



S&T announces Third Quarter 2005 Results

- After Nine Months S&T Set to Meet its Targets
- Sales EUR 224.7 million – EBIT EUR 3.3 million

New address:

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

After Nine Months S&T Set to Meet its Targets

- **Sales up 50% to EUR 224.7 million**
- **Integration of the consolidated acquisitions successfully completed**
- **EBIT up 4% to EUR 3.3 million despite integration costs**
- **Significant increase in sales and EBIT anticipated for Q4**

October 27th, 2005. Vienna - Austria. S&T System Integration & Technology Distribution AG (ISIN AT0000905351) recorded both higher sales and EBIT compared to the first nine months of the previous year.

Sales

Total revenue at S&T rose 50% from EUR 150.1 in 2004 to EUR 224.7 million in the first nine months of 2005. Consolidated sales between July and September 2005 rose by 67% to EUR 83.5 million (corresponding period 2004: EUR 50.1 million).

Earnings

In the first nine months EBIT rose from EUR 3.1 million to EUR 3.3 million. In this connection it should be remembered that one-off costs of more than half a million Euro were incurred in Q3 for the integration of T-Systems DSS and Computacenter Austria. Without these costs, EBIT growth would have amounted to more than 20%. These investments will make their first positive contribution to results in Q4 2005.

In the first three quarters, EBITDA rose sharply by 30% from EUR 5.6 million to EUR 7.3 million.

Outlook

The S&T Management Board is looking forward to a successful Q4, as the Group generally generates between 30% and 40% of its total annual sales in the fourth quarter 2005.

"S&T has succeeded in systematically cutting its costs and increasing profitability, maintaining a strong available cash flow year for year and using it, together with existing financing possibilities, to safeguard the higher than average growth of the S&T Group even without capital increase", said Martin Bergler, CFO of S&T AG.

The CEO designate of S&T AG, Christian Rosner said, "our results are right on target and we will post strong growth again in 2005."

S&T is well prepared to make the most of future opportunities:

- The takeover of EFP has enabled S&T to strengthen its position as the leading supplier of Enterprise Resource Planning products on the markets of Central and Eastern Europe. The Group can now offer region-wide SAP competence combined with high quality West European industry and process know-how in the region. The high margin EFP will be consolidated for the first time in Q4.
- Orders that had been delayed due to general elections in Ukraine and Romania will now be realized in Q4 2005.

- In 2006 S&T will continue to focus upon services and industry solutions for banks/insurance companies, telecoms, the manufacturing industry and public institutions.
- S&T will continue to increase its market share in existing markets, both by means of organic growth and further acquisitions.
- IDC is predicting annual average growth rates of 12-13% through to 2009 in S&T's markets – higher than average growth is expected in Poland, the Czech Republic, Hungary, Slovakia and especially Russia.

Conference Call

S&T management will be available for a conference call on October 27, 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.

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:

Christian Rosner
Chief Operating Officer
T: +43 (0)1 367 80 88
christian.rosner@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
Geiselbergstrasse 17-19
1110 Vienna
Austria

Consolidated income statement
(all amount in EUR '000)

