



S&T announces second quarter and first half-year results for 2003

- **Total sales up 6% in second quarter**
- **Solutions business triples in second quarter (+ 186%)**
- **EBITDA falls by 4% in the first half-year**

23 July 2003, Vienna, Austria – S&T System Integration & Technology Distribution AG ("S&T"; Vienna Stock Exchange: SNT, NASDAQ Europe: SNTS, OTC: STSQY) today announced results for the second quarter and first half-year ending 30 June 2003.

The consistent continuation of S&T's strategy of focusing on high quality, mission critical IT infrastructure and related services led to a significant increase in this area of business in the second quarter. Sales in the Business Solutions unit rose to EUR 8.5 million in the 2nd quarter of 2003 from just under EUR 3 million in the same period in 2002. This was largely due to the successful development of the SAP-related business in the Adriatic region and the first-time consolidation of the subsidiaries acquired from Fujitsu Services in Poland, the Czech Republic, Hungary, Romania, Greece and Malta. The planned takeover of the Fujitsu Services subsidiary in Slovakia was not realized after a thorough due diligence.

As announced on 16 July 2003 management has decided to apply an impairment adjustment of EUR 1.1 million (50% of remaining goodwill) due to the continued underperformance of the Turkish operation. Together with the operating loss in Turkey and costs in connection with the Fujitsu Services acquisition, EBIT for the second quarter was minus EUR 1.6 million.

Business in Turkey was difficult, in particular due to the volatile economic situation and tense international relations during and after the war in Iraq. The national budget was only approved on 30 June 2003, resulting in a far reaching stop to public spending in the first six months.

On 30 June 2003 the S&T Group had a total workforce of 1,214 people.

**CONSOLIDATED INCOME STATEMENTS for the three months period April 01 to June 30, 2003 and 2002
(consolidated, unaudited) in EUR 1,000**

| Sales (in EUR 000) | Q2/2003 | Q2/2002 | +/- |
|--|----------------|----------------|---------------|
| BS (Business Solutions) | 8.545 | 2.987 | 186% |
| ES (Enterprise Systems) | 23.387 | 24.715 | -5% |
| CS (Customer Support) | 6.451 | 6.961 | -7% |
| MS (Managed Services) | 671 | 0 | |
| MED (Medical Systems) | 2.280 | 2.487 | -8% |
| ITD (Information Technology Distribution)* | 0 | 1.750 | - |
| Total sales | 41.334 | 38.900 | 6% |
| Other Income | 857 | 501 | 71,1% |
| Total Revenues | 42.191 | 39.401 | 7,1% |
| COGS | -29.201 | -28.588 | 2,1% |
| Staff | -7.942 | -5.255 | 51,1% |
| Other Operating Expenses | -4.085 | -3.973 | 2,8% |
| EBITDA | 963 | 1.585 | -39,2% |
| Depreciation and amortisation | -808 | -621 | 30,1% |
| EBITA | 155 | 964 | -83,9% |
| Impairment adjustment goodwill Turkey | -1.100 | | |
| Amortisation of goodwill | -662 | -529 | 25,1% |
| Profit from Operations / EBIT | -1.607 | 435 | - |

**CONSOLIDATED INCOME STATEMENT (unaudited) in EUR 1,000 for the six months period ending
June 30, 2003 and 2002**

| Sales (in EUR 000) | 1-6/2003 | 1-6/2002 | +/- |
|---|-----------------|-----------------|---------------|
| BS (Business Solutions) | 13.017 | 7.264 | 79% |
| ES (Enterprise Systems) | 55.750 | 43.795 | 27% |
| CS (Customer Support) | 11.988 | 12.443 | -4% |
| MS (Managed Services) | 1.249 | 0 | |
| MED (Medical Systems) | 4.404 | 5.549 | -21% |
| ITD (Information Technology Distribution) | 0 | 3.401 | - |
| Total sales | 86.408 | 72.452 | 19% |
| Other Income | 1.305 | 925 | 41,1% |
| Total Revenues | 87.713 | 73.377 | 19,5% |
| COGS | -62.770 | -52.111 | 20,5% |
| Staff | -13.936 | -10.402 | 34,0% |
| Other Operating Expenses | -7.849 | -7.576 | 3,6% |
| EBITDA | 3.158 | 3.288 | -4,0% |
| Depreciation and amortisation | -1.461 | -1.189 | 22,9% |
| EBITA | 1.697 | 2.099 | -19,2% |
| Impairment adjustment goodwill Turkey | -1.100 | | |
| Amortisation of goodwill | -1.324 | -1.050 | 26,1% |
| Profit from Operations / EBIT | -727 | 1.049 | - |

