



S&T: Half-Year Figures 2006

Record Result for S&T

Revenues and EBIT hit new highs

- **Revenues + 45.7% - EUR 205.8 million**
- **EBIT +142.8% - EUR 6.1 million**
- **Rosner: Record result due to clear focus**

27 July 2006, Vienna, Austria – S&T System Integration & Technology Distribution AG (ISIN AT0000905351) has once again boosted revenues and EBIT to achieve another record-breaking result. This success is a clear confirmation of the company's focus on services and industry-specific solutions.

Record Revenues

In the first six months of the year S&T generated revenues of EUR 205.8 million, an increase of 45.7% on the same period in the previous year (2005: EUR 141.2 million). Compared to Q2 2005, revenues rose 27.7% from EUR 82 million to EUR 104.7 million.

In the high-margin Business Solutions segment, revenues in the first six months leapt by 69.5%, from EUR 26.8 million to EUR 45.4 million. In Q2 they grew from EUR 15 million to EUR 25.4 million.

Record Result

Profits from operations (EBIT) improved 142.8% from EUR 2.5 million in the first six months of 2005 to EUR 6.1 million in the first half of 2006. EBITDA rose by 75% from EUR 5.1 million to EUR 8.9 million compared to the first half of 2005.

"If one remembers that in 2002 revenues in the Business Solutions segment totalled EUR 17.2 million for the entire year, and that the same segment now generates half-year revenues of EUR 45.4 million, it becomes evident that S&T's strategy of focussing on services and software solutions is paying off. We are well on the way to becoming a European key player in the IT market", says Christian Rosner, CEO of S&T AG.



Outlook

In order to continue its profitable growth course, S&T will in future focus on its core industries: financial services providers, power utilities, manufacturing and telecommunications.

The recently-opened nearshoring centre in Romania will also enable S&T to expand its portfolio of software solutions. Geographical proximity to the customer and a familiar European partner offer a significant competitive advantage versus offshoring in Asia.

“Further acquisitions in the areas of Business Solutions and Managed Services are assured by a financing reserve of some EUR 50 million. Achieving further growth throughout the dynamic IT market in Central and Eastern Europe and expanding S&T’s leading position there remains the prime goal” says Christian Rosner, CEO of S&T AG.

Conference Call

S&T management will be available for a conference call on July 27th, 2006, at 16:00 CET. In order to participate, please call 0049 (0)69 2222 7111 from Germany, 0043 (0)1 7957 6055 for Austrian participants and 0044 (0)20 7784 1004 for participants from the UK a few minutes before the start of the conference.

As an additional service, a recording of the conference call will be available from August 3, 2006, on the S&T homepage: <http://www.snt.at>

Consolidated income statement
(all amount in EUR '000)

Period from 01.01., ended	30.06.2006	30.06.2005	31.12.2005
Sales			
Business Solutions (BS)	45.439	26.804	66.203
Enterprise Systems (ES)	121.341	80.125	214.373
Managed Services (MS)	34.223	29.050	63.688
Medical Systems (MED)	4.763	5.245	11.406
Total Sales	205.766	141.224	355.670
Other operating income	2.208	3.680	4.788
Total revenues	207.974	144.904	360.458
Merchandise, spare parts and purchased services	(144.786)	(98.356)	(253.556)
Staff costs	(38.707)	(29.110)	(64.050)
Other operating expenses	(15.595)	(12.361)	(28.342)
Total operating expenses	(199.088)	(139.827)	(345.948)
<i>Profit from operations before depreciation and amortization (EBITDA)</i>	8.886	5.077	14.510
Depreciation and amortization	(2.796)	(2.569)	(6.038)
<i>Profit from operations (EBIT)</i>	6.090	2.508	8.472
Finance costs (net)	(383)	(66)	(2.112)
Profit/(loss) before tax	5.707	2.442	6.360
Income tax expense	(1.669)	(906)	(1.442)
Profit for the period	4.038	1.536	4.918
Attributable to:			
Equity Holders of the company	4.037	1.535	4.917
Minority interest	1	1	1
Net profit/(loss) for the period	4.038	1.536	4.918
Earnings per share attributable to equity holders of the company in EUR:			
Basic earnings per share	1,14	0,44	1,40
Diluted earnings per share	1,12	0,43	1,38
Weighted number of ordinary shares in issue (thousands)	3.547	3.478	3.507

Consolidated balance sheet
(all amounts in EUR '000)

