



# consolidated financial statements

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**General information** – page 74

**Consolidated income statement** – page 78

**Consolidated statement of comprehensive income** – page 79

**Consolidated balance sheet** – page 80

**Consolidated statement of changes in shareholders' equity** – page 81

**Consolidated cash flow statement** – page 82

**Accounting policies** – page 83

**Notes to the consolidated financial statements** – page 98

**Auditors' Report** – page 126

**Declaration of the Management Board** – page 128

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# consolidated financial statements

for the year ended 31 december 2009

## 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).

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:

	2009	2008	Comments
Asset Verwaltungsgesellschaft m.b.H., Austria	100%	--	Founded and consolidated for the first time in 2009.
The Information Management Group AG, Switzerland	100%	100%	Subgroup acquired and consolidated for the first time in 2007. 2009 contributed from S&T System Integration & Technology Distribution AG to Asset Verwaltungsgesellschaft m.b.H., Austria.
IMG (AG), Switzerland	--	↑	2008 merged into The Information Management Group AG, Switzerland.
The Information Management Group IMG GmbH, Germany	100%	100%	
IMG Information Management Polska Sp. z o.o., Poland	100%	100%	
S&T Serbia d.o.o., Serbia	100%	100%	Founded and consolidated for the first time in 1996, 2008 contributed from S&T System Integration & Technology Distribution AG to The Information Management Group AG, Switzerland.
S&T CEE Holding s.r.o., Slovakia	100%	100%	Founded and consolidated for the first time in 2004. 2009 contributed from S&T System Integration & Technology Distribution AG to Asset Verwaltungsgesellschaft m.b.H., Austria.
S&T Ukraine (previously S&T Soft-Tronik), Ukraine	100%	100%	
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	↑	100%	Acquired at the end of 2005 and consolidated for the first time in 2006. 2009 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%	
GCC Services a.s., Czech Republic	--	↑	Acquired and consolidated for the first time in 2001, merged into S&T CZ s.r.o., Czech Republic, in 2008.
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%	100%	
S&T UNITIS Hungary Ltd. (previously S&T Hungary Ltd.), Hungary	100%	100%	Acquired in 1999, sold within the group to S&T System Integration & Technology Distribution AG in 2007. 2009 contributed from S&T System Integration & Technology Distribution AG to Asset Verwaltungsgesellschaft m.b.H., Austria.
UNITIS Rendszerhaz Informatikai Zrt., Hungary	--	↑	Acquired and consolidated for the first time in 2006, merged into S&T UNITIS Hungary Ltd. (previously S&T Hungary Ltd.), Hungary, in 2008.

	2009	2008	Comments
S&T Austria GmbH, Austria	100 %	100 %	Acquired and consolidated for the first time in 2005. 2009 contributed from S&T System Integration & Technology Distribution AG to Asset Verwaltungsgesellschaft m.b.H., Austria.
IMG Information Management Group GmbH, Austria	--	↑	Acquired and consolidated for the first time in 2007. Sold within the group to S&T Austria GmbH, Austria, and merged into S&T Austria GmbH, Austria, in 2008.
S&T Business Solutions GmbH & Co KG, Austria	--	↑	Acquired and consolidated for the first time in 2005. Contributed from High Performance Systems Holding GmbH, Austria, to S&T Austria GmbH, Austria, and merged into S&T Austria GmbH, Austria, in 2008.
S&T Business Solutions GmbH, Austria	--	↑	Acquired and consolidated for the first time in 2005. Contributed from High Performance Systems Holding GmbH, Austria, to S&T Austria GmbH, Austria, and merged into S&T Austria GmbH, Austria, in 2008.
High Performance Systems Holding GmbH, Austria	100 %	100 %	
HPS International, OOO, Russia	--	100 %	Founded and consolidated for the first time in 2000, sold in 2009 (see Note 32).
S&T Romania S.R.L., Romania	100 %	100 %	Founded in 1994 and consolidated for the first time in 1995. 2008 contributed from S&T System Integration & Technology Distribution AG to High Performance Systems Holding GmbH, Austria.
S&T Deutschland GmbH, Germany	100 %	100 %	
S&T Slovakia s.r.o. (previously S&T Varias s.r.o.), Slovakia	100 %	100 %	
IMG Slovakia s.r.o, Slovakia	--	↑	Acquired and sold within the group to High Performance Systems Holding GmbH, Austria in 2007, merged into S&T Slovakia s.r.o. (previously S&T Varias s.r.o.), Slovakia, in 2008.
Varias a.s., Slovakia	--	↑	Acquired and consolidated for the first time in 2005, 2008 merged into S&T Slovakia s.r.o. (previously S&T Varias s.r.o.), Slovakia.
S&T Asia Holding AG, Switzerland	100 %	100 %	Founded in 2008. 2009 contributed from S&T System Integration & Technology Distribution AG to High Performance Systems Holding GmbH, Austria.
IMG (UK) Ltd., United Kingdom	100 %	100 %	Acquired and consolidated for the first time in 2007. 2008 contributed from The Information Management Group AG, Switzerland, to S&T Asia Holding AG, Switzerland.
IMG Japan K.K., Japan	100 %	100 %	Acquired and consolidated for the first time in 2007. 2008 contributed from The Information Management Group AG, Switzerland, to S&T Asia Holding AG, Switzerland.
IMG Software Service (Shanghai) Co., Ltd., China	100 %	100 %	Acquired and consolidated for the first time in 2007. 2008 sold within the group from IMG Japan K.K., Japan, to S&T Asia Holding AG, Switzerland. 2009 classified as held for sale (see Note 8).
The Information Management Group Russia Holding AG, Switzerland	100 %	95 %	Acquired and consolidated for the first time in 2007. 2008 contributed from The Information Management Group AG, Switzerland, to S&T Asia Holding AG, Switzerland, and further acquire of shares. 2009 remaining shares acquired (see Note 31).
The Information Management Group Russia, OOO, Russia	--	100 %	Acquired and consolidated for the first time in 2007, sold in 2009 (see Note 32).

	2009	2008	Comments
S&T Software S.R.L. i.L., Romania	100%	100%	
S&T Mold S.R.L., Moldova	99%	99%	
S&T International, OOO, Russia	--	100%	Founded and consolidated for the first time in 2000, sold in 2009 (see Note 32).
S&T Bilisim Cözümleri A.S. (previously T-Systems Bilisim Teknolojileri A.S.), Turkey	--	100%	Acquired and consolidated for the first time in 2006, 2009 closed (see Note 32).

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

		year ended 31 December	
	Notes	2009	2008 <sup>1)</sup>
Revenues	(1)	411,088	502,506
Other own work capitalized	(11)	733	725
Merchandise, spare parts and purchased services		(254,169)	(308,764)
Staff costs	(2)	(114,593)	(130,906)
Other operating expenses	(3)	(43,849)	(50,231)
		(412,611)	(489,901)
Other operating income	(4)	3,576	5,354
Total operating expenses less other operating income		(409,035)	(484,547)
Profit from operations before depreciation, amortization and finance costs (EBITDA)		2,786	18,684
Depreciation and amortization	(5)	(5,913)	(7,093)
<b>Profit from operations (EBIT)</b>	<b>(1)</b>	<b>(3,127)</b>	<b>11,591</b>
Finance costs	(6)	(4,585)	(7,650)
Finance income	(6)	755	813
Finance costs – net	(6)	(3,830)	(6,837)
<b>Result before tax</b>		<b>(6,957)</b>	<b>4,754</b>
Income tax expense	(7)	(1,822)	(2,242)
<b>Result from continuing operations</b>		<b>(8,779)</b>	<b>2,512</b>
Result from discontinued operations	(8)	(3,515)	(2,818)
<b>Result for the year</b>		<b>(12,294)</b>	<b>(306)</b>
Attributable to:			
Equity holders of the company		(12,288)	(191)
Minority interest		(6)	(115)
<b>Result for the year</b>		<b>(12,294)</b>	<b>(306)</b>
Earnings per share from continuing operations attributable to equity holders of the company in EUR:			
Basic and diluted earnings per share	(9)	(2.46)	0.71

1) Reclassified in accordance with IFRS 5.

