

report on the first nine months 2010



Consulting. Integration. Outsourcing.

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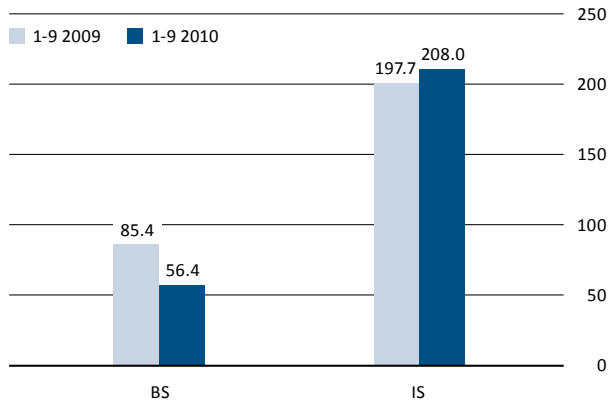
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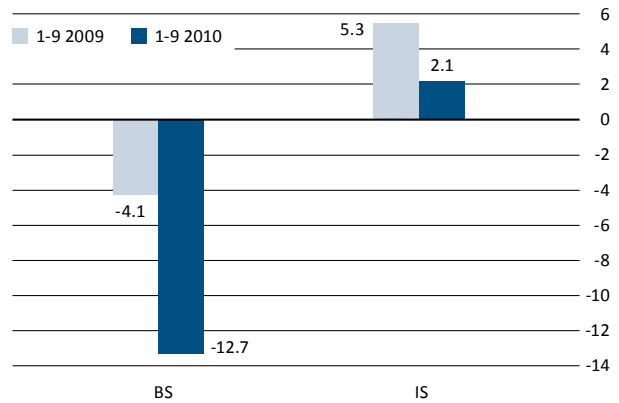
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our key figures

REVENUE DEVELOPMENT (in EUR million)

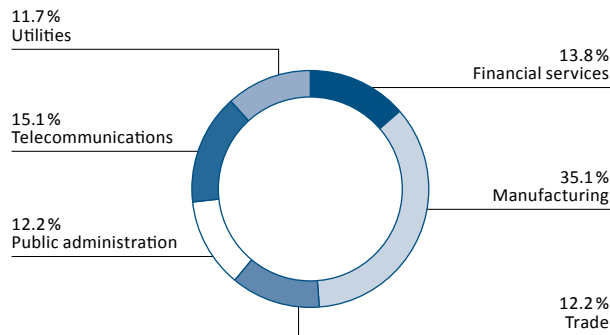


EBIT DEVELOPMENT* (in EUR million)

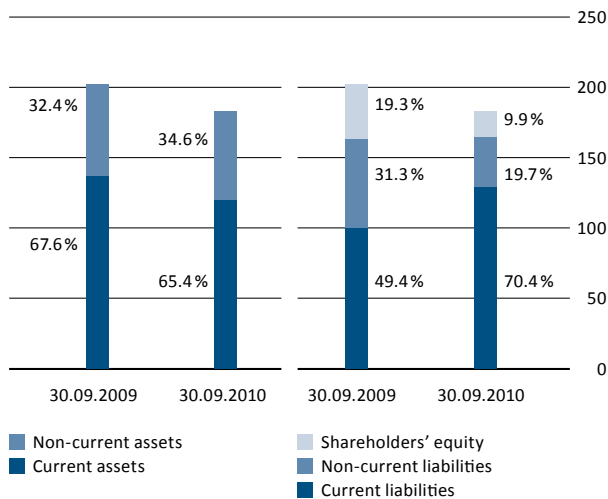


*) does not include unallocated expenses

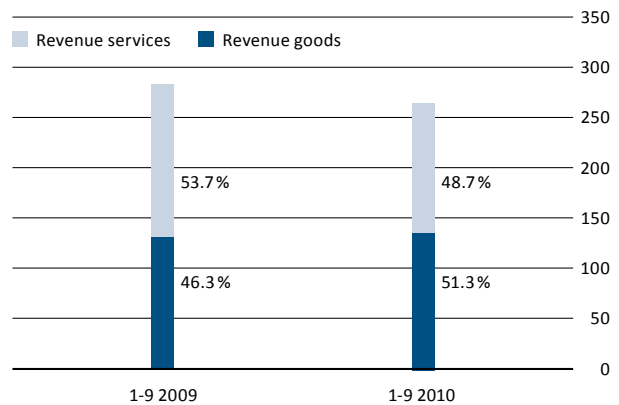
REVENUE PER INDUSTRY



BALANCE SHEET STRUCTURE (in EUR million)