Assets	30.06.2006	30.06.2005	31.12.2005
<i>Non-current assets</i>			
Property, plant and equipment	15.712	13.209	15.153
Intangible assets	22.169	15.381	20.027
Investments in affiliated companies	79	1.245	112
Other investments	925	583	473
Non-current receivables	2.960	2.402	2.931
Deferred tax assets	4.172	3.508	4.002
	<u>46.017</u>	<u>36.328</u>	<u>42.698</u>
<i>Current assets</i>			
Inventories	17.891	14.863	19.680
Trade accounts receivable	83.823	65.182	98.158
Other receivables and prepayments	15.875	12.553	17.350
Cash and cash equivalents	41.840	12.265	19.781
	<u>159.429</u>	<u>104.863</u>	<u>154.969</u>
Total assets	205.446	141.191	197.667
Equity and Liabilities			
	30.06.2006	30.06.2005	31.12.2005
<i>Equity</i>			
Issued capital	7.137	7.137	7.137
Share premium	5.931	8.348	5.907
Treasury shares	(94)	(645)	(69)
Accumulated translation adjustments	(1.195)	(680)	(521)
Retained earnings and other reserves	29.372	19.367	25.213
Equity attributable to equity holders of the company	<u>41.151</u>	<u>33.527</u>	<u>37.667</u>
Minority interest in subsidiaries	3	2	2
	<u>41.154</u>	<u>33.529</u>	<u>37.669</u>
<i>Non-current liabilities</i>			
Loans and other liabilities	60.360	25.369	32.383
Deferred tax liability	733	405	525
	<u>61.093</u>	<u>25.774</u>	<u>32.908</u>
<i>Current liabilities</i>			
Trade accounts payable	43.939	25.475	55.715
Current tax liabilities	566	389	1.292
Other payables	15.079	11.097	18.478
Short-term borrowings	19.343	24.109	24.626
Provisions and deferred income	24.272	20.818	26.979
	<u>103.199</u>	<u>81.888</u>	<u>127.090</u>
Total equity and liabilities	205.446	141.191	197.667

Consolidated cash flow statement
(all amounts in EUR '000)

Period from 01.01., ended	30.06.2006	30.06.2005	31.12.2005
Operating activities			
Profit from operations	6.090	2.508	8.472
Adjustments for items not affecting cash:			
Depreciation and amortization	2.796	2.569	6.038
Gain on disposal of subsidiary	--	--	(350)
Other (net)	(651)	(1.884)	(2.652)
	<u>8.235</u>	<u>3.193</u>	<u>11.508</u>
Changes in working capital:			
(Increase) / decrease in trade accounts and other receivables	16.677	3.575	(26.854)
(Increase) / decrease in inventory	2.102	1.262	(1.999)
Increase / (decrease) in current liabilities	(21.187)	(18.254)	14.313
	<u>(2.408)</u>	<u>(13.417)</u>	<u>(14.540)</u>
Interest received	273	179	494
Interest paid	(979)	(925)	(2.329)
Taxes paid	(1.868)	(1.120)	(914)
Net cash from operating activities	3.253	(12.090)	(5.781)
Investing activities			
Capital expenditure	(2.199)	(1.660)	(4.913)
Purchase of investments	1	(5)	(5)
Proceeds from sale of fixed assets	245	--	1.181
Proceeds from sale of investments	--	363	251
Disposal of subsidiary, net of cash	--	--	(372)
Acquisition of subsidiaries, net of cash	(1.772)	(3.163)	(4.875)
Decrease in time deposit for a period longer than three months	(20.000)	52	52
Proceeds from derivative financial instruments	876	--	--
Long-term loans and receivables from other parties	(496)	(124)	(621)
Net cash used in investing activities	(23.345)	(4.537)	(9.302)
Financing activities			
Treasury shares	(25)	(7)	569
Increase in long-term loans and borrowings	29.595	9.893	24.347
Decrease in long-term loans and borrowings	(1.639)	--	(7.600)
Repayment of finance lease	(830)	(497)	(1.197)
Increase/(decrease) in short-term borrowings	(5.046)	7.128	6.184
Net cash used in financing activities	22.055	16.517	22.303
Net (decrease) / increase in cash and cash equivalents	1.963	(110)	7.220
Movement in cash and cash equivalents			
At start of year	19.781	12.034	12.034
Increase/(decrease)	1.963	(110)	7.220
Effect of exchange rate changes	96	341	527
At end of year	<u>21.840</u>	<u>12.265</u>	<u>19.781</u>
Time deposits for a period longer than three months	20.000	--	--
Cash and cash equivalents (in Balance Sheet)	41.840	12.265	19.781

