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Q2/05

Interim Report

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BECHTLE

The Bechtle Group

in the first six-months 2005 (2004) in accordance with IFRS

		01.01. to 30.06.05	01.01. to 30.06.04 before special effects	Change in %	01.01. to 30.06.04 incl. special effects 1)	Change in %
Consolidated profit and loss account						
Revenues	TEuro	529,813	492,103	7.7	492,103	7.7
EBITDA	TEuro	18,728	19,818	-5.5	27,289	-31.4
EBITA (before established clientele						
amortization/service contracts)	TEuro	14,117	14,847	-4.9	22,318	-36.7
EBITA	TEuro	13,093	14,024	-6.6	21,495	-39.1
EBIT	TEuro	13,093	14,024	-6.6	21,495	-39.1
EBT	TEuro	13,124	13,940	-5.9	21,411	-38.7
Net result for the period	TEuro	8,383	9,276	-9.6	16,747	-49.9
Financial position and liquidity						
Cash Flow of operating activities	TEuro	3,569	13,107	72.8	13,107	72.8
Working Capital [2]	TEuro	98,373	97,435	1.0	97,435	1.0
Cash and cash equivalents						
(incl. marktable securities)	TEuro	41,905	37,159	12.8	37,159	12.8
Business operating figures						
Revenues per share	Euro	0.3954	0.4438	-10.9	0.8012	-50.6
Cash flow per share	Euro	0.1683	0.6270	-73.2	0.6270	-73.2
Return on equity	%	7.7	9.0	-14.4	16.0	-51.7
Equity capital ratio	%	60.2	59.4	1.5	60.3	0.0
Number of employees at the end of the period [3]		3,579	3,140	14.0	3,140	14.0

[1] compare switchover (Notes, II) and other operating income (Notes, III No. 15)
[2] inventories, plus trade receivables, less trade payables, advance payments received and provisions for outstanding invoices
[3] including trainees

Since 1 January 2005, the accounting and reporting of the Bechtle Group have been made according to the International Financial Reporting Standards (IFRS). The figures of the previous year have been adapted accordingly. The explanations beginning on page 22 supply important background information for a comparison with the previous year.

Review by quarter 2005

	1st quarter	2nd quarter	3rd quarter	4th quarter	2005 financial year
Revenues	254,748	275,065			529,813
EBITDA	10,552	8,176			18,728
Depreciation	2,449	3,186			5,635
EBITA	8,103	4,990			13,093
EBIT	8,103	4,990			13,093
EBT	8,095	5,029			13,124
Net income for period	5,086	3,297			8,383

Segment disclosures

IT-System house		01.01. to 30.06.05	01.01. to 30.06.04 before special effects	Change in %	01.01. to 30.06.04 incl. special effects 1)	Change in %
Profit and loss account						
Revenues	TEuro	361,328	326,674	10.6	326,674	10.6
EBITDA	TEuro	7,961	10,554	-24.6	18,025	-55.8
EBIT	TEuro	3,386	5,918	-42.8	13,389	-74.7
Number of employees		3,071	2,663	15.3	2,663	15.3

IT-eCommerce		01.01. to 30.06.05	01.01. to 30.06.04 before special effects	Change in %	01.01. to 30.06.04 incl. special effects 1)	Change in %
Profit and loss account						
Revenues	TEuro	168,485	165,429	1.8	165,429	1.8
EBITDA	TEuro	10,767	9,264	16.2	9,264	16.2
EBIT	TEuro	9,707	8,106	19.8	8,106	19.8
Number of employees		508	477	6.5	477	6.5

[1)] compare switchover (Notes, II) and other operating income (Notes, III No. 15)

The share

Opening price on 03.01.2005 (Xetra)	Euro	16.50
Closing price on 30.06.2005 (Xetra)	Euro	18.61
Share price performance compared to TecDax as at 30.06.2005 (Xetra)	%-points	+7.9
Quarter high (14.02.2005)	Euro	22.00
Quarter low (29.04.2005)	Euro	16.26
Trading volume from 01.01. to 30.06.2005 (Xetra)	Euro	108,856,650
June rankings on the German Stock Exchange - market cap (previous month)		22 (21)
June rankings on the German Stock Exchange - trade volume (previous month)		19 (21)
Market capitalization (Free Float) as at 30.06.2005	Mio. Euro	195.4
Market capitalization (total) as at 30.06.2005	Mio. Euro	394.5
Number of issued shares		21,200,000
Freefloat (30.06.2005)	%	49.52
Number of outstanding and entitled of full dividend payout shares		21,200,000
Number of weighted average shares		21,200,000
Segment		Prime Standard
Index		TecDAX
Security identification code		515 870
ISIN		DE 000 515 870 3
Date of listing		30.03.2000

