

January through June

Financial report on first half of 2007



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IT**

S&T Group Key Figures

S&T-GROUP IN MIL. EURO

	JAN - JUNE 2007	JAN - JUNE 2006	+/- IN %	JAN - DEC 2006
Sales	228.7	205.8	11.1	461.3
Profit from operations before depreciation, amortization and finance costs (EBITDA)	7.1	8.9	-20.4	18.0
Profit from operations (EBIT)	3.6	6.1	-40.7	12.1

Milestones 1st Half 2007

- January** Contract to take over Swiss IMG signed.
S&T Austria consolidated the IT infrastructure of the Austrian BUWOG (Bauen und Wohnen Gesellschaft) and implemented a modern IT security solution.
- February** S&T Competence Center for IBM Tivoli opened for service.
- April** Closing of the IMG acquisition.
S&T Romania engaged by A&D Pharmaceuticals to provide implementation of budget, planning and business intelligence solutions.
S&T Austria completed virtualisation of server at Energy AG Österreich.
- May** S&T Ukraine built network for broadband high-speed transfer at Ukrainian High Technologies.
S&T Bulgaria finished modernisation of IT infrastructure at E.ON Bulgaria.
- June** S&T Austria virtualised server of Austrian ORF.
S&T Hungary implemented SAP client accounting system at Hungarian water and waste-water company Fejérvíz.

«In the first half year of 2007 we have invested intensively in the further expansion and transition of the company and are well-positioned for the future.»

Letter to the Shareholders

Dear ladies and gentlemen,
distinguished shareholders,

After the first half of the business year 2007 we continue along our path of success. We are purposefully implementing our "Strategy 2010" with a focus on the Services and Solutions areas and are making clear progress. You have already gained a portion of 45% of total sales. The key figures from the first half of the year are very promising:

In sales, we have grown a total of 11%. Our business areas of Business Solutions, particularly in the SAP environment and Managed Services are reporting a plus of 39% and 13%. In the Enterprise Systems division, we are just above last years results.

Top priority in the business year 2007 is the integration of IMG and investments in further growth, in which we will reinforce ourselves in the leading position for Information Technology service in Central and Eastern Europe. We are concentrating our activities predominantly in Managed Services, in out-tasking/outsourcing and the SAP environment. Our focus is also on the manufacturing industry, the finance sector, retail and car trade, and in selected areas of the public sector, as well as the telecommunications industry. Characterised by higher integration expenses and increased build-up and reconstruction investments, the EBITDA at -20% is below the comparable value of the previous year. The results contribution of Swiss subsidiary IMG which is fully consolidated for the first time is pleasing. It corresponds to our expectations despite restructuring expenditures.

The S&T stock has once again in the first half of 2007 climbed to a new height. While it reached 39.20€ at the close of the business year 2006, it had its all-time high of 59.20€ in April 2007 and stabilised in mid-August at 56€ despite difficult market conditions. The market capitalisation figures also grew enormously: from a year-end 2006 value of 139.9 Mil.€ to around 200 Mil.€ on August 17, 2007.

The bar for business year 2007 has been set high, because 2006 was the year of breaking all records. Nevertheless we are very confident for the second half of 2007. Above all, the order situation at the beginning of the third quarter developed very positively. Therefore we are strengthening our sales outlook for business year 2007.

Thank you very much for your support



Christian Rosner

The S&T Share

Austrian stock market sailing upward on the whole

In the first half of 2007 ATX reached new highs. Along with a favourable valuation and positive profit development, take-over speculation also generated further price fantasies. The markets in the USA and Japan hung clearly behind. Up to now the German leading index DAX left clearly behind the ATX, with full order books of German industry and booming exports particularly driving the DAX up 21 percent.

In the beginning of July 2007 the European leading stock markets began by slowing and the Vienna ATX followed suit. The sparking of terror anxiety in the financial center London further burdened the markets. Around mid-July the ATX briefly broke through the magical threshold of 5,000 due to positive company news, but could not maintain this value. The Dow Jones and the DAX also recorded historic highs, but over the course of July 2007 eased back again. On July 26, the leading global stock exchange, the

New York Stock Exchange listed one of the largest drops of 2007. The American DOW Jones index experienced the strongest decline of the year to date. Experts pointed to the continued weak development in the US real estate sector and the fear of risk in the credit sector as the principle causes of the fall. The leading indexes of the European stock markets, for example the DAX and the ATX also followed this development and fell several percentage points.

