
Result from discontinued operations	612	(2,615)
Attributable to:		
Equity holders of the company	616	(2,609)
Minority interest	(4)	(6)
Result from discontinued operations	612	(2,615)

1) Thereof from deconsolidation of subsidiaries TEUR 121 (see Note 32; 2009: TEUR -1,713).

2) Due to the lack of adequate recoverability, no deferred taxes were recognized on the losses on disposal.

Revenues earned from discontinued operations were recognized in the Business Solutions (BS) segment in the amount of TEUR 279 (2009: TEUR 2,861) and in the Infrastructure Solutions (IS) segment in the amount of TEUR 25,303 (2009: TEUR 26,283). The result from operations (EBIT) was recognized in the Business Solutions (BS) segment in the amount of TEUR -46 (2009: TEUR -958) and in the Infrastructure Solutions (IS) segment in the amount of TEUR 553 (2009: TEUR 1,127).

### Assets and liabilities classified as held for sale

The assets and liabilities classified as held for sale relate to the subsidiaries in Moldova and the Ukraine as at 31 December 2010; to the subsidiary in China (solely segment Business Solutions) as at 31 December 2009:

Assets classified as held for sale	2010	2009
Property, plant and equipment	961	44
Deferred tax assets	134	–
Inventories	594	–
Trade accounts receivable and other receivables	5,362	317
Cash and cash equivalents	801	8
	7,852	369

The consolidated financial statements of S&T System Integration & Technology Distribution AG as of and for the fiscal year ended 31 December 2010 prepared in accordance with International Financial Reporting Standards/IFRSs as adopted by the EU and with section 245a (1) of the Austrian Commercial Code have been translated into English. In case of different interpretations, the German original is valid.

<b>Liabilities classified as held for sale</b>	<b>2010</b>	<b>2009</b>
Trade accounts payable and other payables	5,043	344
Current income tax receivables	73	–
Short-term financial liabilities	–	102
	5,116	446

<b>Cash flows from discontinued operations</b>	<b>2010</b>	<b>2009</b>
Cash flows from operating activities	864	(1,844)
Cash flows from investing activities	(115)	5
Cash flows from financing activities	(78)	1,674
	671	(165)

## 9 Earnings per share

	<b>2010</b>			<b>2009</b>		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Result for the year in TEUR	(49,285)	612	(48,673)	(9,679)	(2,615)	(12,294)
Minus:						
Minority interest	–	4	4	–	6	6
Remaining for:						
Equity holders of the company	(49,285)	616	(48,669)	(9,679)	(2,609)	(12,288)
Weighted number of ordinary shares in issue (thousands)	3,565	3,565	3,565	3,565	3,565	3,565
Basic earnings per share in EUR	(13.82)	0.17	(13.65)	(2.72)	(0.73)	(3.45)

Basic earnings per share is calculated by dividing the net group result attributable to shareholders by the weighted average number of ordinary shares in issue during the year (see Note 18).

Notes to the consolidated balance sheet

10 Property, plant and equipment

31 December 2010	Land and buildings	Office equipment	Total
<i>Cost:</i>			
1 January 2010	6,458	29,344	35,802
Additions	147	2,428	2,575
Disposals	(671)	(5,073)	(5,744)
Reclassification <sup>1)</sup>	–	(1,613)	(1,613)
Translation adjustments	89	556	645
31 December 2010	6,023	25,642	31,665
<i>Accumulated depreciation:</i>			
1 January 2010	3,529	22,703	26,232
Depreciation charge	413	3,295	3,708
Disposals	(653)	(4,530)	(5,183)
Reclassification <sup>1)</sup>	–	(1,202)	(1,202)
Translation adjustments	78	442	520
31 December 2010	3,367	20,708	24,075
Carrying amount	2,656	4,934	7,590

1) assets classified as held for sale

31 December 2009	Land and buildings	Office equipment	Total
<i>Cost:</i>			
1 January 2009	7,364	33,647	41,011
Additions	67	2,126	2,193
Disposal of subsidiaries	(668)	(1,324)	(1,992)
Disposals	(253)	(4,896)	(5,149)
Reclassification <sup>1)</sup>	–	(74)	(74)
Translation adjustments	(52)	(135)	(187)
31 December 2009	6,458	29,344	35,802
<i>Accumulated depreciation:</i>			
1 January 2009	3,642	24,188	27,830
Depreciation charge	495	4,171	4,666
Disposal of subsidiaries	(400)	(1,105)	(1,505)
Disposals	(182)	(4,392)	(4,574)
Reclassifications <sup>1)</sup>	–	(30)	(30)
Translation adjustments	(26)	(129)	(155)
31 December 2009	3,529	22,703	26,232
Carrying amount	2,929	6,641	9,570

1) assets classified as held for sale

As of 31 December 2010, property in the amount of TEUR 1,663 (2009: TEUR 0) was pledged as security for short-term loans. Additions include TEUR 1,121 (2009: TEUR 246) in office equipment acquired under finance leases (where a group company is the lessee). The carrying amount of office equipment under finance leases at 31 December 2010 is TEUR 1,837 (2009: TEUR 1,234).

## 11 Intangible assets

<b>31 December 2010</b>	<b>Goodwill</b>	<b>Internally generated software development costs</b>	<b>Licences and similar rights</b>	<b>Total</b>
<i>Cost:</i>				
1 January 2010	40,639	1,448	12,661	54,748
Additions	–	610	257	867
Disposals	–	–	(113)	(113)
Reclassification <sup>1)</sup>	(627)	(200)	(29)	(856)
Translation adjustments	2,114	20	193	2,327
<b>31 December 2010</b>	<b>42,126</b>	<b>1,878</b>	<b>12,969</b>	<b>56,973</b>
<i>Accumulated amortization:</i>				
1 January 2010	–	345	11,175	11,520
Amortization charge	–	528	802	1,330
Goodwill impairment	22,587	–	–	22,587
Disposals	–	–	(113)	(113)
Reclassification <sup>1)</sup>	–	(131)	(26)	(157)
Translation adjustments	944	5	187	1,136
<b>31 December 2010</b>	<b>23,531</b>	<b>747</b>	<b>12,025</b>	<b>36,303</b>
<b>Carrying amount</b>	<b>18,595</b>	<b>1,131</b>	<b>944</b>	<b>20,670</b>

1) assets classified as held for sale

<b>31 December 2009</b>	<b>Goodwill</b>	<b>Internally generated software development costs</b>	<b>Licences and similar rights</b>	<b>Total</b>
<i>Cost:</i>				
1 January 2009	41,807	725	12,430	54,962
Additions	–	733	591	1,324
Disposal of subsidiaries	(810)	–	(112)	(922)
Disposals	–	–	(248)	(248)
Translation adjustments	(358)	(10)	–	(368)
<b>31 December 2009</b>	<b>40,639</b>	<b>1,448</b>	<b>12,661</b>	<b>54,748</b>
<i>Accumulated amortization:</i>				
1 January 2009	–	41	10,636	10,677
Amortization charge	–	305	908	1,213
Disposal of subsidiaries	–	–	(112)	(112)
Disposals	–	–	(248)	(248)
Translation adjustments	–	(1)	(9)	(10)
<b>31 December 2009</b>	<b>–</b>	<b>345</b>	<b>11,175</b>	<b>11,520</b>
<b>Carrying amount</b>	<b>40,639</b>	<b>1,103</b>	<b>1,486</b>	<b>43,228</b>

The additions to the development costs include the internally generated SAP template ‘SAP4ALL’ with TEUR 397 (2009: TEUR 609) and the INFOR template “ERPLM” for manufacturers in the amount of TEUR 213 (2009: TEUR 0).

Goodwill was allocated to cash-generating units at the segment level to carry out impairment tests. The carrying amounts of goodwill allocated to segments can be broken down as follows:

	2010	2009
Business Solutions – DACH, Asia and Central Europe (BS – DACH, Asia, CE)	4,557	25,618
Business Solutions – South and Eastern Europe (BS – SEE)	1,965	2,382
Infrastructure Solutions – DACH, Asia and Central Europe (IS – DACH, Asia, CE)	8,952	8,891
Infrastructure Solutions – South and Eastern Europe (IS – SEE)	3,121	3,748
	18,595	40,639

The impairment test involves determining the recoverable amount of the cash-generating units based on value-in-use calculations. The value in use is determined based on cash flow budgets, which are based on the medium-term budget for a period of three years, which has been approved by the Executive Board and which is valid when the impairment test is performed. These budgets are based on past experience as well as on surveys of external analysts and future expected market trends. The medium-term budget is based on the general economic data derived from macroeconomic and financial studies and makes assumptions primarily on the development of gross domestic product, consumer prices, interest rates and nominal wages.

Due to the current loss situation, the cash generating units were evaluated once again for any potential impairment. This test carried out as at 31 December 2010 gave rise to an impairment of TEUR 22,587 (thereof for BS – DACH, Asia, CE TEUR 21,835 and for BS – SEE TEUR 752 – also refer to item 20: ‘Critical Accounting Estimates and Assumptions’ in the section ‘Accounting Policies’).

Assumptions used for the value-in-use calculation of the respective CGU:

	BS – DACH, Asia, CE	BS – SEE	IS – DACH, Asia, CE	IS – SEE
Weighted average growth rate used to extrapolated cash flows beyond the budget period	1.50 %	1.50 %	1.50 %	1.50 %
Pre-tax discount rate	11.18 %	11.21 %	10.65 %	11.42 %

Key assumptions of the management used for the value-in-use calculation of the cash-generating units are revenues, EBIT margins and discount rates. The calculation is based on reasonable EBIT margins reflecting the regional performance. S&T extrapolates expected currency devaluation going beyond the detailed budget horizon based on constant growth rates of 1.5 %, which are derived from past experience for each division, and none of which exceed the average growth rates of the markets on which the companies are active. Growth rates are determined subtracting the capital expenditure required to achieve them.

**12 Financial assets**

	<b>2010</b>	<b>2009</b>
Available-for-sale financial instruments:		
- Non-consolidated subsidiaries	60	55
- Securities	749	703
- Other financial assets	49	70
	858	828
Financial instruments held for trading (securities)	–	82
	858	910
Thereof: non-current	858	828
Thereof: current	–	82

Development of available-for-sale financial instruments:

	<b>2010</b>	<b>2009</b>
Opening carrying amount	828	713
Additions	37	64
Write-up/(write-down) recognized in equity	8	48
Impairment in consolidated income statement	(29)	–
Translation adjustments	14	3
Closing carrying amount	858	828

Non-consolidated subsidiaries and other financial assets comprising equity instruments that do not have a quoted market price are carried at cost less impairment losses.

**13 Long-term receivables**

	<b>2010</b>	<b>2009</b>
Finance lease – gross investments	1,339	1,095
Unearned finance income	(85)	(85)
	1,254	1,010
Long-term loans and receivables	1,359	2,351
	2,613	3,361

Other long-term loans and receivables include the fair value of an insurance policy covering unfunded pension obligations in the amount of TEUR 370 (2009: TEUR 336).

Finance lease receivables (where a group company is the lessor):

	2010	2009
Gross investment in finance leases:		
Not later than 1 year	1,207	1,418
Later than 1 year and not later than 5 years	1,339	1,095
	2,546	2,513
Unearned future finance income on finance leases	(130)	(115)
Net investment in finance leases	2,416	2,398
Representing:		
- current receivables (not later than 1 year)	1,162	1,388
- non-current receivables (later than 1 year and not later than 5 years)	1,254	1,010
Net investment in finance leases	2,416	2,398

The current portion of receivables from finance leases is shown in Note 16. The average interest rate on such lease receivables (current and non-current) ranged from 3 % to 5 % in the 2010 financial year (2009: 3 % to 5 %).

#### 14 Additional disclosures on financial instruments

Carrying amounts, amounts recognized, and fair values by measurement category

	Category in accordance with IAS 39	Carrying amount 31 Dec. 2010	Amounts recognized in balance sheet according to IAS 39		Fair Value 31 Dec. 2010	Category in accordance with IAS 39	Carrying amount 31 Dec. 2009	Amounts recognized in balance sheet according to IAS 39		Fair Value 31 Dec. 2009
			Amortized cost	Fair Value recognized in equity				Fair Value recognized in profit or loss	Amortized cost	
<b>Assets</b>										
Non-current financial assets	AFS	858	--	749	--	AFS	828	--	--	828
Non-current receivables	LaR/n.a.	2,613	1,359	--	1,254	LaR/n.a.	3,361	--	--	3,361
Trade accounts receivable and other receivables										
a) Trade accounts receivable	LaR	87,932	87,932	--	--	LaR	91,863	--	--	91,863
b) Other receivables	LaR/n.a.	6,217	5,055	--	1,162	LaR/n.a.	6,955	--	--	6,955
Current financial assets	FAHFT	--	--	--	--	FAHFT	82	--	82	82
Cash and cash equivalents	LaR	12,379	12,379	--	--	LaR	27,329	--	--	27,329
<b>Liabilities</b>										
Long-term financial liabilities	FLAC/n.a.	14,146	13,038	--	1,108	FLAC/n.a.	56,120	--	--	56,365
Other long-term liabilities	FLAC	--	--	--	--	FLAC	--	--	--	--
Trade accounts payable and other payables										
a) Trade accounts payable	FLAC	51,622	51,622	--	--	FLAC	50,086	--	--	50,086
b) Derivatives without a hedging relationship	FLHT	--	--	--	--	FLHT	--	--	--	--
c) Other payables	FLAC	805	805	--	--	FLAC	3,820	--	--	3,820
Short-term financial liabilities	FLAC	67,416	65,849	--	1,567	FLAC	23,035	--	--	24,157
Of which, aggregated by category in accordance with IAS 39										
Loans and Receivables (LaR)		106,725	106,725	--	--		127,110	--	--	127,110
Held-to-Maturity Investments (HMI)		--	--	--	--		--	--	--	--
Available-for-Sale Financial Assets (AFS)		858	--	749	--		828	--	703	828
Financial Assets Held for Trading (FAHFT)		131,314	131,314	--	--		82	--	82	82
Financial Liabilities measured at Amortised Cost (FLAC)		--	--	--	--		130,008	--	--	130,375
Financial Liabilities Held for Trading (FLHT)		--	--	--	--		--	--	--	--

Assets classified in category 'Fair Value recognized in equity' and in category 'Fair Value recognized in profit or loss' are measured at quoted market prices (Level 1).

**15 Inventories**

	<b>2010</b>	<b>2009</b>
Merchandise	7,913	9,671
Spare parts	3,436	3,872
Other products	384	356
Carrying amount	<u>11,733</u>	<u>13,899</u>
	<b>2010</b>	<b>2009</b>
Inventory at cost	21,477	23,667
Less: Valuation allowance	(9,744)	(9,768)
Carrying amount	<u>11,733</u>	<u>13,899</u>

Expenses for valuation allowances and write-down of inventories amounted to TEUR 1,468 (2009: TEUR 1,127).

**16 Trade accounts and other receivables**

	<b>2010</b>	<b>2009</b>
<b>a) Trade accounts receivable</b>		
Trade accounts receivable	94,459	100,041
Less: Valuation allowance for impairment	(6,527)	(8,178)
	<u>87,932</u>	<u>91,863</u>
Receivables from 'fixed-price' service agreements	11,400	8,780
Progress billings	(3,339)	(5,894)
'Fixed-price' service agreements with amounts due from customers	8,061	2,886
	<u>95,993</u>	<u>94,749</u>
<b>b) Other receivables</b>		
Receivables from tax authorities	595	288
Finance lease - gross investment (Note 13)	1,207	1,418
Unearned finance income	(45)	(30)
	<u>1,162</u>	<u>1,388</u>
Receivables due from non-consolidated subsidiaries	763	705
Prepayments	2,960	1,503
Prepaid expenses	8,311	8,522
Other current receivables	4,292	4,862
	<u>18,083</u>	<u>17,268</u>
	<u>114,076</u>	<u>112,017</u>

Prepaid expenses mainly comprise prepayments to subcontractors for future services to be rendered.

Development of valuation allowance:

	<b>2010</b>	<b>2009</b>
Opening balance	8,178	6,112
Additions	2,070	4,676
Usage	(1,962)	(385)
Reversal	(1,924)	(2,013)
Acquisition and disposal of subsidiaries	(22)	(131)
Currency translation differences	187	(81)
Closing balance	<u>6,527</u>	<u>8,178</u>

Receivables and valuation allowances will be derecognized if no further payments are expected.

Maturity structure of accounts receivables:

	<b>2010</b>	<b>2009</b>
Not past due	74,955	74,224
<i>Overdue, but not impaired:</i>		
Between 1 and 60 days	9,078	12,664
Between 61 and 90 days	1,365	1,652
Between 91 and 180 days	1,204	1,300
More than 180 days	1,330	2,023
	<u>87,932</u>	<u>91,863</u>

The overdue receivables result from transactions with several independent customers, none of which gave rise to bad debt losses in the recent past.