The accounting policies on pages 83 to 97 and the Notes on pages 98 to 125 form an integral part of these consolidated financial statements.

# Consolidated statement of comprehensive income

	year ended 31 December	
	2009	2008
Items net of tax		
Available-for-sale financial assets <sup>1)</sup>	43	(29)
Net investment hedge	119	(480)
Currency translation differences	(1,256)	(1,503)
<b>Other comprehensive income</b>	<b>(1,094)</b>	<b>(2,012)</b>
Result for the year	(12,294)	(306)
<b>Total comprehensive income</b>	<b>(13,388)</b>	<b>(2,318)</b>
Attributable to:		
Equity holders of the company	(13,383)	(2,206)
Minority interest	(5)	(112)
<b>Total comprehensive income</b>	<b>(13,388)</b>	<b>(2,318)</b>

1) net of deferred tax TEUR -5 (2008: TEUR +5)

The accounting policies on pages 83 to 97 and the Notes on pages 98 to 125 form an integral part of these consolidated financial statements.

# Consolidated balance sheet

as at 31 December

	Notes	2009	2008
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	(10)	9,570	13,181
Intangible assets	(11)	43,228	44,285
Financial assets	(12)	828	713
Long-term receivables	(13)	3,361	3,372
Deferred tax assets	(23)	5,496	6,695
		62,483	68,246
<b>Current assets</b>			
Inventories	(15)	13,899	18,674
Trade accounts receivable and other receivables	(16)	112,017	136,254
Current income-tax receivables		582	1,774
Financial assets held for trading	(12)	82	38
Cash and cash equivalents	(17)	27,329	30,529
Assets classified as held for sale	(8)	369	--
		154,278	187,269
<b>Total assets</b>		<b>216,761</b>	<b>255,515</b>
<b>Equity and Liabilities</b>			
<b>Shareholders' equity</b>			
Issued capital	(18)	7,170	7,170
Share premium	(18)	5,882	5,915
Treasury shares	(18)	(1,326)	(1,322)
Retained earnings and other reserves	(19)	21,658	35,041
Equity attributable to equity holders of the company		33,384	46,804
Minority interest		5	(18)
		33,389	46,786
<b>Non-current liabilities</b>			
Long-term financial liabilities	(20)	56,120	59,802
Other long-term liabilities	(21)	514	762
Long-term provisions	(22)	5,481	5,436
Deferred tax liabilities	(23)	49	265
		62,164	66,265
<b>Current liabilities</b>			
Trade accounts payable and other payables	(24)	96,034	115,668
Current income-tax liabilities		405	101
Short-term financial liabilities	(25)	23,035	25,922
Provisions	(26)	1,288	773
Liabilities classified as held for sale	(8)	446	--
		121,208	142,464
<b>Total equity and liabilities</b>		<b>216,761</b>	<b>255,515</b>

The accounting policies on pages 83 to 97 and the Notes on pages 98 to 125 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 2008	7,170	6,034	(1,097)	37,262	49,369	(2)	49,367
Currency translation differences	--	--	--	(1,986)	(1,986)	3	(1,983)
Securities available for sale	--	--	--	(29)	(29)	--	(29)
Net result recognized directly in equity	--	--	--	(2,015)	(2,015)	3	(2,012)
Net result for the year 2008	--	--	--	(191)	(191)	(115)	(306)
Total comprehensive income	--	--	--	(2,206)	(2,206)	(112)	(2,318)
Initial consolidation	--	(121)	--	(15)	(136)	96	(40)
Changes in treasury shares	--	--	(225)	--	(225)	--	(225)
Share option plan	--	2	--	--	2	--	2
<b>Balance at 31 December 2008</b>	<b>7,170</b>	<b>5,915</b>	<b>(1,322)</b>	<b>35,041</b>	<b>46,804</b>	<b>(18)</b>	<b>46,786</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)
Net result for the year 2009	--	--	--	(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)
Share option plan	--	--	--	--	--	--	--
<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>

The accounting policies on pages 83 to 97 and the Notes on pages 98 to 125 form an integral part of these consolidated financial statements.

# Consolidated cash flow statement

		year ended 31 December	
	Notes	2009	2008
<b>Cash flows from operating activities</b>			
<b>a) Cash flows from continuing operations</b>			
Profit before tax		(6,957)	4,754
Adjustments			
Finance costs – net		3,830	6,837
Depreciation and amortization		5,913	7,093
(Gains)/losses on disposals		(240)	(2,030)
Foreign exchange gains/(losses) from operating activities		(764)	(1,792)
Other (net)		(2,970)	(2,534)
		(1,188)	12,328
Changes in working capital			
(Increase)/decrease in trade accounts and other receivables		18,601	10,785
(Increase)/decrease in inventory		4,726	(1,352)
Increase/(decrease) in current liabilities		(10,528)	(15,117)
		12,799	(5,684)
Cash generated from operations		11,611	6,644
Interest received		755	811
Interest paid		(3,866)	(4,887)
Taxes paid		(1,518)	(2,799)
		6,982	(231)
<b>b) Cash flows from discontinued operations</b>	(8)	(1,673)	(553)
Net cash generated from operating activities	(28)	<b>5,309</b>	<b>(784)</b>
<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)	(3,251)	(4,448)
Purchase of financial assets (securities and investments)		(30)	(27)
Proceeds from sale of property, plant and equipment		812	3,558
Disposal of subsidiaries, net of cash	(32)	(193)	--
Acquisition of subsidiaries, net of cash	(31)	(5)	(235)
Proceeds from sale of derivative financial instruments		239	--
Payments for derivative financial instruments		(474)	--
Long-term loans and receivables (granted)/repaid		84	196
		(2,818)	(956)
<b>b) Cash flows from discontinued operations</b>	(8)	23	(109)
Net cash used in investing activities	(28)	<b>(2,795)</b>	<b>(1,065)</b>
<b>Cash flows from financing activities</b>			
<b>a) Cash flows from continuing operations</b>			
(Purchase)/sale of treasury shares		(4)	(225)
Decrease in long-term loans and borrowings		(3,450)	(679)
Repayment of finance lease liabilities		(1,493)	(873)
Increase/(decrease) in short-term borrowings		(2,075)	3,231
		(7,022)	1,454
<b>b) Cash flows from discontinued operations</b>	(8)	1,596	544
Net cash generated from financing activities		<b>(5,426)</b>	<b>1,998</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(2,912)</b>	<b>149</b>
<b>Movement in cash and cash equivalents</b>			
At beginning of year		30,529	29,947
Increase/(decrease)		(2,912)	149
Effect of exchange rate changes		(280)	433
At end of year	(17)	<b>27,337</b>	<b>30,529</b>

The accounting policies on pages 83 to 97 and the Notes on pages 98 to 125 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.