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Bechtle Group keeps to its ambitious annual planning despite the restrained first half-year:

- Demand still not moving at the end of the second quarter
- Increase in revenues by 7.7 percent to 529.8 million euros due to acquisitions
- EBT decreased by 5.9 percent to 13.9 million euros
- Increased selling expenses burden the result in the IT-system house segment
- Profitability improved in sales business despite continuing margin pressure
- Shareholders' equity ratio increases to 60.2 percent
- Market positioning strengthened with investments in sales and further acquisitions
- Number of employees increases by 12.6 percent to 3,579 compared to 31.12.04
- Stock price increases by 12.8 percent

1. Business Activity

Bechtle is active with 60 system houses in Germany and Switzerland and ranks among the leading IT eCommerce suppliers throughout Europe with trading companies in nine countries. With this combination, Bechtle sets up a business model unique in Europe that connects system house services with the direct sale of IT products. The company based in Neckarsulm and founded in 1983 offers its more than 24,000 predominantly medium-sized clientele from trade and industry, government as well as the financial market a seamless supply of IT infrastructure products independent of manufacturer and all from one source. Bechtle has been quoted on the stock exchange since 2000 and is listed in the technology index TecDAX.

2. Conversion to IFRS Accounting Standards

At the beginning of financial year 2005, Bechtle AG converted its accounting and reporting to the International Financial Reporting Standards (IFRS). The substantial changes for the Bechtle Group financial accounts in contrast to the accounts previously drawn up according to U.S. GAAP concern the balancing of negative goodwill from ALSO COMSYT AG, acquired in the first quarter of 2004, and the corresponding depreciation of the fixed asset. Substantial effects on the half-year result of 2004 as well as the shareholders' equity from the previous year result from this.

In this report, the previous year's figures were adapted to IFRS. For better understanding and for reasons of comparison, the previous year's figures are stated in individual cases as corrected for the special result from the negative goodwill of ALSO COMSYT. In these cases, explicit reference is made to these corrections. The effects from the conversion from U.S. GAAP to IFRS are explained in detail in the notes.

Note: Rounding differences are possible for all percentage information in the report in contrast to the named amounts in millions of euros.

3. Environment

3.1 Overall economic environment and economic activity

Development of business activity in the European Union during the first half-year of 2005 was subdued. Major burden factors were the continuing high oil prices and an unabated tight labour market situation. As a result, consumer spending remained at a low level. While the economy in the euro zone still increased in the first quarter by 0.5 percent in contrast to the last quarter of 2004, it clouded over again in the second quarter against the backdrop of high energy costs. Accordingly, the EU Commission is expecting a growth range of only between 0.2 and a maximum of 0.5 percent for the months April to June.

Not until June, with a view to new elections and the weaker euro as an export prop, did the mood in Germany around the economy brighten somewhat. And consequently, the ifo business-climate index showed a slight recovery for the first time again after having previously declined four times in a row. As a whole, however, the unchanged low domestic demand hinders any lasting business activity recovery. And so in contrast to the economic and financial market experts, the possible early parliamentary elections did not put the consumer in a better mood. Especially the high oil prices and pessimistic income expectations further dampened consumption behaviour. In the second quarter, companies too were still lacking the irrefutable impulse for more willingness to invest.
(Sources: Spring expert's report of the six leading German economic research institutes; Ifo Institute, European Commission)

3.2 IT sector

The still weak business environment also burdens the IT sector in the current financial year. Above all, the continuing spending discipline on the part of companies is further hindering a stronger upswing. As a result, the market research institute IDC has reduced its prognoses for the development of IT investments in Europe in the second quarter. According to it, the expenditures are only to grow by 4 percent instead of the previously expected 5.5 percent. As a whole, the most important market research institutes assess the situation of the IT markets as being optimistic only to a subdued degree. Although the Federation of Information Management, Telecommunications and New Media (BITKOM) still sees the IT market in western Europe as well as in Germany as being on a path of growth – nevertheless, the Bitkom sector index deteriorated in the second quarter from 44.8 points in March to 39.4 points in June.
Positive impulses in the IT market are being set primarily by security and storage solutions as well as the increasing demand for outsourcing solutions. Although the hardware sector increased during the first half-year in terms of the number of pieces, at the same time the margins are declining in many parts of the market. In addition, increasing margin pressure is also becoming noticeable in IT services.

The system house market as a whole finds itself as ever in a consolidating phase that has lasted now for six years, and which brings a high number of bankruptcies and mergers with it.