## 17 Cash and cash equivalents

	<b>2010</b>	<b>2009</b>
Cash at banks and on hand	<u>12,379</u>	<u>27,329</u>
	<b>2010</b>	<b>2009</b>
Cash and cash equivalents according to the consolidated cash flow statement	13,180	27,337
Presented in assets classified as held for sale (Note 8)	(801)	(8)
	<u>12,379</u>	<u>27,329</u>

## 18 Issued capital, share premium and treasury shares and average number of shares

	Number of shares (thousands)	Issued capital	Share premium	Treasury shares	Total
At 1 January 2009	3,585	7,170	5,915	(1,322)	11,763
Initial consolidation	–	–	(33)	–	(33)
Transactions with treasury shares	–	–	–	(4)	(4)
At 31 December 2009	3,585	7,170	5,882	(1,326)	11,726
Transactions with treasury shares	–	–	–	–	–
At 31 December 2010	3,585	7,170	5,882	(1,326)	11,726

As of 31 December 2010, issued capital of EUR 7,170,034 represents 3,585,017 fully paid-up no-par-value shares currently registered in the company's register. The total authorized number of ordinary shares as at the balance sheet date is 5,377,525 with a value of EUR 2 per share.

Taking into account the average treasury share stock, the average number of shares was 3,564,731 (2009: 3,564,796) during the year.

At the balance sheet date, the parent company holds 20,286 (2009: 20,286) treasury shares. The cost incurred by the company to re-acquire its own shares and related proceeds for subsequent re-sale are shown as a adjustment of equity (treasury shares). The treasury shares acquired in the fiscal year 2009 are intended to be used in a possible acquisition.

## 19 Retained earnings and other reserves

	Cumulative translation adjustment	Available- for-sale investments	Retained earnings and other reserves	Total
Balance at 1 January 2009	(509)	(23)	35,573	35,041
Currency translation differences	(1,257)	–	–	(1,257)
Net investment hedge (Note 20)	119	–	–	119
Securities available for sale <sup>1)</sup>	–	43	–	43
Net income recognized directly in equity	(1,138)	43	–	(1,095)
Result for the year	–	–	(12,288)	(12,288)
Total comprehensive income	(1,138)	43	(12,288)	(13,383)
Balance at 31 December 2009	(1,647)	20	23,285	21,658

1) net of deferred tax (TEUR -5)

	Cumulative translation adjustment	Available-for-sale investments	Retained earnings and other reserves	Total
Balance at 1 January 2010	(1,647)	20	23,285	21,658
Currency translation differences	1,758	–	–	1,758
Securities available for sale <sup>2)</sup>	–	7	–	7
Net income recognized directly in equity	1,758	7	–	1,765
Result for the year	–	–	(48,669)	(48,669)
Total comprehensive income	1,758	7	(48,669)	(46,904)
Balance at 31 December 2010	111	27	(25,384)	(25,246)

2) net of deferred tax (TEUR -1)

In 2009 and in 2010, no dividends were paid or declared.

## 20 Long-term financial liabilities

	2010	2009
Bonds	9,963	54,831
Long-term bank loans	3,075	–
	13,038	54,831
Lease liabilities	1,108	1,289
	14,146	56,120

S&T System Integration & Technology Distribution AG in 2005 issued two bonds with a nominal value of EUR 15,000,000 and EUR 10,000,000 respectively, a duration of seven years and interest rates of 4.375 % and 4 %. The bond issued in 2006 with a nominal value of EUR 30,000,000 has a maturity of five years and an interest rate of 5.375 %.

Due to the tense economic situation in 2010, the company was no longer able to fulfill the covenants in the EUR 15 million bond, in particular the equity ratio of the parent company. Accordingly, this was reclassified to current liabilities without taking the remaining term to maturity into account. In 2011 agreement was reached with the banks concerning a financing package. This created the financial pre-requisites enabling the company to carry out the required restructuring measures and successfully continue the ongoing negotiations with investors. The financing banks provided the funds needed to ensure the short- and medium-term operations of the company, and deferred payment and most of the accrued interest for the bond which was originally scheduled to reach maturity in 2011. In this connection the interest rate for the outstanding bonds was raised to 5.375 %. The agreement is valid until 1 April 2012 (see Point 5.1 'Financial risk factors – liquidity risk').

The carrying amounts of the group's long-term financial liabilities are denominated in the following currencies:

	2010	2009
EUR	13,531	55,820
Other	615	300
	14,146	56,120

Maturity of bonds and non-current borrowings (excluding finance lease liabilities):

	Carrying amounts		Fair value		Cash flows	
	2010	2009	2010	2009	2010	2009
Within 1 year (Note 25)	47,646	4,788	48,269	5,910	51,496	5,956
Between 1 and 5 years	13,038	54,831	13,350	54,076	13,812	58,725
More than 5 years	–	–	–	–	–	–
Total	60,684	59,619	61,619	59,986	65,308	64,681

The fair value was calculated under the DCF method using current market rates.

Loans in the amount of TCHF 6,500 were designated as net investment hedge until 30 June 2009.

Finance lease liabilities - minimum lease payments:

	2010	2009
Not later than 1 year	1,673	1,878
Later than 1 year and not later than 5 years	1,181	1,390
	2,854	3,268
Future finance charges on finance leases	(179)	(215)
Present value of finance lease liabilities	2,675	3,053
Representing lease liabilities:		
- current (not later than 1 year)	1,567	1,764
- non-current	1,108	1,289
	2,675	3,053

The interest rate for lease liabilities ranged from 2 % to 14 % (2009: 2 % to 12 %) in the respective countries. The lease liabilities mainly concern passenger cars and subleased EDP equipment.

## 21 Other long-term liabilities

	2010	2009
Deferred income (non-current)	608	514
Other	206	–
	814	514

## 22 Long-term provisions

Provisions for employee benefits relate to obligations of the parent company and some subsidiaries towards its employees, and as such they are based on local labour laws, including provisions for pensions, provisions for leaving indemnities and provisions for service anniversary bonuses (jubilee payments). Indemnities must be paid to employees upon their release from service or retirement at pension age. Employees leaving voluntarily or dismissed for good cause are not entitled to such indemnities. These employee benefit liabilities are unfunded.

According to local labor laws, service anniversary bonuses must be paid to employees. The present value of accrued liabilities is also included in the calculation.

The amounts recognized in the balance sheet are break down as follows:

	2010	2009
Provisions for pensions	504	3,261
Provisions for leaving indemnities	1,620	1,829
Provisions for service anniversary bonuses and other commitments	448	391
Provisions for employee benefits	2,572	5,481

### Provisions for pensions

	2010	2009
Present value of funded obligations	5,191	5,539
Fair value of plan assets	(5,691)	(5,288)
	(500)	251
Present value of unfunded obligations	455	413
Unrecognized actuarial gains/(losses)	549	2,597
Provisions for pensions	504	3,261

Unfunded pension obligations are partially covered by an insurance policy in the amount of TEUR 370 (2009: TEUR 336) with expected returns of 4.5 % (2009: 4.5 %; see Note 13).

The amounts recognized in the income statement are as follows:

	2010	2009
Current service cost	523	765
Amortization of actuarial losses/(gains) <sup>1)</sup>	(3,230)	(43)
Total, included in staff costs	(2,707)	722
Interest cost <sup>2)</sup>	217	325
Expected return on plan assets <sup>2)</sup>	(184)	(306)
	(2,674)	741

1) including extraordinary release due to the valuation at liquidation values of assets and liabilities of the consolidated subsidiary S&T Schweiz Consulting AG

2) included in the finance costs

The movement in the liability recognized in the balance sheet is as follows:

	<b>2010</b>	<b>2009</b>
Beginning of the year	3,261	2,806
Net expense recognized in the income statement	(2,674)	741
Contributions paid	(285)	(295)
Exchange differences	202	9
End of the year	<u>504</u>	<u>3,261</u>

The movement in the present value of the defined benefit obligation is as follows:

	<b>2010</b>	<b>2009</b>
Beginning of the year	5,952	9,105
Current service cost	523	765
Interest cost	217	325
Settlement for former employees	(2,058)	(4,500)
Actuarial losses/(gains)	127	304
Exchange differences	885	(47)
End of the year	<u>5,646</u>	<u>5,952</u>

The movement in the fair value of plan assets is as follows:

	<b>2010</b>	<b>2009</b>
Beginning of the year	5,288	8,891
Expected return	184	306
Contributions paid	285	295
Settlement for former employees	(2,058)	(4,500)
Actuarial gains/(losses)	1,070	350
Exchange differences	922	(54)
End of the year	<u>5,691</u>	<u>5,288</u>

90 % of plan assets is invested in a liability insurance policy. The expected return on plan assets of 3.25 % to 4.5 % approximates the gains of the last years. For the next financial year, a required contribution of TEUR 285 (2009: TEUR 295) is expected.

The principal actuarial assumptions used were as follows:

	<b>2010</b>	<b>2009</b>
Discount rate	3.25 – 4.75 %	3.25 – 5.25 %
Expected return on plan assets	3.25 – 4.50 %	3.25 %

The Austrian mortality table 'AVÖ 2008-P' and the mortality table of Dr. Klaus Heubeck '2005 G' were used as basis for the calculation. The actuarial calculations were based on an estimated increase in salaries of 1.50 % (2009: 1.50 %) and in pensions of 1.00 % (2009: 1.00 %).

**Provisions for leaving indemnities**

	<b>2010</b>	<b>2009</b>
Present value of obligations	1,972	2,166
Unrecognized actuarial gains/(losses)	(352)	(337)
Provisions for leaving indemnities	<u>1,620</u>	<u>1,829</u>

The amounts recognized in the income statement are as follows:

	<b>2010</b>	<b>2009</b>
Current service cost	171	141
Amortization of actuarial gains and losses	4	(5)
Total, included in staff costs	<u>175</u>	<u>136</u>
Interest cost <sup>1)</sup>	108	88
	<u>283</u>	<u>224</u>

<sup>1)</sup>included in the finance costs

The movement in the liability recognized in the balance sheet is as follows:

	<b>2010</b>	<b>2009</b>
Beginning of the year	1,829	1,814
Net expense recognized in the income statement	283	224
Contributions paid	(495)	(211)
Exchange differences	3	2
End of the year	<u>1,620</u>	<u>1,829</u>

The principal actuarial assumptions used were as follows:

	<b>2010</b>	<b>2009</b>
Discount rate	4.75 – 6.15 %	5.25 – 6.00 %
Future salary increases	3.25 – 6.00 %	3.25 – 6.00 %

The Austrian mortality table 'AVÖ 2008-P' and the 'Polish Life Tables 2006' were used as basis for the calculation.

**23 Deferred income taxes**

Deferred income taxes are calculated on all temporary differences under the liability method.

	<b>2010</b>	<b>2009</b>
Deferred tax assets	(2,882)	(5,496)
Deferred tax liabilities	9	49
	<u>(2,873)</u>	<u>(5,447)</u>

Deferred income tax assets on tax loss carry-forwards and deductible temporary differences are recognized only to the extent that realization is probable. The group has deferred income taxes in connection with tax losses of TEUR 22,092 (2009: TEUR 16,329) which can be carried forward against future taxable income and which have not been recognized in these financial statements due to uncertainty of their recoverability. Net deferred tax assets in the amount of TEUR 304 (2009: TEUR 1,686) resulting from other deductible temporary differences have not been recognized because it is not probable that sufficient taxable profit will be available. Deferred tax liabilities in the amount of TEUR 2,228 (2009: TEUR 691) were not recognized in accordance with IAS 12.39 (f).

Deferred tax assets and liabilities and deferred tax charges/(credits) in the income statement are attributable to the following items:

	31 Dec. 2009	Charged/ (credited) to equity	Charged/ (credited) to P/L	Acquisi- tion and disposal of subsidiaries	Reclassifi- cations	Exchange differ- ences	31 Dec. 2010
<b>Deferred income tax liabilities</b>							
Valuation of non-current assets	31	—	4	(38)	—	3	—
Valuation of receivables and inventories	441	—	(24)	(433)	(26)	37	(5)
Accruals and provisions	(452)	—	(159)	605	26	(35)	(15)
Unused tax credits	29	—	—	—	—	—	29
	49	—	(179)	134	—	5	9
<b>Deferred income tax assets</b>							
Valuation of non-current assets	425	1	(268)	—	22	2	182
Impairment of receivables and inventories	(1,124)	—	(106)	—	(52)	(16)	(1,298)
Provisions and liabilities	(1,872)	—	615	—	13	13	(1,231)
Treasury shares	(12)	—	—	—	13	(1)	—
Accounts payable	3	—	(1)	—	—	(2)	—
Unused tax credits	(429)	—	595	—	17	3	186
Tax loss carry-forwards	(2,487)	—	1,849	—	(13)	(70)	(721)
	(5,496)	1	2,684	—	—	(71)	(2,882)
<b>Net deferred income tax assets</b>	<b>(5,447)</b>	<b>1</b>	<b>2,505</b>	<b>134</b>	<b>—</b>	<b>(66)</b>	<b>(2,873)</b>
From discontinued operations			(192)				
From continuing operations			2,697				

## 24 Trade accounts and other payables

	2010	2009
<b>a) Trade accounts payable</b>		
Trade accounts payable	51,622	50,086
Payables from 'fixed-price' service agreements	(218)	(354)
Progress billings	248	400
'Fixed-price' service agreements with amounts due to customers	30	46
	51,652	50,132
<b>b) Other payables</b>		
Liabilities to social security institutions and tax authorities	8,042	8,330
Advances received	6,948	3,015
Payables due to non-consolidated subsidiaries	125	125
Employee bonuses/salaries	2,482	1,040
Miscellaneous payables	680	3,695
Deferred income	11,602	12,375
Accrued liabilities:		
- for short-term employee benefits	13,090	11,243
- other	8,857	6,079
	51,826	45,902
	103,478	96,034

Short-term employee benefits comprise of variable remuneration and unconsumed vacations. Accrued liabilities mainly comprise consultancy and legal fees and goods received but not yet invoiced. Deferred income mainly represents the deferred portion of sales revenues, rentals and other income received in advance.

## 25 Short-term financial liabilities

	2010	2009
Current accounts	18,203	16,483
Short-term portion of long-term loans	47,646	4,788
Lease liabilities (see Note 20)	1,567	1,764
	67,416	23,035

The effective interest rates for current accounts ranged in the respective countries from 2 % to 20 % depending on the currency of the respective overdrafts and other factors (2009: 1 % to 23 %). Trade accounts receivable of TEUR 55,031 (2009: TEUR 19,190) are pledged, under a blanket assignment, as collateral for short-term borrowings.

The carrying amounts of the group's short-term financial liabilities are denominated in the following currencies:

	2010	2009
EUR	65,459	15,872
CHF	–	5,987
HUF	963	488
USD	–	80
Other	994	608
	67,416	23,035

## 26 Provisions

	31 Dec. 2009	Acquisition/ disposal of subsidiaries	Additions	Usage	Reversal	Currency translation differences	31 Dec. 2010
Provisions for warranties and similar obligations	1,092	–	177	(154)	(632)	15	498
Provisions for pending losses	196	–	125	–	–	37	358
Total provisions	1,288	–	302	(154)	(632)	52	856

The provisions for warranties refer to warranty claims accepted by the group over and above the manufacturer's warranty. The calculated amounts were determined based on past experience. The provisions for pending losses relate to risks from onerous contracts calculated at their probable value.

## 27 Operating lease commitments

The future minimum lease payments for building and passenger car rentals as a result of non-cancellable operating leases amount to TEUR 3,788 (2009: TEUR 4,518), TEUR 2,158 (2009: TEUR 2,235) of which is due not later than 1 year; the other commitments are due between two and five years.

## 28 Non-cash transactions and other disclosures to the consolidated cash flow statement

The principal non-cash transactions relate to the acquisition of property, plant and equipment through finance leases (Note 10 and 20) and EDP equipment leased out under finance lease (Note 13).

Cash flows arising from changes in usage of overdraft facilities were reported on a net basis in the item 'Increase/(decrease) in short-term borrowings' in the cash flow statement in accordance with IAS 7.22 (b).

## 29 Disclosures regarding certain non-financial risks

The operations and earnings of the group continue, from time to time and to a varying degree, to be affected by political, legislative, fiscal and regulatory developments in the countries in which it operates. The nature and frequency of these developments and events, not all of which are covered by insurance, as well as their effect on future operations and earnings are not predictable. Furthermore, due to the fact that the company's operations are primarily project-oriented, the level of earnings will fluctuate naturally according to the size and number of projects. Due to the uncertainty of the tax regulations in various Eastern and South Eastern European countries, there may be contingent taxation liabilities which, at present, cannot be quantified.

The economic situation of the company and the media coverage of the economic situation and the main shareholders of S&T has an impact on the market chances of the business, in particular for long-term and business-critical services for the customers.

The consolidated financial statements of S&T System Integration & Technology Distribution AG as of and for the fiscal year ended 31 December 2010 prepared in accordance with International Financial Reporting Standards/IFRSs as adopted by the EU and with section 245a (1) of the Austrian Commercial Code have been translated into English. In case of different interpretations, the German original is valid.

### 30 Contingencies

In the ordinary course of business, the group has issued performance bonds and bid bonds in the total amount of TEUR 12,592 (2009: TEUR 9,777).

### 31 Initial consolidation and acquisition of minority interest

In the second quarter of 2009, the group acquired 5 % of the former minority interest in The Information Management Group Russia Holding AG, Switzerland. The impact of this transaction is presented in the consolidated statement of changes in shareholders' equity (line initial consolidation).