## 1. Basis of preparation

The consolidated financial statements at 31 December 2009 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 the historical cost convention, with the exception of financial assets and derivative instruments which are measured 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 reconciliation to the applicable accounting standards, will be presented to the Supervisory Board for review and approval on 7 April 2010. 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 2009. These standards should also be applied in the EU and concern the following topics:

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

IFRS 8 'Operating segments' replaces IAS 14 'Segment reporting'. The new standard requires a 'management approach', under which segment information is presented on the same basis as for internal reporting purposes. The application of the new standard results in a change of the operating segments in the segment reporting. As goodwill was allocated to cash-generating units based on operating segments, a reallocation of the goodwill to the newly defined operating segments and cash-generating units was necessary.

IAS 1 'Presentation of financial statements' replaces the former IAS 1. The main amendments to the previous version are: a) to present all changes in equity, except contributions by and distributions to owners, either in a single statement of comprehensive income or in two statements (in a separate income statement and a reconciliation to total comprehensive income), b) to present a statement of financial position (balance sheet) at the beginning of the earliest comparative period presented as part of the financial statements where an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, c) to disclose separately the amount of income tax relating to each component of other comprehensive income and d) to disclose reclassification adjustments regarding the components of other comprehensive income. The first time adoption resulted in insignificant changes in the presentation of the income statement and the statement of changes in equity.

All other 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.

## 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 are no longer consolidated from the date on which this effective control no longer exists.

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 raised separately from the goodwill if they are identifiable or arise from a contractual or other legal right. Provisions for restructuring may not be raised 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.

In accordance with IFRS 3 in combination with IAS 36 the carrying amount of goodwill is tested for impairment annually, or when there are indicators 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 1 EUR =	2009 Average rate	2009 Closing rate	2008 Average rate	2008 Closing rate
CHF	1.5099	1.4836	1.5871	1.4850
CNY	9.5174	9.8350	10.2285	9.4956
CZK	26.4548	26.4730	24.9590	26.8750
GBP	0.8911	0.8881	0.7965	0.9525
HRK	7.3413	7.3000	7.2242	7.3555
HUF	280.5442	270.4200	251.7375	266.7000
JPY	130.2333	133.1600	152.3300	126.1400
PLN	4.3298	4.1045	3.5151	4.1535
RON	4.2396	4.2363	3.6840	4.0225
RSD	94.5536	96.7741	82.0420	90.1972
RUB <sup>1)</sup>	44.1030	43.8810	36.4231	41.2830
TRY <sup>2)</sup>	2.1618	2.2212	1.9072	2.1488
UAH	11.3572	11.6374	7.8282	11.1776
USD	1.3933	1.4406	1.4706	1.3917

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

2) 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

### Originated 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 valued 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. As soon as indicators for impairment exist 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 valued 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. With the exception of a single EUR-CHF-Forward and two EUR-USD-Forwards valued at fair value the group did not hold any derivative financial instruments as at 31 December 2008. The company did not hold any derivative financial instruments as at 31 December 2009.

### 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 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), to Swiss Franc (CHF) and the various local currencies in Central and Eastern Europe. In single cases forward contracts are used to hedge their exposure to foreign currency risk with regard to their local reporting currency. Treasury departments are responsible for hedging such positions by using foreign currency borrowings and external forward currency contracts.

At 31 December 2009 (31 December 2008), 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:

Currency	Volatility	Hypothetical change of result	
		2009	2008
USD	10 %	365	333
CHF	10 %	334	862

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

As the group holds no material interest-bearing assets, the consolidated net profit 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 with 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 2009, profit or loss and equity would have been TEUR 198 (31 December 2008: TEUR 259) lower (higher).

The book values 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

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability for public offerings.

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 2009</b>	<b>Less than 1 year</b>	<b>Between 1 and 5 years</b>	<b>Over 5 years</b>
Financial liabilities (ex finance lease liabilities)	22,439	58,725	--
Finance lease liabilities	1,878	1,390	--
Derivative financial instruments	--	--	--
Trade and other payables	53,906	--	--

<b>At 31 December 2008</b>	<b>Less than 1 year</b>	<b>Between 1 and 5 years</b>	<b>Over 5 years</b>
Financial liabilities (ex finance lease liabilities)	25,312	64,678	--
Finance lease liabilities	2,070	1,922	--
Derivative financial instruments	661	--	--
Trade and other payables	62,560	--	--

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. The cash balances approximate the short-term bank liabilities. Accordingly, 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, changed or terminated. Before the bonds reach maturity (one bond with a nominal value of 30 million Euros is due in May 2011), S&T is currently conducting initial negotiations regarding the refinancing of the bonds as well as a potential restructuring of short term liabilities to banks. The objective is to ensure the financing and liquidity of the S&T Group, even if the company does not achieve the effective covenants as of 31 December 2010 regarding profitability and debt repayment period for certain short term lines of credit. According to current liquidity planning the S&T Group has access to adequate credit lines and, therefore, liquidity reserves available to ensure the continued existence until the closing of the financing negotiations described above.

## 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.

	2009	2008
Non-current liabilities	62,164	66,265
Current liabilities	121,208	142,464
Cash and cash equivalents	(27,329)	(30,529)
Net debt	156,043	178,200
Shareholders' equity	33,389	46,786
Total capital	189,432	224,986
Gearing ratio	82 %	79 %

The increase of the gearing ratio arises from the decreased total capital and net debt, which did not decrease to the same extent.

## 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 or impairment tests if indicators therefore exist. In order to assess impairment, goodwill is allocated to cash-generating units. Every one 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 leasing 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 and generated services sold 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.

In the years 2000–2003 the group issued a share option plan. The fair value of the employee services received in exchange for the grant of the options is calculated using the Merton–Black–Scholes model and recognized as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognizes the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity. This program terminated in 2008.

## 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 co-ordinated 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, the transfer of the Russian activities in a cooperation with a minority interest and the intended sale of the subsidiary in China we have presented these activities as discontinued operations in accordance with IFRS 5. Comparatives were adjusted. 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 book value 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).

If the actual EBIT margin were 10% lower than management's estimated EBIT margin at 30 September 2009, the group would not yet have to record impairment charges on goodwill. If the pre-tax discount rate, which was used in the calculation of the value-in-use, was 1% higher than management's estimate at 30 September 2009, the group would not yet have to record impairment charges on goodwill.

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 2009 did not give rise to any impairment.

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

#### a) CGU 'Business Solutions – DACH, Asia and Central Europe (BS – DACH, Asia, CE)':

If the actual EBIT margin had been 10% below the expected EBIT margin as anticipated by the management on 31 December 2009, the Group would have had to report an impairment loss on goodwill amounting to TEUR 1,039. 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 2009, a write-down in the value of goodwill amounting to TEUR 1,143 would have been necessary.

#### b) CGU 'Business Solutions – South and Eastern Europe (BS – SEE)':

A change in the two above-mentioned parameters would not result in any need to recognize an impairment loss.

## 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.

With regard to the other balance sheet items, changes in estimates and assumptions do not result in significant effects on the financial position, financial performance and the cash flows for the following operating year.

## 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 raised. The outcome of these claims 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.

# 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 profit 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 with a COO Business Solutions and a COO Infrastructure Solutions from 1 January 2009 onwards. Compared with the previous reporting this results in an aggregation of the separately reported units Enterprise Systems and Managed Services into the operating segment Infrastructure Solutions (IS). Comparative figures were amended accordingly.