The liquidity problems in the US mortgage sector really hit home in the middle of August and led to a strong downturn in international stock markets on a broad scale. The ATX also saw a substantial drop and some Prime Standard companies recorded exchange rate losses of up to 10%. Then the US central bank lowered the discount rate at which banks can borrow money directly from the central bank by half a percentage point. The stock markets reacted to this by putting up share prices again.

S&T stock at all-time high of 59.2€

After the S&T stock already had a brilliant up-swing closing at 39.20€ in business year 2006, it continued in this direction at the start of 2007. Until mid-February 2007 the stock value grew to 51€, constituting a 30% gain. The signing of the acquisition of IMG in the beginning of January played a decisive role in this result. Until the beginning of March investor sales to realise profit lowered the stock price to 45€.

The all-time high of S&T stock of 59.20€ was reached on April 2, 2007. There were good reasons for this: The excellent news of the 2006 business year results at the end of March with double-digit record growth rates in sales and earnings. In addition, reporting an all-time high of more than

211 Mil.€, S&T reached its highest market capitalisation since the founding of the company.

The reactions of the publication of the Q1 2007 figures were subdued, as expected. S&T shares could not escape these facts.

The stock price experienced a new thrust due to the presentation of the "company vision 2010" on June 4, 2007. The vision and strategy was very positively received by the financial community and the share price crested again at the 59€ mark at the end of June. By August 17 the S&T stock price had stabilised at around 56€ in spite of considerable turbulence within international stock markets. This translates to a share-price gain of 43% for our shareholders since the beginning of the year.

Management Report

1. General economic conditions

The global economy exhibited continued dynamic development in the first half of 2007 and was driven in particular by strong growth in the emerging markets. Despite being dependent upon the international price development and fluctuations of commodity prices, the increase in consumer prices remained quite stable. The national economies of Central

and Eastern Europe were able to propel their growth dynamic from the year 2006 into the first half of 2007. Also Austria, particularly in the S&T relevant DACH region, experienced an economic boost, carried mainly by strong Central and Eastern European business. In addition, the IT market in Asia offers S&T many new opportunities.

2. Development of the S&T Group

Once again the S&T Group was able to increase their sales in the first half of the year 2007 by a double-digit 11% over last years' results. The strongest increase was reported by the Business Solutions area with a plus of 39%; due substantially to the first-ever integration of IMG. Managed Services achieved sales growth of 13%. The growth of these business areas are

above the average market growth rate. This overall positive development offers further indication that our "Strategy 2010" with its focus on consulting and solutions is gaining ground. The Business Solutions and Managed Services areas already account for 45% of our total sales. The goal for 2010 is to raise this to 60%.

SALES PER DIVISION IN MIL. EUR

	JAN - JUNE 2007	JAN - JUNE 2006	+/- IN %	JAN - DEC 2006
Business Solutions	63.2	45.4	39.1	93.8
Managed Services	39.4	34.9	13.0	74.7
Services	102.6	80.3	27.8	168.5
Enterprise Systems	126.1	125.5	0.5	292.8
Total Sales	228.7	205.8	11.1	461.3

The areas of consulting and solutions were also convincing in the Q2 of 2007. Their contribution to total sales was almost 50% and growth developed exceeding well at 61% for Business

Solutions and 11% for Managed Services. Sales of Enterprise Services division also improved by around 3%.

3. The profit situation of the first half year of 2007

The first half year of 2007 was characterised by a light contraction of EBITDA from 8.9 Mil.€ to 7.1 Mil.€. The decrease resulted significantly from acquisition-related integration expenses for IMG, restructuring costs from acquisitions in 2006 and numerous initiatives and investments of the company to implement its strategic goals. Expansion of competencies and service offering are the clear focal points. This included the opening of two Competence Centers in Ljubljana (IBM Tivoli and EMC Velocity² Signature Solution Center) and one in Bucharest (Customer Concept Center together with HP). In addition, S&T concentrated on the expansion of SAP business and other strategic business areas. S&T further enriched competencies through technology certifications – including the launch of a SAP offensive for mid-sized companies in several countries – and the opening of a certified SAP training center. The integration and restructuring expenses amount to

about 2 Mil.€ in total. Despite restructuring costs our Swiss subsidiary IMG has produced a first positive profit.