This transaction contributed to a cash outflow of TEUR 5.

### 32 Disposals of investments and deconsolidation

The company IMG Software Service (Shanghai) Co., Ltd., China, which was already classified as held for sale in 2009, was sold and deconsolidated with 1 April 2010. After conclusion of the liquidation the company HPC Trading Limited i.L., Cyprus, was deconsolidated.

Disposal consideration/Liquidation proceeds	18
Carrying amount of net assets disposed of, including debt forgiven and cumulative translation adjustment	638
Gain on disposal <sup>1)</sup>	<u>656</u>

The effect of the deconsolidation on the consolidated cash flow statement for the year 2009 is as follows:

Cash and cash equivalents	42
Trade accounts and other receivables	73
Assets classified as held for sale	366
Trade accounts and other payables	(241)
Liabilities classified as held for sale	(638)
Carrying amount of net assets	(398)
Cumulative translation adjustments	(380)
Debt forgiven and other expenses	140
	(638)
Gain on disposal <sup>1)</sup>	<u>656</u>
	18
Cash and cash equivalents	(42)
	(24)
Payments from disposal in previous periods	151
Cash inflow on disposal	<u>127</u>

1) thereof discontinued operations (IMG Software Service (Shanghai) Co., Ltd., China) TEUR 121 and liquidation HPC Trading Limited i.L., Cyprus, TEUR 535

### 33 Costs for the auditor

The costs for the auditor include: audit of the consolidated financial statements TEUR 60 (2009: TEUR 60) and other audit services concerning the separate financial statements of the parent company, the subsidiary High Performance Systems Holding GmbH and miscellaneous audit services amounting to TEUR 80 (2009: TEUR 72). Costs for the audit of the consolidated financial statement 2009 in the amount of additional TEUR 50 were billed.

### 34 Management Board and related party transactions

No transactions of a material nature were concluded with related parties in 2010.

In 2010, the Management Board consisted of the following members:

Christian Rosner, CEO (member until 29 June 2010)  
 Thomas Streimelweger, CEO (member from 29 June to 22 November 2010)  
 Martin Bergler, CFO, Spokesman of the Management Board from 1 December 2010 to 30 January 2011  
 Peter Sturz, COO and  
 Peter Trawnicek, COO (member since 1 February 2010)

With effect from 31 January 2011, Michael Lanik was appointed as Chief Restructuring Officer (CRO) and Spokesman of the Management Board.

In 2010, remunerations for members of the Management Board amounted to:

		Fixed salaries			Variable remuneration	Leaving indemnities incl. MVK <sup>1)</sup>	Retirement provisions
		TOTAL	during service	after service			
Active members as of 31 Dec.	2010	773	515	–	164	7	87
	2009	460	363	–	30	6	61
Retired members	2010	868	282	345	–	160	81
	2009	625	431	–	(1)	126	69
TOTAL	2010	1,641	797	345	164	167	168
	2009	1,085	794	–	29	132	130

1) employee provident funds (Mitarbeitervorsorgekasse)

In the past fiscal year, no allocation was made to the provisions for leaving indemnities, as the corresponding contractual arrangement expired in 2006. As at 31 December 2010, no provision for leaving indemnities (2009: TEUR 0) for the members of the Management Board had been set up.

Furthermore TEUR 90 (2009: TEUR 0) were paid or accrued for related parties of the management board member Thomas Streimelweger.

Members of the Supervisory Board:

Viktoria Kickinger (chairwoman since 17 January 2011)  
Andreas Frech, (chairman from 29 June 2010 to 17 January 2011; member until 31 January 2011)  
Thomas Streimelweger (member and chairman until 29 June 2010)  
Reinhard Moser, Deputy Chairman  
Wolfgang Auer Welsbach (member until 31 January 2011)  
Franz Jurkowitsch  
Karl-Michael Millauer  
Karl Nigl  
Ernst Nonhoff  
Kurt Waniek

The members of the Supervisory Board and related companies received remuneration and reimbursements of TEUR 153 in 2010 (2009: TEUR 188). The members of the Supervisory Board did not receive any other remuneration or benefits in kind from the company or its subsidiaries.

Loans to employees amounted to TEUR 162 (2009: TEUR 199) per balance sheet date. No loans granted to members of the Supervisory or Management Board.

### **35 Events after the balance sheet date**

Ms. Viktoria Kickinger was elected to serve as the new Chairwoman of the S&T Supervisory Board at the Supervisory Board meeting held on 17 January 2011.

With effect from 31 January 2011 Michael Lanik was appointed as Chief Restructuring Officer (CRO) and Spokesman of the Management Board. The agreement may be terminated at short notice.

At the beginning of 2011 a debt repayment deferment and interim financing agreement were concluded, which also contains a betterment clause (also refer to Point 5.1 "Financial risk factors – liquidity risk").

The subsidiaries in Moldova and the Ukraine were sold in the first quarter (see Note 8).

The shutdown of S&T Deutschland GmbH, Germany in January 2011 led to its insolvency. A motion was filed on 28 January 2011 to initiate bankruptcy proceedings, which were formally opened on 1 April 2011. On 21 February 2011, S&T Schweiz Consulting AG, Switzerland declared bankruptcy, and bankruptcy proceedings were opened on 24 February 2011. Both proceedings have not yet been concluded. Within the context of the upcoming deconsolidation of S&T Deutschland GmbH, Germany and S&T Schweiz Consulting AG, Switzerland, in 2011 impairment losses on group receivables and provisions for legal claims are expected to comprise EUR 4.0 million to EUR 7.0 million, on the basis of current knowledge.

The restructuring process of the S&T Group is currently being implemented and should be concluded by the end of 2011. The focus is on the Austrian subsidiary. Furthermore, all other group companies including S&T AG are being evaluated with respect to the potential to improve earnings. External consultants were contracted in cooperation with the banks. The scheduled implementation of the previously described measures is a decisive factor in determining the success of the restructuring efforts, and maintaining the financing obligations of the banks, as explained in Point 5.1 of the accounting policies of the consolidated financial statements. In May 2011, important required contract adjustments were agreed upon, and the reallocation and ultimately payment of a further line of credit totaling EUR 3.7 million were arranged. In addition, the rights to prematurely terminate the agreement on grounds of the inability to meet specified performance targets in the current financial year were suspended. From the Management Board's point of view, despite the dependence on the financing creditors and banks, the pre-requisites enabling a positive going concern forecast have been fulfilled and the basis exists for successful negotiations aiming to attract a strong, long-term investor. In this regard, the underlying concepts stipulate equity and external capital raising measures as a means of restructuring the liabilities side of the balance sheet.

Authorized for issue:

Vienna, 27 May 2011

The Management Board:



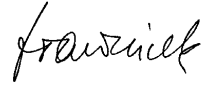
Michael Lanik



Martin Bergler



Peter Sturz



Peter Trawnicek

We draw attention to the fact that the English translation of this auditor's report is presented for the convenience of the reader only and that the German wording is the only legally binding version.

## **Auditor's Report**

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of S & T System Integration & Technology Distribution AG, Vienna, for the fiscal year from 1 January to 31 December 2010. These consolidated financial statements comprise the consolidated balance sheet as of 31 December 2010, 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 ended 31 December 2010, and the notes to the consolidated financial statements.

### **Management's Responsibility for the Consolidated Financial Statements**

The company's management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and with the legal provisions applicable in Austria. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditor's Responsibility and Description of Type and Scope of the Statutory Audit**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing and with International Standards on Auditing (ISA) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we 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 preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### **Opinion**

In the course of our audit, we have identified the following matters described in the paragraph below.

Due to the insolvencies that occurred after the balance sheet date of the subsidiaries included in the consolidated financial statements, S & T Deutschland GmbH (formerly The Information Management Group IMG GmbH), Germany, and S&T Schweiz Consulting AG (formerly The Information Management Group AG), Switzerland, the audit of the financial information of these companies could not be performed due to the lack of access to original financial data, and thus a final assessment of this financial information is not possible. The net assets of these companies shown in the consolidated financial statements amount to minus EUR 7.4 million, revenue to EUR 24 million (prior to consolidation) and the loss for the year to EUR 17.5 million (including impairment losses of goodwill).

In our opinion, which is based on the results of our audit, the consolidated financial statements, with the qualification that the effects of the matters discussed in the preceding paragraph have not been considered, comply with legal requirements and, with this qualification, give a true and fair view of the financial position of the Group as of 31 December 2010 and of its financial performance and its cash flows for the fiscal year from 1 January to 31 December 31, 2010 in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Without further qualifying our audit opinion, we draw attention to the disclosures contained in Note 5.1. "Financial risk factors - liquidity risk" of the notes to the consolidated financial statements, where the management describes the existing liquidity risk and to Note 35 "Events after the balance sheet date", where the reorganization and restructuring measures launched by the company's management, the contract adjustments agreed with the financing banks in May 2011 and the search for investors are detailed.

Should the measures described in the notes to the consolidated financial statements not be successfully implemented, a material uncertainty might arise with regard to the Group's ability to continue as a going concern.

In addition, we also draw attention to the material uncertainties outlined in Note 20 "Critical accounting estimates and assumptions" in connection with the accounting of goodwill and in connection with provisions in the balance sheet for existing legal risks.

In case the estimates and assumptions described there are not appropriate, this might result in a material impairment of individual assets or a significant increase in liabilities. Accordingly, additional expenses are to be expected upon occurrence of further impairment or upon occurrence of further other legal risks.

### **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 whether the other disclosures in the management report for the Group do not give rise to a misstatement of the Group's financial 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, 27 May 2011

PwC Wirtschaftsprüfung GmbH  
Wirtschaftsprüfungs- und  
Steuerberatungsgesellschaft

signed:

Dr. Christine Catasta  
Austrian Certified Public Accountant

## Declaration of the Management Board in accordance with section 82 para. 4 no. 3 BörseG (Austrian Stock exchange act)

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.

Vienna, 27 May 2011

The Management Board:



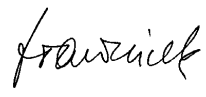
Michael Lanik



Ing. Mag. Martin Bergler



Dr. Peter Sturz



Peter Trawnicek

**Lagebericht  
der  
S&T System Integration & Technology Distribution AG  
für das Geschäftsjahr 2010**

Die S&T System Integration & Technology Distribution AG ist die Konzernobergesellschaft der S&T-Gruppe. Sie steuert den Konzern und finanziert wesentliche Teile davon. Ihre wirtschaftliche Entwicklung ist somit wesentlich von der der Gruppe abhängig.

**Wirtschaftliche Rahmenbedingungen und Geschäftsverlauf**

Das Jahr 2010 markierte zweifellos einen Wendepunkt in der internationalen Wirtschaftsentwicklung. Wenngleich mit weniger medialer Aufmerksamkeit als bei Ausbruch der Rezession konnte die Gesamtwirtschaft einen deutlich positiven Umschwung erreichen. Die beinahe globale Rezession des Jahres 2009 kann als überwunden eingeschätzt werden. Das Wachstum hat jedoch nicht alle Branchen und alle Länder, in denen S&T tätig ist, in gleicher Weise erfasst. Während der deutschsprachige Raum, unterstützt durch umfangreiche Fiskalmaßnahmen und eine gute internationale Wettbewerbsfähigkeit, eine signifikante Dynamisierung der Wirtschaftslage erreichen konnte, haben sich die mittelost- und osteuropäischen Märkte noch nicht im selben Ausmaß erholt.

Entwicklungen, die sich bereits 2009 ankündigten, führten im Jahr 2010 zu einem insgesamt erheblich schwierigeren Geschäftsumfeld für S&T. Hier ist jedoch klar die Entwicklung im CEE-Raum von derjenigen außerhalb des CEE-Raums zu unterscheiden. Während es im CEE-Raum primär zu einem Margendruck kam, demzufolge die Ergebnisse zwar beinahe in allen Gesellschaften operativ positiv ausfielen, jedoch unter den Erwartungen blieben, konnte der angestrebte Turn-around in Deutschland, Österreich, der Schweiz und in Japan nicht erreicht werden. In diesen Ländern blieben die Ergebnisse in allen Quartalen operativ negativ, was auch erhebliche Zahlungsabflüsse mit sich brachte. Diese konnten im Jahr 2010 durch bestehende Mittel in der Gruppe abgedeckt werden, führten jedoch vor allem in der zweiten Jahreshälfte zu einer schwierigeren Liquiditätssituation. Diese wiederum führte ihrerseits zu Einschränkungen der operativen Handlungsfähigkeit, insbesondere in Österreich – in diesem umsatzstärksten Land konnten vor allem größere Geschäftsmöglichkeiten aus Gründen der mangelnden Finanzierbarkeit von Working Capital nicht realisiert werden, sodass geplante Umsätze und Deckungsbeiträge nicht erzielt werden konnten. Um dieser Entwicklung gegenzusteuern, entwickelte und beschloss die neue Geschäftsführung für Österreich im Juli 2010 ein umfassendes Maßnahmenpaket, das Einsparungen in allen Bereichen zum Ziel hatte. Obwohl die Maßnahmen umgesetzt wurden, konnten die Einsparungen die rückläufigen Umsätze nicht ausreichend kompensieren, sodass der zum Jahreswechsel angestrebte Turn-Around nicht erreicht wurde.

In Deutschland gab es im ersten Halbjahr Anzeichen für eine Stabilisierung des Geschäftes, der Sanierungsplan sah gezielte Aufnahmen von Spezialisten zur Vervollständigung des Service-Angebots vor. In der zweiten Jahreshälfte blieben die Umsätze jedoch weiterhin deutlich hinter den Erwartungen zurück. Weiters kam es zu unerwarteten Kündigungen von Beratern, sodass schließlich eine unterkritische Größe erreicht wurde. Dadurch kam es zu der im Januar 2011 bekanntgegebenen Schließung und in Folge zur Insolvenz der deutschen Tochtergesellschaft. Aufgrund der operativ und finanziell engen Verflechtungen mit dieser, musste im Februar 2011 die Schließung der Schweizer Tochtergesellschaft über eine Insolvenz bekanntgegeben werden.

Im Laufe des Jahres 2010 führten mehrere Entwicklungen vor allem im 2. Halbjahr zu einer von Kunden, Mitarbeitern und der allgemeinen Öffentlichkeit spürbaren Verunsicherung über die Zukunft der Gruppe. Vor allem in deutschsprachigen Medien wurde in zahlreichen Artikeln in teils inhaltlich korrekter, wenn auch sprachlich negativer, und teils auch inhaltlich sehr spekulativer Form über die Gesellschaft, ihre Organe und ihre Kernaktionäre berichtet. Schwerpunkte bildeten die AvW-Thematik, die private Finanzlage von Herrn Ing. Mag. Streimelweger, die anhaltenden Verluste der Gruppe und Unsicherheiten über die möglichen Investorenbeteiligungen an S&T. In Summe führte das, gemeinsam mit der zunehmend schwierigeren Finanzierungslage, zu einem besonders herausfordernden Umfeld und zu verstärktem Informationsbedarf der Kunden, vor allem im deutschsprachigen Raum.

Die S&T-Gruppe war zum Jahresende 2010 in 20 Ländern direkt oder über enge Kooperationspartner vertreten. Nach dem Bilanzstichtag - im Jänner bzw. Februar 2011 - wurden die Tochtergesellschaften der S&T-CEE Holding Subdivision in der Ukraine und Moldawien mehrheitlich verkauft.

Der Markt für Informationstechnologie stand im Jahr 2010 unserer Einschätzung nach in den von uns bearbeiteten Ländern im Zeichen einer partiellen Erholung. Diese ist durch einen Wiederanstieg der Volumina, aber auch durch extremen Margendruck im Infrastruktur- und Service-Bereich geprägt. In einigen Ländern, wie Rumänien, Kroatien oder Slowenien, ist diese Entwicklung noch verzögert, das heißt, dass die Märkte unverändert schwierig blieben.

Insgesamt wurde im CEE-Raum begonnen, den Investitionsstau abzarbeiten, wobei EU-Mittel in unterschiedlichem Ausmaß dazu beitrugen.

Der Beratungsbereich war 2010 ebenso durch eine unterschiedlich rasche Bewältigung der scharfen Rezession geprägt. Anhaltend starke Investitionen öffentlichkeitsnaher Dienstleister, teilweise unterstützt durch EU-Mittel, haben dazu maßgeblich beigetragen.

Initiativen wie Vertikalisierung, Outsourcing oder Shared Service Center haben wir im Jahr 2010 stark vorangetrieben, die Weiterentwicklungen mussten jedoch im 4. Quartal vorerst zurückgestellt werden.

Vor diesem oben genannten Hintergrund sind die Umsätze der S&T-Gruppe zu bewerten: Gruppenweit wurden im Berichtsjahr EUR 351,1 Mio Erlöst. Das sind 8,9 Prozent weniger als im Jahr zuvor mit EUR 385,2 Mio (bereinigt um aufgegebenen Geschäftsbereiche, wie im Konzernabschluss detailliert beschrieben). Umsatzeinbußen in Österreich machten den wesentlichen Teil dieses Rückgangs aus.