Affected by this are not only the small medium-sized providers, but increasingly also companies from the top 25 system houses.
(For sector development, see also 6. Perspective and Prognosis)

4. Business Development

4.1 Revenue development – First half-year 2005

The revenue of the Bechtle Group increased in the first half-year of 2005 by 7.7 percent to 529.8 million euros (previous year: 492.1 million euros). Included in this are consolidation effects due to the companies not yet completely included in the same period of the previous year and not acquired until the third quarter of 2004. The companies either taken over in the current year or newly founded, namely CDC IT AG, DELEC AG and Compartner Systems, as well as the system house Bonn contributed together 23.1 million euros. Organically, the Bechtle Group recorded a revenue growth of 1.3 percent.

IT system house
The IT system house segment had a share of 68.2 percent in the Bechtle Group revenue from January to June. With revenues amounting to 361.3 million euros, the larger of the two segments surpassed the comparative period by 10.6 percent (previous year: 326.7 million euros). Primarily, acquisitions contributed to the increase in revenue. Corrected by the segment revenues of the subsidiaries not yet or not completely consolidated in the comparative time period, the growth in the first six months amounts to 1.0 percent.

IT eCommerce
The IT eCommerce segment contributed 31.8 percent to the Bechtle Group revenue in the first half-year and recorded a slight plus of 1.8 percent at 168.5 million euros (previous year: 165.4 million euros). This is purely organic growth. When comparing with 2004, the extraordinarily strong business development of the ARP group in the same time period of the previous year is to be taken into account; it was well above all planning and, as expected, the first six months of 2005 were not able to pick up the thread. Beyond this, the development of a scaleable IT trade platform noticeably ties ARP staff capacities. The project is to expand the business activities of the ARP group from the Germany-Austria-Switzerland region to additional European countries. The initial target markets will most likely be France and the UK.

When making an isolated view of the Bechtle direct companies within the eCommerce segment, the reporting period from January to June shows a solid growth of 13.4 percent. The activities in Germany particularly contributed to this with a clear plus of 21.6 percent, while the foreign companies increased trade revenue by 10.0 percent.

4.2 Earnings development

The most important management variable of the Bechtle Group – earnings before tax (EBT) – amounted in the first half-year to 13.1 million euros and was therefore 5.9 percent below the previous year's result corrected by special effects of 13.9 million euros. During the adaptation of comparison figures to IFRS, the one-time so-called negative goodwill that arose within the framework of the acquisition of the Swiss company ALSO COMSYT AG in the first quarter of

2004 in the amount of around 7.5 million euros is to be recorded as miscellaneous operational return and is therefore in the pre-tax result. It therefore increases the previous year's EBT to 21.4 million euros. In contrast, in 2004 the negative goodwill was offset profit-neutrally with the asset taken over in accordance with U.S. GAAP initially in the amount of 3.8 million euros. The negative goodwill still remaining afterwards in the amount of 3.6 million euros was then reported as an extraordinary item. Therefore it was not included in the EBT, but rather was only noticeable in the quarterly net income. Detailed explanations are to be found in the notes.

The gross earnings from revenue rose – predominantly due to the expansion of the consolidation circle – in the second quarter by 9.4 percent from 34.1 million euros to 37.3 million euros. In relationship to revenues, it decreased, however, in the quarterly comparison from 14.0 percent to 13.6 percent and in the half-year comparison from 13.9 percent to 13.6 percent. The cause is a still consisting price pressure, not only in trade business but also in service business.

Responsible for the EBT decrease is above all the clearly disproportionate increase in operating costs. They increased in relation to revenue from 6.2 percent to 6.7 percent in the second quarter. Here the expenses for the expansion of regional sales and the strengthening of the market position in the service-oriented system house segment especially count. Also counted with this are the integration and structure investments for the four system houses either acquired or newly founded in the current financial year with a total of 13 locations and over 400 employees in Germany and Switzerland. In addition, the expenditures resulted in the development and the expansion of the eCommerce platform for the market entry of ARP in further European countries.

The earnings before interest, taxes, depreciation and amortization of the goodwill (EBITDA) amount to 18.7 million euros in the first half-year. That corresponds to a decrease of 5.5 percent in comparison to the comparative value of the previous year corrected by the special result of the negative goodwill return of 19.8 million euros.

The operative earnings before interest and taxes (EBIT) amounted to 13.1 million euros in the six-month time period and therefore lay at 6.6 percent under the previous year's corrected earnings of 14.0 million euros.

The taxes on earnings expense in the first half-year were at the previous year's level with 4.7 million euros. Therefore, the tax ratio increased from a corrected 33.4 percent to 35.9 percent. Cause for the comparably high tax ratio – referring to the entire financial year 2004 (32.3 percent) – is primarily a smaller portion of the pre-tax revenue from lower taxed Switzerland as well as below-the-line tax expenses and depreciation of active latent taxes on carry-over losses. Referencing the entire year 2005, the tax ratio is likely to be closer to the previous year's level again.