* The business unit ITD (PC and Hardware distribution) was sold

Total sales per region in EUR 1,000 for the six months period ending June 30, 2003 and 2002

| | 2003 | 2002 | +/- % |
|----------|---------------|---------------|--------------|
| Adriatic | 26.476 | 30.918 | -14% |
| South | 27.336 | 6.847 | 299% |
| Cyrillic | 10.448 | 13.503 | -23% |
| Central | 22.148 | 21.184 | 5% |
| | 86.408 | 72.452 | 19% |

Adriatic: Slovenia, Croatia, Bosnia-Herzegovina, Macedonia, Serbia and Montenegro

Central: Czech Republic, Hungary, Poland, Slovakia

Cyrillic: Russia, Ukraine, Moldova, CIS

South: Bulgaria, Romania, Turkey, Greece, Malta, Cyprus

Outlook

As in previous years, it can be assumed that after an average 3rd quarter a strong 4th quarter will follow. Due to the advancing integration of the Fujitsu Services subsidiaries, a positive impact on gross margins can be expected, as the percentage of total sales derived from services will increase. The exploitation of synergies (office mergers will be completed by the end of 2003) is also expected to reduce the burden on the cost side.

Management expects that the Turkish subsidiary will reach break-even at the end of 2003 after the started restructuring measures have been completed.

In the longer term, promising economic growth rates in Central and Eastern Europe as well as EU enlargement will lead to greater IT investments. S&T's management expects sales in excess of EUR 200 million in 2003.

Conference Call

S&T's management is available for a conference call on July 23 at 4.00 p.m. Central European time, UK: 3.00 p.m., US: 10.00 a.m. Eastern time. To take part in the conference call, please dial 0049 69 509 573 747 a few minutes prior to the start time. For your convenience, an instant replay will be available from July 23 at 6.00 p.m. Central European time. The replay telephone number is: 0049 69 50 957 9999 and the conference reference number is 23 70 51. If you have any questions please call 0049 69 50500600 for assistance.

Consolidated income statement

(all amount in EUR '000)

| Period from 01.01., ended | 30.06.2003 | 30.06.2002 | 31.12.2002 |
|---|----------------|--------------|--------------|
| Sales | | | |
| Business Solutions (BS) | 13.017 | 7.264 | 17.220 |
| Enterprise Systems (ES) | 55.750 | 43.795 | 112.093 |
| Customer Support (CS) | 11.988 | 12.443 | 23.849 |
| Managed Services (MS) | 1.249 | -- | -- |
| Medical (MED) | 4.404 | 5.549 | 12.845 |
| Information Technology Distributions (ITD) | -- | 3.401 | 3.403 |
| Total Sales | 86.408 | 72.452 | 169.410 |
| Other operating income | 1.305 | 925 | 1.678 |
| Total revenues | 87.713 | 73.377 | 171.088 |
| Merchandise, spare parts and purchased services | (62.770) | (52.111) | (126.269) |
| Staff costs | (13.936) | (10.402) | (22.284) |
| Other operating expenses | (7.849) | (7.576) | (14.977) |
| Total operating expenses | (84.555) | (70.089) | (163.530) |
| <i>Profit from operations before depreciation and amortization (EBITDA)</i> | <i>3.158</i> | <i>3.288</i> | <i>7.558</i> |
| Depreciation and amortization | (1.461) | (1.189) | (2.618) |
| <i>Profit from operations after depreciation/amortization and before amortization of goodwill (EBITA)</i> | <i>1.697</i> | <i>2.099</i> | <i>4.940</i> |
| Amortization of goodwill | (2.424) | (1.050) | (2.378) |
| <i>Profit from operations (EBIT)</i> | <i>(727)</i> | <i>1.049</i> | <i>2.562</i> |
| Finance costs | (1.031) | (385) | (2.084) |
| Profit before tax | (1.758) | 664 | 478 |
| Income tax expense | (388) | (424) | (287) |
| Profit after tax | (2.146) | 240 | 191 |
| Minority interest | -- | (1) | -- |
| Net profit for the period | (2.146) | 239 | 191 |
| Basic earnings per share in EUR | (0,62) | 0,07 | 0,06 |
| Diluted earnings per share in EUR | (0,62) | 0,06 | 0,05 |
| Weighted number of ordinary shares in issue (thousands) | 3.458 | 3.462 | 3.462 |