Das EBITDA der S&T-Gruppe drehte von EUR +1,2 auf -12,9 Mio. Die Entwicklung zeichnete sich schon im Verlauf des Jahres ab, weshalb umfassende Sanierungsmaßnahmen eingeleitet und teilweise 2010, teilweise nach dem Bilanzstichtag umgesetzt wurden. Die negativen Ergebnisse fielen im Wesentlichen in der deutschsprachigen Region an, weshalb hier auch die Schwerpunkte der Sanierung lagen. Die Schließungen der deutschen und der Schweizer Tochtergesellschaft im Jahr 2011 mit deren folgender Insolvenz erforderten auch die vollständige Abschreibung/Wertminderung in Höhe von EUR 15,1 Mio des auf die Schweizer Tochtergesellschaft sowie deren Beteiligungen entfallenden Anteils des Firmenwerts im Konzernabschluss 2010. Auch die weiteren Firmenwertabschreibungen in Höhe von EUR 7,5 Mio im Rahmen des Impairment-Tests fielen im Segment „Business Solutions“ an. Die ordentlichen Abschreibungen hingegen sanken von EUR 5,5 auf 4,8 Mio.

Das EBIT der S&T-Gruppe zeigt mit EUR -40,3 nach -4,3 Mio im Jahr 2009 den vollen Umfang der erforderlichen Restrukturierung. Das negative Konzern-Jahresergebnis von EUR 48,7 Mio resultiert aus dem Ergebnis aus fortzuführenden Geschäftsbereichen in Höhe von EUR -49,3 Mio sowie dem Ergebnis aus aufgegebenen Geschäftsbereichen in Höhe von EUR +0,6 Mio.

### **Geschäftsentwicklung und Ertragslage der Konzernobergesellschaft**

Im Jahr 2010 wurden in der gesamten S&T-Gruppe umfangreiche zukunftsweisende Maßnahmen gesetzt. In der Konzernobergesellschaft ist das dafür maßgebliche Management beschäftigt. Die Verrechnung dieser Leistungen erfolgt im Wesentlichen anhand von Umsatz und Personalstand der Konzerngesellschaften. Umsatzrückgänge und der dadurch erforderliche Personalabbau in den Konzerngesellschaften führten daher zu geringeren Verrechnungen, obwohl durch die anspruchsvolleren wirtschaftlichen Rahmenbedingungen intensivere Unterstützungstätigkeit durch die Obergesellschaft erforderlich wurde. Ebenso wurde auf Grund der geringeren Konzernumsätze weniger Handelswarenumsatz erzielt.

Der geringere Handelswarenumsatz spiegelt sich auch im geringeren Materialaufwand wider, wobei die Bruttospanne geringfügig sank. Der Personalstand erhöhte sich geringfügig auf 33 (2009: 31), der Personalaufwand stieg im Wesentlichen durch Einmaleffekte aus Ablösen für ausgeschiedene Vorstandsmitglieder.

Abschreibungen von Konzernforderungen gegenüber der Anfang 2011 insolvent gewordenen Konzerngesellschaften S&T Deutschland und S&T Schweiz. Die Konzentration auf die S&T-Kernmärkte wurde durch die Reduktion der indirekten Beteiligung an der chinesischen Konzerngesellschaft auf eine Minderheitsbeteiligung weiter verfolgt sowie der Verkauf der direkten Beteiligung an der moldawischen und indirekten Beteiligung der ukrainischen Tochtergesellschaft vorbereitet. In der Konzernobergesellschaft führten diese Insolvenzen und Maßnahmen zu Abschreibungen von Konzernforderungen sowie zu einem Abgang von Finanzanlagen. Weitere wesentliche Aufwandspositionen sind die Dotierung einer Prozessrückstellung.

Durch die deutlich schlechtere Ertragslage des Konzerns waren 2010 Dividendenzahlungen aus den Tochtergesellschaften nicht möglich – diese Ertragskomponente fehlt 2010 wie bereits 2009 völlig (2008: EUR 2,6 Mio).

Der Zinsaufwand blieb mit EUR 3,5 Mio auf dem Niveau des Vorjahres und spiegelt die stabile Marktentwicklung wider.

Der Jahresfehlbetrag von EUR 9,7 Mio (2009: 4,4 Mio) ist im Wesentlichen durch Rückgang des Handelswarengeschäftes, der geringeren Verrechnungen für Konzerndienstleistungen, das völlige Fehlen von Beteiligungserträgen, gestiegenen Fremdwährungsverlusten, einmaligen Aufwendungen aus den Insolvenzen in Deutschland und der Schweiz, einer Prozesskostenrückstellung sowie den Abfindungen von zwei ehemaligen Vorstandsmitgliedern verursacht.

Das Bilanzergebnis entspricht dem Jahresfehlbetrag.

### **Vermögens-, Finanz- und Liquiditätslage**

Das Anlagevermögen der Gesellschaft hat sich gegenüber 2009 kaum verändert. Zu bemerken ist, dass der überwiegende Teil der Beteiligungen an den operativen Gesellschaften über die 2009 gegründete, zu 100 % im Eigentum der Gesellschaft stehende „Asset Verwaltungsgesellschaft m.b.H.“ gehalten wird. Eine Überprüfung des Wertansatzes auf Basis der Geschäftspläne ergab keinen Bedarf einer Änderung des Wertansatzes.

Die wesentliche Änderung im Umlaufvermögen betrifft den Rückgang der Forderungen aus Lieferungen und Leistungen und gegenüber verbundenen Unternehmen, welcher durch den Abbau der Konzernforderungen durch die Umstrukturierung der kurzfristigen Finanzierung, aber auch durch Abschreibungen im Zuge der oben beschriebenen Insolvenzen entstanden ist.

Hinsichtlich des Fremdkapitals kam es aufgrund der angespannten wirtschaftlichen Situation im Jahr 2010 und der damit zusammenhängenden Nichterfüllung von Anleihebedingungen zu einer Umgliederung einer ausständigen Anleihe in die kurzfristigen Verbindlichkeiten. Dies geschah ungeachtet der im Jahr 2011 mit den Banken erzielten Einigung über ein Finanzierungs- und Stundungspaket.

Die Verbindlichkeiten gegenüber Kreditinstituten wurden einerseits durch planmäßige Rückzahlung, insbesondere als Gegenposition der geringeren Forderungen aus Lieferungen und Leistungen, reduziert. Die Konzernverbindlichkeiten haben sich insbesondere durch die erforderliche Finanzierung des Verlustes erhöht.

Wie die meisten Unternehmen ist die S&T zu einem Teil mit lang- und kurzfristigem Fremdkapital finanziert. Die Gesellschaft ist somit Netto-Kreditnehmer und damit von der Aufrechterhaltung dieser Finanzierungsmöglichkeiten abhängig.

Bei wesentlicher Unterperformance ist wie bei jeder Bankfinanzierung das Risiko einer Nichtverlängerung, Anpassung bzw. einer Kündigung der kurzfristigen Linien gegeben. Im Vorfeld der Fälligkeit der 30-Mio.-Anleihe führte die S&T AG seit dem 2. Quartal 2010 intensive Verhandlungen betreffend die Refinanzierung der Anleihen sowie eine mögliche Neustrukturierung der kurzfristigen Verbindlichkeiten gegenüber Kreditinstituten durch. Ziel war es - selbst im Falle des Nichterreichens der am 31. Dezember 2010 für bestimmte kurzfristige Kreditlinien gültigen Bedingungen hinsichtlich Rendite und Schuldentilgungsdauer - die Finanzierung und Liquidität der S&T-Gruppe für das nächste Geschäftsjahr sicherzustellen. Dies ist Anfang 2011 trotz der verschlechterten wirtschaftlichen Verhältnisse gelungen. Als Teilergebnis im Zusammenhang mit der Refinanzierung der fälligen Anleihen und der Restrukturierung der Passivseite hat das Unternehmen eine Stundungsvereinbarung und eine Zwischenfinanzierungsvereinbarung für die S&T AG bzw. den Konzern abgeschlossen. Die finanzierenden Banken stellen damit dem Konzern jene Mittel zur Verfügung, die für das operative Geschäft kurz- und mittelfristig benötigt werden und stunden die ursprünglich 2011 fällige Anleihe und auch den Großteil der laufenden Zinsen. Aufgrund der wirtschaftlichen Situation der Gesellschaft und der Gruppe bestehen kurzfristige Kündigungsmöglichkeiten durch die Banken- und Anleihegläubiger, welche nach Ansicht der Geschäftsleitung bei Einhaltung der Pläne nicht ausgeübt werden. Weiters enthält diese Vereinbarung eine Besserungsklausel, welche zur Zahlung eines Aufgeldes verpflichtet, insofern und insoweit das Konzerneigenkapital 8 % der Bilanzsumme übersteigt. Nach Einschätzung des Vorstandes ist mit Zahlungsabflüssen aus dieser Verpflichtung vor dem 31. Dezember 2014 nicht zu rechnen. Eine darüber hinausgehende Projektion auf Basis der Parameter des Impairment-Tests führt zu Eigenkapitalquoten, welche eine erste Zahlungsfälligkeit dieser Verpflichtung entsprechend der heute gültigen Verträge frühestens ab dem Jahre 2015 auslöst. Die Gesellschaft ermittelt derzeit den im Geschäftsjahr 2011 abzugrenzenden Erwartungswert für diese Verpflichtung.

Die S&T AG verfügt nach der aufgestellten Fortbestehensprognose über ausreichende kurzfristige Kreditlinien und somit Liquiditätsreserven, um den Fortbestand bis zum Abschluss der oben beschriebenen Finanzierungsverhandlungen sowie allfälliger Kapitalmaßnahmen sicherzustellen. Die Vereinbarungen für die erforderliche Zwischenfinanzierung und die Stundungen sehen die Verpfändung aller wesentlichen Beteiligungen, Forderungen und Gewinnansprüche vor. Das Finanzierungspaket beinhaltet weiters erweiterte Berichtspflichten, das Erfordernis der Einstellung eines „Chief Restructuring Officers“ und die Beauftragung eines empfohlenen Beraters zur Begleitung der Restrukturierung und Plausibilisierung der Planungen sowie die Verpflichtung die Zustimmung zu wesentlichen (überwiegend Intercompany) Transaktionen einzuholen.

Der Jahresverlust von 9,7 Mio führte 2010 zu einem Rückgang des Eigenkapitals von EUR 12,5 Mio auf EUR 2,7 Mio. Dadurch unterschritt das Eigenkapital die 8%-Quote nach URG sowie das halbe Grundkapital.

Diese Entwicklung macht Eigenkapitalmaßnahmen zwingend erforderlich. Zu diesem Zweck und auch um wieder die Möglichkeit zu eröffnen, einen Wachstumskurs einzuschlagen, hat der Vorstand Verhandlungen aufgenommen, um durch Hereinnahme eines strategischen Partners das Eigenkapital zu erhöhen und die Stabilität des Unternehmens zu verbessern. Seit Sommer 2010 spricht der Vorstand mit Interessenten zur Erweiterung der Gesellschafterbasis. Insbesondere seit Abschluss der o.a. Finanzierungsvereinbarungen erfahren diese Gespräche und auch das Interesse strategischer Partner eine Intensivierung. Dieser Prozess wird durch einen erfahrenen M&A-Berater begleitet. Ein erfolgreicher Abschluss lässt positive Signale auf die Marktposition, aber auch auf die Kunden-, Lieferanten- und Mitarbeitermotivation erwarten.

Der Fachsenat für Betriebswirtschaft und Organisation der Kammer der Wirtschaftstreuhänder Österreichs empfiehlt die Veröffentlichung finanzieller Leistungsindikatoren. Wir entsprechen dieser Empfehlung und veröffentlichen folgende ausgewählte Kennzahlen:

<b>Kennzahlen gemäß KFS/BW3:</b>	<u>2010</u>	<u>2009</u>
Umsatzerlöse in Mio EUR	10,5	13,2
Ergebnis vor Zinsen und Steuern in Mio EUR	(6,2)	(0,9)
Rohgewinnmarge in %	8,56%	9,79%
Eigenkapitalrentabilität in %	-360,13%	-35,07%
Gesamtkapitalrentabilität in %	-6,48%	-0,86%
Nettoverschuldung in Mio EUR	84,0	79,5
Working Capital in Mio EUR	(78,3)	(24,1)
Nettoverschuldungsgrad in %	3.113,8%	638,1%

### **Auftragslage**

Wenngleich sich das allgemeine Marktumfeld im Vergleich zum Jahr 2009 deutlich gebessert hat, blieb auch 2010 die Entwicklung unberechenbar und in den einzelnen Ländern sehr heterogen. S&T verwendet Kundenbeziehungsmanagement- und Steuerungssysteme, um die Auftragslage zu beurteilen und im Vorfeld abschätzen zu können. Die längerfristige Einschätzbarkeit von nicht kontraktierten Erlösen (Visibilität) ist jedoch unverändert schwierig.

### **Risikomanagement**

S&T verfügt über ein umfassendes Risikomanagementsystem, das in die Geschäftsprozesse integriert und Gegenstand laufender Weiterentwicklung ist. Die Säulen des Risikomanagements sind die standardisierten Planungs- und Controllingprozesse, das laufende Berichtswesen, konzernweite Richtlinien und das Interne Kontrollsystem.

Die risikopolitischen Grundsätze werden vom Vorstand festgelegt und vom Aufsichtsrat überwacht. Das Risikomanagement ist mit der Implementierung geeigneter Maßnahmen und der aktiven Überwachung der Grundsätze beauftragt.

Nachfolgend werden die wesentlichen Risiken im Finanzbereich beschrieben und die entsprechenden Gegenmaßnahmen erläutert. Eine detaillierte Darstellung des Finanzrisikomanagements findet sich unter Punkt 5 in den Bilanzierungs- und Bewertungsgrundsätzen des Konzernabschlusses.

#### **• Marktrisiko**

Aufgrund der internationalen Ausrichtung des S&T-Konzerns wird trotz zunehmender Verwendung des Euro ein beträchtlicher Teil der Geschäfte in anderen Währungen als der Berichtswährung EUR getätigt. Dazu gehören insbesondere der US-Dollar und die lokalen Währungen Zentral- und Osteuropas. Die Volatilität einzelner Währungen kann sich erheblich auf die Umsatzerlöse und Ergebnisse der S&T-Gruppe auswirken. Dem Fremdwährungsrisiko wird durch währungskongruente Finanzierung der Geschäfte, die Beschaffung von Fremdleistungen in der jeweiligen Landeswährung und die Vereinbarung von Währungsschwankungsklauseln begegnet. Im Einzelfall werden zur Absicherung derivative Finanzinstrumente eingesetzt. Spekulationsgeschäfte, also das Eingehen von Risiken außerhalb der operativen Geschäftstätigkeit, sind nicht zulässig.

• **Ausfallrisiko**

Dem Ausfallrisiko bei Forderungen gegenüber Kunden begegnen wir mit einem konsequenten Forderungsmanagement und einer gezielten Strategie der Kundendiversifizierung. Basierend auf einer laufenden Prüfung der Bonität der Abnehmer werden Kreditlimite und risikoadäquate Zahlungskonditionen vereinbart. Für eingetretene und erkennbare Ausfallrisiken wird durch den Ansatz von entsprechenden Wertberichtigungen und Rückstellungen vorgesorgt. Aufgrund der breiten Kundenbasis trägt kein Kunde mehr als 10 Prozent zum Konzernumsatz bei. Mögliche Ausfälle werden auch durch die geografische Diversifizierung der von uns betreuten Unternehmen in über 20 Ländern und die unterschiedlichsten Branchen begrenzt. Im Berichtszeitraum wurden keine nennenswerten Forderungsausfälle verzeichnet.

• **Finanzierungs- und Liquiditätsrisiko**

Die Sicherung der Liquidität ist eines der wichtigsten Unternehmensziele. Mittels wöchentlicher Liquiditätsanalysen und zentral überwachter Finanzplanungen wird die Liquidität effektiv gesteuert. Durch die unbefriedigende Ergebnisentwicklung hat sich die Liquiditätssituation der S&T-Gruppe verschlechtert. Die Sicherung der kurz- und mittelfristigen Liquidität stellt aus heutiger Sicht ein wesentliches Unternehmensrisiko dar. Sie hängt maßgeblich von der Refinanzierung der bis April 2012 gestundeten Anleihen und dem Ausgang der andauernden Gespräche mit Investoren zur Stärkung der Eigenkapitalbasis ab. Wir verweisen hierzu auf den Punkt „Allgemeine Erläuterungen“ des Anhangs zum Jahresabschluss zum 31. Dezember 2010 sowie auf den Punkt „Wesentliche Ereignisse nach dem Bilanzstichtag“ dieses Lageberichts.

• **Zinsänderungsrisiko**

Das Zinsänderungsrisiko stellt das Risiko von Wertänderungen festverzinslicher Finanzinstrumente, die zur Finanzierung der Gruppe eingesetzt werden, aufgrund der Schwankung von Marktzinssätzen dar. Da die risikopolitischen Grundsätze des Risikomanagements der Gruppe die aktive Absicherung nicht cash-wirksamer Risiken nicht vorsehen, werden dazu nur in untergeordnetem Umfang Maßnahmen gesetzt.