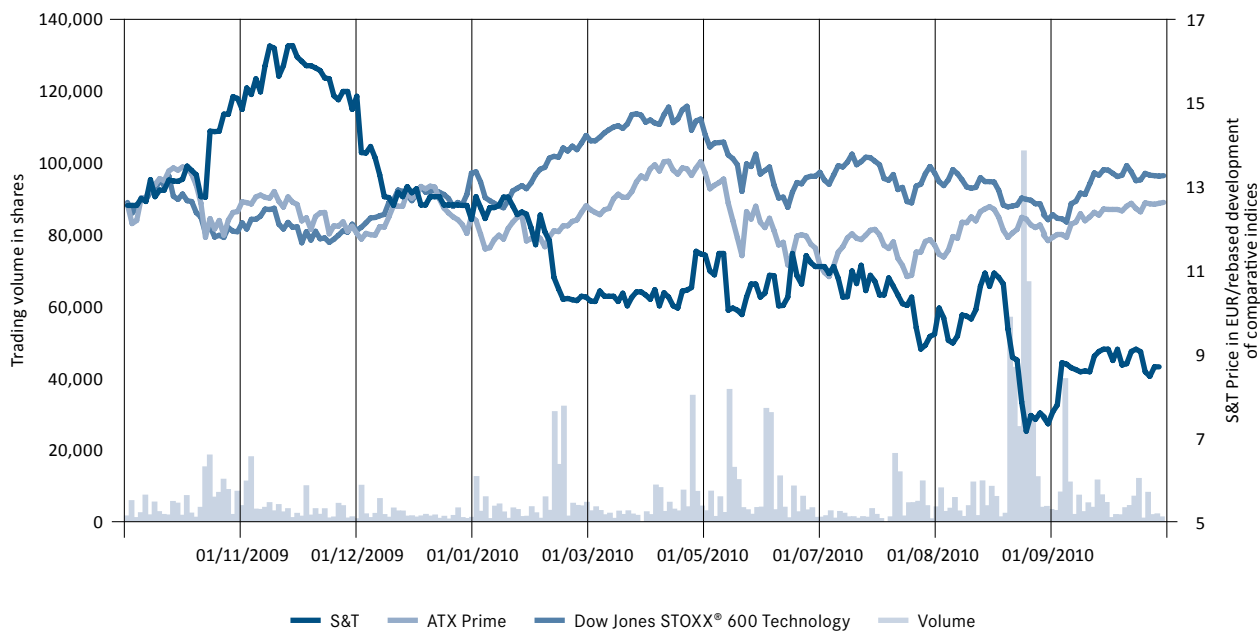
DEVELOPMENT OF SERVICE SHARE IN REVENUES (in EUR million)



KEY FINANCIAL DATA (in EUR million)

| | 1-9 2010 | 1-9 2009* | % |
|-------------------------------|-----------------|------------------|----------|
| Revenue | 264.4 | 283.1 | -7% |
| EBITDA | -10.2 | 3.1 | - |
| Profit from operations (EBIT) | -14.0 | -1.3 | - |
| Profit before tax | -17.4 | -3.9 | - |
| Net profit | -17.6 | -7.0 | - |
| Earnings per share in EUR | -4.96 | -1.01 | - |
| Shareholders' equity | 17.9 | 38.8 | -54% |
| Total assets | 181.6 | 201.0 | -10% |
| Net financial liabilities | 71.3 | 62.2 | 15% |
| Net debt to total capital | 39.3% | 30.9% | - |

SHARE PRICE DEVELOPMENT



management report

Key figures

| | Q3 2010 | Q3 2009 | | Q2 2010 | Q3 vs. Q2 2010 | Q1-3 2010 | Q1-3 2009 | |
|------------------|---------|---------|--------|---------|-------------------|-----------|-----------|-------|
| Revenue in EUR m | 90.8 | 92.1 | -1.5% | 90.9 | -0.2% | 264.4 | 283.1 | -6.6% |
| EBIT in EUR m | -4.6 | 0.1 | - | -3.5 | - | -14.0 | -1.3 | - |
| Employees (FTE) | 2,287 | 2,684 | -14.8% | 2,406 | -4.9% | - | - | - |

Highlights

- Management Board pushes through massive restructuring program, Q3 results burdened with restructuring costs of EUR 1.36 million
- Q4 2010 could be positive once again for the first time in four quarters
- All major S&T subsidiaries in Eastern Europe are operating profitably
- Focus on a cost reduction and productivity enhancement drive in A, D and CH
- Staff cost base in A, D and CH reduced by approx. EUR 5.5 million as of 2011
- New large long-term SAP projects (BS) at S&T Germany (ElectronicPartner) and S&T Poland (GAZ-SYSTEM)
- BS operating again at full capacity in Q4 and Q1 2011
- Search for key account managers, product specialists for sales and consultants, some 50 positions to be filled in A, D and CH
- Cost reductions by bundling resources in the fields of marketing and human resources
- Central procurement department is being established
- Restructuring of the product offering and customer portfolio
- Strategy: shift from small scale business to focus on large customers and large projects
- Refocusing of business operations has made considerable progress: S&T is already generating revenue of more than EUR 1 million p.a. with 70 customers; 570 customers account for 80% of total revenue
- Cost savings potential to be exploited in the next implementation phase with a further 20% of the least profitable customers
- Comprehensive organizational changes: initiation of verticalization process, complete implementation in H1 2011, first unit (Trade) established as of Q1 2011
- New, enhanced quality requirements with respect to personnel decisions for management
- New managing directors sought for S&T Germany, Bulgaria and Japan
- Project with grosso Holding terminated, talks initiated with several interested investors
- Ongoing negotiations with banks concerning medium-term financing
- Application to OeKB in preparation for guarantee in line with the ULSG law

Development of business segments

Infrastructure Services (IS):

The growth trend which became evident in the first half-year 2010 continued in the infrastructure and outsourcing business. Large contracts were concluded with Datagroup, Knorr-Bremse as well as public authorities in Croatia and Bulgaria, amongst others.