Consolidated income statement

(all amount in EUR '000)

| Period from 01.04., ended | 30.06.2003 | 30.06.2002 |
|---|----------------|------------|
| Sales | | |
| Business Solutions (BS) | 8.545 | 2.987 |
| Enterprise Systems (ES) | 23.387 | 24.715 |
| Customer Support (CS) | 6.451 | 6.961 |
| Managed Services (MS) | 671 | -- |
| Medical (MED) | 2.280 | 2.487 |
| Information Technology Distributions (ITD) | -- | 1.750 |
| Total Sales | 41.334 | 38.900 |
| Other operating income | 857 | 501 |
| Total revenues | 42.191 | 39.401 |
| Merchandise, spare parts and purchased services | (29.201) | (28.588) |
| Staff costs | (7.942) | (5.255) |
| Other operating expenses | (4.085) | (3.973) |
| Total operating expenses | (41.228) | (37.816) |
| <i>Profit from operations before depreciation and amortization (EBITDA)</i> | 963 | 1.585 |
| Depreciation and amortization | (808) | (621) |
| <i>Profit from operations after depreciation/amortization and before amortization of goodwill (EBITA)</i> | 155 | 964 |
| Amortization of goodwill | (1.762) | (529) |
| <i>Profit from operations (EBIT)</i> | (1.607) | 435 |
| Finance costs | (731) | (380) |
| Profit before tax | (2.338) | 55 |
| Income tax expense | 152 | (32) |
| Profit after tax | (2.186) | 23 |
| Minority interest | -- | (1) |
| Net profit for the period | (2.186) | 22 |

Consolidated balance sheet

(all amounts in EUR '000)

| Assets | 30.06.2003 | 30.06.2002 | 31.12.2002 |
|--------------------------------------|---------------|---------------|----------------|
| <i>Non-current assets</i> | | | |
| Property, plant and equipment | 11.444 | 10.520 | 10.479 |
| Intangible assets | 11.699 | 13.613 | 15.065 |
| Investments in affiliated companies | 186 | 3.499 | 185 |
| Other investments | 99 | 108 | 172 |
| Non-current receivables | 559 | 709 | 434 |
| Deferred tax assets | 4.199 | 1.839 | 3.164 |
| | <u>28.186</u> | <u>30.288</u> | <u>29.499</u> |
| <i>Current assets</i> | | | |
| Inventories | 11.418 | 10.377 | 10.333 |
| Trade accounts receivable | 33.700 | 33.931 | 42.262 |
| Other receivables and prepayments | 12.026 | 10.673 | 14.158 |
| Cash and cash equivalents | 11.728 | 10.463 | 16.176 |
| | <u>68.872</u> | <u>65.444</u> | <u>82.929</u> |
| Total assets | 97.058 | 95.732 | 112.428 |
| Equity and Liabilities | | | |
| | 30.06.2003 | 30.06.2002 | 31.12.2002 |
| <i>Shareholders' equity</i> | | | |
| Issued capital | 7.091 | 3.629 | 7.091 |
| Share premium | 18.320 | 21.282 | 18.320 |
| Treasury shares | (751) | (563) | (173) |
| Accumulated translation adjustments | (1.051) | (365) | (570) |
| Retained earnings and other reserves | 4.407 | 6.667 | 6.553 |
| | <u>28.016</u> | <u>30.650</u> | <u>31.221</u> |
| Minority interest in subsidiaries | -- | 1 | -- |
| <i>Non-current liabilities</i> | | | |
| Loans and other liabilities | 14.694 | 16.607 | 15.536 |
| Deferred tax liability | 2.239 | 1.210 | 2.078 |
| | <u>16.933</u> | <u>17.817</u> | <u>17.614</u> |
| <i>Current liabilities</i> | | | |
| Trade accounts payable | 18.556 | 16.458 | 25.430 |
| Current tax liabilities | 2.769 | 1.265 | 1.894 |
| Other payables | 6.261 | 14.496 | 8.502 |
| Short-term borrowings | 11.119 | 8.153 | 11.771 |
| Provisions and deferred income | 13.404 | 6.892 | 15.996 |
| | <u>52.109</u> | <u>47.264</u> | <u>63.593</u> |
| Total equity and liabilities | 97.058 | 95.732 | 112.428 |

Consolidated cash flow statement

(all amounts in EUR '000)