Net financial costs were down from -0.4 Mil.€ to -2.2 Mil.€. This was largely due to higher interest payments on bonds issued in May 2006 (volume: 30 Mil.€; rate 5.375%), most of the proceeds of which were used to finance the IMG acquisition. The fall in profit before tax from 5.7 Mil.€ to 1.4 Mil. € was mainly due to the lower earnings from profit from operations in comparison to the reporting period of the previous year and increased financing expenses. Continued operations posted a loss of 0.1 Mil.€, largely due to income tax expenses totalling -1.5 Mil.€, which were slightly down year-on-year. Earnings from discontinued operations came in at 0.2 Mil.€. Total earnings for the first half came to 0.1 Mil.€.

4. Risk management

The risk situation in the first half of 2007 did not change from that of business year 2006. The necessary organisational measures to implement an expanded risk management system are making good progress. The completion of these measures for the year 2007 is on schedule.

The high level of client diversification of the S&T Group provides a balanced risk structure: no client accounts have a share of more than 4% of annual total sales.

5. Non-financial service indicators

S&T clients have an extremely high level of trust in the reliability and quality of the S&T service offering. An example of this is the over ten-year long partnership of S&T Austria with the renowned steel company Voestalpine. Each year S&T rolls out about 1,500 desktop systems, 500 notebooks and numerous peripheral devices. In addition, S&T is also responsible for the procurement, implementation and maintenance of all 400 Intel server systems that are business critical for the smooth production flow of the company.

A further highlight of successful performance quality was provided by the Hungarian S&T subsidiary UNITIS Systemhouse. They have attained the highest qualification level of SAP: Gold Partner. This brings national and international customers numerous benefits: high quality, project associates with special

competence, as well as the most up-to-date SAP knowledge. As Gold Partner, UNITIS must fulfil several strict qualification requirements. This includes in addition to a constant high level of service and an enduring fulfilment of customer needs, also the availability of a comprehensively-trained sales team. Furthermore, the consultants must demonstrate sector-specific knowledge and experience.

In addition S&T Hungary was named by Cisco Systems as the best international technology partner in the security sector at the Cisco Partner Summit 2007 in Las Vegas. The honour recognises the expertise and the wide-reaching experience of the company in the area of IT security that will naturally be used group-wide at S&T.

6. Events of particular significance which occurred after the end of the first half year

OMV recently appointed S&T with the operation of point of billing systems (Managed Desktop Service) for more than 500 petrol stations throughout Austria. S&T thereby provides round the clock 7x24x365 First & Second level support as well as On-

Site coworker for monitoring, maintenance and repair and carries out training courses. The project runs several years and covers a total volume of approximately 6 Mil. €.

7. Outlook

For Austria a higher level of utilisation is expected within the Austrian industrial sector leading to a stable demand for equipment investment. Also for Germany there are growing indications that the economy is again positioned on an increased growth path. In the core markets of Central and Eastern Europe of S&T Group high investment and strong consumer-driven growth is expected for the year 2007. A sustained boom in investment and strong economic growth characterise the prognoses of the leading economic experts. Interim political uncertainties in some Eastern European countries have dissipated by the second half of 2007. For the countries of Bulgaria, Russia, Slovakia and Slovenia a high growth dynamic is expected, which will also lead to attractive growth rates for IT services.

In the second half of 2007, S&T will focus on the successful integration of its acquisitions and organic growth, and will also utilize the investments of the first half of the year to ensure the continuous growth path. Although we needed to make investments during the first half of the year and to carry the restructuring expenses, we are certain that we are well-positioned for the future. In the second and third quarters the company received additional large contracts, and notably mid-term contracts, which affect several countries. Still others are currently being prepared and implemented. These should have a positive effect upon the second half of the year. The economic and IT market prognosis for 2007 points to strong growth rates, with the dampening effect of difficult environmental requirements in individual countries declining or disappearing altogether. Our outlook for the business year 2007 therefore still holds: according to current information we will attain sales of over 500 Mil.€, and our services business will continue to develop excellent. We will publish our final outlook for the complete year of 2007 more precisely in our report on the first three quarters of 2007.