On balance, revenue of the Infrastructure Services (IS) segment in the first nine months of 2010 increased by 5.2% compared to the prior-year quarter, rising to EUR 208.0 million. At S&T Austria, which slipped into the red in 2009, the new management team initiated a far-reaching change process. In addition, a performance improvement program was enacted and carried out for the most part. The main lines of action of the restructuring drive include cost reductions, productivity enhancement, portfolio optimization and a reorientation of sales efforts. We expect to reach the break-even point in Q1 2011 by reducing overcapacity. The implemented measures led to considerable restructuring costs in Q3 2010. The majority of the cost reductions will be implemented in Q4 2010 and concluded in December 2010.

A new management team had to be appointed for the Bulgarian subsidiary in Q3.

Business Solutions (BS):

In the Business Solutions (BS) segment specializing in consulting and software development, the change process was continued with a focus on staffing, strategy and organization. The total number of employees was further reduced in A, D and CH on the basis of staff cuts and natural fluctuation. Capacity utilization improved but did not yet reach the targeted level. In Germany we plan to hire approx. 15-20 highly qualified consultants in each quarter, as we once again succeeded in doing in Q3 2010. Accordingly, we are confident of being able to make the necessary adjustments to sectoral shifts in the demand structure by strengthening and focusing our know-how. The insufficient invoicing of services for follow-up work in connection with the last remaining problem projects from the previous year is tapering off. Nevertheless, it continues to be another major reason for the negative segment results in the third quarter of 2010.

Due to the seasonality of business operations, the BS segment generated revenue of EUR 19.0 million, a decline of 3.7% compared to the previous quarter. As a consequence, total segment revenue in the first nine months of 2010 amounted to EUR 56.4 million, down 33.9% from the prior-year level.

The market environment in CEE remains difficult, though the overall trend is positive. In many countries, the lower public sector demand could be compensated by contract orders from the private sector.

Far-reaching organizational improvements initiated: verticalization, centralization

The verticalization strategy was implemented in the reporting quarter on the basis of an initial pilot project. This initiative is based on the strengthening of our vertical offering as previously described in the half-year financial report, but goes much further. The reorganization will result in significant improvements to S&T's Group-wide customer service. The aim is to acquire new attractive projects by focusing on S&T's comprehensive, bundled sector expertise as well as a consistent customer-focused organization. Within the context of the initial project, we are establishing a team spanning different countries and products for the Trade/Retail sector, designed to provide solution-oriented consulting for customers and draw upon the entire product and service offering of the S&T Group.

The strategy also further strengthens our unique selling proposition featuring a transnational market presence to implement trans-regional rollouts.

Additional important organizational measures were initiated which will contribute to ensuring the success of the strategy of achieving profitable growth and optimally servicing target customers:

- It was agreed to implement a Group-wide outsourcing structure. The aim is to achieve a transnational management of outsourcing activities as well as to bundle outsourcing know-how and resources. This new organizational model will come on stream at the turn of the year. It will consist of a transnational management structure and a central sales unit complementing local sales and delivery capacities, as well as the centralized provision of services in the newly-established International Delivery Center.
- The purpose of the International Delivery Center is to ensure the efficient and cost-optimized provision of services which can be centralized on behalf of customers throughout the entire S&T Group in the fields of datacenter services, workplace services, application services and end user support services. It will be set up in Bucharest, Romania, and will employ a staff of up to 100 people in the course of the upcoming year.
- A decision was also made to bundle internal Group-wide administrative services and back office functions in a Shared Services Center to be set up in Bratislava, Slovakia, and thus generate savings as of 2011.

Earnings situation

Total Group revenue amounted to EUR 264.4 million in the reporting period, a decrease of 6.6%. Due to the increased share of IS revenue as a percentage of the overall total, costs for merchandise, spare parts and purchased services rose by 2.5% to EUR 170.1 million.

The number of employees (full-time equivalents) declined from 2,581 people as at 31 December 2009 to 2,287 as at 30 September 2010. Staff costs were down 7.3% to EUR 81.1 million. This figure includes Q3 expenses of EUR 1.36 million in connection with restructuring measures concluded or being implemented until the end of the year to reduce staff count in Austria, Germany and Switzerland.

Other operating expenses once again decreased, falling by 9.7% to EUR 26.0 million in the period January to September 2010. However, Q3 operating expenses climbed by 9.0% to EUR 9.6 million from the prior quarter level as a result of additional material expenditures related, for example, to office relocations as well as consulting services within the context of the ongoing restructuring.