Sonstige wesentliche Risikokategorien, über die im Risikoreporting regelmäßig berichtet wird, sind nachstehend erläutert:

• **Projektgeschäft**

Das IT-Projektgeschäft unterliegt unterschiedlichen Risiken bei der Kalkulation und Abwicklung, vor allem bei Verträgen mit Fixpreisen. Nicht auszuschließen sind Verschiebungen, Verzögerungen oder der gänzliche Abbruch von Beratungsprojekten.

Dies führt nicht nur zur Problematik, Schadenersätze einfordern zu müssen, sondern auch zu Risiken in der Kapazitätsauslastung. Im Geschäftsjahr 2010 lagen die Schwerpunkte in der Erhöhung des Risikobewusstseins und der Verbesserung der Risikosteuerung im Projektmanagement und -controlling.

• **Personal**

Bedingt durch die anhaltend schwache Geschäftsentwicklung, insbesondere im deutschsprachigen Raum, und den daraus resultierenden Ertragseinbußen, muss der Personalstand den aktuellen Geschäftserfordernissen im Rahmen eines Restrukturierungsprogramms angepasst werden. Die Anzahl der Mitarbeiter verringerte sich im Vorjahresvergleich um 15 % auf 2.196 (inkl. Ukraine und Moldawien). Gezielte Fortbildungsprogramme und ein attraktives, leistungsorientiertes Vergütungssystem sind Standard in der S&T-Gruppe.

## **Internes Kontrollsystem**

Bei S&T ist ein Internes Kontrollsystem (IKS) auf verschiedenen operativen Ebenen etabliert. Die Organisationseinheit im Headquarter berichtet direkt an den Finanzvorstand, die lokalen Einheiten berichten je nach Aufgabe an die Finanz- bzw. Projektverantwortlichen. Die Verantwortung für die Einrichtung und Ausgestaltung des rechnungslegungsbezogenen Internen Kontroll- und Risikomanagementsystems und für die Sicherstellung der Einhaltung aller rechtlichen Anforderungen liegt beim Vorstand. Die Zuständigkeit reicht über die gesamte Unternehmensgruppe. Kernkontrollen des IKS sind Tätigkeitskontrollen zur Analyse von Sachverhalten und Entwicklungen, wie Soll-Ist-Vergleiche und Kennzahlenanalysen, Kontrolle der Richtigkeit, Vollständigkeit und der ordnungsgemäßen Genehmigung sowie der Funktionstrennung. Entsprechend der dezentralen Struktur von S&T liegt die Verantwortung für die Umsetzung und Überwachung des Internen Kontrollsystems beim jeweils zuständigen lokalen Management, das aufgefordert ist, die Einhaltung der Kontrollen in kritischen Prozessen durch Selbstevaluierungen zu überprüfen und zu dokumentieren. Auch die Investition in ein einheitliches, gruppenweites IT-System (SAP4ALL) hat hier weitere Verbesserungen und Transparenz gebracht.

Die Konzernunternehmen führen ihre Bücher und Aufzeichnungen entsprechend den gesetzlichen Bestimmungen des Landes, in dem sie gegründet und eingetragen sind. Die Abschlüsse werden aufgrund der konzerneinheitlichen Bilanzierungs- und Bewertungsmethoden übergeleitet, um für den Konzernabschluss eine Übereinstimmung mit den IFRS zu erreichen. Die Übernahme der Finanzdaten in das zentrale Konsolidierungssystem erfolgt weitgehend über automatisierte Schnittstellen. Im Rahmen der Erstellung des Konzernabschlusses bestätigt das Management der Tochtergesellschaften, dass die Finanzdaten ein angemessenes Bild der Vermögens-, Finanz- und Ertragslage der berichtenden Einheit vermitteln.

Darüber hinaus prüft die Interne Revision regelmäßig und stichprobenbasierend die Einhaltung der Konzernrichtlinien sowie die Ordnungsmäßigkeit und Effektivität von Kontrollen in Geschäfts- und Organisationsabläufen. Die Ergebnisse der Prüfungen werden regelmäßig an den Vorstand und an den Aufsichtsrat berichtet.

Für das interne Management-Reporting wird eine standardisierte Planungs- und Reportinglösung verwendet, welche ihrerseits weitgehend automatisiert auf die Daten aus den Primärsystemen zugreift. Die Berichterstattung erfolgt nach Ländern und Segmenten und beinhaltet Berichte über die operative Ergebnisentwicklung für den jeweils abgelaufenen Monat, eine rollierende 3-Monats-Vorschau, eine regelmäßig aktualisierte Jahresvorschau sowie verschiedene Abweichungsanalysen.

Zusätzlich werden spezifische Projektmanagement- und -controlling-Lösungen eingesetzt und laufend weiterentwickelt.

Die Berichterstattung erfolgt nicht nur an den Vorstand, sondern auch an den Aufsichtsrat sowie an den Prüfungsausschuss. Dieser wird in den regelmäßigen Sitzungen zusätzlich zu den quartalsweisen Konzernabschlüssen über die wirtschaftliche Entwicklung in Form von detaillierten Berichten informiert.

## **Forschung & Entwicklung**

Die S&T-Gruppe betreibt keine Grundlagenforschung im wissenschaftlichen Sinn. Von den Experten in der Gruppe werden jedoch laufend innovative IT-Lösungen entwickelt. Das geschieht sowohl auf Basis standardisierter Produkte wie SAP oder Microsoft, aber auch mit Individualprogrammierungen. In S&T-eigenen Nearshore-Zentren wird diese Arbeit fokussiert betrieben. Forschung wird auftragsbezogen abgewickelt, mit der Schließung der Schweizer Tochtergesellschaft nach dem Bilanzstichtag wurde der bis 2010 laufende Austausch mit Hochschulen, wie der Schweizer Universität St. Gallen, vorerst beendet.

## Human Resources

Für S&T arbeiten sehr gut ausgebildete Mitarbeiter, die es gewohnt sind, in unterschiedlichen Kulturen und Märkten zu arbeiten und zu kommunizieren. Die Personalentwicklung und die gezielte Nachwuchsförderung sind daher die Hauptaufgaben des HR-Departments. Spezifische Leistungsanreize und eine in der Mehrheit der Positionen bedeutende variable Gehaltskomponente bestehen auf lokaler und Konzernebene. Die Konzernobergesellschaft gibt im Rahmen der Führungs- und Managementfunktion die entsprechenden Richtlinien vor.

Unter Berücksichtigung der aufgegebenen Geschäftsbereiche reduzierte sich die durchschnittliche Mitarbeiterzahl (FTE) des Konzerns von 2.419 auf 2.106. Der Personalstand der Konzernobergesellschaft erhöhte sich geringfügig von 31 auf 33 Mitarbeiter.

### Nichtfinanzielle Leistungsindikatoren

- Kundenzufriedenheit

Die S&T-Gruppe führt alle ein bis zwei Jahre eine „Studie zur Kundenzufriedenheit“ in 13 Ländern mit über 1.250 der wichtigsten Kunden durch. Die repräsentativen Ergebnisse (mit einer Rücklaufquote von über 44%) der letztverfügbaren Studie aus dem Jahr 2009 zeigen eine Verbesserung der Gesamt-Kundenzufriedenheit. Während im Jahr 2008 S&T mit 2,3 beurteilt wurde, erhielt das Unternehmen für 2009 eine Bewertung von 2,2 (die Noten reichten von 1 = besonders zufrieden bis 6 = besonders unzufrieden). Die Ergebnisse sind fixer Bestandteil der Zielvereinbarungen unserer Mitarbeiter.

- Corporate Social Responsibility

Die S&T-Gruppe ist bemüht, trotz des wirtschaftlichen Drucks eine nachhaltige Entwicklung der Märkte und Länder zu unterstützen, in denen das Unternehmen aktiv ist. Zu den Maßnahmen gehören Erwachsenenbildungsprogramme und Kooperationen mit Universitäten. Speziell in schwierigen Zeiten versuchen wir, die Auswirkungen auf Mitarbeiter, die freigesetzt werden müssen, nach Möglichkeit zu mildern und ihnen neue Perspektiven aufzuzeigen. Der Schwerpunkt liegt auf Coaching in beruflichen Belangen, wie Neuorientierung, Burnout, Konfliktbewältigung, aber auch persönlichen Beratung. Im System der Balanced Scorecard, welche auf Ebene der lokalen Gesellschaften bereits in mehreren Ländern eingesetzt ist, werden nichtfinanzielle Leistungsindikatoren wie Auslastung oder Kundenzufriedenheit verwendet.

- Informationen über Umweltbelange

Da die Geschäftstätigkeit keinerlei Produktion materieller Güter beinhaltet, sind naturgemäß die Auswirkungen auf die Umwelt sehr eingeschränkt. Bei der Auswahl von IT-Infrastruktur für Kunden und für den eigenen Gebrauch wird jedoch der Energieeffizienz ein wichtiger Stellenwert eingeräumt.

## Wesentliche Ereignisse nach dem Bilanzstichtag

In der Aufsichtsratssitzung vom 17. Januar 2011 wurde Frau Dr. Viktoria Kickingler zur neuen Vorsitzenden des Aufsichtsrates der S&T gewählt. Der bisherige Vorsitzende, Herr Mag. Andreas Frech, hat aus persönlichen Gründen den Vorsitz abgegeben und legte wenig später auch sein Mandat nieder.

Mit 31. Jänner 2011 wurde Michael Lanik vom Aufsichtsrat zum Chief Restructuring Officer (CRO) bestellt und zum Sprecher des Vorstandes ernannt. Die Vereinbarung ist kurzfristig kündbar. Ende Jänner 2011 hat sich S&T mit den Banken auf ein Finanzierungspaket grundsätzlich geeinigt. Das im Anschluss vereinbarte Paket inkludiert die Verlängerung der Laufzeit der ursprünglich im Jahr 2011 fälligen Anleihe im Nominale von EUR 30 Mio bis zum 1. April 2012, die Stundung von Zinsen und die Bereitstellung jener Mittel, die für das operative Geschäft kurz- und mittelfristig benötigt werden. Hierzu verweisen wir auf das oben beschriebene Finanzierungs- und Liquiditätsrisiko und auf die Angaben im Anhang des Jahresabschlusses zum 31. Dezember 2010 unter „Allgemeine Erläuterungen“.

Für die bereits kommunizierte Schließung der deutschen Tochtergesellschaft hat sich nach genauer Analyse der Handlungsoptionen der Weg über eine Insolvenz als unvermeidbar herausgestellt. Aufgrund der engen Verflechtung mit dieser Gesellschaft und der ähnlich schwierigen wirtschaftlichen Entwicklung in der Schweiz musste am 22. Februar die Schließung der Schweizer Gesellschaft über eine Insolvenz bekanntgegeben werden. Beide Verfahren sind nicht abgeschlossen. Die Gesellschaft hat die nach derzeitigem Kenntnisstand erforderlichen Vorsorgen gebildet.

Am 19. April gab der Vorstand bekannt, dass das Eigenkapital der Gesellschaft den Wert des halben Grundkapitals unterschritten hat. Der Vorstand plant in der für den 1. Juli 2011 einzuberufenden ordentlichen Hauptversammlung über die Umstände und über erforderliche Maßnahmen zu berichten.

Der Restrukturierungsprozess der Gruppe und der Gesellschaft ist am Laufen und soll 2011 abgeschlossen sein. Schwerpunkt ist die S&T Austria GmbH, Österreich. Weiters werden auch alle anderen Konzerngesellschaften auf Potentiale zur Ergebnisverbesserung untersucht. Dazu wurden in Abstimmung mit den Banken externe Berater beauftragt. Die plangemäße Umsetzung der aufgezeigten Maßnahmen ist wesentlich für den Sanierungserfolg und die Aufrechterhaltung der Finanzierungszusagen der Banken, wie auch vorstehend näher beschrieben. Im Mai 2011 konnten dazu wesentliche erforderliche Vertragsanpassungen und die Umwidmung und letztlich auch die Auszahlung einer weiteren Kredittranche in Höhe von EUR 3,7 Mio vereinbart werden. Daneben konnten Rechte zur vorzeitigen Kündigung wegen Nichterreichens bestimmter Kennzahlen über das Geschäftsjahr hinaus ausgesetzt werden. Nach Einschätzung des Vorstandes ist trotz der nach wie vor gegebenen Abhängigkeit von den finanzierenden Anleihegläubigern und den Banken die Voraussetzung einer positiven Fortbestehensprognose erfüllt und die Basis für erfolgreiche Gespräche mit dem Ziel des Einstieges eines langfristigen und starken Investors gegeben. Die Konzepte in diesem Zusammenhang sehen Eigen- und Fremdkapitalmaßnahmen zur Restrukturierung der Passivseite der Bilanz der Gesellschaft vor.

### **Ausblick der Gruppe und der Konzernobergesellschaft**

Nach dem für S&T bisher schwierigsten Jahr 2010 konnten in den ersten Monaten des Jahres 2011 wesentliche Schritte in der 2010 eingeleiteten Restrukturierung im operativen und finanziellen Bereich erzielt werden. Wenngleich die Insolvenzen in Deutschland und in der Schweiz die Aufnahme von S&T in der Außenwirkung beeinträchtigen können, wurden nun maßgebliche Verlustquellen und die damit zusammenhängenden Auszahlungen gestoppt. Die Restrukturierung in Österreich ist zum Zeitpunkt der Berichterstellung noch nicht abgeschlossen und muss tiefgreifender als ursprünglich geplant vorgenommen werden.

Pierre Audoin Consultants (PAC) erkennt im Jahr 2010 Zeichen der Erholung im Software- und IT-Services-Markt im CEE-Raum, wenngleich das Volumen noch deutlich unter dem Rekordjahr 2008 blieb. Dieser soll jedoch 2011 gebrochen werden. PAC sieht auch bereits den zuvor angeführten Margendruck aufgrund der hohen Bereitschaft der Anbieter, den Kundenforderungen nachzugeben. Während die Nachfrage von Unternehmensseite nach wie vor als zurückhaltend und selektiv eingeschätzt wird, ist die Nachfrage von öffentlichen Stellen ausgeprägter, wenngleich schwieriger in der Auftragsakquisition. Wir erwarten für die als stärkste Nachfrager identifizierte Banken und öffentliche Stellen ebenso hohes Auftragspotenzial im Bereich von Infrastruktur und Applikationen.

Den aktuellen Markttrends wie Cloud-Computing und Outsourcing begegnen wir bereits seit längerem mit maßgeschneiderten übergreifenden Lösungsangeboten, hoher Kompetenz und aktiver Marktbearbeitung.

Für das Jahr 2011 wird auf den erfolgreichen Abschluss des seit 2010 vorbereiteten Prozesses zur Aufnahme eines Investors sowie auf eine langfristige Einigung mit den finanzierenden Banken hingearbeitet. Dazu wurden detaillierte Unterlagen in Zusammenarbeit mit professionellen Partnern ausgearbeitet. Eine M&A-Beratungsgesellschaft unterstützt S&T bei der Strukturierung und im Ablauf der geplanten Transaktion. Das Ziel ist, 2011 zu einem erfolgreichen Abschluss des Prozesses zu gelangen und damit den Fortbestand des S&T-Konzerns langfristig zu sichern.

Nach einer Lösung der liquiditätsbedingten Restriktionen gehen wir von einer Wiederaufnahme des Wachstums und einer Wiedererreichung der Profitabilität aus.

**Angaben gemäß §243a Abs. 1 UGB**

Das Grundkapital besteht aus 3.585.017 auf Inhaber lautende Stückaktien. Mit den Stammaktien der S&T AG besteht nur eine Aktienkategorie, alle Aktien sind mit denselben Rechten ausgestattet. Es bestehen somit keine Aktien mit besonderen Kontrollrechten. Es bestehen keine Beschränkungen, welche die Stimmrechte oder die Übertragung der Aktien betreffen. Dem Vorstand sind keine Vereinbarungen zwischen Gesellschaftern bekannt, welche die Stimmrechte oder die Übertragung von Aktien einschränken.

Die Bestimmungen über die Ernennung und Abberufung der Mitglieder des Vorstandes ergeben sich ausschließlich aus den einschlägigen Vorschriften des Aktiengesetzes 1965 (AktG) in der jeweils geltenden Fassung. Der Vorstand ist gemäß § 169 AktG ermächtigt, das Grundkapital bis zum 3. Juli 2014 um bis zu EUR 3.585.016 durch Ausgabe von bis zu 1.792.508 auf Inhaber lautende Stückaktien zu erhöhen.

Es besteht keine Ermächtigung des Vorstandes iSd § 243a Abs. 1 Z 7 UGB Aktien zurückzukaufen. Der Vorstand wurde in der 17. ordentlichen Hauptversammlung gemäß § 65 Abs. 1b AktG zur Veräußerung eigener Aktien in anderer Art als über die Börse unter Ausschluss einer Kaufgelegenheit beziehungsweise eines Bezugsrechts der Aktionäre bei einer Geltungsdauer der Veräußerungsermächtigung von fünf Jahren ermächtigt.