Vienna, 20 August 2007



Christian Rosner



Ing. Mag. Martin Bergler

Consolidated income statement

Consolidated income statement

all amounts in EUR '000

PERIOD FROM 01/01, ENDED	06/30/2007	06/30/2006	12/31/2006
SALES			
Business Solutions	63,195	45,439	93,778
Enterprise Systems	126,132	125,483	292,832
Managed Services	39,358	34,844	74,689
Total Sales	228,685	205,766	461,299
Merchandise, spare parts and purchased services	(150,728)	(144,786)	(330,979)
Staff costs	(53,639)	(38,707)	(81,656)
Other operating expenses	(19,999)	(15,595)	(34,992)
	(224,366)	(199,088)	(447,627)
Other operating income	2,758	2,208	4,328
Total operating expenses less other income	(221,608)	(196,880)	(443,299)
Profit from operations before depreciation, amortization and finance costs (EBITDA)	7,077	8,886	18,000
Depreciation and amortization	(3,463)	(2,796)	(5,920)
Profit from operations (EBIT)	3,614	6,090	12,080
Finance costs - net	(2,173)	(383)	(1,600)
Profit/(loss) before tax	1,441	5,707	10,480
Income tax expense ¹⁾	(1,542)	(1,669)	(3,698)
Profit from continuing operations	(101)	4,038	6,782
Profit from discontinued operation	208	–	–
Profit for the period	107	4,038	6,782
Attributable to:			
Equity holders of the company	59	4,037	6,781
Minority interest	48	1	1
Profit for the year	107	4,038	6,782
Earnings per share attributable to equity holders of the company in EUR:			
Basic earnings per share	0,02	1,14	1,91
Diluted earnings per share	0,02	1,12	1,89
Weighted number of ordinary shares in issue (thousands)	3,564	3,547	3,552
¹⁾ Thereof deferred tax	(415)	(430)	(543)

Consolidated income statement

all amounts in EUR '000

PERIOD FROM 04/01, ENDED	06/30/2007	06/30/2006
SALES		
Business Solutions	40,891	25,402
Enterprise Systems	63,517	61,373
Managed Services	19,876	17,920
Total Sales	124,284	104,695
Merchandise, spare parts and purchased services	(77,643)	(73,789)
Staff costs	(32,568)	(19,336)
Other operating expenses	(12,162)	(8,852)
	(122,373)	(101,977)
Other operating income	1,996	1,681
Total operating expenses less other income	(120,377)	(100,296)
Profit from operations before depreciation, amortization and finance costs (EBITDA)	3,907	4,399
Depreciation and amortization	(1,888)	(1,418)
Profit from operations (EBIT)	2,019	2,981
Finance costs - net	(1,203)	(1,236)
Profit/(loss) before tax	816	1,745
Income tax expense	(990)	(926)
Profit from continuing operations	(174)	819
Profit from discontinued operations	208	–
Profit for the period	34	819
Attributable to:		
Equity Holders of the company	(14)	819
Minority interest	48	–
Net profit/(loss) for the period	34	819

Consolidated balance sheet

all amounts in EUR '000

ASSETS	06/30/2007	06/30/2006	12/31/2006
NON-CURRENT ASSETS			
Property, plant and equipment	16,605	15,712	15,195
Intangible assets	44,676	22,169	25,495
Investments in affiliated companies	55	79	36
Available-for-sale financial assets	999	925	1,179
Non-current receivables	2,960	2,960	2,627
Deferred tax assets	6,622	4,172	3,850
	71,917	46,017	48,382
CURRENT ASSETS			
Inventories	20,642	17,891	21,485
Trade accounts receivable	103,202	83,823	103,725
Other receivables and prepayments	22,904	15,875	17,521
Cash and cash equivalents	24,427	41,840	43,904
Assets classified as held for sale	1,439	–	–
	172,614	159,429	186,635
Total assets	244,531	205,446	235,017
EQUITY AND LIABILITIES			
SHAREHOLDERS'S EQUITY			
Issued capital	7,137	7,137	7,137
Share premium	5,938	5,931	5,933
Treasury shares	(613)	(94)	61
Cumulative translation adjustments	2,067	(1,195)	1,495
Retained earnings and other reserves	32,169	29,372	32,108
Equity attributable to equity holders of the company	46,698	41,151	46,734
Minority interest	(992)	3	3
	45,706	41,154	46,737
NON-CURRENT LIABILITIES			
Loans and other liabilities	68,399	60,360	60,460
Deferred tax liability	566	733	438
	68,965	61,093	60,898
CURRENT LIABILITIES			
Trade accounts payable	42,647	43,939	61,493
Current tax liabilities	–	566	751
Other payables	19,545	15,079	20,556
Short-term borrowings	28,212	19,343	12,975
Provisions and accrued liabilities	38,331	24,272	31,607
Liabilities classified as held for sale	1,125	–	–
	129,860	103,199	127,382
Total equity and liabilities	244,531	205,446	235,017