On the basis of an average number of 21.2 million shares, Bechtle targeted earnings per share (EPS diluted/undiluted) of 0.40 euro in the first half-year, in comparison to 0.44 euro in the previous year. The basis is a group period net income of 8.4 million euros which lagged 9.6 percent behind the period earnings corrected by the special result of the previous year of 9.3 million euros.

IT system house
In the IT system house segment, the EBIT in the first half-year was reduced on a comparable basis from 5.9 million euros to 3.4 million euros. The revenue decrease resulted to a great extent from the additional sales costs that occurred especially in the second quarter that came about in connection with the development of a more sector-focused sales structure. In addition, the integration expenditures occurring as a result of the transacted acquisitions as well as the new founding of the Bechtle IT system house in Bonn burdened the earnings. The EBITDA decreased in the first half-year by 24.5 percent from an adjusted 10.6 million euros to 8.0 million euros.

IT eCommerce
The EBIT increased comparatively clearly by 19.8 percent between January and June in the IT eCommerce segment with just 1.8 percent higher revenues. It amounted to 9.7 million euros, after 8.1 million euros in the previous year's time period. The revenue situation is positively influenced to a great extent by the continuous optimization of the operational processes, the corresponding cost reductions but also an improved product mix. While the revenues of the ARP were declining, the revenue situation of the Bechtle direct companies clearly improved both domestically and abroad. They over-compensated the minus return of the ARP through a noticeable increase of the EBIT by 47.4 percent to 4.1 million euros. The development of the ARP was burdened in the first half-year especially by the investments in upgrading the trade platform for the expansion of international activities. In addition, however, the clearly excess business development in the previous year's time period must be taken into account, as it could not be expected to be repeated in this year.

The EBITDA moved ahead in the eCommerce segment by 16.2 percent to 10.8 million euros (previous year: 9.3 million euros).

4.3 Asset and capital structure

The increase in long-term assets in the first half-year of 2005 goes back predominantly to the higher goodwill due to acquisitions. It amounted to 87.9 million euros as of 30 June 2005 after 81.6 million euros as of 31 December 2004. Its share in the balance sheet total increased accordingly from 21.2 percent to 24.5 percent.

At the end of the half-year, the liquid funds including the securities from the current assets amounted to 41.9 million euros (31 December 2004: 65.8 million euros). Cause for the decrease is to a great extent the financing of the acquisitions in the amount of 10.4 million euros from internal funds, the dividend distribution increased in June by 33.3 percent to 8.48 million euros as well as debt retirement of loans in the amount of 5.2 million euros. Together with the free credit lines in the amount of 45.9 million euros, with 87.8 million euros, Bechtle has at its disposal a solid liquidity reserve that allows sufficient latitude for further acquisitions and for future expansion. Of the credit lines available at the end of the half-year, Bechtle has only laid claim to 9.8 percent for Avale.

The cash flow from current business activity led to an influx of funds in the reporting time period in the amount of 3.6 million euros (previous year: 13.1 million euros). The decrease compared to the previous year resulted predominantly from a change geared to a specific reporting date in the balance sheet reserves, particularly in the personnel costs area. The outflow of funds from investment activity in the amount of 20.2 million euros (previous year: 35.9 million euros) can be traced back first and foremost to acquisitions in the amount of 10.4 million euros as well as the regrouping of liquid funds in short-term investments. The investments in tangible assets have been reduced in comparison to the previous year's time period from 4.9 million euros to 3.7 million euros.

As of 30 June 2005, Bechtle recorded an increase in the shareholders' equity ratio from 56.4 percent to 60.2 percent due to the lower balance sheet total. The solid shareholders' equity base enables the Bechtle Group to further actively follow the growth strategy that has been followed continuously for years. Viewed absolutely, the amount of shareholders' equity remained almost constant in comparison to the 2004 balance sheet date with 216.5 million euros (31 Dec. 2004: 216.7 million euros). However, due to the conversion to IFRS, an adjustment of shareholders' equity in the amount of 3.2 million euros is to be taken into account as of 31 December 2004. The background for this is the increase in the net profit from the negative goodwill collected that appeared in the earnings.

4.4 Workforce

During the first six months of 2005 the number of employees of the Bechtle Group increased by 401 to 3,579 employees. This 12.6 percent increase is essentially attributable to acquisitions carried out during the first half of the year.

Domestically, the workforce amounted to 2,503; in Europe this figure stood at 1,076. Compared to 31 December 2004, the number of staff employed in Germany stood at 2,320 (plus 7.9 percent); at the overseas locations, this figure stood at 858 employees (plus 25.4 percent).