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 2009 in TEUR	Business Solutions	Infrastructure Solutions	Group
Revenue goods	13,258	194,700	207,958
Revenue services	96,167	106,963	203,130
<b>Revenues</b>	<b>109,425</b>	<b>301,663</b>	<b>411,088</b>
<b>Segment result</b>	<b>(11,438)</b>	<b>12,135</b>	<b>697</b>
Unallocated costs			(3,824)
Profit from operations (EBIT)			(3,127)
Finance costs (net)			(3,830)
Result before tax			(6,957)
Income tax expense			(1,822)
Result from continuing operations			(8,779)
Result from discontinued operations (Note 8)			(3,515)
<b>Result for the year</b>			<b>(12,294)</b>
Segment assets	62,170	114,975	177,145
Unallocated assets			39,616
<b>Consolidated total assets</b>			<b>216,761</b>
Segment liabilities	26,035	75,449	101,484
Unallocated liabilities			81,888
<b>Consolidated total liabilities</b>			<b>183,372</b>
Segment capital expenditure	750	732	1,482
Unallocated capital expenditure			2,035
<b>Consolidated total capital expenditure</b>			<b>3,517</b>
Segment depreciation and amortization	1,561	2,142	3,703
Unallocated depreciation and amortization			2,210
<b>Consolidated total depreciation and amortization</b>			<b>5,913</b>

Year ended 31 December 2008 in TEUR	Business Solutions	Infrastructure Solutions	Group
Revenue goods	13,137	241,202	254,339
Revenue services	134,891	113,276	248,167
<b>Revenues</b>	<b>148,028</b>	<b>354,478</b>	<b>502,506</b>
<b>Segment result</b>	<b>(3,057)</b>	<b>18,922</b>	<b>15,865</b>
Unallocated costs			(4,274)
Profit from operations (EBIT)			11,591
Finance costs (net)			(6,837)
Result before tax			4,754
Income tax expense			(2,242)
Result from continuing operations			2,512
Result from discontinued operations (Note 8)			(2,818)
<b>Result for the year</b>			<b>(306)</b>
Segment assets	86,447	125,241	211,688
Unallocated assets			43,827
<b>Consolidated total assets</b>			<b>255,515</b>
Segment liabilities	40,806	78,192	118,998
Unallocated liabilities			89,731
<b>Consolidated total liabilities</b>			<b>208,729</b>
Segment capital expenditure	1,289	1,880	3,169
Unallocated capital expenditure			1,595
<b>Consolidated total capital expenditure</b>			<b>4,764</b>
Segment depreciation and amortization	2,565	2,604	5,169
Unallocated depreciation and amortization			1,924
<b>Consolidated total depreciation and amortization</b>			<b>7,093</b>

## Geographical information

in TEUR	2009		2008	
	Sales	Non-current assets	Sales	Non-current assets
Austria	83,575	3,842	98,074	3,938
Foreign countries	327,513	48,956	404,432	53,528
	<b>411,088</b>	<b>52,798</b>	<b>502,506</b>	<b>57,466</b>

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 with a single customer.

# Notes to the consolidated income statement

Due to the liquidation of the subsidiary in Turkey, the transfer of the Russian activities in a cooperation with a minority interest and the intended sale of the subsidiary in China 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

	2009	2008
Salaries	77,784	85,771
Variable remuneration	15,296	21,015
Social security costs and payroll tax	18,785	21,248
Expenses for leaving indemnities and pensions	1,553	1,371
Share option plan	--	2
Other voluntary benefits	1,175	1,499
	<b>114,593</b>	<b>130,906</b>

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

The average number of employees is as follows:

	2009	2008
Total	2,734	3,116
– discontinued operations	94	201
– continuing operations	2,640	2,915

Expenses for leaving indemnities and pension plans consist of:

	2009	2008
Expenses of defined benefit plans		
– pensions (Note 22)	722	695
– leaving indemnities (Note 22)	136	169
Contributions to employee provident funds and other expenses	478	340
Contributions to external pension funds	217	167
	<b>1,553</b>	<b>1,371</b>

### 3. Other operating expenses

	2009	2008
Rental expenses	7,190	7,754
Travel expenses	4,826	6,603
Legal, consultancy and audit fees	4,215	5,000
Communication and infrastructure costs	2,976	3,437
Marketing and advertising expenses	2,659	4,267
Office costs	3,423	3,910
Vehicle expense	7,929	9,481
Other taxes and levies	835	944
Training expenses	1,731	3,224
Maintenance expenses	1,622	1,858
Write-offs and allowances for receivables	3,001	1,112
Warranty expenses	1,002	73
Other operating expenses	2,440	2,568
	<b>43,849</b>	<b>50,231</b>

### 4. Other operating income

	2009	2008
Gain on disposal of assets excluding financial assets	428	2,184
Compensations from suppliers	491	1,552
Miscellaneous income	2,657	1,618
	<b>3,576</b>	<b>5,354</b>

For 2008 gain on disposal of assets includes the profit on disposal of a property in Ukraine amounting to TEUR 1,841.

Miscellaneous income mainly includes income from the passing on of cost charges and compensation 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

	2009	2008
Depreciation of property, plant and equipment (Note 10)	4,666	5,637
Amortization of intangible assets (Note 11)	1,213	1,496
Expenses from low value items written off	103	139
	5,982	7,272
Less discontinued operations	(69)	(179)
<b>Sum of continuing operations</b>	<b>5,913</b>	<b>7,093</b>

## 6. Finance costs – net

	2009	2008
Interest expense		
– financial instruments	(3,848)	(4,741)
– provisions for employee benefits	(413)	(414)
Gain/(loss) on held for trading financial instruments	41	(104)
Net result of fair value adjustments to derivative financial instruments	376	(621)
Net foreign exchange differences	(764)	(1,770)
Other	23	--
Finance costs	(4,585)	(7,650)
Finance income – interest income	755	813
	<b>(3,830)</b>	<b>(6,837)</b>

Finance costs (net) include expected return on plan assets in the amount of TEUR 306 (2008: TEUR 266).

The company did not hold any derivative financial instruments as at 31 December 2009. As at 31 December 2008 the group held a single EUR-CHF-Forward in the nominal amount of TEUR 5,000 (maturity 9 March 2009) and two EUR-USD-Forwards in the nominal amount of TEUR 477 (each with maturity 26 January 2009). The derivative financial instruments were valued at fair value.

## 7. Tax

	2009	2008
Current tax charge	1,306	2,314
Deferred tax charge	516	(72)
	<b>1,822</b>	<b>2,242</b>

Tax on the group profit 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:

	2009	2008
Profit before tax	(6,957)	4,754
Tax calculated at tax rate of 25%	(1,739)	1,188
Effect of different tax rates in other countries	(949)	(322)
Other differences not recognized	3,832	1,019
Income not taxable	(77)	(674)
Expenses not deductible for tax purposes	755	1,031
<b>Tax charge</b>	<b>1,822</b>	<b>2,242</b>

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

<b>Result from discontinued operations</b>	<b>2009</b>	<b>2008</b>
Revenues	3,231	10,886
Operating expenses less other income	(4,254)	(13,368)
Profit from operations (EBIT)	(1,023)	(2,482)
Finance costs – net	(368)	(595)
Result before tax of discontinued operations	(1,391)	(3,077)
Tax	(385)	259
Result after tax of discontinued operations	(1,776)	(2,818)
Pre-tax loss recognized on costs to sell and on disposal <sup>1)</sup>	(1,739)	--
Tax <sup>2)</sup>	--	--
After tax loss recognized on costs to sell and on disposal	(1,739)	--
<b>Result from discontinued operations</b>	<b>(3,515)</b>	<b>(2,818)</b>
Attributable to:		
Equity holders of the company	(3,509)	(2,703)
Minority interest	(6)	(115)
<b>Result from discontinued operations</b>	<b>(3,515)</b>	<b>(2,818)</b>

1) Thereof from deconsolidation of subsidiaries TEUR –1,713 (see Note 32).

2) Failing adequate recoverability no deferred taxes on the losses on disposal were raised.