Period from 01.01., ended	30.09.2005	30.09.2004 ¹⁾	31.12.2004 ²⁾
Sales			
Business Solutions (BS)	39.467	32.381	49.779
Enterprise Systems (ES)	132.658	84.487	114.320
Customer Support (CS)	39.963	22.823	31.418
Managed Services (MS)	5.500	2.216	2.881
Medical (MED)	7.157	8.264	21.141
Total Sales	224.745	150.171	219.539
Other operating income	4.383	836	1.342
Total revenues	229.128	151.007	220.881
Merchandise, spare parts and purchased services	(159.423)	(105.971)	(157.054)
Staff costs	(43.622)	(26.208)	(36.660)
Other operating expenses	(18.820)	(13.234)	(18.799)
Total operating expenses	(221.865)	(145.413)	(212.513)
<i>Profit from operations before depreciation and amortization (EBITDA)</i>	7.263	5.594	8.368
Depreciation and amortization	(3.981)	(2.449)	(3.279)
<i>Profit from operations after depreciation/amortization and before amortization of goodwill (EBITA)</i>	3.282	3.145	5.089
Amortization and impairment of goodwill	--	--	--
<i>Profit from operations (EBIT)</i>	3.282	3.145	5.089
Finance costs (net)	(694)	(667)	(943)
Profit/(loss) before tax	2.588	2.478	4.146
Income tax expense	(1.050)	(1.800)	(1.479)
Profit for the period	1.538	678	2.667
Attributable to:			
Equity Holders of the company	1.536	677	2.666
Minority interest	2	1	1
Net profit/(loss) for the period	1.538	678	2.667
Earnings per share attributable to equity holders of the company:			
Basic earnings per share in EUR	0,44	0,20	0,77
Diluted earnings per share in EUR	0,43	0,19	0,76
Weighted number of ordinary shares in issue (thousands)	3.494	3.442	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	30.09.2005	30.09.2004 ¹⁾	31.12.2004 ²⁾
<i>Non-current assets</i>			
Property, plant and equipment	13.260	10.491	10.755
Intangible assets	15.570	10.996	10.954
Investments in affiliated companies	2.642	36	32
Other investments	593	239	144
Non-current receivables	1.668	637	828
Deferred tax assets	3.627	3.977	4.405
	<u>37.360</u>	<u>26.376</u>	<u>27.118</u>
<i>Current assets</i>			
Inventories	16.219	7.778	8.771
Trade accounts receivable	67.815	38.836	46.131
Other receivables and prepayments	20.973	8.910	10.595
Cash and cash equivalents	9.424	10.377	12.086
	<u>114.431</u>	<u>65.901</u>	<u>77.583</u>
Total assets	151.791	92.277	104.701
Equity and Liabilities			
<i>Equity</i>			
Issued capital	7.137	7.137	7.137
Share premium	8.361	8.278	8.302
Treasury shares	(20)	(638)	(638)
Accumulated translation adjustments	(671)	(1.049)	(1.195)
Retained earnings and other reserves	19.368	15.843	17.832
	<u>34.175</u>	<u>29.571</u>	<u>31.438</u>
Equity attributable to equity holders of the company	34.175	29.571	31.438
Minority interest in subsidiaries	3	1	1
	<u>34.178</u>	<u>29.572</u>	<u>31.439</u>
<i>Non-current liabilities</i>			
Loans and other liabilities	23.817	10.786	8.065
Deferred tax liability	523	1.701	1.543
	<u>24.340</u>	<u>12.487</u>	<u>9.608</u>
<i>Current liabilities</i>			
Trade accounts payable	32.015	16.868	26.148
Current tax liabilities	231	1.177	719
Other payables	12.032	7.206	9.675
Short-term borrowings	29.224	13.425	14.732
	<u>73.502</u>	<u>38.676</u>	<u>51.274</u>
Provisions and deferred income	19.771	11.542	12.380
	<u>93.273</u>	<u>50.218</u>	<u>63.654</u>
Total equity and liabilities	151.791	92.277	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	30.09.2005	30.09.2004 ¹⁾	31.12.2004 ²⁾
Operating activities			
Profit from operations	3.282	3.145	5.089
Adjustments for items not affecting cash:			
Depreciation and amortization	3.981	2.449	3.279
Gain on disposal of subsidiary	(17)	--	(48)
Other (net)	(1.764)	80	274
	<u>5.482</u>	<u>5.674</u>	<u>8.594</u>
Changes in working capital:			
(Increase) / decrease in trade accounts and other receivables	(7.479)	8.747	(50)
(Increase) / decrease in inventory	(94)	1.661	591
Increase / (decrease) in current liabilities	(11.358)	(22.085)	(8.793)
	<u>(18.931)</u>	<u>(11.677)</u>	<u>(8.252)</u>
Interest received	342	185	250
Interest paid	(1.663)	(1.120)	(1.473)
Taxes paid	(1.424)	(1.273)	(1.996)
Net cash from operating activities	<u>(16.194)</u>	<u>(8.211)</u>	<u>(2.877)</u>
Investing activities			
Capital expenditure	(2.785)	(1.612)	(2.685)
Purchase of investments	(719)	(12)	(66)
Proceeds from sale of fixed assets	125	452	563
Proceeds from sale of investments	99	8	176
Disposal of subsidiary, net of cash	(8)	--	(158)
Acquisition of subsidiaries, net of cash	(5.044)	568	(6)
Decrease in time deposit for a period longer than three months	52	1.817	1.765
Long-term loans and receivables from other parties	610	(204)	(395)
Net cash used in investing activities	<u>(7.670)</u>	<u>1.017</u>	<u>(806)</u>
Financing activities			
Capital increase	--	166	166
Treasury shares	618	140	140
Increase in long-term loans and borrowings	8.528	(1.476)	(3.444)
Repayment of finance lease	(934)	(322)	(584)
Increase/(decrease) in short-term borrowings	12.650	699	888
Net cash used in financing activities	<u>20.862</u>	<u>(793)</u>	<u>(2.834)</u>
Net (decrease) / increase in cash and cash equivalents	<u>(3.002)</u>	<u>(7.987)</u>	<u>(6.517)</u>
Movement in cash and cash equivalents			
At start of year	12.034	18.010	18.010
Increase/(decrease)	(3.002)	(7.987)	(6.517)
Effect of exchange rate changes	392	354	541
At end of year	<u>9.424</u>	<u>10.377</u>	<u>12.034</u>
Time deposits for a period longer than three months	--	--	52
Cash and cash equivalents (in Balance Sheet)	<u>9.424</u>	<u>10.377</u>	<u>12.086</u>