The IT System House segment had a total of 3,071 employees on the quarterly cut-off date, and the eCommerce division had 508. Compared to 31 December 2004, the sharp increase by 386 employees (plus 14.4 percent) in the IT System House segment triggered by acquisitions compares with a slight increase by 15 employees (plus 3.0 percent) in the eCommerce segment.

Personnel costs rose by 14.4 percent to 77.0 million euros (previous year: 67.3 million euros) due to the higher number of employees. Due especially to an increase in the workforce in the Sales division, the personnel expense ratio increased from 15.6 percent to 16.4 percent.

At the end of the second quarter, the number of trainees had risen to 196. At the end of the 2004 financial year, this figure stood at 172. As a result, the training ratio at Bechtle has risen to around 5.6 percent.

4.5 Risk report

In the course of the first six months of 2005, no important changes occurred with respect to the risks outlined in detail in the Annual Report 2004 (Pages 35 to 38).

4.6 Special events in the secon quarter of 2005

On 14 April 2005, Bechtle AG took over all the shares of the Swiss DELEC AG, with headquarters in Gümligen/Berne, via its Swiss subsidiary ARP Holding AG. With this company, which was founded in 1984, the Bechtle Group is strengthening its position above all in the high-growth IT solution business. In the 2003/04 financial year, the profitable DELEC with a workforce of 207 generated a turnover of around 100 million Swiss Francs (around 65 million euros). The company has four locations and is one of the largest IT system integrators in Switzerland. The name, which is established in the market, and the management team will remain unchanged for the time being.

On 14 April 2005, Bechtle also announced that it would be taking over the system house group Compartner Systems GmbH (cps), Ratingen. The managing directors and managerial staff of the three cps system houses in Ratingen, Rheinbach and Wangen will continue to carry out their duties. This resulted in a total of 104 new employees joining the Bechtle Group.

On 27 April 2005, Bechtle AG announced that the appropriate cash settlement for minority shareholders of PSB AG with respect to the planned squeeze-out process had been set at 9.28 euros per no-par share. On 16 June 2005, the general shareholder's meeting of PSB AG voted in favour of the transfer of shares. Incoming legal challenges are currently being assessed.

On 23 June 2005, Bechtle distributed a cash dividend of 40 cents per share for the 2004 financial year. This was decided by some 600 shareholders and shareholders' representatives at the fifth general Shareholders Meeting of Bechtle AG on 22 June 2005. The dividend payout for the 2004 financial year thus amounted to EUR 8.48 million.

4.7 Events after the end of the period under review

On 13 July 2005, the Bechtle subsidiary PSB took over all shares of the non-listed IT system house PP 2000 Business Integration AG retroactively to 1 July. The service provider, founded in 1991, is headquartered in Stuttgart and also operates a logistics centre in Kornwestheim. With the acquisition of PP 2000, the Bechtle Group is expanding its activities in IT services by some 80 employees. Boasting a nationwide service organisation for IT infrastructure products and in-house logistics, the company's service offering encompasses in particular the servicing and maintenance of printers, PCs and IT systems. Based on its annual sales, the company ranks 24th among Germany's largest IT systems houses.

On 29 July 2005, Bechtle announced that it would be taking over IBM's Deskside Support Service division. The agreement is due to come into force on 1 October 2005. As a result, up to 120 employees will be transferring from IBM's Strategic Outsourcing division to the Bechtle Group. The employees are mainly employed on-site at the customers'. Within the scope of the agreement, Bechtle will be taking on the service activities for some 50,000 PC workstations. As a result, the group is substantially expanding the Managed Services business unit within its system house segment and is thus strengthening the 20-year business relations to IBM. The Managed Services unit will in future count among Bechtle AG's core competences.

5. The share

While during the first quarter, depressive factors such as a new record oil price, the strong euro, interest fears and a sluggish economic trend put a brake on the share market, the mood on the stock market lightened noticeably in May. In addition to the improving mood in the USA, this was caused especially by the prospect of elections in Germany in September, the weak euro, which is making exports of European companies cheaper, and the prospect of a more positive economic trend in the second half of the year.

Overall, the Bechtle share developed positively during the first six months of 2005. It started the current financial year with an opening price of 16.50 euros. After an annual high of 22.00 euros on 14 February, the share price fell again for a while, closing at a price of 19.65 euros. It reached its lowest level in the second quarter at 16.26 euros. Subsequently, the share made a sharp recovery, rising to 18.61 euros by the end of the first six months of the year. Boasting an increase of 12.8 percent compared to the opening price, the Bechtle share developed significantly better than the standard index TecDax, that rose by a mere 4.9 percent during the same period.