Consolidated cash flow statement

all amounts in EUR '000

PERIOD FROM 01/01, ENDED	06/30/2007	06/30/2006	12/31/2006
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit from operations	3,614	6,090	12,080
Adjustments for non-cash items:			
Depreciation and amortization	3,463	2,796	5,920
Gain on disposal of subsidiary	(125)	–	(168)
Other (net)	67	(651)	(465)
	7,019	8,235	17,367
Changes in working capital:			
(Increase)/decrease in trade accounts and other receivables	17,000	16,677	(1,858)
(Increase)/decrease in inventory	842	2,102	(1,515)
Increase/(decrease) in current liabilities	(31,286)	(21,187)	5,795
	(13,444)	(2,408)	2,422
Interest received	566	273	1,143
Interest paid	(2,959)	(979)	(2,173)
Taxes paid	(2,007)	(1,868)	(3,620)
Net cash generated from operating activities	(10,825)	3,253	15,139
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment and intangible assets	(3,394)	(2,199)	(5,692)
Purchase of investments	–	–	(732)
Proceeds from sale of property, plant and equipment	843	245	3,395
Proceeds from sale of investments	5	1	160
Disposal of subsidiaries, net of cash	–	–	1,090
Acquisition of subsidiaries, net of cash	(26,106)	(1,772)	(5,929)
Increase in term deposit (maturity > 3 months)	–	(20,000)	–
Proceeds from sale of derivative financial instruments	–	876	880
Long-term loans and receivables (granted)/repaid	124	(496)	664
Net cash used in investing activities	(28,528)	(23,345)	(6,164)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Purchase)/sale of treasury shares	(674)	(25)	130
Increase in long-term loans and borrowings	5,908	29,595	29,594
Decrease in long-term loans and borrowings	(458)	(1,639)	(2,239)
Repayment of finance lease liabilities	(853)	(830)	(1,400)
Increase/(decrease) in short-term borrowings	15,520	(5,046)	(11,487)
Net cash used in financing activities	19,443	22,055	14,598
Net (decrease)/increase in cash and cash equivalents	(19,910)	1,963	23,573
MOVEMENT IN CASH AND CASH EQUIVALENTS			
At beginning of the reporting period	43,904	19,781	19,781
Increase/(decrease)	(19,910)	1,963	23,573
Effect of exchange rate changes	433	96	550
At end of the reporting period	24,427	21,840	43,904
Time deposits for a period longer than three months	–	20,000	–
Cash and cash equivalents (in Balance Sheet)	24,427	41,840	43,904

Consolidated Statement of changes in equity

all amounts in EUR '000

SHAREHOLDERS' EQUITY	ISSUED CAPITAL	SHARE PREMIUM	TREASURY SHARES	CUMULATIVE TRANSLATION ADJUSTMENT	AVAILABLE FOR SALE INVEST- MENTS	RETAINED EARNINGS AND OTHER RESERVES	EQUITY ATTRIBUT- ABLE TO EQUITY HOLDERS OF THE COMPANY	MINORITY INTEREST	TOTAL
Period ended June 30, 2007									
Balance at January 1, 2007	7,137	5,933	61	1,495	(10)	32,118	46,734	3	46,737
Currency translation differences	–	–	–	572	–	–	572	–	572
Securities available for sale	–	–	–	–	2	–	2	–	2
Net income recognized directly in equity	–	–	–	572	2	–	574	–	574
Net profit for the year	–	–	–	–	–	59	59	48	107
Total recognized income for 2007	–	–	–	572	2	59	633	48	681
Initial consolidation	–	–	–	–	–	–	–	(1,043)	(1,043)
Transactions with treasury shares	–	–	(674)	–	–	–	(674)	–	(674)
Share option plan	–	5	–	–	–	–	5	–	5
Balance at June 30, 2007	7,137	5,938	(613)	2,067	(8)	32,177	46,698	(992)	45,706
Period ended June 30, 2006									
Balance at January 1, 2006	7,137	5,907	(69)	(521)	10	25,203	37,667	2	37,669
Currency translation differences	–	–	–	(674)	–	–	(674)	–	(674)
Securities available for sale	–	–	–	–	(11)	–	(11)	–	(11)
Net income recognized directly in equity	–	–	–	(674)	(11)	–	(685)	–	(685)
Net profit for the year	–	–	–	–	–	4,037	4,037	1	4,038
Total recognized income for 2006	–	–	–	(674)	(11)	4,037	3,352	1	3,353
Initial consolidation	–	–	–	–	–	133	133	–	133
Changes in treasury shares	–	–	(25)	–	–	–	(25)	–	(25)
Share option plan	–	24	–	–	–	–	24	–	24
Balance at June 30, 2006	7,137	5,931	(94)	(1,195)	(1)	29,373	41,151	3	41,154