| Period from 01.01., ended | 30.06.2003 | 30.06.2002 | 31.12.2002 |
|--|----------------|-----------------|-----------------|
| Operating activities | | | |
| Profit from operations | (727) | 1.049 | 2.562 |
| Adjustments for items not affecting cash: | | | |
| Depreciation and amortization | 3.885 | 2.239 | 4.996 |
| Gain on disposal of subsidiary | | | 3 |
| Other (net) | (936) | 742 | 176 |
| | <u>2.222</u> | <u>4.029</u> | <u>7.737</u> |
| Changes in working capital: | | | |
| (Increase) / decrease in trade accounts and other receivables | 18.646 | (7.881) | (18.688) |
| (Increase) / decrease in inventory | (587) | 64 | 269 |
| Increase / (decrease) in current liabilities | (20.041) | (11.392) | (1.171) |
| | <u>(1.982)</u> | <u>(19.209)</u> | <u>(19.590)</u> |
| Interest received | 178 | 273 | 481 |
| Interest paid | (738) | (693) | (1.547) |
| Taxes paid | (58) | (364) | (70) |
| Net cash from operating activities | (378) | (15.964) | (12.989) |
| Investing activities | | | |
| Capital expenditure | (758) | (1.392) | (2.269) |
| Purchase of intangible assets | (67) | (49) | (241) |
| Purchase of investments | (5) | (3.061) | (313) |
| Proceeds from sale of fixed assets | 278 | 336 | 499 |
| Proceeds from sale of investments | 1 | 59 | 68 |
| Disposal of subsidiary, net of cash | -- | (107) | (1) |
| Acquisition of subsidiaries, net of cash | (299) | (2.544) | (4.262) |
| Decrease in time deposit for a period longer than three months | 882 | 882 | 1.765 |
| Long-term loans and receivables from other parties | (125) | 109 | 385 |
| Net cash used in investing activities | (93) | (5.767) | (4.369) |
| Financing activities | | | |
| Treasury shares | (578) | 218 | 608 |
| Increase in long-term loans and borrowings | (1.448) | 1.351 | 120 |
| Repayment of finance lease | (110) | (24) | (113) |
| Increase/(decrease) in short-term borrowings | (726) | 1.481 | 5.045 |
| Net cash used in financing activities | (2.862) | 3.026 | 5.660 |
| Net (decrease) / increase in cash and cash equivalents | (3.333) | (18.705) | (11.698) |
| Movement in cash and cash equivalents | | | |
| At start of year | 12.594 | 25.017 | 25.017 |
| Increase/(decrease) | (3.333) | (18.705) | (11.698) |
| Effect of exchange rate changes | (233) | (314) | (725) |
| At end of year | 9.028 | 5.998 | 12.594 |
| Time deposits for a period longer than three months | 2.700 | 4.465 | 3.582 |
| Cash and cash equivalents (in Balance Sheet) | 11.728 | 10.463 | 16.176 |

| Shareholders' Equity | Issued Capital | Share premium | Treasury shares | Accumulated translation adjustment | Retained earnings and other reserves | Total |
|-------------------------------------|---------------------------|--------------------------|----------------------------|---|---|--------------|
| Period ended June 30, 2003 | | | | | | |
| Opening amount | 7.091 | 18.320 | (173) | (570) | 6.553 | 31.221 |
| Increase from initial consolidation | -- | -- | -- | -- | -- | -- |
| Currency translation differences | -- | -- | -- | (481) | -- | (481) |
| Transactions with treasury shares | -- | -- | (578) | -- | -- | (578) |
| Capital increase | -- | -- | -- | -- | -- | -- |
| Net profit of the period | -- | -- | -- | -- | (2.146) | (2.146) |
| Closing amount | 7.091 | 18.320 | (751) | (1.051) | 4.407 | 28.016 |

| Shareholders' Equity | Issued Capital | Share premium | Treasury shares | Accumulated translation adjustment | Retained earnings and other reserves | Total |
|-------------------------------------|---------------------------|--------------------------|----------------------------|---|---|--------------|
| Period ended June 30, 2002 | | | | | | |
| Opening amount | 3.629 | 21.282 | (781) | (496) | 6.616 | 30.250 |
| Increase from initial consolidation | -- | -- | -- | -- | (188) | (188) |
| Currency translation differences | -- | -- | -- | 131 | -- | 131 |
| Transactions with treasury shares | -- | -- | 218 | -- | -- | 218 |
| Capital increase | -- | -- | -- | -- | -- | -- |
| Net profit of the period | -- | -- | -- | -- | 239 | 239 |
| Closing amount | 3.629 | 21.282 | (563) | (365) | 6.667 | 30.650 |

| Shareholders' Equity | Issued Capital | Share premium | Treasury shares | Accumulated translation adjustment | Retained earnings and other reserves | Total |
|---------------------------------------|---------------------------|--------------------------|----------------------------|---|---|--------------|
| Period ended December 31, 2002 | | | | | | |
| Opening amount | 3.629 | 21.282 | (781) | (496) | 6.616 | 30.250 |
| Increase from initial consolidation | -- | -- | -- | -- | (254) | (254) |
| Currency translation differences | -- | -- | -- | (74) | -- | (74) |
| Transactions with treasury shares | -- | -- | 608 | -- | -- | 608 |
| Reclassification | 3.362 | (3.362) | -- | -- | -- | -- |
| Capital increase | 100 | 400 | -- | -- | -- | 500 |
| Net profit of the period | -- | -- | -- | -- | 191 | 191 |
| Closing amount | 7.091 | 18.320 | (173) | (570) | 6.553 | 31.221 |