Revenues earned from discontinued operations were recognized in segment Business Solutions (BS) in the amount of TEUR 2,510 (2008: TEUR 8,174) and in segment Infrastructure Solutions (IS) in the amount of TEUR 721 (2008: TEUR 2,712). The profit from operations (EBIT) was recognized in segment Business Solutions (BS) in the amount of TEUR –941 (2008: TEUR –2,014) and in segment Infrastructure Solutions (IS) in the amount of TEUR –82 (2008: TEUR –468).

### Assets and liabilities classified as held for sale

The assets and liabilities classified as held for sale relate to the subsidiary in China (solely segment Business Solutions):

<b>Assets classified as held for sale</b>	<b>2009</b>
Property, plant and equipment	44
Trade accounts receivable and other receivables	317
Cash and cash equivalents	8
	<b>369</b>
<b>Liabilities classified as held for sale</b>	<b>2009</b>
Trade accounts payable and other payables	344
Short-term financial liabilities	102
	<b>446</b>

<b>Cash flows from discontinued operations</b>	<b>2009</b>	<b>2008</b>
Cash flows from operating activities	(1,673)	(553)
Cash flows from investing activities	23	(109)
Cash flows from financing activities	1,596	544
	<b>(54)</b>	<b>(118)</b>

## 9. Earnings per share

	2009			2008		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Result for the year in TEUR	(8,779)	(3,515)	(12,294)	2,512	(2,818)	(306)
Minus:						
Minority interest	--	6	6	--	115	115
Remaining for: Equity holders of the company	(8,779)	(3,509)	(12,288)	2,512	(2,703)	(191)
Weighted number of ordinary shares in issue (thousands)	3,565	3,565	3,565	3,559	3,559	3,559
Basic earnings per share in EUR	(2.46)	(0.98)	(3.45)	0.71	(0.76)	(0.05)

Basic earnings per share is calculated by dividing the net group profit 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

	Land and buildings	Office equipment	Total
<b>31 December 2009</b>			
<i>Cost:</i>			
1 January 2009	7,364	33,647	41,011
Additions	67	2,126	2,193
Disposal of subsidiaries (Note 32)	(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 (Note 32)	(400)	(1,105)	(1,505)
Disposals	(182)	(4,392)	(4,574)
Reclassification <sup>1)</sup>	--	(30)	(30)
Translation adjustments	(26)	(129)	(155)
31 December 2009	3,529	22,703	26,232
<b>Net book amount</b>	<b>2,929</b>	<b>6,641</b>	<b>9,570</b>
<b>31 December 2008</b>			
<i>Cost:</i>			
1 January 2008	8,783	35,419	44,202
Additions	199	3,830	4,029
Disposals	(1,690)	(4,396)	(6,086)
Reclassification	13	(13)	--
Translation adjustments	59	(1,193)	(1,134)
31 December 2008	7,364	33,647	41,011
<i>Accumulated depreciation:</i>			
1 January 2008	3,836	24,157	27,993
Depreciation charge	579	5,058	5,637
Disposals	(714)	(3,834)	(4,548)
Reclassifications	7	(7)	--
Translation adjustments	(66)	(1,186)	(1,252)
31 December 2008	3,642	24,188	27,830
<b>Net book amount</b>	<b>3,722</b>	<b>9,459</b>	<b>13,181</b>

1) assets classified as held for sale

As of 31 December 2009 no property (2008: TEUR 0) was pledged as security for short-term loans. Additions include TEUR 246 (2008: TEUR 656) office equipment acquired under finance leases (where a group company is the lessee). Net book value of office equipment under finance leases at 31 December 2009 is TEUR 1,234 (2008: TEUR 1,708).

## 11. Intangible assets

	Goodwill	Internally generated software development costs	Licences and similar rights	Total
<b>31 December 2009</b>				
<i>Cost:</i>				
1 January 2009	41,807	725	12,430	54,962
Additions	--	733	591	1,324
Disposal of subsidiaries (Note 32)	(810)	--	(112)	(922)
Disposals	--	--	(248)	(248)
Translation adjustments	(358)	(10)	--	(368)
31 December 2009	40,639	1,448	12,661	54,748
<i>Accumulated amortization:</i>				
1 January 2009	--	41	10,636	10,677
Amortization charge	--	305	908	1,213
Disposal of subsidiaries (Note 32)	--	--	(112)	(112)
Disposals	--	--	(248)	(248)
Translation adjustments	--	(1)	(9)	(10)
31 December 2009	--	345	11,175	11,520
<b>Net book amount</b>	<b>40,639</b>	<b>1,103</b>	<b>1,486</b>	<b>43,228</b>
<b>31 December 2008</b>				
<i>Cost:</i>				
1 January 2008	41,419	--	12,972	54,391
Additions	--	725	666	1,391
Disposals	--	--	(907)	(907)
Translation adjustments	388	--	(301)	87
31 December 2008	41,807	725	12,430	54,962
<i>Accumulated amortization:</i>				
1 January 2008	--	--	10,379	10,379
Amortization charge	--	41	1,455	1,496
Disposals	--	--	(893)	(893)
Translation adjustments	--	--	(305)	(305)
31 December 2008	--	41	10,636	10,677
<b>Net book amount</b>	<b>41,807</b>	<b>684</b>	<b>1,794</b>	<b>44,285</b>

The additions to the development costs include the internally generated SAP-template 'SAP4ALL' with TEUR 609 (2008: TEUR 686).

IFRS 8, 'Operating segments', was compulsory applied from 1 January 2009. The impact is a reduction of the reportable segments. Since goodwill was previously allocated based on the secondary reporting format (geographical segments) which was removed with the change of the regulations for segment reporting, management had to allocate the goodwill to the newly identified cash generating units below segment level. This resulted in a reallocation of goodwill to the following cash generating units:

	<b>2009</b>
Business Solutions – DACH, Asia and Central Europe (BS – DACH, Asia, CE)	25,618
Business Solutions – South and Eastern Europe (BS – SEE)	2,382
Infrastructure Solutions – DACH, Asia and Central Europe (IS – DACH, Asia, CE)	8,891
Infrastructure Solutions – South and Eastern Europe (IS – SEE)	3,748
	<b>40,639</b>

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.

The company regularly carried out an impairment test on 30th September of each financial year. The impairment test carried out on 30 September 2009 did not give rise to an impairment loss.

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 2009 did not give rise to any impairment (also refer to point 20: 'Critical Accounting Estimates and Assumptions' in the section 'Accounting Policies').

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

	<b>BS – DACH Asia, CE</b>	<b>BS – SEE</b>	<b>IS – DACH Asia, CE</b>	<b>IS – SEE</b>
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	10.79%	12.66%	10.94%	14.18%
After-tax discount rate	8.71%	10.81%	8.82%	11.92%

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

	2009	2008
Available for sale financial instruments:		
– Non-consolidated subsidiaries	55	55
– Securities	703	618
– Other financial assets	70	40
	<b>828</b>	<b>713</b>
Financial instruments held for trading (securities)	82	38
	<b>910</b>	<b>751</b>
Thereof: non-current	828	713
Thereof: current	82	38

Development of available for sale financial instruments:

	2009	2008
Opening net book amount	713	675
Additions	64	61
Write-up/(write-off) recognized in equity	48	(34)
Translation adjustments	3	11
<b>Closing net book amount</b>	<b>828</b>	<b>713</b>

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

	2009	2008
Finance lease – gross investments	1,095	1,291
Unearned finance income	(85)	(100)
	1,010	1,191
Long-term loans and receivables	2,351	2,181
	<b>3,361</b>	<b>3,372</b>

Other long-term loans and receivables include fair value of an insurance policy covering unfunded pension obligations in the amount of TEUR 336 (2008: TEUR 291).