EBITDA and EBIT of the S&T Group both continued to be unsatisfactory, at EUR –10.2 million and EUR –14.0 million respectively. However, excluding the above-mentioned expenditures of EUR 1.36 million in Q3 to carry out structural adjustments, EBIT in the third quarter of 2010 improved somewhat from EUR –3.5 million in Q2 to EUR –3.3 million in Q3. In evaluating the third-quarter development, it is important to note that the third quarter of the year is always the weakest due to the summer months.

The BS segment still posted a negative operating result of EUR –12.7 million as a consequence of the restructuring measures and efforts to rectify and conclude problem projects from the previous year. However, despite loss carry-forwards from the Austrian subsidiary, the IS segment succeeded in making a positive earnings contribution of EUR +2.1 million. Excluding the losses generated by the Austrian business, the IS segment would have actually increased its absolute EBIT compared to the prior-year period.

The finance costs – net in the first nine months of 2010 totaled EUR –3.4 million, compared to the level of EUR –2.6 million in the previous year. Due to more favorable exchange rate changes, the finance costs – net in the third quarter of 2010 amounted to EUR –0.8 million, compared to EUR –1.4 million in the prior-year period and EUR –1.1 million in Q2 of the year under review. Due to the profit-making subsidiaries of the S&T Group in Eastern Europe and the limited possibilities to offset these gains against the losses of other subsidiaries, the net income tax expense was EUR –0.2 million following EUR +0.3 million in the previous year. The result from discontinued operations was positive in the first nine months of 2010, at EUR 0.1 million, which is related to the prudent post-closing management. In comparison, the result from discontinued operations in the comparable period of 2009 included costs amounting to EUR 3.4 million in connection with the shutdown of the Turkish subsidiary and the sale of a majority stake in the Russian and Chinese subsidiaries.

The companies included in consolidation almost exclusively refer to fully-owned subsidiaries. For this reason, the Group result for the period of EUR –17.6 million is completely attributable to equity holders of the parent company.

Financial situation, assets and capital structure

S&T generated a negative cash flow from operating activities of EUR –18.7 million during the period under review (Q1-3 2009: EUR –5.6 million). This was in contrast to a cash flow from investing activities of EUR –1.1 million (Q1-3 2009: EUR –3.1 million) and a positive net cash inflow from financing activities of EUR 3.4 million related to the net increase in financial liabilities and the repayment of liabilities from financial leasing.

In the first nine months of 2010, cash and cash equivalents declined from EUR 27.3 million as at 31 December 2009 to EUR 11.3 million as at 30 September 2010, but increased in comparison to the level of EUR 9.2 million on 30 June 2010.

In the first half of 2010, the remaining term to maturity of a bond with a nominal value of EUR 30 million moved up to a period of less than 12 months. For this reason, it is now reported on the balance sheet as a current financial liability. Total assets declined from EUR 216.8 million to EUR 181.6 million as a result of the lower amount of cash and cash equivalents compared to 31 December 2009, the significant reduction in trade accounts payable and the decline in customer receivables.

Retained earnings and other reserves fell by EUR 15.5 million, which is attributable to the Group result for the period of EUR –17.6 million less the positive currency translation differences to the amount of EUR 2.1 million reported directly in shareholders' equity. The equity ratio was 9.9% at the reporting date, down from 15.4% as at 31 December 2009.

During the period under review, negotiations continued concerning the refinancing of non-current financial liabilities. Specific alternatives were discussed. Therefore, we expect to be able to report on the results of these talks before the end of the year. One alternative involves a guarantee by the Republic of Austria in accordance with the Austrian Act Strengthening Enterprise Liquidity (ULSG). Within the context of this legislation, the state assumes guarantees for borrowed capital with a coverage ratio of 30-70% and a maximum period to maturity of 5 years.

The alternative of a potential capital increase to be implemented by grosso Holding GmbH failed due to the inability to reach an agreement with the financing banks.

The liquidity required for business operations is ensured on the basis of the current assessment of the business development, and will depend on the refinancing of the bond issue starting in May 2011.

New customers

S&T concluded agreements on several strategic projects in the third quarter of 2010, winning important large customers. For one thing, we were selected to implement a cross-border SAP project for five European national subsidiaries of ElectronicPartner. We are designing, developing and servicing a comprehensive ERP system based on SAP for the Polish gas network operator GAZ-SYSTEM. We are developing a solution to optimize human resources management processes on behalf of Škoda. Datagroup, the leading telecommunications company in the Ukraine, ordered an information system from S&T for EUR 1.5 million. In the course of relocating its logistics center, Cyberport contracted S&T to adapt its SAP system for warehousing, logistics and distribution. Knorr-Bremse also chose S&T as its outsourcing partner to handle its IT service desk inquiries. The project will be successively expanded to other selected countries.

Outlook for 2010

The order situation in the BS segment stabilized compared to 30 June 2010, and even more in relation to the order pipeline as at 31 December 2009. We consider the contract signings for the above-mentioned large scale projects and the hiring of highly qualified employees with practical experience and process know-how to be decisive factors enabling us to once again build up a profitable project portfolio.