Dem Vorstand sind zum Berichtsstichtag folgende direkte oder indirekte Beteiligungen, die direkt zumindest 10 Prozent betragen, bekannt: Ing. Mag. Thomas Streimelweger (ca. 28 %), Masseverwalter der AvW-Gruppe (ca. 29%). Wie unter „Corporate Governance“ ausgeführt, ist laut Satzung für die Wahl von Mitgliedern des Aufsichtsrates sowie den Widerruf der Bestellung zum Mitglied des Aufsichtsrates durch die Hauptversammlung eine Mehrheit von drei Vierteln der abgegebenen Stimmen erforderlich.

Die Gesellschaft hat keine bedeutenden Vereinbarungen abgeschlossen, die unmittelbar bei einem Kontrollwechsel in der Gesellschaft infolge eines Übernahmeangebots wirksam werden, sich ändern oder enden. Im Falle einer Übernahme der Gesellschaft hat das vor dem Bilanzstichtag 2007 bestellte Vorstandsmitglied Anspruch auf eine Übergangsprämie; alternativ stehen diesem Vorstandsmitglied Kündigungsrechte unter Abfertigungsanspruch zu.

Bezüglich der Beschreibung des internen Kontrollsystems und des Risikomanagementsystems im Hinblick auf den Rechnungslegungsprozess verweisen wir auf die obigen Ausführungen.

Wien, den 27. Mai 2011

Der Vorstand:

Michael Lanik  
e.h.

Ing. Mag. Martin Bergler  
e.h.

Peter Trawnicek  
e.h.

Dr. Peter Sturz  
e.h.

**S & T System Integration & Technology Distribution AG,  
Wien**

**BILANZ ZUM 31. DEZEMBER 2010**

<b>AKTIVA</b>	31. Dez. 2010 EUR	31. Dez. 2009 EUR	<b>PASSIVA</b>	31. Dez. 2010 EUR	31. Dez. 2009 EUR
<b>A. ANLAGEVERMÖGEN</b>			<b>A. EIGENKAPITAL</b>		
I. Immaterielle Vermögensgegenstände			I. Grundkapital	7.170.034	7.170.034
1. gewerbliche Schutzrechte und ähnliche Rechte und Vorteile	1.249.819	1.785.988	II. Kapitalrücklagen		
	<u>1.249.819</u>	<u>1.785.988</u>	1. gebundene	5.013.981	5.013.981
II. Sachanlagen				<u>5.013.981</u>	<u>5.013.981</u>
1. Bauten auf fremdem Grund	9.157	17.005	III. Gewinnrücklagen		
2. andere Anlagen, Betriebs- und Geschäftsausstattung	140.493	154.891	1. gesetzliche Rücklage	90.841	90.841
	<u>149.650</u>	<u>171.896</u>	2. andere Rücklagen (freie Rücklagen)	70.555	--
III. Finanzanlagen				<u>161.396</u>	<u>90.841</u>
1. Anteile an verbundenen Unternehmen	89.561.270	89.561.270	IV. Rücklage für eigene Anteile	108.530	179.085
2. Wertpapiere (Wertrechte) des Anlagevermögens	61.624	61.168		<u>108.530</u>	<u>179.085</u>
	<u>89.622.894</u>	<u>89.622.438</u>	V. Bilanzverlust, davon Gewinnvortrag EUR 0 (2009: EUR 1.611.502)	(9.756.344)	--
	<u><b>91.022.363</b></u>	<u><b>91.580.322</b></u>		<u><b>2.697.597</b></u>	<u><b>12.453.941</b></u>
<b>B. UMLAUFVERMÖGEN</b>			<b>B. RÜCKSTELLUNGEN</b>		
I. Vorräte			1. Rückstellungen für Abfertigungen	65.540	54.966
1. Waren	315.519	94.537	2. Steuerrückstellungen	3.773	3.773
2. noch nicht abrechenbare Leistungen	376.257	376.257	3. sonstige Rückstellungen	3.423.782	2.730.747
	<u>691.776</u>	<u>470.794</u>		<u><b>3.493.095</b></u>	<u><b>2.789.486</b></u>
II. Forderungen und sonstige Vermögensgegenstände			<b>C. VERBINDLICHKEITEN</b>		
1. Forderungen aus Lieferungen und Leistungen	563.310	2.181.060	1. Anleihen	55.000.000	55.000.000
2. Forderungen gegenüber verbundenen Unternehmen	2.657.837	6.075.207	2. Verbindlichkeiten gegenüber Kreditinstituten	3.418.191	5.270.067
3. sonstige Forderungen und Vermögensgegenstände	248.247	320.119	3. erhaltene Anzahlungen auf Bestellungen	562.884	416.904
	<u>3.469.394</u>	<u>8.576.386</u>	4. Verbindlichkeiten aus Lieferungen und Leistungen	2.557.957	2.391.063
III. Wertpapiere und Anteile			5. Verbindlichkeiten gegenüber verbundenen Unternehmen	25.753.606	21.228.664
1. eigene Anteile	108.530	179.085	6. sonstige Verbindlichkeiten, davon aus Steuern EUR 6.143 (2009: EUR 12.966), davon im Rahmen der sozialen Sicherheit EUR 46.469 (2009: EUR 40.633)	1.818.313	1.991.850
	<u>108.530</u>	<u>179.085</u>		<u><b>89.110.951</b></u>	<u><b>86.298.548</b></u>
IV. Kassenbestand, Guthaben bei Kreditinstituten	4.347	692.189	<b>D. RECHNUNGSABGRENZUNGSPOSTEN</b>	<u><b>500.435</b></u>	<u><b>778.747</b></u>
	<u>4.347</u>	<u>692.189</u>			
<b>C. RECHNUNGSABGRENZUNGSPOSTEN</b>	<u><b>505.668</b></u>	<u><b>821.946</b></u>	<b>SUMME PASSIVA</b>	<u><b>95.802.078</b></u>	<u><b>102.320.722</b></u>
<b>SUMME AKTIVA</b>	<u><b>95.802.078</b></u>	<u><b>102.320.722</b></u>	<b>HAFTUNGSVERHÄLTNISSE</b>	<u>26.370.189</u>	<u>23.659.138</u>

**S & T System Integration & Technology Distribution AG,  
Wien**

**GEWINN- UND VERLUSTRECHNUNG FÜR DEN ZEITRAUM  
VOM 1. JÄNNER BIS 31. DEZEMBER 2010**

	2010 EUR	2009 EUR
	<u>                    </u>	<u>                    </u>
1. Umsatzerlöse	10.514.075	13.184.865
2. sonstige betriebliche Erträge		
a) Erträge aus dem Abgang vom Anlagevermögen mit Ausnahme der Finanzanlagen	110	40
b) Erträge aus der Auflösung von Rückstellungen	418.490	206.471
c) übrige	<u>10.363.400</u>	<u>11.487.747</u>
	<u>10.782.000</u>	<u>11.694.258</u>
	<u>                    </u>	<u>                    </u>
	21.296.075	24.879.123
3. Aufwendungen für Material und sonstige bezogene Herstellungsleistungen		
a) Materialaufwand	(7.345.140)	(9.104.411)
b) Aufwendungen für bezogene Leistungen	<u>(2.269.113)</u>	<u>(2.790.194)</u>
	<u>(9.614.253)</u>	<u>(11.894.605)</u>
4. Personalaufwand		
a) Gehälter	(2.784.057)	(2.263.273)
b) Aufwendungen für Abfertigungen und Leistungen an betriebliche Mitarbeitervorsorgekassen	(193.915)	(161.616)
c) Aufwendungen für Altersversorgung	(220.962)	(178.148)
d) Aufwendungen für gesetzlich vorgeschriebene Sozialabgaben sowie vom Entgelt abhängige Abgaben und Pflichtbeiträge	(587.011)	(502.750)
e) sonstige Sozialaufwendungen	<u>(42.857)</u>	<u>(38.838)</u>
	<u>(3.828.802)</u>	<u>(3.144.625)</u>
5. Abschreibungen		
a) auf immaterielle Gegenstände des Anlagevermögens und Sachanlagen	(872.655)	(732.257)
b) auf Gegenstände des Umlaufvermögens, soweit diese die im Unternehmen üblichen Abschreibungen überschreiten	<u>(2.836.701)</u>	<u>(959.367)</u>
	<u>(3.709.356)</u>	<u>(1.691.624)</u>
6. sonstige betriebliche Aufwendungen		
a) Steuern, soweit sie nicht unter "Steuern vom Einkommen und vom Ertrag" fallen	(21.377)	(25.598)
b) übrige	<u>(10.427.956)</u>	<u>(6.672.973)</u>
	<u>(10.449.333)</u>	<u>(6.698.571)</u>
7. <b>Zwischensumme aus Z 1 bis 6 (Betriebsergebnis) / Übertrag</b>	<u><b>(6.305.669)</b></u>	<u><b>1.449.698</b></u>

	2010 EUR	2009 EUR
Übertrag	(6.305.669)	1.449.698
8. Erträge aus Beteiligungen, davon aus verbundenen Unternehmen EUR 0 (2009: EUR 10.011)	--	10.011
9. Erträge aus anderen Wertpapieren und Ausleihungen des Finanzanlagevermögens	1.440	1.600
10. sonstige Zinsen und ähnliche Erträge, davon aus verbundenen Unternehmen EUR 168.102 (2009: EUR 89.237)	169.251	93.002
11. Erträge aus der Zuschreibung zu Finanzanlagen	456	2.240
12. Aufwendungen aus Finanzanlagen und aus Wertpapieren des Umlaufvermögens, davon a) Abschreibungen EUR 70.555 (2009: EUR 0) b) Aufwendungen aus verbundenen Unternehmen EUR 0 (2009: EUR 2.439.382)	(70.555)	(2.439.382)
13. Zinsen und ähnliche Aufwendungen, davon betreffend verbundene Unternehmen EUR 618.350 (2009: EUR 289.735)	(3.509.871)	(3.484.574)
<b>14. Zwischensumme aus Z 8 bis 13 (Finanzergebnis)</b>	<b>(3.409.279)</b>	<b>(5.817.103)</b>
<b>15. Ergebnis der gewöhnlichen Geschäftstätigkeit</b>	<b>(9.714.948)</b>	<b>(4.367.405)</b>
16. Steuern vom Einkommen und vom Ertrag, abzüglich Weiterver- rechnung an Gruppenmitglieder EUR 5.250 (2009: EUR 3.500)	(41.395)	(76.507)
<b>17. Jahresfehlbetrag</b>	<b>(9.756.343)</b>	<b>(4.443.912)</b>
18. Auflösung von Kapitalrücklagen	--	2.825.578
19. Auflösung Gewinnrücklagen	--	6.832
20. Gewinnvortrag aus dem Vorjahr	--	1.611.502
<b>21. Bilanzverlust</b>	<b>(9.756.343)</b>	<b>--</b>

## Entwicklung des Anlagevermögens im Geschäftsjahr 2010

	Anschaffungs- bzw. Herstellungskosten				Wertberichtigungen					Buchwerte	
	Stand am 1.1.2010	Zugänge Zuschüsse	Abgänge	Stand am 31.12.2010	Stand am 1.1.2010	Abschreibung lauf. Jahr	Abgänge	Zuschreibung lauf. Jahr	Stand am 31.12.2010	31.12. lauf. Jahr	31.12. Vorjahr
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
<b>I. Immaterielle Vermögensgegenstände</b>											
1. gewerbliche Schutzrechte und ähnliche Rechte und Vorteile	2.938.919	235.472	33.902	3.140.489	1.152.931	771.641	33.902	-	1.890.670	1.249.819	1.785.988
ZWISCHENSUMME	2.938.919	235.472	33.902	3.140.489	1.152.931	771.641	33.902	-	1.890.670	1.249.819	1.785.988
<b>II. Sachanlagen</b>											
1. Bauten auf fremdem Grund	47.091	-	-	47.091	30.086	7.848	-	-	37.934	9.157	17.005
2. andere Anlagen, Betriebs- und Geschäftsausstattung	533.249	132.039	160.026	505.262	378.358	79.653	93.242	-	364.769	140.493	154.891
3. geringwertige Vermögensgegenstände	-	13.513	13.513	-	-	13.513	13.513	-	-	-	-
ZWISCHENSUMME	580.340	145.552	173.539	552.353	408.444	101.014	106.755	-	402.703	149.650	171.896
<b>III. Finanzanlagen</b>											
1. Anteile an verbundenen Unternehmen	89.655.081	-	-	89.655.081	93.811	-	-	-	93.811	89.561.270	89.561.270
2. Wertpapiere (Wertrechte) des Anlagevermögens	74.440	-	-	74.440	13.272	-	-	456	12.816	61.624	61.168
ZWISCHENSUMME	89.729.521	-	-	89.729.521	107.083	-	-	456	106.627	89.622.894	89.622.438
<b>SUMME</b>	93.248.780	381.024	207.441	93.422.363	1.668.458	872.655	140.657	456	2.400.000	91.022.363	91.580.322

## **Anhang zum Jahresabschluss zum 31. Dezember 2010**

### Allgemeine Erläuterungen

Auf den vorliegenden Jahresabschluss wurden die Rechnungslegungsbestimmungen des Unternehmensgesetzbuches in der geltenden Fassung angewandt.

Der Jahresabschluss wurde unter Beachtung der Grundsätze ordnungsmäßiger Buchführung sowie unter Beachtung der Generalnorm, ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage des Unternehmens zu vermitteln (§ 222 Abs. 2 UGB), aufgestellt. Bei der Aufstellung des Jahresabschlusses wurden die Grundsätze der Vollständigkeit und der ordnungsmäßigen Bilanzierung eingehalten. Bei Vermögensgegenständen und Schulden wurde der Grundsatz der Einzelbewertung angewendet. Dem Vorsichtsgrundsatz wurde Rechnung getragen, indem insbesondere nur die am Abschlussstichtag verwirklichten Gewinne und Verluste ausgewiesen wurden. Alle erkennbaren Risiken und drohenden Verluste, die im Geschäftsjahr 2010 oder in einem früheren Geschäftsjahr entstanden sind, wurden berücksichtigt.

Bei der Bewertung wurde von der Fortführung des Unternehmens ausgegangen. Wie die meisten Unternehmen ist die Gesellschaft bzw. sind die in den Konzernabschluss einbezogenen Unternehmen (die S&T-Gruppe) zu einem Teil mit lang- und kurzfristigem Fremdkapital finanziert. Die Finanzierungsstruktur der S&T-Gruppe ist wesentlich durch die durch die Muttergesellschaft begebenen langfristigen Anleihen dominiert, welche planmäßig am 4. Mai 2011 (30-Mio.-EUR-Anleihe) und im April (15-Mio.-EUR-Anleihe) bzw. September (10-Mio.-EUR-Anleihe) 2012 fällig werden. Da die Gesellschaft die mit der 15-Mio.-EUR-Anleihe verbundenen Bedingungen nicht mehr erfüllt, wurde auch diese im Jahr 2012 fällige Anleihe als kurzfristig ausgewiesen. Die Cash-Bestände ergeben sich aus den Treasury-Erfordernissen und reduzieren wirtschaftlich die kurzfristigen Bankschulden. Die Gruppe ist somit Netto-Kreditnehmer und damit von der Aufrechterhaltung dieser Finanzierungsmöglichkeiten abhängig. Bei wesentlicher Unterperformance ist wie bei jeder Bankfinanzierung das Risiko einer Nichtverlängerung, Anpassung bzw. einer Kündigung der kurzfristigen Linien gegeben. Im Vorfeld der Fälligkeit der 30-Mio.-EUR-Anleihe führte die S&T AG seit dem 2. Quartal 2010 intensive Verhandlungen betreffend die Refinanzierung der Anleihen sowie eine mögliche Neustrukturierung der kurzfristigen Verbindlichkeiten gegenüber Kreditinstituten durch. Ziel war es - selbst im Falle des Nichterreichens der am 31. Dezember 2010 für bestimmte kurzfristige Kreditlinien gültigen Bedingungen hinsichtlich Rendite und Schuldentilgungsdauer - die Finanzierung und Liquidität der S&T-Gruppe für das nächste Geschäftsjahr sicherzustellen. Dies ist Anfang 2011 trotz der verschlechterten wirtschaftlichen Verhältnisse gelungen. Als Teilergebnis im Zusammenhang mit der Refinanzierung der fälligen Anleihen und der Restrukturierung der Passivseite hat das Unternehmen eine Stundungs- und eine Zwischenfinanzierungsvereinbarung abgeschlossen. Die finanzierenden Banken stellen damit jene Mittel zur Verfügung, die für das operative Geschäft kurz- und mittelfristig benötigt werden und stunden die ursprünglich 2011 fällige Anleihe und auch den Großteil der laufenden Zinsen. Aufgrund der wirtschaftlichen Situation der Gesellschaft bestehen kurzfristige Kündigungsmöglichkeiten durch die Banken- und Anleihegläubiger, welche nach Ansicht der Geschäftsleitung bei Einhaltung der Pläne nicht ausgeübt werden. Weiters enthält diese Vereinbarung eine Besserungsklausel, welche zur Zahlung eines Aufgeldes verpflichtet, insofern und insoweit das Konzerneigenkapital 8 % der Bilanzsumme übersteigt. Nach Einschätzung des Vorstandes ist mit Zahlungsabflüssen aus dieser Verpflichtung vor dem 31. Dezember 2014 nicht zu rechnen. Eine darüber hinausgehende Projektion auf Basis der Parameter des Impairment-Tests führt zu Eigenkapitalquoten, welche eine erste Zahlungsfälligkeit aus dieser Verpflichtung entsprechend der heute gültigen Verträge frühestens ab dem Jahr 2015 auslöst. Die Gesellschaft ermittelt derzeit den im Geschäftsjahr 2011 abzugrenzenden Erwartungswert für diese Verpflichtung.