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

	2009	2008
Gross investment in finance leases:		
Not later than 1 year	1,418	1,485
Later than 1 year and not later than 5 years	1,095	1,291
	2,513	2,776
Unearned future finance income on finance leases	(115)	(136)
<b>Net investment in finance leases</b>	<b>2,398</b>	<b>2,640</b>
Representing:		
– current receivables (not later than 1 year)	1,388	1,449
– non-current receivables (later than 1 year and not later than 5 years)	1,010	1,191
<b>Net investment in finance leases</b>	<b>2,398</b>	<b>2,640</b>

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 2009 financial year (2008: 5%).

## 14. Additional disclosures on financial instruments

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

	Category in accordance with IAS 39	Amounts recognized in balance sheet according to IAS 39					Amounts recognized in balance sheet according to IAS 17	Fair Value 31 Dec. 2009
		Carrying amount 31 Dec. 2009	Amortized cost	Cost	Fair Value recognized in equity	Fair Value recognized in profit or loss		
<b>Assets</b>								
Non-current financial assets	AfS	828	--	125	703	--	--	828
Non-current receivables	LaR/n.a.	3,361	2,351	--	--	--	1,010	3,361
Trade accounts receivable and other receivables								
a) Trade accounts receivable	LaR	91,863	91,863	--	--	--	--	91,863
b) Other receivables	LaR/n.a.	6,955	5,567	--	--	--	1,388	6,955
Current financial assets	FAHfT	82	--	--	--	82	--	82
Cash and cash equivalents	LaR	27,329	27,329	--	--	--	--	27,329
<b>Liabilities</b>								
Long-term financial liabilities	FLAC/n.a.	56,120	54,831	--	--	--	1,289	55,365
Other long-term liabilities	FLAC	--	--	--	--	--	--	--
Trade accounts payable and other payables								
a) Trade accounts payable	FLAC	50,086	50,086	--	--	--	--	50,086
b) Derivatives without a hedging relationship	FLHfT	--	--	--	--	--	--	--
c) Other payables	FLAC	3,820	3,820	--	--	--	--	3,820
Short-term financial liabilities	FLAC	23,035	21,271	--	--	--	1,764	24,157
Of which: aggregated by category in accordance with IAS 39								
Loans and Receivables (LaR)		127,110	127,110	--	--	--	--	127,110
Held-to-Maturity Investments (HtM)		--	--	--	--	--	--	--
Available-for-Sale Financial Assets (AfS)		828	--	125	703	--	--	828
Financial Assets Held for Trading (FAHfT)		82	--	--	--	82	--	82
Financial Liabilities measured at Amortised Cost (FLAC)		130,008	130,008	--	--	--	--	130,375
Financial Liabilities Held for Trading (FLHfT)		--	--	--	--	--	--	--

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.

**Amounts recognized in balance  
sheet according to IAS 39**

Category in accordance with IAS 39	Carrying amount 31 Dec. 2008	Amor- tized cost	Cost	Fair Value recog- nized in equity	Fair Value recog- nized in profit or loss	Amounts recog- nized in balance sheet accord- ing to IAS 17	Fair Value 31 Dec. 2008
AfS	713	--	95	618	--	--	713
LaR/n.a.	3,372	2,181	--	--	--	1,191	3,372
LaR	116,605	116,605	--	--	--	--	116,605
LaR/n.a.	6,030	4,581	--	--	--	1,449	6,030
FAHfT	38	--	--	--	38	--	38
LaR	30,529	30,529	--	--	--	--	30,529
FLAC/n.a.	59,802	57,942	--	--	--	1,860	58,868
FLAC	358	358	--	--	--	--	358
FLAC	58,936	58,936	--	--	--	--	58,936
FLHfT	661	--	--	--	661	--	661
FLAC	3,624	3,624	--	--	--	--	3,624
FLAC	25,922	24,144	--	--	--	1,778	27,041
	153,896	153,896	--	--	--	--	153,896
	--	--	--	--	--	--	--
	713	--	95	618	--	--	713
	38	--	--	--	38	--	38
	145,004	145,004	--	--	--	--	145,189
	661	--	--	--	661	--	661

## 15. Inventories

	2009	2008
Merchandise	9,671	13,459
Spare parts	3,872	4,264
Other products	356	951
<b>Net book value</b>	<b>13,899</b>	<b>18,674</b>

  

	2009	2008
Inventory at cost	23,667	32,171
Less: Valuation allowance	(9,768)	(13,497)
<b>Net book value</b>	<b>13,899</b>	<b>18,674</b>

Expenses for valuation allowances and write-off of inventories amounted to TEUR 1,127 (2008: TEUR 1,483).

## 16. Trade accounts receivable and other receivables

	2009	2008
a) Trade accounts receivable		
Trade accounts receivable	100,041	122,717
Less: Valuation allowance for impairment	(8,178)	(6,112)
	91,863	116,605
Receivables from 'fixed-price' service agreements	8,780	5,783
Progress billings	(5,894)	(2,853)
'Fixed-price' service agreements with amounts due from customers	2,886	2,930
	94,749	119,535
b) Other receivables		
Receivables from tax authorities	288	128
Finance lease – gross investment (Note 13)	1,418	1,485
Unearned finance income	(30)	(36)
	1,388	1,449
Receivables due from non-consolidated subsidiaries	705	777
Prepayments	1,503	3,428
Prepaid expenses	8,522	7,133
Other current receivables	4,862	3,804
	17,268	16,719
	<b>112,017</b>	<b>136,254</b>

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

Development of valuation allowance:

	<b>2009</b>	<b>2008</b>
Opening amount	6,112	5,484
Additions	4,676	3,883
Usage	(385)	(172)
Reversal	(2,013)	(2,691)
Acquisition and disposal of subsidiaries	(131)	--
Currency translation differences	(81)	(392)
<b>Closing amount</b>	<b>8,178</b>	<b>6,112</b>

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

Maturity structure of accounts receivables:

	<b>2009</b>	<b>2008</b>
Not past due	74,224	93,025
Overdue, but not impaired:		
Between 1 and 60 days	12,664	19,117
Between 61 and 90 days	1,652	2,100
Between 91 and 180 days	1,300	1,532
More than 180 days	2,023	831
	<b>91,863</b>	<b>116,605</b>

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>2009</b>	<b>2008</b>
Cash at banks and on hand	27,329	30,529
	<b>2009</b>	<b>2008</b>
Cash and cash equivalents according to the consolidated cash flow statement	27,337	30,529
Presented in assets classified as held for sale (Note 8)	(8)	--
	<b>27,329</b>	<b>30,529</b>

## 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 2008	3,585	7,170	6,034	(1,097)	12,107
Initial consolidation	--	--	(121)	--	(121)
Expenses share option plan	--	--	2	--	2
Transactions with treasury shares	--	--	--	(225)	(225)
<b>At 31 December 2008</b>	<b>3,585</b>	<b>7,170</b>	<b>5,915</b>	<b>(1,322)</b>	<b>11,763</b>
Initial consolidation	--	--	(33)	--	(33)
Transactions with treasury shares	--	--	--	(4)	(4)
<b>At 31 December 2009</b>	<b>3,585</b>	<b>7,170</b>	<b>5,882</b>	<b>(1,326)</b>	<b>11,726</b>

As of 31 December 2009 issued capital of EUR 7,170,034 represents 3,585,017 fully paid up no-par-value shares currently incorporated 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 3,564,796 (2008: 3,558,602) during the year.