The liquidity of the Bechtle share reached a high level in the first six months with an average daily turnover of 45,119 shares or 857,139 euros. In total, 5.7 million Bechtle shares valued at 108.9 million euros were traded between January and June. The strongest trading month during the first six months of the year was January with a turnover of just under 1.5 million shares. In terms of trading volume, Bechtle ranked 19th in June amongst the TecDAX stocks; at the end of 2004 the share was still in 30th place. The market capitalisation stood at 394.5 million euros in absolute terms; in relation to the free-float of 49.5 percent, it came to 195.4 million euros. As a result, the Bechtle share ranked 22nd.

6. Outlook and forecast

6.1 General economic climate

According to the European Central Bank (ECB) and the EU Commission, the economy in the euro-zone is set to recover slightly in the second half of the year. Thus, economic activity is expected to pick up by 0.3 percent in the third quarter and by 0.4 percent in the last quarter. This forecast is backed by a recent upturn in the world economy, the more competitive euro exchange rate in terms of exports and the continuing positive terms of financing. However, the high oil price and unabated weak domestic demand continue to pose risks for the cyclical trend. The growth forecasts of the EU Commission, the International Monetary Fund and the World Bank are varied and range between 1.2 and 1.6 percent for the year as a whole.

In their spring report, the six leading German Economic Research Institutes forecasted an increase in the gross domestic product (GDP) of 0.7 percent. Their individual growth forecasts range between 0.7 and 1.1 percent. Aided by the weak euro, foreign trade should be the key growth engine of the German economy again this year. By contrast, domestic demand is expected to grow by a mere 0.4 percent. The decisive factor for the subdued buyer demand is primarily the high energy prices and the uncertain job situation. Equipment spending is scheduled to increase more significantly in the second half-year than in the first six months. It is expected to increase by 3.8 percent for the year as a whole.
(Sources: spring reports of the six leading German economic research institutes, International Monetary Fund, EU Commission, World Bank, European Central Bank)

6.2 Stock market

The third quarter shows a significant improvement of the mood on the stock markets. This trend was encouraged in particular by the forthcoming parliamentary elections in Germany that caused optimism among investors. Accordingly, numerous banks raised their forecasts for the German stock market. Rising stock market prices also caused share acceptance among private investors to increase marginally once again. However, future performance hinges mainly on the oil price trend and on positive economic signals. While stocks listed in the TecDax chalked up the worst performance of any of the German indices in the first six months, significant price gains are expected for the second half of the year. In addition, the large number of takeovers and fusions, the improved currency climate and the relatively low valuation of the shares contributed to the positive trend.

6.3 IT industry

In the absence of any lasting improvement to the economic situation in Europe in the first months of the current year, the market research institute IDC reduced its annual forecast for the development of IT investments in Europe from 5.6 percent to around 4.0 percent. The industry association BITKOM expects IT investment by German companies (software, hardware, service) to total 68.8 million euros, which constitutes an increase of 3.7 percent. Of this amount, 13.8 billion is expected to fall to so-called Small Office/Home Office and ultra-small firms. The investment volume relevant to Bechtle therefore totals some 55 billion euros.

According to the European Information Technology Observatory (EITO), the IT industry is set to grow in Western Europe in 2005 and 2006 by 4.3 percent. For Germany, the predicted growth rates for the current year are 4.0 percent; next year this figure is expected to be 3.4 percent. Broken down into segments, market researchers forecast an increase in the current year of 3.0 percent for computer hardware, 5.4 percent for software and 5.0 percent for IT services.

In terms of the IT markets forecasts however, it has to be taken into consideration that the market research institutes and the industry association also include the consumer market in their analyses. However, Bechtle is only active in the B-to-B and B-to-G segment – and here exclusively in Western Europe. In addition to the significant staff reductions announced and partially implemented by large IT manufacturers, especially in Western European countries, indicators to the hitherto sluggish market development include the ongoing aggressive consolidation in the system house market as well as the only weak nominal growth experienced by the majority of IT service enterprises so far. Against this background, the growth figures forecast by the market research institutes for 2005 will in our opinion require a significant upturn in demand in the second half of the year.

6.4 Future company development

In the current financial year, Bechtle is continuing to use the process of consolidation among system houses, which is persisting longer than anticipated, to strengthen its own market position. In addition to expanding the sales locations, the focus is also on strategically expedient acquisitions geared towards complementing the individual business units in the system house segment. In this way, Bechtle plans to augment its leading position as an IT system house in Germany and Switzerland and to gain further shares of the market.

The Bechtle Group also plans to continue to grow profitably in the future in the two business segments IT System House and eCommerce. For Bechtle, the combination of service-orientated system house and the Europe-wide direct distribution of IT trading products via Internet, catalogue and telephone represent a key strategic success factor in terms of optimizing customer benefit.

