



S&T announces Half Year 2005 Results

- S&T posts record EBIT and sales in the First Half Year 2005
- Sales EUR141.2 million – EBIT EUR 2.5 million

Attention: New address:

S&T System Integration & Technology Distribution AG
Geiselbergstrasse 17-19
A-1110 Vienna
Austria



S&T: Half Year 2005 Results

S&T posts record EBIT and sales in the First Half Year 2005

- **EBIT + 21.4% and Sales + 41.2%**
- **Plans for further increases in earnings and sales in Q3 and Q4 2005**
- **Improved profitability – clear focus on services**

July 28, 2005, Vienna, Austria - S&T System Integration & Technology Distribution AG (ISIN AT0000905351) continued to pursue its growth strategy in the first half of 2005. The clear focus on services and industry solutions had a positive impact on both sales and earnings.

Record Sales

S&T generated sales of EUR 141.2 million in the first six months of the current financial year, an increase of 41.2% million compared to the same period in the previous year (2004: EUR 100 million). Sales rose by 75.8% from EUR 46.6 million in Q2 2004 to EUR 82 million in Q2 2005.

Sales in the high margin Customer Support and Managed Services segments grew by 71.2% from EUR 17 million to EUR 29.1 million. Business Solutions reported a 27.8% increase in the first half of 2005, rising from EUR 21 million to EUR 26.8 million. The gross margin improved from 29% to 30.4% in the first half of 2005.

Record Earnings

Operating results (EBIT) improved by 21.4%, up from EUR 2.1 million in the first half of 2004 to EUR 2.5 million in 2005. EBITDA rose by 39.9% from EUR 3.6 million in the first six months 2004 to EUR 5.1 million in 2005.

"Despite the costs of integrating the recent acquisitions ITS, Computacenter Austria, T-Systems DSS and SITO we have achieved record earnings. Furthermore, these takeovers have enabled us to take significant strategic moves for the future", explained Christian Rosner, COO of S&T.

The recently announced acquisition of EFP did not contribute to the half-year result. EFP, the leading SAP specialist, will be consolidated for the first time in Q3 2005.

Outlook

These excellent half-year earnings were achieved despite the postponement of certain customer projects due to the elections in Romania and Ukraine. Thanks to these projects, the positive contribution of the recent acquisitions and the traditionally strong Q4, S&T also anticipates higher than average earnings in the second half of the year.

In 2005 S&T will continue to focus on services and industry solutions for banks and insurance companies, telecoms, manufacturing industries and government.



According to Karl Tantscher, CEO of S&T AG, "it now looks as if 2005 will easily be the best year in S&T's history, both with regard to operational figures and our market presence, consequently putting us in an excellent starting position for coming years."

Conference Call

S&T management will be available for a conference call on July 28, 2005, at 16:00 CET. In order to participate, please call 0049 69 22222 0408, 01 7957 6047 for Austrian participants or 0044 20 7784 1017 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 9, 2005, on the S&T homepage: <http://www.snt.at>

About S&T – www.snt.at – XETRA Vienna: SNT

With some 1,800 employees S&T is the leading provider for IT solutions and services for customers in Central and Eastern Europe. The company develops and implements custom-tailored IT solutions for large and medium-sized telecommunications companies, banks, power utilities, manufacturing companies and public institutions. Through our subsidiaries in 21 countries we realize cross-border IT structures, offering our clients outstanding solutions and service competence.

For further information please contact:

Karl Tantscher
Chief Executive Officer
T: +43 (0)1 367 80 88
Karl.tantscher@snt.at

Margit Hermentin
Head of Investor Relations and
Corporate Communications
T: +43 (0)1 367 80 88-1024
M: +43 (0)664 112 36 36
margit.hermentin@snt.at

S&T SYSTEM INTEGRATION & TECHNOLOGY DISTRIBUTION AG
Geiselbergstrsse 17-19
1110 Vienna
Austria

Consolidated income statement
(all amount in EUR '000)

Period from 01.01., ended	30.06.2005	30.06.2004 ¹⁾	31.12.2004 ²⁾
Sales			
Business Solutions (BS)	26.804	20.974	49.779
Enterprise Systems (ES)	80.125	55.978	114.320
Customer Support (CS)	25.675	15.415	31.418
Managed Services (MS)	3.375	1.552	2.881
Medical (MED)	5.245	6.113	21.141
Information Technology Distributions (ITD)	--	--	--
Total Sales	141.224	100.032	219.539
Other operating income	3.680	585	1.342
Total revenues	144.904	100.617	220.881
Merchandise, spare parts and purchased services	(98.356)	(71.039)	(157.054)
Staff costs	(29.110)	(17.360)	(36.660)
Other operating expenses	(12.361)	(8.588)	(18.799)
Total operating expenses	(139.827)	(96.987)	(212.513)
<i>Profit from operations before depreciation and amortization (EBITDA)</i>	5.077	3.630	8.368
Depreciation and amortization	(2.569)	(1.564)	(3.279)
<i>Profit from operations after depreciation/amortization and before amortization of goodwill (EBITA)</i>	2.508	2.066	5.089
Amortization and impairment of goodwill	--	--	--
<i>Profit from operations (EBIT)</i>	2.508	2.066	5.089
Finance costs (net)	(66)	(481)	(943)
Profit/(loss) before tax	2.442	1.585	4.146
Income tax expense	(906)	(1.027)	(1.479)
Profit for the period	1.536	558	2.667
Attributable to:			
Equity Holders of the company	1.535	557	2.666
Minority interest	1	1	1
Net profit/(loss) for the period	1.536	558	2.667
Earnings per share attributable to equity holders of the company:			
Basic earnings per share in EUR	0,44	0,16	0,77
Diluted earnings per share in EUR	0,43	0,16	0,76
Weighted number of ordinary shares in issue (thousands)	3.478	3.436	3.451