Looking ahead to the fourth quarter 2010 in the IS segment, we anticipate the trend towards higher investments in the CEE region will continue, and thus expect a stronger Q4 performance. Furthermore, we have participated in several major tender processes which will likely be concluded this year. We also plan to hire highly qualified employees for sales and delivery positions in order to complement our outsourcing and cloud computing services and help us achieve our target positioning.

We anticipate a significant short-term to medium-term improvement in our overall profitability on the basis of the above-mentioned structural measures. Short-term cost savings are also expected to be generated in purchasing and administration due to the planned bundling of resources in the fields of marketing and human resources as well as the creation of the Shared Services Center.

With respect to the goals defined by CEO Thomas Streimelweger, the targeted return to operational profitability in the fourth quarter of 2010 remains valid. The desired strengthening of the equity capital base is to be considered in this regard. This is taking place simultaneously through a broad range of contacts with financial and strategic investors.

Disclaimer

This report contains statements relating to the future development of the S&T Group and its constituent businesses, as well as future economic and political developments. These future-oriented statements contain assessments made by the management, known and unknown risks, as well as unknown and other factors, which may lead to the actual results, financial standing, performance or goals achieved, or the sector results deviating considerably from the forecasts regarding future results made or implied in such future-oriented statements. Such factors include: competition from other businesses, changes in operational expenditure, negative developments in terms of legal and fiscal framework conditions etc. S&T therefore assumes no responsibility, neither explicitly nor conclusively, for the correctness or completeness of the information contained in this report that affects and relates to the statements made about the future, or for opinions or assessments made. S&T also undertakes no responsibility to adapt such statements made about the future in order to reflect future events or developments.

interim financial statements for the period ended 30 september 2010

Consolidated income statement – by nature of expense

| Period from 01.01., ended | 30.09.2010 | 30.09.2009 | 31.12.2009 |
|---|------------------|------------------|------------------|
| Revenues | | | |
| Business Solutions (BS) | 56.426 | 85.424 | 109.425 |
| Infrastructure Solutions (IS) | 207.952 | 197.678 | 301.663 |
| Total revenues | 264.378 | 283.102 | 411.088 |
| Other own work capitalized | 325 | 537 | 733 |
| Merchandise, spare parts and purchased services | (170.097) | (165.948) | (254.169) |
| Staff costs | (81.076) | (87.451) | (114.593) |
| Other operating expenses | (26.036) | (28.828) | (43.849) |
| | (277.209) | (282.227) | (412.611) |
| Other operating income | 2.352 | 1.721 | 3.576 |
| Total operating expenses less other operating income | (274.857) | (280.506) | (409.035) |
| <i>Profit from operations before depreciation, amortization and finance costs (EBITDA)</i> | <i>(10.154)</i> | <i>3.133</i> | <i>2.786</i> |
| Depreciation and amortization | (3.853) | (4.460) | (5.913) |
| Profit from operations (EBIT) | (14.007) | (1.327) | (3.127) |
| Finance costs – net | (3.442) | (2.619) | (3.830) |
| Result before tax | (17.449) | (3.946) | (6.957) |
| Income tax expense | (237) | 337 | (1.822) |
| Result from continuing operations | (17.686) | (3.609) | (8.779) |
| Result from discontinued operations | 114 | (3.400) | (3.515) |
| Result for the period | (17.572) | (7.009) | (12.294) |
| Attributable to: | | | |
| Equity holders of the company | (17.571) | (7.002) | (12.288) |
| Minority interest | (1) | (7) | (6) |
| Result for the period | (17.572) | (7.009) | (12.294) |
| Earnings per share from continuing operations attributable to equity holders of the company in EUR: | | | |
| Basic and diluted earnings per share | (4,96) | (1,01) | (2,46) |
| Weighted number of ordinary shares in issue (thousands) | 3.565 | 3.561 | 3.565 |

1) Reclassified in accordance with IFRS 5.

Consolidated statement of comprehensive income

| Period from 01.01., ended | 30.09.2010 | 30.09.2009 | 31.12.2009 |
|---|-----------------|----------------|-----------------|
| Items net of tax | | | |
| Available-for-sale financial assets ¹⁾ | 29 | 24 | 43 |
| Net investment hedge | -- | 119 | 119 |
| Currency translation differences | 2.093 | (1.075) | (1.256) |
| Other comprehensive income | 2.122 | (932) | (1.094) |
| Result for the period | (17.572) | (7.009) | (12.294) |
| Total comprehensive income | (15.450) | (7.941) | (13.388) |
| Attributable to: | | | |
| Equity holders of the company | (15.449) | (7.934) | (13.383) |
| Minority interest | (1) | (7) | (5) |
| Total comprehensive income | (15.450) | (7.941) | (13.388) |
| 1) net of deferred tax | (3) | (3) | (5) |

