



S&T: First Quarter Results Confirm Jump Start into 2006

- **Sales:** EUR 101.1 million (Q1 2005: EUR 59.2 million)
- **EBIT:** EUR 3.1 million (Q1 2005: EUR 2.5 million)
- **Rosner:** "Strategy is Right on Target as our Focus on Solutions and Services Boosts Earnings Again"

25 April 2006, Vienna, Austria - S&T System Integration & Technology Distribution AG (ISIN AT0000905351) gets off to a strong start in the new financial year.

Sharp Increase in Sales

In the first three months of the current financial year, the S&T Group reported revenues totalling EUR 101.1 million, up 71% on the same period in the previous year (2005: EUR 59.2 million).

Significant Improvement in Earnings

Profit from operations (EBIT) rose by an impressive 25% to EUR 3.1 million in Q1 2006, up from EUR 2.5 million in the first three months of the previous year. This figure is all the more impressive as it still includes the costs of integrating the acquisitions made in 2005 and as the figures for Q1 2005 also included significant other operating income. Sales and earnings both now include all the acquisitions made in 2005.

"We have succeeded in rounding off the S&T portfolio by acquiring the right companies in strategic terms and rapidly integrating them into the Group. The 400 SAP/ERP specialists we now employ have, for example, enabled us to double our SAP business. S&T has achieved a growth rate of 70% in the solutions and service business this quarter," said Christian Rosner, CEO of S&T AG.

Outlook

New impetus is expected for the IT market in the run up to the 2nd round of EU enlargement and from continued strong growth in Russia and Ukraine. There is still an enormous amount of pent-up demand for IT services and solutions in Central and Eastern Europe. Having an IT partner which works across the entire region is becoming increasingly important for multi-national corporations and the rapidly expanding medium-sized business segment. S&T is profiting both from this demand and from the decision taken two years ago to focus on industry solutions for telecoms, banks, insurance companies, power utilities, manufacturing companies and government.

S&T will continue its growth strategy with expansion measures and the carefully planned post-merger integration of acquisitions. Achieving profitable growth will remain the top priority. For 2006 the Management Board has set itself the target of achieving total sales in excess of EUR 400 million with EBIT of more than EUR 10 million.



Conference Call

S&T management will be available for a conference call on April 25th, 2006, at 16:00 CET. In order to participate, please call 0049 (0)69 2222 7111, 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 May 2, 2006, on the S&T homepage: <http://www.snt.at>

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

With more than 1,900 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 19 countries we realize cross-border IT structures, offering our clients outstanding solutions and service competence.

For further information please contact:

Christian Rosner
Chief Executive 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	31.03.2006	31.03.2005	31.12.2005
Sales			
Business Solutions (BS)	20.037	11.821	66.203
Enterprise Systems (ES)	61.512	32.298	214.373
Managed Services (MS)	16.664	12.031	63.688
Medical (MED)	2.858	3.082	11.406
Total Sales	101.071	59.232	355.670
Other operating income	527	2.729	4.788
Total revenues	101.598	61.961	360.458
Merchandise, spare parts and purchased services	(70.997)	(39.906)	(253.556)
Staff costs	(19.371)	(13.147)	(64.050)
Other operating expenses	(6.743)	(5.205)	(28.342)
Total operating expenses	(97.111)	(58.258)	(345.948)
<i>Profit from operations before depreciation and amortization (EBITDA)</i>	4.487	3.703	14.510
Depreciation and amortization	(1.378)	(1.224)	(6.038)
<i>Profit from operations (EBIT)</i>	3.109	2.479	8.472
Finance costs (net)	853	5	(2.112)
Profit/(loss) before tax	3.962	2.484	6.360
Income tax expense	(743)	(728)	(1.442)
Profit for the period	3.219	1.756	4.918
Attributable to:			
Equity Holders of the company	3.218	1.755	4.917
Minority interest	1	1	1
Net profit/(loss) for the period	3.219	1.756	4.918
Earnings per share attributable to equity holders of the company:			
Basic earnings per share in EUR	0,91	0,50	1,40
Diluted earnings per share in EUR	0,90	0,49	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	31.03.2006	31.03.2005	31.12.2005
<i>Non-current assets</i>			
Property, plant and equipment	14.992	12.126	15.153
Intangible assets	21.011	12.389	20.027
Investments in affiliated companies	111	3.804	112
Other investments	939	532	473
Non-current receivables	2.278	1.641	2.931
Deferred tax assets	4.360	3.370	4.002
	<u>43.691</u>	<u>33.862</u>	<u>42.698</u>
<i>Current assets</i>			
Inventories	15.348	12.226	19.680
Trade accounts receivable	68.044	45.876	98.158
Other receivables and prepayments	17.485	11.489	17.350
Cash and cash equivalents	20.910	10.840	19.781
	<u>121.787</u>	<u>80.431</u>	<u>154.969</u>
Total assets	165.478	114.293	197.667
Equity and Liabilities			
	31.03.2006	31.03.2005	31.12.2005
<i>Equity</i>			
Issued capital	7.137	7.137	7.137
Share premium	5.918	8.325	5.907
Treasury shares	(69)	(601)	(69)
Accumulated translation adjustments	(739)	(900)	(521)
Retained earnings and other reserves	28.427	19.587	25.213
Equity attributable to equity holders of the company	<u>40.674</u>	<u>33.548</u>	<u>37.667</u>
Minority interest in subsidiaries	3	2	2
	<u>40.677</u>	<u>33.550</u>	<u>37.669</u>
<i>Non-current liabilities</i>			
Loans and other liabilities	31.803	10.715	32.383
Deferred tax liability	751	477	525
	<u>32.554</u>	<u>11.192</u>	<u>32.908</u>
<i>Current liabilities</i>			
Trade accounts payable	31.875	23.808	55.715
Current tax liabilities	755	537	1.292
Other payables	15.811	10.080	18.478
Short-term borrowings	17.185	19.521	24.626
Provisions and deferred income	26.621	15.605	26.979
	<u>92.247</u>	<u>69.551</u>	<u>127.090</u>
Total equity and liabilities	165.478	114.293	197.667