¹⁾ Adjusted in accordance with IAS 1 (revised 2003), IFRS 2 and IFRS 3

²⁾ Adjusted in accordance with IAS 1 (revised 2003) and IFRS 2

Consolidated balance sheet
(all amounts in EUR '000)

Assets	30.06.2005	30.06.2004 ¹⁾	31.12.2004 ²⁾
<i>Non-current assets</i>			
Property, plant and equipment	13.209	10.630	10.755
Intangible assets	15.381	11.053	10.954
Investments in affiliated companies	1.245	31	32
Other investments	583	235	144
Non-current receivables	2.402	646	828
Deferred tax assets	3.508	4.962	4.405
	<u>36.328</u>	<u>27.557</u>	<u>27.118</u>
<i>Current assets</i>			
Inventories	14.863	9.030	8.771
Trade accounts receivable	65.182	39.674	46.131
Other receivables and prepayments	12.553	9.643	10.595
Cash and cash equivalents	12.265	10.250	12.086
	<u>104.863</u>	<u>68.597</u>	<u>77.583</u>
Total assets	141.191	96.154	104.701
Equity and Liabilities			
	30.06.2005	30.06.2004 ¹⁾	31.12.2004 ²⁾
<i>Equity</i>			
Issued capital	7.137	7.091	7.137
Share premium	8.348	8.135	8.302
Treasury shares	(645)	(778)	(638)
Accumulated translation adjustments	(680)	(977)	(1.195)
Retained earnings and other reserves	19.367	15.723	17.832
Equity attributable to equity holders of the company	<u>33.527</u>	<u>29.194</u>	<u>31.438</u>
Minority interest in subsidiaries	2	1	1
	<u>33.529</u>	<u>29.195</u>	<u>31.439</u>
<i>Non-current liabilities</i>			
Loans and other liabilities	25.369	9.904	8.065
Deferred tax liability	405	2.870	1.543
	<u>25.774</u>	<u>12.774</u>	<u>9.608</u>
<i>Current liabilities</i>			
Trade accounts payable	25.475	19.779	26.148
Current tax liabilities	389	599	719
Other payables	11.097	7.793	9.675
Short-term borrowings	24.109	15.611	14.732
Provisions and deferred income	20.818	10.403	12.380
	<u>81.888</u>	<u>54.185</u>	<u>63.654</u>
Total equity and liabilities	141.191	96.154	104.701

¹⁾ Adjusted in accordance with IAS 1 (revised 2003), IFRS 2 and IFRS 3

²⁾ Adjusted in accordance with IAS 1 (revised 2003) and IFRS 2

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

Period from 01.01., ended	30.06.2005	30.06.2004 ¹⁾	31.12.2004 ²⁾
Operating activities			
Profit from operations	2.508	2.066	5.089
Adjustments for items not affecting cash:			
Depreciation and amortization	2.569	1.564	3.279
Gain on disposal of subsidiary			(48)
Other (net)	(1.884)	12	274
	<u>3.193</u>	<u>3.642</u>	<u>8.594</u>
Changes in working capital:			
(Increase) / decrease in trade accounts and other receivables	3.575	7.404	(50)
(Increase) / decrease in inventory	1.262	410	591
Increase / (decrease) in current liabilities	(18.254)	(19.747)	(8.793)
	<u>(13.417)</u>	<u>(11.933)</u>	<u>(8.252)</u>
Interest received	179	126	250
Interest paid	(925)	(744)	(1.473)
Taxes paid	(1.120)	(896)	(1.996)
Net cash from operating activities	(12.090)	(9.805)	(2.877)
Investing activities			
Capital expenditure	(1.660)	(1.086)	(2.685)
Purchase of investments	(5)	(4)	(66)
Proceeds from sale of fixed assets	--	372	563
Proceeds from sale of investments	363	6	176
Disposal of subsidiary, net of cash		--	(158)
Acquisition of subsidiaries, net of cash	(3.163)	361	(6)
Decrease in time deposit for a period longer than three months	52	882	1.765
Long-term loans and receivables from other parties	(124)	(212)	(395)
Net cash used in investing activities	(4.537)	319	(806)
Financing activities			
Capital increase	--	--	166
Treasury shares	(7)	--	140
Increase in long-term loans and borrowings	9.893	(2.050)	(3.444)
Repayment of finance lease	(497)	(185)	(584)
Increase/(decrease) in short-term borrowings	7.128	2.681	888
Net cash used in financing activities	16.517	446	(2.834)
Net (decrease) / increase in cash and cash equivalents	(110)	(9.040)	(6.517)
Movement in cash and cash equivalents			
At start of year	12.034	18.010	18.010
Increase/(decrease)	(110)	(9.040)	(6.517)
Effect of exchange rate changes	341	345	541
At end of year	12.265	9.315	12.034
Time deposits for a period longer than three months	--	935	52
Cash and cash equivalents (in Balance Sheet)	12.265	10.250	12.086