Consolidated Statement of changes in equity

all amounts in EUR '000

SHAREHOLDERS' EQUITY	ISSUED CAPITAL	SHARE PREMIUM	TREASURY SHARES	CUMULATIVE TRANSLATION ADJUSTMENT	AVAILABLE FOR SALE INVEST- MENTS	RETAINED EARNINGS AND OTHER RESERVES	EQUITY ATTRIBUT- ABLE TO EQUITY HOLDERS OF THE COMPANY	MINORITY INTEREST	TOTAL
Period ended December 31, 2006									
Balance at January 1, 2006	7,137	5,907	(69)	(521)	10	25,203	37,667	2	37,669
Currency translation differences	–	–	–	2,016	–	–	2,016	–	2,016
Securities available for sale	–	–	–	–	(20)	–	(20)	–	(20)
Net income recognized directly in equity	–	–	–	2,016	(20)	–	1,996	–	1,996
Net profit for the year 2006	–	–	–	–	–	6,781	6,781	1	6,782
Total recognized income for 2006	–	–	–	2,016	(20)	6,781	8,777	1	8,778
Initial consolidation	–	–	–	–	–	134	134	–	134
Changes in treasury shares	–	–	130	–	–	–	130	–	130
Share option plan	–	26	–	–	–	–	26	–	26
Balance at December 31, 2006	7,137	5,933	61	1,495	(10)	32,118	46,734	3	46,737

Notes to the consolidated financial statements

Basis of preparation

The consolidated half year financial statements at 30 June 2007 were compiled in accordance with International Financial Reporting Standards (IFRS). Presentation currency is the Euro. The figures are presented in thousands of Euro (TEUR). With the exception of the new pronouncements described below, the half year financial statements use the same accounting and valuation methods as the consolidated financial statements for the 2006 financial year. For additional information see the consolidated financial statements as of 31 December 2006, which form the basis for this half year's financial statements. IAS 34 "Interim Reporting" was additionally applied.

Initial adoption of new standards:

The International Accounting Standards Board (IASB) published a number of changes to existing standards as well as new standards and interpretations which are mandatory. These standards also have to be applied in the EU and relate to the following issues:

- Amendment to IAS 1 Capital Disclosures
- IFRS 7 Financial Instruments: Disclosures
- IFRIC 10 Interim Financial Reporting and Impairment (mandatory for annual periods beginning on or after 1 November 2006)
- IFRIC 11 Group and Treasury Share Transactions pursuant to IFRS 2 (mandatory for annual periods beginning on or after 1 March 2007)

The first-time adoption of these regulations had no material effect on the financial position, cash flows and performance of the Group.

The following standards or amendments to standards and interpretations were adopted by the IASB or IFRIC, however, by the time these consolidated financial statements were prepared, they had not yet been adopted by the EU.

- IFRIC 12 Service Concession Arrangements (mandatory for annual periods beginning on or after 1 January 2008)
- IFRS 8 Operating Segments (mandatory for annual periods beginning on or after 1 January 2009)
- IAS 23 Borrowing Costs (applies to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009)
- IFRIC 13 Customer Loyalty Programmes (mandatory for annual periods beginning on or after 1 July 2008)
- IFRIC 14 – The Limit on a Defined Benefit Asset Minimum Funding Requirements and their Interaction (mandatory for annual periods beginning on or after 1 January 2008)

The effects of these standards cannot yet be estimated reliably.