At the balance sheet date the parent company holds 20,286 (2008: 19,946) own shares. The cost incurred by the company to re-acquire its own shares and related proceeds for subsequent re-sale are shown as a correction to 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 2008	1,477	6	35,779	37,262
Currency translation differences	(1,506)	--	--	(1,506)
Net investment hedge (Note 20)	(480)	--	--	(480)
Securities available for sale <sup>1)</sup>	--	(29)	--	(29)
Net income recognized directly in equity	(1,986)	(29)	--	(2,015)
Net result for the year 2008	--	--	(191)	(191)
Total comprehensive income	(1,986)	(29)	(191)	(2,206)
Initial consolidation	--	--	(15)	(15)
<b>Balance at 31 December 2008</b>	<b>(509)</b>	<b>(23)</b>	<b>35,573</b>	<b>35,041</b>
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>2)</sup>	--	43	--	43
Net income recognized directly in equity	(1,138)	43	--	(1,095)
Net result for the year 2009	--	--	(12,288)	(12,288)
Total comprehensive income	(1,138)	43	(12,288)	(13,383)
Initial consolidation	--	--	--	--
<b>Balance at 31 December 2009</b>	<b>(1,647)</b>	<b>20</b>	<b>23,285</b>	<b>21,658</b>

1) net of deferred tax (TEUR +5)

2) net of deferred tax (TEUR -5)

In 2008 and in 2009 no dividends were paid or declared.

## 20. Long-term financial liabilities

	2009	2008
Bonds	54,831	54,658
Long-term bank loans	--	3,284
	54,831	57,942
Lease liabilities	1,289	1,860
	<b>56,120</b>	<b>59,802</b>

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%.

'50% plus one share' of the shares in The Information Management Group AG, St. Gallen, Switzerland, were pledged as collateral for long-term financial liabilities in the amount of TEUR 3,288.

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

	2009	2008
EUR	55,820	55,786
CHF	--	3,284
Other	300	732
	<b>56,120</b>	<b>59,802</b>

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

	Carrying amounts		Fair value		Cash flows	
	2009	2008	2009	2008	2009	2008
Within 1 year (Note 25)	4,788	4,785	5,910	5,904	5,956	5,953
Between 1 and 5 years	54,831	57,942	54,076	57,008	58,725	64,678
More than 5 years	--	--	--	--	--	--
<b>Total</b>	<b>59,619</b>	<b>62,727</b>	<b>59,986</b>	<b>62,912</b>	<b>64,681</b>	<b>70,631</b>

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 till 30 June 2009.

Finance lease liabilities - minimum lease payments:

	2009	2008
Not later than 1 year	1,878	2,070
Later than 1 year and not later than 5 years	1,390	1,922
	3,268	3,992
Future finance charges on finance leases	(215)	(354)
<b>Present value of finance lease liabilities</b>	<b>3,053</b>	<b>3,638</b>
Representing lease liabilities:		
- current (not later than 1 year)	1,764	1,778
- non current	1,289	1,860
	<b>3,053</b>	<b>3,638</b>

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

## 21. Other long-term liabilities

	2009	2008
Deferred income (non-current)	514	404
Other	--	358
	<b>514</b>	<b>762</b>

## 22. Long-term provisions

Provisions for employee benefits relate to obligations of the parent company and some subsidiaries towards its employees and as such it is based on local labour law, 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 labour 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 determined as follows:

	2009	2008
Provisions for pensions	3,261	2,806
Provisions for leaving indemnities	1,829	1,814
Provisions for service anniversary bonuses and other commitments	391	816
<b>Provisions for employee benefits</b>	<b>5,481</b>	<b>5,436</b>

## Provisions for pensions

	2009	2008
Present value of funded obligations	5,539	8,746
Fair value of plan assets	(5,288)	(8,891)
	251	(145)
Present value of unfunded obligations	413	359
Unrecognized actuarial gains/(losses)	2,597	2,592
<b>Provisions for pensions</b>	<b>3,261</b>	<b>2,806</b>

Unfunded pension obligations are partially covered by an insurance policy in the amount of TEUR 336 (2008: TEUR 291) with expected returns of 4.5% (see Note 13).

The amounts recognized in the income statement are as follows:

	2009	2008
Current service cost	765	764
Amortization of actuarial losses/(gains)	(43)	(69)
Total included in staff costs	722	695
Interest cost <sup>1)</sup>	325	327
Expected return on plan assets <sup>1)</sup>	(306)	(266)
	741	756

1) included in the finance costs

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

	2009	2008
Beginning of the year	2,806	2,242
Net expense recognized in the income statement	741	756
Contributions paid	(295)	(425)
Exchange differences	9	233
End of the year	3,261	2,806

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

	2009	2008
Beginning of the year	9,105	12,367
Current service cost	765	764
Interest cost	325	327
Settlement	(4,500)	(4,846)
Actuarial losses/(gains)	304	(595)
Exchange differences	(47)	1,088
End of the year	5,952	9,105

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

	2009	2008
Beginning of the year	8,891	11,001
Expected return	306	266
Contributions paid	295	425
Settlement	(4,500)	(5,718)
Actuarial gains/(losses)	350	1,857
Exchange differences	(54)	1,060
End of the year	5,288	8,891

90% of plan assets is invested in a liability insurance policy. The expected return on plan assets of 3,25% approximates the gains of the last years. For the next financial year a required contribution of TEUR 295 is expected.

The principal actuarial assumptions used were as follows:

	2009	2008
Discount rate	3.25 – 5.25 %	3.50 – 6.00 %
Expected return on plan assets	3.25 %	3.25 – 3.50 %

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% (2008: 1.50%) and in pensions of 1.00% (2008: 1.00%).

## Provisions for leaving indemnities

	2009	2008
Present value of obligations	2,166	1,618
Unrecognized actuarial gains/(losses)	(337)	196
<b>Provisions for leaving indemnities</b>	<b>1,829</b>	<b>1,814</b>

The amounts recognized in the income statement are as follows:

	2009	2008
Current service cost	141	168
Amortization of actuarial gains and losses	(5)	1
Total included in staff costs	136	169
Interest cost <sup>1)</sup>	88	87
	224	256

1) included in the finance costs

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

	2009	2008
Beginning of the year	1,814	1,749
Net expense recognized in the income statement	224	256
Contributions paid	(211)	(178)
Exchange differences	2	(13)
End of the year	1,829	1,814

The principal actuarial assumptions used were as follows:

	2009	2008
Discount rate	5.25 – 6.00 %	5.75 – 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.

	2009	2008
Deferred tax assets	(5,496)	(6,695)
Deferred tax liabilities	49	265
	<b>(5,447)</b>	<b>(6,430)</b>

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 16,329 (2008: TEUR 14,032) 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 1,686 (2008: TEUR 387) 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 691 (2008: TEUR 1,189) 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. 2008	Charged/ (credited) to equity	Charged/ (credited) to P/L	Acquisi- tion and disposal of subsid- iaries	Reclassi- fications	Exchange differences	31 Dec. 2009
<b>Deferred income tax liabilities</b>							
Valuation of non-current assets	56	--	(12)	--	(12)	(1)	31
Valuation of receivables and inventory	533	--	(92)	--	20	(20)	441
Accruals and provisions	(324)	--	(107)	--	(37)	16	(452)
Unused tax credits	--	--	--	--	29	--	29
	265	--	(211)	--	--	(5)	49
<b>Deferred income tax assets</b>							
Valuation of non-current assets	267	5	66	--	86	1	425
Impairment of receivables and inventory	(715)	--	(227)	--	(194)	12	(1,124)
Provisions and liabilities	(2,458)	--	424	--	145	17	(1,872)
Treasury shares	--	--	(12)	--	--	--	(12)
Accounts payable	(86)	--	90	--	(8)	7	3
Unused tax credits	(544)	--	144	--	(29)	--	(429)
Tax loss carry forwards	(3,159)	--	621	--	--	51	(2,487)
	(6,695)	5	1,106	--	--	88	(5,496)
<b>Net deferred income tax assets</b>	<b>(6,430)</b>	<b>5</b>	<b>895</b>	<b>--</b>	<b>--</b>	<b>83</b>	<b>(5,447)</b>
From discontinued operations			379				
From continuing operations			516				