Consolidated balance sheet

| Assets | 30.09.2010 | 30.09.2009 | 31.12.2009 |
|--|----------------|----------------|----------------|
| <i>Non-current assets</i> | | | |
| Property, plant and equipment | 8.064 | 10.570 | 9.570 |
| Intangible assets | 44.315 | 43.081 | 43.228 |
| Financial assets | 899 | 770 | 828 |
| Long-term receivables | 3.721 | 3.771 | 3.361 |
| Deferred tax assets | 5.909 | 7.000 | 5.496 |
| | <u>62.908</u> | <u>65.192</u> | <u>62.483</u> |
| <i>Current assets</i> | | | |
| Inventories | 14.062 | 15.810 | 13.899 |
| Trade accounts receivable and other receivables | 92.656 | 97.764 | 112.017 |
| Current income-tax receivables | 671 | 1.571 | 582 |
| Financial assets held for trading | -- | 72 | 82 |
| Cash and cash equivalents | 11.302 | 20.251 | 27.329 |
| Assets classified as held for sale | -- | 352 | 369 |
| | <u>118.691</u> | <u>135.820</u> | <u>154.278</u> |
| Total assets | 181.599 | 201.012 | 216.761 |
| Equity and Liabilities | | | |
| <i>Shareholders' equity</i> | | | |
| Issued capital | 7.170 | 7.170 | 7.170 |
| Share premium | 5.882 | 5.882 | 5.882 |
| Treasury shares | (1.326) | (1.326) | (1.326) |
| Retained earnings and other reserves | 6.209 | 27.107 | 21.658 |
| Equity attributable to equity holders of the company | <u>17.935</u> | <u>38.833</u> | <u>33.384</u> |
| Minority interest | 4 | 3 | 5 |
| | <u>17.939</u> | <u>38.836</u> | <u>33.389</u> |
| <i>Non-current liabilities</i> | | | |
| Long-term financial liabilities | 29.130 | 56.369 | 56.120 |
| Other long-term liabilities | 645 | 1.201 | 514 |
| Long-term provisions | 5.933 | 5.263 | 5.481 |
| Deferred tax liabilities | 47 | 67 | 49 |
| | <u>35.755</u> | <u>62.900</u> | <u>62.164</u> |
| <i>Current liabilities</i> | | | |
| Trade accounts payable and other payables | 73.522 | 72.260 | 96.034 |
| Current income-tax liabilities | 136 | 190 | 405 |
| Short-term financial liabilities | 53.462 | 26.059 | 23.035 |
| Provisions | 785 | 505 | 1.288 |
| Liabilities classified as held for sale | -- | 262 | 446 |
| | <u>127.905</u> | <u>99.276</u> | <u>121.208</u> |
| Total equity and liabilities | 181.599 | 201.012 | 216.761 |

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 |
|--|----------------|---------------|-----------------|-------------------|--|-------------------|----------|
| Period ended 30 September 2010 | | | | | | | |
| Balance at 1 January 2010 | 7.170 | 5.882 | (1.326) | 21.658 | 33.384 | 5 | 33.389 |
| Currency translation differences | -- | -- | -- | 2.093 | 2.093 | -- | 2.093 |
| Securities available for sale | -- | -- | -- | 29 | 29 | -- | 29 |
| Net result recognized directly in equity | -- | -- | -- | 2.122 | 2.122 | -- | 2.122 |
| Net result for the period | -- | -- | -- | (17.571) | (17.571) | (1) | (17.572) |
| Total comprehensive income | -- | -- | -- | (15.449) | (15.449) | (1) | (15.450) |
| Balance at 30 September 2010 | 7.170 | 5.882 | (1.326) | 6.209 | 17.935 | 4 | 17.939 |
| Period ended 30 September 2009 | | | | | | | |
| Balance at 1 January 2009 | 7.170 | 5.915 | (1.322) | 35.041 | 46.804 | (18) | 46.786 |
| Currency translation differences | -- | -- | -- | (956) | (956) | -- | (956) |
| Securities available for sale | -- | -- | -- | 24 | 24 | -- | 24 |
| Net result recognized directly in equity | -- | -- | -- | (932) | (932) | -- | (932) |
| Net result for the period | -- | -- | -- | (7.002) | (7.002) | (7) | (7.009) |
| Total comprehensive income | -- | -- | -- | (7.934) | (7.934) | (7) | (7.941) |
| Initial consolidation | -- | (33) | -- | -- | (33) | 28 | (5) |
| Changes in treasury shares | -- | -- | (4) | -- | (4) | -- | (4) |
| Balance at 30 September 2009 | 7.170 | 5.882 | (1.326) | 27.107 | 38.833 | 3 | 38.836 |
| Period ended 31 December 2009 | | | | | | | |
| 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) |
| Net 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) |
| Balance at 31 December 2009 | 7.170 | 5.882 | (1.326) | 21.658 | 33.384 | 5 | 33.389 |