Initial consolidation

With effect from 1 April 2007, the Group acquired IMG AG "The Information Management Group", St. Gallen, Switzerland. A subsidiary of IMG group was acquired with a view to its subsequent disposal. The initial accounting of the business combination was determined only provisionally in accordance with IFRS 3.62.

The impact of these acquisitions for the half year financial statements as of 30 June 2007 is as follows:

Purchase consideration	35,986
Fair value of net assets acquired	(17,346)
Goodwill	18,640

The fair values of assets and liabilities arising from acquisitions are as follows:

Non-current assets	5,695
Current assets	33,786
Non-current liabilities	(3,132)
Current liabilities	(20,046)
Minority interest (in subsidiaries)	1,043
Fair value of net assets acquired	17,346
Goodwill	18,640
Total purchase consideration	35,986
Cash and cash equivalents in subsidiaries acquired	(10,614)
	25,372
Subsequent changes in acquisition costs	734
Total cash outflow (see consolidated cash flow statement)	26,106

Events after balance sheet date

Other than the receipt of a large order from OMV (details can be found in this interim report on page 7), there were no events of major importance after the end of the first half.

Cyclical business

Based on past years' experience, we are expecting an average third quarter and a strong fourth quarter.

Segment results

The segment breakdown applied to sales is as detailed in the profit and loss account. The segment results for the first half year are as follows:

	2007	2006
Business Solutions	2,810	4,791
Enterprise Systems	4,350	3,057
Managed Services	5,631	5,871
	12,791	13,719
Unallocated expenses less other income	(9,177)	(7,629)
Profit from operations (EBIT)	3,614	6,090

Other information

The Board of Directors and the Supervisory Board were discharged at the AGM on 2 May 2007. As all Supervisory Board members had served their full term in accordance with § 87 para. 2 Stock Corporation Law (AktG), the Board needed to be re-elected. William de Gelsey did not seek re-election, for reason of his age. Serving members Thomas Streimelweger, Reinhard Moser, Franz Jurkowitsch, Karl-Michael Millauer, Karl Nigl and Kurt Waniek were re-elected to the Supervisory Board, and Ernst Nonhoff was appointed as a new member. The term of office runs until the conclusion of the AGM to approve the 2011 consolidated financial statements.

As the authorised period had expired, the Board of Directors was re-authorised to acquire own shares and sell them within five years.

Vienna, 20 August 2007



Christian Rosner



Martin Bergler

Declaration according to § 87 (1) line 3 of the Stock Exchange Act

As statutory agent of the issuer we declare

a) that the consolidated financial statement compiled is in accordance with the proper financial accounting standards and to the best of one's knowledge most accurately portrays the financial, assets and profits position of the entirety of the companies included in the consolidation;

b) that the half-yearly financial report gives a true picture of the financial, assets and profits position regarding the information required according to § 87 of the Stock Exchange Act.

The half-yearly financial report was neither subject to a complete audit nor were the books looked over by an annual auditor.

Vienna, 20 August 2007



Christian Rosner



Ing. Mag. Martin Bergler

Information for Investors

Financial calendar 2007:

- 03/28/2007 **Report of the Business Year 2006**
- Press conference
 - Analyst conference (by telephone)
- 04/26/2007 **Report of the First Quarter 2007**
- Press conference
 - Analyst conference (by telephone)
- 05/02/2007 **Shareholder's Meeting 2007**
- 07/31/2007 **Report on First Half 2007**
- Press conference
 - Analyst conference (by telephone)
- 10/24/2007 **Report of the First Three Quarters 2007**
- Press conference
 - Analyst conference (by telephone)

This is the translation of the German report. In case of divergence from the German version, the German version shall prevail.

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Disclaimer

This half year report contains forward-looking statements with respect to future events related to the S&T Group and its companies as well as economic and political developments. The Report contains certain forward-looking statements. Such forward-looking statements involve management estimates, known and unknown risks, uncertainties and other factors which may cause the actual results, financial condition, performance or achievements of S&T, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: competition from other companies, changes in operating expenses, adverse changes in applicable regulations and tax laws etc. No representation or warranty can be given, expressly or implied, regarding the correctness, completeness or fairness of information and opinion regarding such forward-looking statements contained in this half year report. S&T disclaims any obligation to update any such forward-looking statements to reflect future events or developments.