Die S&T-Gruppe verfügt nach der aufgestellten Fortbestehensprognose über ausreichende kurzfristige Kreditlinien und somit Liquiditätsreserven, um den Fortbestand bis zum Abschluss der oben beschriebenen Finanzierungsverhandlungen sowie allfälliger Kapitalmaßnahmen sicherzustellen. Die Vereinbarungen für die erforderliche Zwischenfinanzierung und die Stundungen sehen die Verpfändung aller wesentlichen Beteiligungen, Forderungen und Gewinnansprüche vor. Das Finanzierungspaket beinhaltet weiters erweiterte Berichtspflichten sowie das Erfordernis der Einstellung eines „Chief Restructuring Officers“, die Beauftragung eines empfohlenen Beraters zur Begleitung der Restrukturierung und Plausibilisierung der Planungen und die Verpflichtung, die Zustimmung zu wesentlichen (überwiegend Intercompany) Transaktionen einzuholen. Der Restrukturierungsprozess der Gruppe ist am Laufen und soll bis Ende 2011 abgeschlossen sein.

Als weitere absichernde Maßnahme und um wieder die Möglichkeit zu eröffnen, einen Wachstumskurs einzuschlagen, hat der Vorstand Verhandlungen aufgenommen, um durch Hereinnahme eines strategischen Partners die Stabilität des Unternehmens zu verbessern. Seit Sommer 2010 spricht der Vorstand mit Interessenten zur Erweiterung der Gesellschafterbasis. Insbesondere seit Abschluss der o.a. Finanzierungsvereinbarungen erfahren diese Gespräche und auch das Interesse strategischer Partner eine Intensivierung. Dieser Prozess wird durch einen erfahrenen M&A-Berater begleitet. Ein erfolgreicher Abschluss lässt positive Signale auf die Marktposition, aber auch auf die Kunden-, Lieferanten- und Mitarbeitermotivation erwarten.

Die plangemäße Umsetzung der aufgezeigten Maßnahmen ist wesentlich für den Sanierungserfolg und die Aufrechterhaltung der Finanzierungszusagen der Banken. Im Mai 2011 konnten dazu wesentliche erforderliche Vertragsanpassungen und die Umwidmung und letztlich auch die Auszahlung einer weiteren Kredittranche in Höhe von EUR 3,7 Mio. an die S&T-Gruppe vereinbart werden. Nach Einschätzung des Vorstandes ist trotz der nach wie vor gegebenen Abhängigkeit von den finanzierenden Anleihegläubigern und den Banken die Voraussetzung einer positiven Fortbestehensprognose erfüllt und die Basis für erfolgreiche Gespräche mit dem Ziel des Einstieges eines langfristigen und starken Investors gegeben. Die Konzepte in diesem Zusammenhang sehen Eigen- und Fremdkapitalmaßnahmen zur Restrukturierung der Passivseite der Bilanz vor.

## **1. Bilanzierungs- und Bewertungsmethoden**

### **1.A. Anlagevermögen**

#### **1.A.I. Immaterielle Vermögensgegenstände**

Entgeltlich erworbene immaterielle Vermögensgegenstände werden zu Anschaffungskosten, vermindert um planmäßige Abschreibungen entsprechend der Nutzungsdauer, bewertet. Die planmäßigen Abschreibungen werden linear vorgenommen. Als Nutzungsdauer wird ein Zeitraum von 3 bis 5 Jahren, bei Markenrechten ein Zeitraum von 10 Jahren, zugrunde gelegt.

Außerplanmäßige Abschreibungen wurden nicht vorgenommen.

#### **1.A.II. Sachanlagen**

Das Sachanlagevermögen wurde zu Anschaffungs- und Herstellungskosten abzüglich der bisher aufgelaufenen und im Berichtsjahr planmäßig fortgeführten Abschreibungen bewertet. Zur Ermittlung der Abschreibungssätze wird generell die lineare Abschreibungsmethode gewählt.

Der Rahmen der Nutzungsdauer beträgt für die einzelnen Anlagegruppen:

1. Bauten auf fremdem Grund:  
6 - 33,3 Jahre
2. Andere Anlagen, Betriebs- und Geschäftsausstattung:  
3 - 5 Jahre, PKW 5 Jahre
3. Geringwertige Vermögensgegenstände im Sinne des § 13 EStG 1988 werden im Zugangsjahr jeweils voll abgeschrieben und sind in der Entwicklung des Anlagevermögens als Zugang und Abgang ausgewiesen.

Die Abschreibungsdauer von Bauten auf fremdem Grund entspricht der Mindestdauer des Mietverhältnisses.

Außerplanmäßige Abschreibungen wurden nicht vorgenommen.  
Festwerte gemäß § 209 Abs. 1 UGB werden nicht verwendet.

#### 1.A.III. Finanzanlagen

Die Finanzanlagen sind zu fortgeschriebenen Anschaffungskosten bilanziert. Außerplanmäßige Abschreibungen werden nur im Falle einer voraussichtlich dauernden Wertminderung vorgenommen.

#### 1.B. Umlaufvermögen

##### 1.B.I. Vorräte

##### 1.B.I.1. Waren

Die Handelswaren sind zu Anschaffungskosten bzw. zum niedrigeren Teilwert bewertet.

##### 1.B.II. Forderungen und sonstige Vermögensgegenstände

Bei der Bewertung von Forderungen wurden erkennbare Risiken durch individuelle Abwertungen berücksichtigt. Das allgemeine Kreditrisiko wird durch eine pauschale Einzelwertberichtigung berücksichtigt (siehe Erläuterungen zur Bilanz); soweit erforderlich, wurde die spätere Fälligkeit durch Abzinsung berücksichtigt. Fremdwährungsforderungen wurden zum Stichtagskurs bewertet.

#### 1.C. Rückstellungen

##### 1.C.1. Rückstellungen für Abfertigungen

Die Abfertigungsrückstellung wurde nach IAS 19 (Anwartschaftsbarwertverfahren) unter Zugrundelegung eines Kapitalisierungszinssatzes von 4,75 % (Vorjahr: 5,25 %) und von Fluktuationsabschlägen, basierend auf den Erfahrungswerten der Vorjahre, angesetzt. Für die Berechnung der Abfertigungsrückstellung wurde ein Pensionseintrittsalter auf Grund der Pensionssicherungsreform 2003 angesetzt. Der die Abfertigungsrückstellung betreffende Zinsaufwand wurde im Posten „Zinsen und ähnliche Aufwendungen“ der Gewinn- und Verlustrechnung ausgewiesen. Außerdem wurden versicherungsmathematische Verluste in Höhe von EUR 18.857 (Vorjahr: EUR 17.019) nicht berücksichtigt.

##### 1.C.2. Sonstige Rückstellungen

Die Rückstellungen wurden unter Bedachtnahme auf den Vorsichtsgrundsatz in Höhe des voraussichtlichen Anfalles gebildet. Rückstellungen aus Vorjahren wurden, soweit sie nicht verwendet wurden und der Grund für ihre Bildung weggefallen ist, über den Posten „sonstige betriebliche Erträge“ aufgelöst.

Die Jubiläumsgeldrückstellung wurde nach IAS 19 (Anwartschaftsbarwertverfahren) unter Zugrundelegung eines Kapitalisierungszinssatzes von 4,75 % (Vorjahr: 5,25 %) und von Fluktuationsabschlägen, basierend auf den Erfahrungswerten der Vorjahre, sowie eines Pensionseintrittsalters auf Grund der Pensionssicherungsreform 2003 angesetzt. Gehaltssteigerungen werden mit 5,25 % (Vorjahr: 5,25 %) berücksichtigt. Der die Jubiläumsgeldrückstellung betreffende Zinsaufwand wurde im Posten „Zinsen und ähnliche Aufwendungen“ der Gewinn- und Verlustrechnung ausgewiesen.

1.D. Verbindlichkeiten

Die Verbindlichkeiten sind mit dem Rückzahlungsbetrag unter Bedachtnahme auf den Grundsatz der Vorsicht bewertet.

**2. Währungsumrechnung**

Forderungen und Verbindlichkeiten sind mit dem Devisenkurs zum Zeitpunkt der Entstehung berechnet, wobei Kursänderungen zum Bilanzstichtag berücksichtigt wurden.

**3. Änderungen von Bewertungsmethoden**

Änderungen von Bewertungsmethoden sind, sofern vorhanden, bei den betreffenden Posten angegeben.

**4. Allgemeine Erläuterungen zur Bilanz und zur Gewinn- und Verlustrechnung**

4.1. Mitzugehörigkeit von Vermögensgegenständen oder Verbindlichkeiten zu anderen Bilanzposten

Soweit erforderlich, ist die Mitzugehörigkeit von Vermögensgegenständen oder Verbindlichkeiten zu anderen Bilanzposten bei den jeweiligen Posten im folgenden Abschnitt angegeben.

**5. Erläuterungen zur Bilanz - Aktiva**

5.A. Anlagevermögen

Die Entwicklung der einzelnen Posten des Anlagevermögens und die Aufgliederung der Jahresabschreibung nach einzelnen Posten sind aus der Tabelle „Entwicklung des Anlagevermögens“ auf Seite 4 ersichtlich.

5.A.I. Immaterielle Vermögensgegenstände

Unter den immateriellen Vermögensgegenständen sind Software und Rechte ausgewiesen. Es wurden planmäßige Abschreibungen in Höhe von EUR 771.641 (Vorjahr: EUR 624.468) vorgenommen.

Im Geschäftsjahr wurde Software in Höhe von EUR 112.725 (Vorjahr: EUR 235.581) von verbundenen Unternehmen angeschafft.

5.A.II. Sachanlagen

Im Bereich des Sachanlagevermögens wurden insgesamt nutzungsbedingte Abschreibungen in Höhe von EUR 101.014 (Vorjahr: EUR 107.789) vorgenommen.

5.A.III. Finanzanlagen

Die Beteiligungen sind im beiliegenden Beteiligungsspiegel (siehe Seite 15) aufgliedert.

5.B. Umlaufvermögen5.B.I. Forderungen und sonstige Vermögensgegenstände

Die Fristigkeit der Forderungen stellt sich folgendermaßen dar:

Bezeichnung	Summe		davon mit einer Restlaufzeit von mehr als 1 Jahr	
	2010	2009	2010	2009
	EUR	EUR	EUR	EUR
Forderungen aus Lieferungen und Leistungen	563.310	2.181.060	0	0
Forderungen gegenüber verbundenen Unternehmen	2.657.837	6.075.207	0	0
sonstige Forderungen und Vermögensgegenstände	248.247	320.119	0	0

5.B.I.1. Forderungen aus Lieferungen und Leistungen

Die Forderungen aus Lieferungen und Leistungen wurden um eine pauschale Einzelwertberichtigung (Länderrisiko) in Höhe von EUR 7.482 (Vorjahr: EUR 25.143) vermindert. Diese Forderungen wurden im Rahmen einer Globalzession zur Besicherung kurzfristiger Bankverbindlichkeiten abgetreten.

5.B.I.2. Forderungen gegenüber verbundenen Unternehmen

Die Forderungen gegenüber verbundenen Unternehmen betreffen mit EUR 2.407.271 (Vorjahr: EUR 5.548.296) Lieferungen und Leistungen und Sonstiges und mit EUR 250.566 (Vorjahr: EUR 526.911) Darlehen.

5.B.I.3. Sonstige Forderungen und Vermögensgegenstände

Die sonstigen Forderungen gliedern sich in folgende Posten:

Bezeichnung	Summe		davon mit einer Restlaufzeit von mehr als 1 Jahr	
	2010	2009	2010	2009
	EUR	EUR	EUR	EUR
Forderungen aus der Verrechnung mit Abgabenbehörden	158.790	144.831	0	0
andere sonstige Forderungen	89.457	175.288	0	0

Die sonstigen Forderungen enthalten Erträge in Höhe von EUR 196.718, die erst nach dem Bilanzstichtag zahlungswirksam werden.

5.B.II. Wertpapiere und Anteile5.B.II.1. eigene Anteile

Zum Bilanzstichtag hält die Gesellschaft 20.286 Stück eigene Aktien. Das entspricht einem Anteil von 0,57 % am Grundkapital.

**6. Erläuterungen zur Bilanz - Passiva**6.A. Grundkapital

Das Grundkapital beträgt wie im Vorjahr EUR 7.170.034 und ist in 3.585.017 auf Inhaber lautende Stückaktien zerlegt. Der Vorstand ist gemäß § 169 AktG ermächtigt, das Grundkapital bis zum 3. Juli 2014 um bis zu EUR 3.585.016 durch Ausgabe von bis zu 1.792.508 auf Inhaber lautende Stückaktien zu erhöhen.

6.B. Rückstellungen

Rückstellungen	31.12.2010	31.12.2009
	EUR	EUR
1. Rückstellungen für Abfertigungen	65.540	54.966
2. Steuerrückstellungen	3.773	3.773
3. sonstige Rückstellungen		
a) Rückstellungen für Verpflichtungen gegenüber Arbeitnehmern	820.487	330.268
b) Prozessrisikorückstellung	1.600.000	0
c) übrige Rückstellungen	1.003.295	2.400.479
Summe	3.493.095	2.789.486

Für einen drohenden Prozess, dessen Ausgang nicht vorhersehbar ist, wurde eine Prozessrisikorückstellung in der Höhe von EUR 1.600.000 gebildet.

Bei den übrigen sonstigen Rückstellungen handelt es sich insbesondere um Rückstellungen für ausstehende Eingangsrechnungen und zu erwartende Aufwendungen in Höhe von EUR 579.601 (Vorjahr: EUR 2.058.127).

6.C. Verbindlichkeiten

Die Aufgliederung der Verbindlichkeiten gemäß § 225 Abs. 6 und § 237 Z 1 a und b UGB stellt sich folgendermaßen dar:

		Summe	Restlaufzeit		
			bis zu 1 Jahr	über 1 Jahr	über 5 Jahre
		EUR	EUR	EUR	EUR
Anleihen	2010	55.000.000	45.000.000	10.000.000	0
	2009	55.000.000	0	55.000.000	0
Verbindlichkeiten gegenüber Kreditinstituten	2010	3.418.191	3.418.191	0	0
	2009	5.270.067	5.270.067	0	0
erhaltene Anzahlungen auf Bestellungen	2010	562.884	562.884	0	0
	2009	416.904	416.904	0	0
Verbindlichkeiten aus Lieferungen und Leistungen	2010	2.557.957	2.557.957	0	0
	2009	2.391.063	2.391.063	0	0
Verbindlichkeiten gegenüber verbundenen Unternehmen	2010	25.753.606	25.753.606	0	0
	2009	21.228.664	21.228.664	0	0
sonstige Verbindlichkeiten	2010	1.818.313	1.818.313	0	0
	2009	1.991.850	1.991.850	0	0

Da das Eigenkapital unter die in den Anleihebedingungen festgelegten Werte von 8 % der Bilanzsumme abgesunken ist, besteht zum 31.12.2010 ein grundsätzliches Recht der Anleihegläubiger zur Kündigung der Anleihe über ein Nominale in Höhe von EUR 15.000.000. Diesem Umstand wurde durch die Umgliederung dieser Anleihe in das Laufzeitband „bis zu 1 Jahr“ Rechnung getragen. Die Fälligkeit einer am 4. Mai 2011 endfälligen Anleihe über ein Nominale in Höhe von EUR 30.000.000 wurde bis 1. April 2012 gestundet. Diese Vereinbarung ist kurzfristig kündbar. Im Mai 2011 konnten dazu wesentliche erforderliche Vertragsanpassungen vereinbart und Rechte zur vorzeitigen Kündigung wegen Nichterreichen bestimmter Kennzahlen ausgesetzt werden.

Für Verbindlichkeiten gegenüber Kreditinstituten in Höhe von EUR 3.512.663 (Vorjahr: EUR 3.500.000) wurden im Rahmen einer Globalzession die Forderungen aus Lieferungen und Leistungen abgetreten sowie Wertpapiere in Höhe von EUR 61.624 (Vorjahr: EUR 61.168) verpfändet. Die Verbindlichkeiten gegenüber verbundenen Unternehmen betreffen mit EUR 79.550 (Vorjahr: EUR 944.532) Lieferungen und Leistungen und Sonstiges und mit EUR 25.674.056 (Vorjahr: EUR 20.284.132) Darlehen.