In connection with the acquisitions, the Executive Board of Bechtle upwardly adjusted the revenue plan in April for 2005 as a whole: the forecast now predicts 1.3 billion euros instead of the previously anticipated 1.25 billion euros. This corresponds to a growth of 19.5 percent (previous year: 1.09 billion euros). The prerequisite for this is a significant upturn in the demand for IT trading products and services. As is customary for the industry, the second half of the year and, here in particular the final quarter, contribute disproportionately to total revenues.

Revenue and EBT fell slightly short of expectations in the first six months of the year. As already outlined in detail in „4.2 Earnings Development“, it is especially the integration and start-up investments aimed at strengthening the regional sales organisations and the consolidation of the market position that are producing a significant effect in both segments. Furthermore, it is especially the number and volume of acquisitions, which are greater in both respects than anticipated at the start of the year, that need to be taken into consideration here. They initially cause start-up costs, but on the other hand will secure markets shares and improve both the regional and strategic competitive position of the Group. In doing so, the company is continuing to adhere to the strategy of aligning its planning to medium- and long-term effects, while focusing to a lesser extent on quarterly results.

Owing to a low base level from the first half of the year, the Executive Board considers the aimed performance targets for the year on the whole as ambitious, but still realistic. The forecast expects the EBT to increase to at least 42 million euros. Accordingly, based on the previous year's result of 37.6 million euros adjusted according to IFRS, the expected EBT growth rate will total 11.8 percent.

Future-based statements

This quarterly report contains statements that relate to the future development of Bechtle AG. These statements are based on assumptions and estimates. Although the Executive Board is convinced that the forward-looking statements are realistic, no guarantee can be given. The assumptions hide risks and uncertainties that could cause actual events to vary considerably from those which are expected.

Neckarsulm, 12 August 2005

Consolidated Profit and Loss Account in accordance with IFRS

from 1 January to 30 June 2005 (2004)

	Notes	1.4. to 30.6.2005 TEuro	1.4. to 30.6.2004 TEuro	1.1. to 30.6.2005 TEuro	01.01. to 30.6.2004 TEuro
Revenues	(14)	275,065	243,724	529,813	492,103
Cost of revenues		237,783	209,632	457,072	423,604
Gross profit		**37,282**	**34,092**	**72,741**	**68,499**
Selling and marketing expenses		18,537	15,173	34,084	30,034
General and administrative expenses		15,174	14,245	28,122	27,495
Other operating income	(15)	1,419	1,469	2,558	10,525
Operating income		**4,990**	**6,143**	**13,093**	**21,495**
Interest income and expenses	(16)	39	-40	31	-84
Result before income taxes (and minority interest)		**5,029**	**6,103**	**13,124**	**21,411**
Income tax	(17)	1,716	1,498	4,717	4,662
Result before minority interest		**3,313**	**4,605**	**8,407**	**16,749**
Minority interest		-16	-28	-24	-2
Net income		**3,297**	**4,577**	**8,383**	**16,747**
Net income per share (undiluted) Euro	(18)	**0.1555**	**0.2159**	**0.3954**	**0.8012**
Net income per share (diluted) Euro	(18)	**0.1555**	**0.2159**	**0.3954**	**0.8012**
Weighted average shares outstanding (undiluted)		**21,200**	**21,200**	**21,200**	**20,903**
Weighted average shares outstanding (diluted)		**21,200**	**21,200**	**21,200**	**20,903**

The attached notes are integral constituent of the financial statement.

Consolidated Balance Sheet in accordance with IFRS

as at 30 June 2005 (2004)

Assets	Notes	30.06.2005 TEuro	31.12.2004 TEuro
Current assets			
Cash and cash equivalents	(1)	31,049	61,497
Short-term investments / marketable securities	(2)	10,856	4,296
Trade accounts receivable, net	(3)	130,398	142,462
Inventories	(4)	37,354	36,541
Prepaid expenses and other current assets	(5)	11,920	13,970
Total current assets		**221,577**	**258,766**
Non current assets			
Tangible assets, net	(6)	20,336	17,433
Intangible assets, net	(7)	20,281	18,184
Goodwill, net	(8)	87,912	81,607
Loans	(9)	1,717	1,625
Deferred tax assets	(17)	7,473	6,813
Total non current assets		**137,719**	**125,662**
Total assets		**359,296**	**384,428**