## 24. Trade accounts payable and other payables

	2009	2008
<b>a) Trade accounts payable</b>		
Trade accounts payable	50,086	58,936
Payables from 'fixed-price' service agreements	(354)	63
Progress billings	400	176
'fixed-price' service agreements with amounts due to customers	46	239
	50,132	59,175
<b>b) Other payables</b>		
Liabilities to social security agencies and tax authorities	8,330	11,075
Advances received	3,015	4,948
Payables due to non-consolidated subsidiaries	125	--
Employees' bonuses/salaries	1,040	529
Negative fair value of derivative financial instruments	--	661
Miscellaneous payables	3,695	3,624
Deferred income	12,375	12,886
Accrued liabilities:		
– for short-term personnel benefits	11,243	15,916
– other	6,079	6,854
	45,902	56,493
	<b>96,034</b>	<b>115,668</b>

Short-term personnel 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

	2009	2008
Current accounts	16,483	19,359
Short-term portion of long-term loans	4,788	4,785
Lease liabilities (see Note 20)	1,764	1,778
	<b>23,035</b>	<b>25,922</b>

The effective interest rates for current accounts ranged in the respective countries from 1% to 23% depending on the currency of the respective overdrafts and other factors (2008: 4% to 29%). Trade accounts receivable of TEUR 19,190 (2008: TEUR 19,004) are pledged, in the context of a global cession, as collateral for short-term borrowings.

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

	2009	2008
EUR	15,872	17,147
CHF	5,987	5,385
USD	80	1,699
Other	1,096	1,691
	<b>23,035</b>	<b>25,922</b>

## 26. Provisions

	31 Dec. 2008	Acqui- sition/ disposal of subsi- diaries	Additions	Usage	Reversal	Currency translation differences	31 Dec. 2009
Provisions for warranties and similar obligations	541	--	952	(316)	(89)	4	1,092
Provisions for pending losses	232	(22)	--	(13)	--	(1)	196
<b>Total provisions</b>	<b>773</b>	<b>(22)</b>	<b>952</b>	<b>(329)</b>	<b>(89)</b>	<b>3</b>	<b>1,288</b>

The provisions for warranties refer to warranty claims taken on 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 4,518 (2008: TEUR 6,821) of which TEUR 2,235 (2008: TEUR 1,733) is due not later than 1 year; the other commitments are due between two and five years.

## 28. Non-cash transactions

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).

## 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, of which not all 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 naturally fluctuate 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.

## 30. Contingencies

In the ordinary course of business, the group has issued performance bonds and bid bonds to the total amount of TEUR 9,777 (2008: TEUR 13,080).

## 31. Initial consolidation and acquisition of minority interest

In the second quarter of 2009 the group acquired 5 % former minority interest of 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

Due to the liquidation of the subsidiary in Turkey and the transfer of the Russian activities in a cooperation with a minority interest these companies were deconsolidated (S&T Bilisim Cözümleri A.S., Turkey, as of 1 April 2009, The Information Management Group Russia, OOO, Russia, S&T International, OOO, Russia, and HPS International, OOO, Russia, as of 1 July 2009).

Disposal consideration/Liquidation proceeds	300
Book value of net assets disposed of including debt forgiven and cumulative translation adjustment	(2,013)
<b>Loss on disposal</b>	<b>(1,713)</b>

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

Cash and cash equivalents	343
Property, plant and equipment (Note 10)	487
Intangible assets (Note 11)	810
Inventories	49
Trade and other receivables	1,647
Long-term financial liabilities	(1,331)
Other long-term liabilities	(350)
Trade and other liabilities	(7,376)
Short-term financial liabilities	(769)
Provisions (Note 26)	(22)
Book value of net assets	(6,512)
Cumulative translation adjustments	(118)
Debt forgiven and other expenses	8,643
	2,013
Loss on disposal	(1,713)
Disposal consideration/Liquidation proceeds	300
Consideration payable	(150)
Cash and cash equivalents	(343)
<b>Cash outflow on disposal</b>	<b>(193)</b>

## 33. Costs for the auditor

The costs for the auditor include: audit of the consolidated financial statements TEUR 60 (2008: 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 72 (2008: TEUR 58).

## 34. Management Board and related party transactions

No transactions of a material nature were concluded with related parties in 2009.

In 2009 the Management Board consisted of four members:

**Christian Rosner**, CEO  
**Martin Bergler**, CFO  
**Georg Komornyik**, COO (member from 1 January to 3 December 2009) and  
**Peter Sturz**, COO (member since 1 January 2009)

With effect from 1 February 2010 Peter Trawnicek was appointed as further member of the Management Board.

In 2009 remunerations for members of the Management Board amounting to TEUR 1,085 (2008: TEUR 664 for two persons), consisting of TEUR 806 (2008: TEUR 443) fixed salaries and benefits, TEUR 29 (2008: TEUR 149) of bonuses, TEUR 130 (2008: TEUR 72) for a defined contribution retirement plan and TEUR 120 (2008: TEUR 0) for termination benefits. 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 2009 no provision for leaving indemnities (2008: TEUR 0) for the members of the Management Board had been raised.

Members of the Supervisory Board:

**Thomas Streimelweger**, Chairman  
**Reinhard Moser**, Deputy Chairman  
**Wolfgang Auer Welsbach**  
**Andreas Frech** (member since 15 May 2009)  
**Franz Jurkowitsch**  
**Viktoria Kickinger** (member since 15 May 2009)  
**Karl-Michael Millauer**  
**Karl Nigl**  
**Ernst Nonhoff**  
**Kurt Waniek**

The members of the Supervisory Board and related companies received remuneration and reimbursements of TEUR 188 in 2009 (2008: TEUR 148). 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 199 (2008: TEUR 346) per balance sheet date. There were no loans granted to members of the Supervisory or Management Board.

## 35. Events after the balance sheet date

In March 2010 new credit terms were negotiated with a financial institution (also refer to Point 5.1 Financial Risk Factors – (2) Cash flow and interest rate risk under accounting policies).

With effect from 1 February 2010 Peter Trawnicek was appointed as further member of the Management Board.

Authorized for issue:

Vienna, 31 March 2010

The Management Board:

Christian Rosner

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 2009. These consolidated financial statements comprise the consolidated balance sheet as of 31 December 2009, 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 2009, 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 basis for our audit opinion.

## Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of 31 December 2009 and its financial performance and its cash flows for the fiscal year from 1 January to 31 December 2009 in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Without 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 Company comments on the existing liquidity risk. If the Company should be unable to implement the measures described there, a material uncertainty might arise with regard to the Group's ability to continue as a going concern.

In addition, we draw attention to the material uncertainties described in Note 1 'Basis of preparation' and Note 20 'Critical accounting estimates and assumptions' and the related risks. If the assumptions made there by management were not appropriate, this might result in a material impairment of individual amounts stated in the balance sheet.

## 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, 31 March 2010

PwC Wirtschaftsprüfung GmbH  
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed:

**Dr. Christine Catasta**  
Austrian Certified Public Accountant