Consolidated cash flow statement

| Period from 01.01., ended | 30.09.2010 | 30.09.2009 | 31.12.2009 |
|---|-----------------|-----------------|----------------|
| Cash flows from operating activities | | | |
| a) Cash flows from continuing operations | | | |
| Profit before tax | (17.449) | (3.946) | (6.957) |
| Adjustments | | | |
| Finance costs - net | 3.442 | 2.619 | 3.830 |
| Depreciation and amortization | 3.853 | 4.460 | 5.913 |
| (Gains)/losses on disposals | (108) | (170) | (240) |
| Foreign exchange gains/(losses) from operating activities | (599) | (519) | (764) |
| (Gains)/losses on disposal of subsidiaries | (535) | -- | -- |
| Other (net) | 1.052 | (1.178) | (2.970) |
| | (10.344) | 1.266 | (1.188) |
| Changes in working capital | | | |
| (Increase)/decrease in trade accounts and other receivables | 19.242 | 39.134 | 18.601 |
| (Increase)/decrease in inventory | (163) | 2.816 | 4.726 |
| Increase/(decrease) in current liabilities | (22.854) | (42.638) | (10.528) |
| | (3.775) | (688) | 12.799 |
| Cash generated from operations | (14.119) | 578 | 11.611 |
| Interest received | 934 | 545 | 755 |
| Interest paid | (4.489) | (3.776) | (3.866) |
| Taxes paid | (1.010) | (1.387) | (1.518) |
| | (18.684) | (4.040) | 6.982 |
| b) Cash flows from discontinued operations | 33 | (1.589) | (1.673) |
| Net cash generated from operating activities | (18.651) | (5.629) | 5.309 |
| Cash flows from investing activities | | | |
| a) Cash flows from continuing operations | | | |
| Purchase of property, plant and equipment and intangible assets | (1.555) | (2.382) | (3.251) |
| Purchase of financial assets (securities and investments) | (1) | (5) | (30) |
| Proceeds from sale of property, plant and equipment | 333 | 261 | 812 |
| Proceeds from sale of financial assets | 103 | -- | -- |
| Disposal of subsidiaries, net of cash | 136 | (343) | (193) |
| Acquisition of subsidiaries, net of cash | -- | -- | (5) |
| Proceeds from sale of derivative financial instruments | 9 | 146 | 239 |
| Payments for derivative financial instruments | (3) | (481) | (474) |
| Long-term loans and receivables (granted)/repaid | (115) | (282) | 84 |
| | (1.093) | (3.086) | (2.818) |
| b) Cash flows from discontinued operations | -- | 23 | 23 |
| Net cash used in investing activities | (1.093) | (3.063) | (2.795) |
| Cash flows from financing activities | | | |
| a) Cash flows from continuing operations | | | |
| (Purchase)/sale of treasury shares | -- | (4) | (4) |
| Increase in long-term loans and borrowings | 4.437 | -- | -- |
| Decrease in long-term loans and borrowings | (3.288) | (3.443) | (3.450) |
| Repayment of finance lease liabilities | (1.290) | (1.156) | (1.493) |
| Increase/(decrease) in short-term borrowings | 3.509 | 1.638 | (2.075) |
| | 3.368 | (2.965) | (7.022) |
| b) Cash flows from discontinued operations | -- | 1.594 | 1.596 |
| Net cash generated from financing activities | 3.368 | (1.371) | (5.426) |
| Net (decrease) / increase in cash and cash equivalents | (16.376) | (10.063) | (2.912) |

Movement in cash and cash equivalents

| | | | |
|--|---------------|---------------|---------------|
| At beginning of period | 27.337 | 30.529 | 30.529 |
| Increase/(decrease) | (16.376) | (10.063) | (2.912) |
| Effect of exchange rate changes | 341 | (127) | (280) |
| At end of period ¹⁾ | 11.302 | 20.339 | 27.337 |
| 1) Included in cash and cash equivalents per the Balance sheet | 11.302 | 20.251 | 27.329 |
| Included in the assets classified as held for sale | -- | 88 | 8 |
| | 11.302 | 20.339 | 27.337 |

Consolidated income statement – by nature of expense

| Period from 01.07., ended | 30.09.2010 | 30.09.2009 |
|--|----------------|----------------|
| Revenues | | |
| Business Solutions (BS) | 18.960 | 25.934 |
| Infrastructure Solutions (IS) | 71.803 | 66.188 |
| Total revenues | 90.763 | 92.122 |
| Other own work capitalized | 91 | 191 |
| Merchandise, spare parts and purchased services | (59.123) | (55.395) |
| Staff costs | (26.088) | (26.702) |
| Other operating expenses | (9.628) | (9.171) |
| | (94.839) | (91.268) |
| Other operating income | 599 | 567 |
| Total operating expenses less other operating income | (94.240) | (90.701) |
| <i>Profit from operations before depreciation, amortization and finance costs (EBITDA)</i> | <i>(3.386)</i> | <i>1.612</i> |
| Depreciation and amortization | (1.234) | (1.469) |
| Profit from operations (EBIT) | (4.620) | 143 |
| Finance costs – net | (791) | (1.413) |
| Result before tax | (5.411) | (1.270) |
| Income tax expense | 223 | 362 |
| Result from continuing operations | (5.188) | (908) |
| Result from discontinued operations | 197 | (312) |
| Result for the period | (4.991) | (1.220) |
| Attributable to: | | |
| Equity holders of the company | (4.990) | (1.219) |
| Minority interest | (1) | (1) |
| Result for the period | (4.991) | (1.220) |

Notes to the consolidated interim financial statements

Basis of preparation

The consolidated interim financial statements at 30 September 2010 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 consolidated interim financial statements use the same accounting and valuation methods as the consolidated financial statements for the 2009 financial year. For additional information see the consolidated financial statements as of 31 December 2009, which form the basis for this interim financial statements. IAS 34 "Interim Reporting" was additionally applied.