Die o.a. sonstigen Verbindlichkeiten setzen sich wie folgt zusammen:

		Summe	Restlaufzeit		
			bis zu 1 Jahr	über 1 Jahr	über 5 Jahre
		EUR	EUR	EUR	EUR
Verbindlichkeiten gegenüber Abgabenbehörden	2010	6.143	6.143	0	0
	2009	12.966	12.966	0	0
Verbindlichkeiten gegenüber Sozialversicherungsträger	2010	46.469	46.469	0	0
	2009	40.633	40.633	0	0
Kaufpreisrückstand Akquisitionen	2010	4.119	4.119	0	0
	2009	3.788	3.788	0	0
Anleihe- und Bankzinsen	2010	1.674.724	1.674.724	0	0
	2009	1.676.785	1.676.785	0	0
übrige Verbindlichkeiten	2010	86.858	86.858	0	0
	2009	257.678	257.678	0	0

Die übrigen Verbindlichkeiten enthalten Aufwendungen, die erst nach dem Bilanzstichtag zahlungswirksam werden, in Höhe von EUR 1.720.897 (Vorjahr: EUR 1.871.506).

## 7. Sonstige Angaben zur Bilanz

### 7.1. Haftungsverhältnisse

Die unter der Bilanz gemäß § 199 UGB ausgewiesenen Haftungsverhältnisse beinhalten EUR 787.371 (Vorjahr: EUR 622.841) für Bietungs-, Erfüllungs- und Gewährleistungsgarantien sowie EUR 25.582.818 (Vorjahr: EUR 23.036.297) für Garantien zugunsten verbundener Unternehmen (davon an Kreditinstitute EUR 22.748.558 (Vorjahr: EUR 15.899.352)). Letztere enthalten auch den aushaftenden Betrag aus Garantien für Bankverbindlichkeiten der S&T Deutschland GmbH und der S&T Schweiz Consulting AG, welche im Folgejahr Insolvenzanträge gestellt haben (EUR 1.946.827). Eine gleichlautende Garantie wurde für die S&T Austria GmbH abgegeben (aushaftender Betrag zum Jahresende 2010: EUR 6.463.922).

### 7.2. Verpflichtung aus der Nutzung von in der Bilanz nicht ausgewiesenen Sachanlagen

Der Gesamtbetrag der finanziellen Verpflichtungen aus der Nutzung von in der Bilanz nicht ausgewiesenen Sachanlagen für die folgenden fünf Jahre beläuft sich auf EUR 975.710 (Vorjahr: EUR 1.267.131), davon entfallen auf das nächste Geschäftsjahr EUR 602.464 (Vorjahr: EUR 708.214).

### 7.3. Angaben zu Finanzinstrumenten gemäß § 237a UGB

#### a) Angaben gemäß § 237a Abs. 1 Z 1 UGB

Zum Bilanzstichtag hat die Gesellschaft keine Verpflichtungen aus derivativen Finanzinstrumenten.

#### b) Angaben gemäß § 237a Abs. 1 Z 2 UGB

Zum Stichtag bestehen keine Finanzanlagen, die über dem Marktwert bewertet wurden.

## 8. **Erläuterungen zur Gewinn- und Verlustrechnung**

### 8.1. Umsatzerlöse

	2010	2009
	EUR	EUR
a) Handelswarenerlöse Inland	64.423	29.732
b) Handelswarenerlöse Ausland	8.231.823	10.640.665
c) Leistungserlöse Inland	0	49.748
d) Leistungserlöse Ausland	2.217.829	2.464.720
Summe	10.514.075	10.514.075

### 8.2. Steuern vom Einkommen und vom Ertrag

Die Steuerbelastung beträgt im Geschäftsjahr 2010 EUR 41.395 (2009: EUR 76.507). In diesem Betrag sind ausländische Quellensteuern in Höhe von EUR 38.389 (2009: EUR 73.007) enthalten. Der Bestand an aktiven latenten Steuern, berechnet zum aktuellen Körperschaftsteuersatz von 25 %, beträgt zum Bilanzstichtag EUR 652.699 (Vorjahr: EUR 953.250). Vom Aktivierungswahlrecht gemäß § 198 Abs. 10 UGB wurde nicht Gebrauch gemacht.

Für Zwecke der Ertragsbesteuerung besteht seit dem Geschäftsjahr 2005 eine steuerliche Unternehmensgruppe zwischen der S & T System Integration & Technology Distribution AG, Wien, als Gruppenträger und der S & T Austria GmbH, Wien, sowie der High Performance Systems Holding GmbH, Wien, als Gruppenmitgliedern. Ab dem Geschäftsjahr 2009 wurde die steuerliche Unternehmensgruppe um die Asset Vermögensverwaltungsgesellschaft m.b.H., Wien, erweitert.

## 9. **Sonstige Angaben**

9.1. Die durchschnittliche Zahl der Arbeitnehmer betrug 33 (nur Angestellte) (Vorjahr: 31).

9.2. Die Gesellschaft ist Mutterunternehmen des S&T-Konzerns. Mit Tochtergesellschaften bestehen neben Liefer- und Leistungsbeziehungen auch Finanzbeziehungen aus der Gewährung von Finanzkrediten.

9.3. Die Aufwendungen für den Abschlussprüfer setzten sich zusammen aus: Prüfung des Jahresabschlusses in Höhe von EUR 29.000 (Vorjahr: EUR 29.000) und sonstigen Prüfungsleistungen betreffend den Konzernabschluss, die prüferische Durchsicht des Berichtspaketes der Tochtergesellschaft High Performance Systems Holding GmbH, Wien, und andere Prüfungsleistungen in Höhe von EUR 111.000 (Vorjahr: EUR 103.000). Zusätzlich wurden für den Mehraufwand der Konzernprüfung 2009 EUR 50.000 verrechnet.

9.4. Der VORSTAND setzt sich aus folgenden Personen zusammen:

Christian Rosner, CEO (bis 29. Juni 2010)  
 Ing. Mag. Thomas Streimelweger, CEO (vom 29. Juni bis 22. November 2010)  
 Ing. Mag. Martin Bergler, CFO  
 Dr. Peter Sturz, COO  
 Mag. Peter Trawnicek, COO (seit 1. Februar 2010)

Mit Wirkung vom 31. Jänner 2011 wurde Michael Lanik zum Chief Restructuring Officer (CRO) und Sprecher des Vorstandes bestellt.

Die Bezüge des Vorstandes setzten sich im Berichtsjahr wie folgt zusammen:

		TOTAL	Feste Bezüge		Variable Bezüge	Abfertigungen inkl. MVK	Altersvorsorge
			während der VS-Tätigkeit	nach VS-Tätigkeit			
aktive Mitglieder	2010	773.116	514.792	0	164.150	7.294	86.880
	2009	459.298	363.316	0	29.361	6.141	60.480
ausgeschiedene Mitglieder	2010	867.509	282.568	344.547	0	159.754	80.640
	2009	625.245	430.560	0	-451	126.016	69.120
TOTAL	2010	1.640.625	797.360	344.547	164.150	167.048	167.520
	2009	1.084.543	793.876	0	28.910	132.157	129.600

Weiters wurden im Berichtsjahr für nahestehende Gesellschaften des Vorstandmitgliedes Thomas Streimelweger EUR 90.000 (Vorjahr: EUR 0) an Aufwandsvergütungen bezahlt bzw. rückgestellt.

Die restlichen Aufwendungen für Abfertigungen und Leistungen an betriebliche Mitarbeiter- vorsorgekassen setzten sich wie folgt zusammen: Abfertigungen an andere Arbeitnehmer EUR 6.798 (Vorjahr: EUR 7.628). Leistungen an betriebliche Mitarbeiter- vorsorgekassen für leitende Angestellte EUR 103 (Vorjahr: EUR 1.487) und andere Arbeitnehmer EUR 19.966 (Vorjahr: EUR 20.344). Von den restlichen Aufwendungen für Altersversorgung betreffen EUR 53.035 (Vorjahr: EUR 43.482) andere Arbeitnehmer und EUR 407 (Vorjahr: EUR 5.066) leitende Angestellte.

9.5. Der AUFSICHTSRAT setzt sich aus folgenden Personen zusammen:

Dr. Viktoria Kicking (Vorsitzende seit 17. Jänner 2011)  
 Mag. Andreas Frech (Vorsitzender vom 29. Juni 2010 bis 17. Jänner 2011;  
 Mitglied bis 31. Jänner 2011)  
 Ing. Mag. Thomas Streimelweger (Mitglied und Vorsitzender bis 30. Juni 2010)  
 Univ.-Prof. Dr. Reinhard Moser, Stellvertreter des Vorsitzenden  
 Dr. Wolfgang Auer Welsbach (bis 31. Jänner 2011)  
 Dkfm. Dr. Franz Jurkowitsch  
 DDr. Karl Michael Millauer  
 Ing. Karl Nigl  
 Dr. Ernst Nonhoff  
 Dr. Kurt Waniek

Die Mitglieder des Aufsichtsrates und ihnen nahestehende Gesellschaften erhielten für 2010 Aufwandsentschädigungen und Kostenersätze in Höhe von EUR 153.460 (Vorjahr: EUR 187.891).

#### 9.6. Anteile an verbundenen Unternehmen

Anteile an verbundenen Unternehmen	Ort	Anteil am Kapital in %	Eigenkapital (negatives 31.12.2009 Landeswährung		Jahresüberschuss (Jahresfehlbetrag) 2009 Landeswährung	
S & T Plus s.r.o.	Prag	1,00 %	T CZK	39.637	T CZK	10.128
S & T CZ s.r.o.	Prag	1,00 %	T CZK	90.992	T CZK	9.131
S & T Romania S.R.L.	Bukarest	1,01 %	T RON	34.530	T RON	1.202
S & T Software S.R.L.	<sup>1)</sup> Bukarest	100,00 %	T RON	--	T RON	--
S & T Mold S.R.L.	Chisinau	99,00 %	T MDL	7.763	T MDL	2.496
S & T Albania SHPK	Tirana	100,00 %	T ALL	-15.391	T ALL	-9.904
Asset Verwaltungsgesellschaft m.b.H.	Vienna	100,00 %	T EUR	70.305	T EUR	-18.929
<sup>1)</sup> in Liquidation						

Wien, den 27. Mai 2011

Der Vorstand:

Michael Lanik  
e.h.

Ing. Mag. Martin Bergler  
e.h.

Peter Trawnicek  
e.h.

Dr. Peter Sturz  
e.h.

# Bestätigungsvermerk

## **Bericht zum Jahresabschluss**

Wir haben den beigefügten Jahresabschluss der S & T System Integration & Technology Distribution AG, Wien, für das Geschäftsjahr vom 1. Jänner bis 31. Dezember 2010 unter Einbeziehung der Buchführung geprüft. Dieser Jahresabschluss umfasst die Bilanz zum 31. Dezember 2010, die Gewinn- und Verlustrechnung für das am 31. Dezember 2010 endende Geschäftsjahr sowie den Anhang.

### *Verantwortung der gesetzlichen Vertreter für den Jahresabschluss und für die Buchführung*

Die gesetzlichen Vertreter der Gesellschaft sind für die Buchführung sowie für die Aufstellung eines Jahresabschlusses verantwortlich, der ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage der Gesellschaft in Übereinstimmung mit den österreichischen unternehmensrechtlichen Vorschriften vermittelt. Diese Verantwortung beinhaltet: Gestaltung, Umsetzung und Aufrechterhaltung eines internen Kontrollsystems, soweit dieses für die Aufstellung des Jahresabschlusses und die Vermittlung eines möglichst getreuen Bildes der Vermögens-, Finanz- und Ertragslage der Gesellschaft von Bedeutung ist, damit dieser frei von wesentlichen Fehldarstellungen ist, sei es auf Grund von beabsichtigten oder unbeabsichtigten Fehlern; die Auswahl und Anwendung geeigneter Bilanzierungs- und Bewertungsmethoden; die Vornahme von Schätzungen, die unter Berücksichtigung der gegebenen Rahmenbedingungen angemessen erscheinen.

### *Verantwortung des Abschlussprüfers und Beschreibung von Art und Umfang der gesetzlichen Abschlussprüfung*

Unsere Verantwortung besteht in der Abgabe eines Prüfungsurteils zu diesem Jahresabschluss auf der Grundlage unserer Prüfung. Wir haben unsere Prüfung unter Beachtung der in Österreich geltenden gesetzlichen Vorschriften und Grundsätze ordnungsgemäßer Abschlussprüfung durchgeführt. Diese Grundsätze erfordern, dass wir die Standesregeln einhalten und die Prüfung so planen und durchführen, dass wir uns mit hinreichender Sicherheit ein Urteil darüber bilden können, ob der Jahresabschluss frei von wesentlichen Fehldarstellungen ist.

Eine Prüfung beinhaltet die Durchführung von Prüfungshandlungen zur Erlangung von Prüfungsnachweisen hinsichtlich der Beträge und sonstigen Angaben im Jahresabschluss. Die Auswahl der Prüfungshandlungen liegt im pflichtgemäßen Ermessen des Abschlussprüfers unter Berücksichtigung seiner Einschätzung des Risikos eines Auftretens wesentlicher Fehldarstellungen, sei es auf Grund von beabsichtigten oder unbeabsichtigten Fehlern. Bei der Vornahme dieser Risikoeinschätzung berücksichtigt der Abschlussprüfer das interne Kontrollsystem, soweit es für die Aufstellung des Jahresabschlusses und die Vermittlung eines möglichst getreuen Bildes der Vermögens-, Finanz- und Ertragslage der Gesellschaft von Bedeutung ist, um unter Berücksichtigung der Rahmenbedingungen geeignete Prüfungshandlungen festzulegen, nicht jedoch um ein Prüfungsurteil über die Wirksamkeit der internen Kontrollen der Gesellschaft abzugeben. Die Prüfung umfasst ferner die Beurteilung der Angemessenheit der angewandten Bilanzierungs- und Bewertungsmethoden und der von den gesetzlichen Vertretern vorgenommenen wesentlichen Schätzungen sowie eine Würdigung der Gesamtaussage des Jahresabschlusses.

Wir sind der Auffassung, dass wir ausreichende und geeignete Prüfungsnachweise erlangt haben, sodass unsere Prüfung eine hinreichend sichere Grundlage für unser Prüfungsurteil darstellt.

#### *Prüfungsurteil*

Unsere Prüfung hat zu keinen Einwendungen geführt. Auf Grund der bei der Prüfung gewonnenen Erkenntnisse entspricht der Jahresabschluss nach unserer Beurteilung den gesetzlichen Vorschriften und vermittelt ein möglichst getreues Bild der Vermögens- und Finanzlage der Gesellschaft zum 31. Dezember 2010 sowie der Ertragslage der Gesellschaft für das Geschäftsjahr vom 1. Jänner bis zum 31. Dezember 2010 in Übereinstimmung mit den österreichischen Grundsätzen ordnungsmäßiger Buchführung.

Ohne den Bestätigungsvermerk einzuschränken, verweisen wir auf die Angaben im Anhang unter dem Punkt „Allgemeine Erläuterungen“ zum Grundsatz der Unternehmensfortführung, in dem der Vorstand das bestehende Liquiditätsrisiko sowie den Status und den Ausblick hinsichtlich der aktuellen Refinanzierungsverhandlungen erläutert. Sollten die dort beschriebenen Maßnahmen nicht umgesetzt werden können, besteht eine wesentliche Unsicherheit hinsichtlich des Fortbestands der Gesellschaft.

Darüber hinaus weisen wir darauf hin, dass sich bei Nichteinhaltung der vom Vorstand gemeinsam mit dem zur Begleitung der Restrukturierung eingesetzten Berater erstellten Planzahlen in Zukunft eine wesentliche Wertminderung der Beteiligungen an verbundenen Unternehmen ergeben kann.

## **Aussagen zum Lagebericht**

Der Lagebericht ist auf Grund der gesetzlichen Vorschriften darauf zu prüfen, ob er mit dem Jahresabschluss in Einklang steht und ob die sonstigen Angaben im Lagebericht nicht eine falsche Vorstellung von der Lage der Gesellschaft erwecken. Der Bestätigungsvermerk hat auch eine Aussage darüber zu enthalten, ob der Lagebericht mit dem Jahresabschluss in Einklang steht und ob die Angaben nach § 243a UGB zutreffen.

Der Lagebericht steht nach unserer Beurteilung in Einklang mit dem Jahresabschluss. Die Angaben gemäß § 243a UGB sind zutreffend.

Wien, den 27. Mai 2011

PwC Wirtschaftsprüfung GmbH  
Wirtschaftsprüfungs- und  
Steuerberatungsgesellschaft

gez.:

Dr. Christine Catasta  
Wirtschaftsprüfer

## Erklärung des Vorstandes gemäß § 82 Abs. 4 Z. 3 BörseG

Wir bestätigen nach bestem Wissen, dass der im Einklang mit den maßgebenden Rechnungslegungsstandards aufgestellte Jahresabschluss des Mutterunternehmens ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage des Unternehmens vermittelt, dass der Lagebericht den Geschäftsverlauf, das Geschäftsergebnis und die Lage des Unternehmens so darstellt, dass ein möglichst getreues Bild der Vermögens, Finanz- und Ertragslage entsteht, und dass der Lagebericht die wesentlichen Risiken und Ungewissheiten beschreibt, denen das Unternehmen ausgesetzt ist.

Wien, 27. Mai 2011

Der Vorstand:



Michael Lanik  
CRO



Ing. Mag. Martin Bergler  
CFO



Dr. Peter Sturz  
COO IS



Peter Trawnicek  
COO BS

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