Consolidated cash flow statement

(all amounts in EUR '000)

Period from 01.01., ended	31.03.2006	31.03.2005	31.12.2005
Operating activities			
Profit from operations	3.109	2.479	8.472
Adjustments for items not affecting cash:			
Depreciation and amortization	1.378	1.224	6.038
Gain on disposal of subsidiary	--	--	(350)
Other (net)	72	(1.874)	(2.652)
	<u>4.559</u>	<u>1.829</u>	<u>11.508</u>
Changes in working capital:			
(Increase) / decrease in trade accounts and other receivables	30.269	13.529	(26.854)
(Increase) / decrease in inventory	4.332	525	(1.999)
Increase / (decrease) in current liabilities	(28.562)	(14.029)	14.313
	<u>6.039</u>	<u>25</u>	<u>(14.540)</u>
Interest received	133	88	494
Interest paid	(666)	(409)	(2.329)
Taxes paid	(1.056)	(648)	(914)
Net cash from operating activities	9.009	885	(5.781)
Investing activities			
Capital expenditure	(928)	(768)	(4.913)
Purchase of investments	2	(5)	(5)
Proceeds from sale of fixed assets	114	108	1.181
Proceeds from sale of investments		138	251
Disposal of subsidiary, net of cash		--	(372)
Acquisition of subsidiaries, net of cash	11	(3.064)	(4.875)
Decrease in time deposit for a period longer than three months		52	52
Proceeds from derivative financial instruments	876	--	--
Long-term loans and receivables from other parties	180	(187)	(621)
Net cash used in investing activities	255	(3.726)	(9.302)
Financing activities			
Treasury shares	--	37	569
Increase in long-term loans and borrowings	--	--	24.347
Decrease in long-term loans and borrowings	(564)	(1.226)	(7.600)
Repayment of finance lease	(528)	(281)	(1.197)
Increase/(decrease) in short-term borrowings	(7.197)	2.962	6.184
Net cash used in financing activities	(8.289)	1.492	22.303
Net (decrease) / increase in cash and cash equivalents	975	(1.349)	7.220
Movement in cash and cash equivalents			
At start of year	19.781	12.034	12.034
Increase/(decrease)	975	(1.349)	7.220
Effect of exchange rate changes	154	155	527
At end of year	20.910	10.840	19.781
Time deposits for a period longer than three monthes	--	--	--
Cash and cash equivalents (in Balance Sheet)	20.910	10.840	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 March 31, 2006									
Opening amount 01.01.06	7.137	5.907	(69)	(521)	10	25.203	37.667	2	37.669
Reclassification	--	--	--	--	--	--	--	--	--
Currency translation differences	--	--	--	(218)	--	--	(218)	--	(218)
Securities available for sale	--	--	--	--	(4)	--	(4)	--	(4)
Net income recognized directly in equity	--	--	--	(218)	(4)	--	(222)	--	(222)
Net profit for the year	--	--	--	--	--	3.218	3.218	1	3.219
Total recognized income for 2006	--	--	--	(218)	(4)	3.218	2.996	1	2.997
Transactions with treasury shares	--	--	--	--	--	--	--	--	--
Equity compensation plan	--	11	--	--	--	--	11	--	11
Closing amount	7.137	5.918	(69)	(739)	6	28.421	40.674	3	40.677

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 March 31, 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	--	--	--	295	--	--	295	--	295
Net profit for the period	--	--	--	--	--	1.755	1.755	1	1.756
Total recognized income for 2005	--	--	--	295	--	1.755	2.050	1	2.051
Transactions with treasury shares	--	--	37	--	--	--	37	--	37
Equity compensation plans	--	23	--	--	--	--	23	--	23
Capital increase	--	--	--	--	--	--	--	--	--
Negative Goodwill accord. to IFRS 3.81	--	--	--	--	--	--	--	--	--
Closing amount	7.137	8.325	(601)	(900)	--	19.587	33.548	2	33.550

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
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)