Impact of new or amended standards and interpretations:

a) 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 (standards, amendments of standards and interpretations) and mandatory in the current financial year do not have any material impact on the group's financial statements.

b) New standards and interpretations adopted by the European Union

IFRS 3 (Revised) 'Business combinations' and IAS 27 (Amendment) 'Consolidated and separate financial statements' (effective for reporting periods beginning on or after 1 July 2009). In case of future business combinations the group will apply these standards in reporting periods beginning on or after 1 January 2010.

A number of further amendments to standards and interpretations were published and adopted by the European Union. These pronouncements do not have any material impact on the group's financial statements and are therefore not explained in detail.

c) Standards, interpretations and amendments to published standards that have not been adopted by the European Union and do not have any material impact on the group's financial statements

A number of amendments to standards, new standards and interpretations were published that have not been adopted by the European Union. These pronouncements do not have any material impact on the group's financial statements and are therefore not explained in detail.

Discontinued operations

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 and the sale of the subsidiary in China in 2010 we have presented these activities as discontinued operations in accordance with IFRS 5.

Financial information for these operations is presented below:

| Period from 01.01., ended | 30.09.2010 | 30.09.2009 | 31.12.2009 |
|---|------------|------------|------------|
| Revenues | 121 | 2.909 | 3.231 |
| Operating expenses less other income | (186) | (3.758) | (4.254) |
| Profit from operations (EBIT) | (65) | (849) | (1.023) |
| Finance costs - net | -- | (371) | (368) |
| Result before tax of discontinued operations | (65) | (1.220) | (1.391) |
| Tax | -- | (385) | (385) |
| Result after tax of discontinued operations | (65) | (1.605) | (1.776) |
| Pre-tax result recognized on costs to sell and disposal | 179 | (1.795) | (1.739) |
| Tax | -- | -- | -- |
| After tax result recognized on costs to sell and disposal | 179 | (1.795) | (1.739) |
| Result from discontinued operations | 114 | (3.400) | (3.515) |
| Attributable to: | | | |
| Equity holders of the company | 114 | (3.394) | (3.509) |
| Minority interest | -- | (6) | (6) |
| Result from discontinued operations | 114 | (3.400) | (3.515) |
| Earnings per share from discontinued operations attributable to equity holders of the company in EUR: | | | |
| Basic and diluted earnings per share | 0,03 | (0,95) | (0,98) |
| Weighted number of ordinary shares in issue (thousands) | 3.565 | 3.561 | 3.565 |

Potential impairment of goodwill

The group tests annually whether goodwill has suffered any impairment. This test carried out as at 30 September 2010 did not give rise to any impairment.

Segment reporting

| for the period 01.01.2010 - 30.09.2010 | Business Solutions | Infrastructure Solutions | Group |
|--|--------------------|--------------------------|----------|
| Revenue goods | 4.704 | 130.976 | 135.680 |
| Revenue services | 51.722 | 76.976 | 128.698 |
| Revenues | 56.426 | 207.952 | 264.378 |
| Segment result | (12.670) | 2.056 | (10.614) |
| Unallocated costs | | | (3.393) |
| Profit from operations (EBIT) | | | (14.007) |

| for the period 01.01.2009 - 30.09.2009 | Business Solutions | Infrastructure Solutions | Group |
|--|--------------------|--------------------------|---------|
| Revenue goods | 10.154 | 120.906 | 131.060 |
| Revenue services | 75.270 | 76.772 | 152.042 |
| Revenues | 85.424 | 197.678 | 283.102 |
| Segment result | (4.110) | 5.288 | 1.178 |
| Unallocated costs | | | (2.505) |
| Profit from operations (EBIT) | | | (1.327) |

Events after balance sheet date

There were no events of major importance after the end of 30 September 2010.

Other information

The interim financial statements were neither subject to an audit nor were the books reviewed by an auditor.

Vienna, 21 October 2010



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Financial Calendar 2011

| | |
|------------------|---|
| 25 February 2011 | Preliminary Results for the fiscal year 2010, Analyst Conference Call |
| 31 March 2011 | Annual Report 2010, Press Conference, Analyst Conference Call |
| 9 May 2011 | Report on the first three months, Analyst Conference Call |
| 20 May 2011 | General Assembly |
| 1 August 2011 | Report on the first six months, Press Conference, Analyst Conference Call |
| 7 November 2011 | Report on the first nine months, Analyst Conference Call |

S&T Shares

Trading Symbol (XETRA): SNT

ISIN: AT0000905351

WKN: 915194