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 September 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	--	--	--	524	--	524	--	524
Transactions with treasury shares	--	--	618	--	--	618	--	618
Equity compensation plans	--	59	--	--	--	59	--	59
Capital increase	--	--	--	--	--	--	--	--
Negative Goodwill accord. to IFRS 3.81	--	--	--	--	--	--	--	--
Net profit for the period	--	--	--	--	1.536	1.536	2	1.538
Closing amount	7.137	8.361	(20)	(671)	19.368	34.175	3	34.178

Statement of changes in equity	Issued Capital	Share premium	Treasury shares	Accumulated translation adjustment	Retained earnings and other reserves		Minority interest	Total
Period ended September 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	--	--	--	311	--	311	--	311
Transactions with treasury shares	--	--	140	--	--	140	--	140
Equity compensation plans	--	69	--	--	--	69	--	69
Capital increase	46	120	--	--	--	166	--	166
Negative Goodwill accord. to IFRS 3.81	--	--	--	--	988	988	--	988
Net profit for the period	--	--	--	--	677	677	1	678
Closing amount	7.137	8.278	(638)	(1.049)	15.843	29.571	1	29.572

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) and IFRS 2

Consolidated income statement
(all amount in EUR '000)

Period from 01.07., ended	30.09.2005	30.09.2004 ¹⁾
Sales		
Business Solutions (BS)	12.663	11.407
Enterprise Systems (ES)	52.533	28.509
Customer Support (CS)	14.288	7.408
Managed Services (MS)	2.125	664
Medical (MED)	1.912	2.151
Total Sales	83.521	50.139
Other operating income	703	251
Total revenues	84.224	50.390
Merchandise, spare parts and purchased services	(61.067)	(34.932)
Staff costs	(14.512)	(8.848)
Other operating expenses	(6.459)	(4.646)
Total operating expenses	(82.038)	(48.426)
<i>Profit from operations before depreciation and amortization (EBITDA)</i>	2.186	1.964
Depreciation and amortization	(1.412)	(885)
<i>Profit from operations after depreciation/amortization and before amortization of goodwill (EBITA)</i>	774	1.079
Amortization and impairment of goodwill	--	--
<i>Profit from operations (EBIT)</i>	774	1.079
Finance costs (net)	(628)	(186)
Profit/(loss) before tax	146	893
Income tax expense	(144)	(773)
Profit for the period	2	120
Attributable to:		
Equity Holders of the company	1	120
Minority interest	1	--
Net profit/(loss) for the period	2	120

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