¹⁾ Adjusted in accordance with IFRS 2 and IFRS 3

²⁾ Adjusted in accordance with IFRS 2

Statement of changes in equity	Issued Capital	Share premium	Treasury shares	Accumulated translation adjustment	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
Transactions with treasury shares	--	--	(7)	--	--	(7)	--	(7)
Equity compensation plans	--	46	--	--	--	46	--	46
Capital increase	--	--	--	--	--	--	--	--
Negative Goodwill accord. to IFRS 3.81	--	--	--	--	--	--	--	--
Net profit for the period	--	--	--	--	1.535	1.535	1	1.536
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	Retained earnings and other reserves		Minority interest	Total
Period ended June 30, 2004 ¹⁾								
Closing amount 31.12.03 (as previously reported)	7.091	8.074	(778)	(1.360)	14.193	27.220	--	27.220
Adjustment (IFRS 2)	--	15	--	--	(15)	--	--	--
Opening amount 01.01.04	7.091	8.089	(778)	(1.360)	14.178	27.220	--	27.220
Currency translation differences	--	--	--	383	--	383	--	383
Equity compensation plans	--	46	--	--	--	46	--	46
Capital increase	--	--	--	--	--	--	--	--
Negative Goodwill accord. to IFRS 3.81	--	--	--	--	988	988	--	988
Net profit for the period	--	--	--	--	557	557	1	558
Closing amount	7.091	8.135	(778)	(977)	15.723	29.194	1	29.195

¹⁾ Adjusted in accordance with IAS 1 (revised 2003), IFRS 2 and IFRS 3

Statement of changes in equity	Issued Capital	Share premium	Treasury shares	Accumulated translation adjustment	Retained earnings and other reserves		Minority interest	Total
Period ended December 31, 2004 ¹⁾								
Closing amount 31.12.03 (as previously reported)	7.091	8.074	(778)	(1.360)	14.193	27.220	--	27.220
Adjustment (IFRS 2)	--	15	--	--	(15)	--	--	--
Opening amount 01.01.04	7.091	8.089	(778)	(1.360)	14.178	27.220	--	27.220
Currency translation differences	--	--	--	165	--	165	--	165
Transactions with treasury shares	--	--	140	--	--	140	--	140
Equity compensation plans	--	93	--	--	--	93	--	93
Capital increase	46	120	--	--	--	166	--	166
Negative Goodwill accord. to IFRS 3.81	--	--	--	--	988	988	--	988
Net profit for the period	--	--	--	--	2.666	2.666	1	2.667
Closing amount	7.137	8.302	(638)	(1.195)	17.832	31.438	1	31.439

¹⁾ Adjusted in accordance with IAS 1 (revised 2003), IFRS 2 and IFRS 3

Consolidated income statement
(all amount in EUR '000)

Period from 01.04., ended	30.06.2005	30.06.2004 ¹⁾
Sales		
Business Solutions (BS)	14.983	10.314
Enterprise Systems (ES)	47.827	25.059
Customer Support (CS)	14.827	8.255
Managed Services (MS)	2.192	747
Medical (MED)	2.163	2.269
Information Technology Distributions (ITD)	--	--
Total Sales	81.992	46.644
Other operating income	951	228
Total revenues	82.943	46.872
Merchandise, spare parts and purchased services	(58.450)	(32.163)
Staff costs	(15.963)	(8.791)
Other operating expenses	(7.156)	(4.454)
Total operating expenses	(81.569)	(45.408)
<i>Profit from operations before depreciation and amortization (EBITDA)</i>	1.374	1.464
Depreciation and amortization	(1.345)	(767)
<i>Profit from operations after depreciation/amortization and before amortization of goodwill (EBITA)</i>	29	697
Amortization and impairment of goodwill	--	--
<i>Profit from operations (EBIT)</i>	29	697
Finance costs (net)	(71)	(548)
Profit/(loss) before tax	(42)	149
Income tax expense	(178)	(573)
Profit for the period	(220)	(424)
Attributable to:		
Equity Holders of the company	(220)	(425)
Minority interest	--	1
Net profit/(loss) for the period	(220)	(424)

¹⁾ Adjusted in accordance with IAS 1 (revised 2003), IFRS 2 and IFRS 3