Statement of changes in equity	Issued Capital	Share premium	Treasury shares	Accumulated translation adjustment	Available for sale investments	Retained earnings and other reserves	Minority interest	Total	
Period ended June 30, 2006									
Opening amount 01.01.06	7.137	5.907	(69)	(521)	10	25.203	37.667	2	37.669
Reclassification	--	--	--	--	--	--	--	--	--
Increase from initial consolidation	--	--	--	--	--	133	133	--	133
Currency translation differences	--	--	--	(674)	--	--	(674)	--	(674)
Securities available for sale ¹⁾	--	--	--	--	(11)	--	(11)	--	(11)
Net income recognized directly in equity	--	--	--	(674)	(11)	--	(685)	--	(685)
Net profit for the year	--	--	--	--	--	4.037	4.037	1	4.038
Total recognized income for 2006	--	--	--	(674)	(11)	4.037	3.352	1	3.353
Transactions with treasury shares	--	--	(25)	--	--	--	(25)	--	(25)
Equity compensation plan	--	24	--	--	--	--	24	--	24
Closing amount	7.137	5.931	(94)	(1.195)	(1)	29.373	41.151	3	41.154

¹⁾ Net of tax (TEUR 3)

Statement of changes in equity	Issued Capital	Share premium	Treasury shares	Accumulated translation adjustment	Available for sale investments	Retained earnings and other reserves	Minority interest	Total	
Period ended June 30, 2005									
Closing amount 31.12.04 (as previously reported)	7.137	8.194	(638)	(1.195)	--	17.940	31.438	1	31.439
Adjustment (IFRS 2)	--	108	--	--	--	(108)	--	--	--
Opening amount 01.01.05	7.137	8.302	(638)	(1.195)	--	17.832	31.438	1	31.439
Currency translation differences	--	--	--	515	--	--	515	--	515
Net profit for the period	--	--	--	--	--	1.535	1.535	1	1.536
Total recognized income for 2005	--	--	--	515	--	1.535	2.050	1	2.051
Transactions with treasury shares	--	--	(7)	--	--	--	(7)	--	(7)
Equity compensation plans	--	46	--	--	--	--	46	--	46
Capital increase	--	--	--	--	--	--	--	--	--
Negative Goodwill accord. to IFRS 3.81	--	--	--	--	--	--	--	--	--
Closing amount	7.137	8.348	(645)	(680)	--	19.367	33.527	2	33.529

Statement of changes in equity	Issued Capital	Share premium	Treasury shares	Accumulated translation adjustment	Available for sale investments	Retained earnings and other reserves	Minority interest	Total	
Period ended December 31, 2005									
Opening amount 01.01.05	7.137	8.302	(638)	(1.195)	--	17.832	31.438	1	31.439
Reclassification	--	(2.454)	--	--	--	2.454	--	--	--
Currency translation differences	--	--	--	674	--	--	674	--	674
Securities available for sale ¹⁾	--	--	--	--	10	--	10	--	10
Net income recognized directly in equity	--	--	--	674	10	--	684	--	684
Net profit for the year	--	--	--	--	--	4.917	4.917	1	4.918
Total recognized income for 2005	--	--	--	674	10	4.917	5.601	1	5.602
Transactions with treasury shares	--	--	569	--	--	--	569	--	569
Equity compensation plan	--	59	--	--	--	--	59	--	59
Closing amount	7.137	5.907	(69)	(521)	10	25.203	37.667	2	37.669

¹⁾ Net of tax (TEUR 2)

Consolidated income statement
(all amount in EUR '000)

Period from 01.04., ended	30.06.2006	30.06.2005
Sales		
Business Solutions (BS)	25.402	14.983
Enterprise Systems (ES)	59.829	47.827
Managed Services (MS)	17.559	17.019
Medical (MED)	1.905	2.163
Total Sales	104.695	81.992
Other operating income	1.681	951
Total revenues	106.376	82.943
Merchandise, spare parts and purchased services	(73.789)	(58.450)
Staff costs	(19.336)	(15.963)
Other operating expenses	(8.852)	(7.156)
Total operating expenses	(101.977)	(81.569)
<i>Profit from operations before depreciation and amortization (EBITDA)</i>	4.399	1.374
Depreciation and amortization	(1.418)	(1.345)
<i>Profit from operations (EBIT)</i>	2.981	29
Finance costs (net)	(1.236)	(71)
Profit/(loss) before tax	1.745	(42)
Income tax expense	(926)	(178)
Profit for the period	819	(220)
Attributable to:		
Equity Holders of the company	819	(220)
Minority interest	--	--
Net profit/(loss) for the period	819	(220)