Liabilities and shareholders' equity	Notes	30.06.2005 TEuro	31.12. 2004 TEuro
Current liabilities			
Short-term loan and current portion of long-term loan		6,591	6,854
Trade accounts payable		59,655	75,323
Advance payments received		111	3,931
Accrued expenses	(10)	27,722	29,454
Income tax payable		3,433	5,714
Other current liabilities	(11)	13,795	15,440
Deferred income		7,330	3,768
Total current liabilities		**118,637**	**140,484**
Non current liabilities			
Long-term loan, less current portion	(12)	15,737	20,387
Deferred income		342	213
Accrued expenses	(10)	261	340
Deferred tax liabilities	(17)	7,639	5,843
Total non current liabilities		**23,979**	**26,783**
Minority interest		**219**	**505**
Shareholders` equity	(13)		
Share capital		21,200	21,200
21,200,000 shares issued with par value			
of Euro 1.00			
Additional paid-in capital		143,454	143,454
Retained earnings		52,367	52,464
Accumulated other comprehensive income / loss		-560	-462
Total shareholders` equity		**216,461**	**216,656**
Total liabilities and shareholders` equity		**359,296**	**384,428**

The attached notes are integral constituent of the financial statement.

Statement of changes in shareholders' equity in accordance with IFRS

from 1 January to 30 June 2005 (2004)

	Number of ordinary share issued	Share capital TEuro	Additional paid-in capital TEuro
Shareholders' equity as at 01 January 2004	**20,200,000**	**20,200**	**134,515**
Capital increase	1,000,000	1,000	9,000
Dividends paid 2003			
Net Income 30.06.2004			
Granted stock options			4
Costs of capital increase			-24
Exchange adjustment			
Adjustment for available-for-sale securities			
Adjustment for derivative instruments			
Shareholders' equity as at 30 June 2004	**21,200,000**	**21,200**	**143,495**
Shareholders' equity as at 01 January 2005	**21,200,000**	**21,200**	**143,454**
Capital increase			
Dividends paid 2004			
Net Income 30.06.2005			
Granted stock options			
Costs of capital increas			
Exchange adjustment			
Adjustment for available-for-sale securities			
Adjustment for derivative instruments			
Shareholders' equity as at 30 June 2005	**21,200,000**	**21,200**	**143,454**

The attached notes are integral constituent of the financial statement.

Treasury stock TEuro	Retained earnings Cumulative results TEuro	Retained earnings Appropriated retained earnings TEuro	Accumulated other comprehensive income / loss TEuro	Total shareholders' equity TEuro	Comprehen-sive income TEuro	Tax effect TEuro
0	**20,064**	**6,005**	**-560**	**180,224**		
				10,000		
	-6,360			-6,360		
	16,747			16,747	16,747	
				4		
				-24		
			536	536	536	206
			-37	-37	-37	-14
			186	186	186	42
0	**30,451**	**6,005**	**125**	**201,276**	**17,432**	
0	**43,456**	**9,008**	**-462**	**216,656**		
				0		
	-8,480			-8,480		
	8,383			8,383	8,383	
				0		
				0		
			-20	-20	-20	-8
			0	0	0	0
			-78	-78	-78	-44
0	**43,359**	**9,008**	**-560**	**216,461**	**8,285**	

Consolidated Cash Flow Statement to the Annual Accounts in accordance with IFRS

from 1 January to 30 June 2005 (2004)

	1 January to 30 June 2005 TEuro	1 January to 30 June 2004 TEuro
Cash Flow from operating activities		
Net income	**8,383**	**16,747**
The take of the negative goodwill as a other operating income	0	-7,471
Net income before the take of the negative goodwill	**8,383**	**9,276**
Adjustments for:		
Depreciation and amortization	5,635	5,794
Increase (Decrease) in provisions and accrued expenses	-1,811	4,811
Gains (Losses) on the disposal of tangible assets	-56	220
Increase in deferred tax liabilities	1	1,264
Decrease (Increase) in deferred tax assets	21	-305
Increase in net working capital	-8,628	-7,797
Personnel costs of granted stock options	0	4
Others	24	-160
Net cash used in operating activities	**3,569**	**13,107**
Cash Flow from investing activities		
Acquisition of subsidiaries, net of cash acquired	-10,381	-28,189
Purchase of property, plant and equipment	-3,735	-4,928
Proceeds from sale of equipment	447	1,372
Proceeds from sale of short-term financial assets	0	1,262
Investment in financial assets	-60	0
Investment in short-term financial assets	-6,481	-5,424
Net cash used in investing activities	**-20,210**	**-35,907**
Cash Flow from financing activities		
Issuance of share capital	0	9,976
Proceeds from short or long-term borrowings	0	20,487
Cash repayments of amounts borrowed	-5,219	-2,580
Dividend payments	-8,480	-6,360
Net cash used in (provided by) financing activities	**-13,699**	**21,523**
Net effect of currency translation	-30	431
Adjustment for derivative instruments	-78	186
Adjustment for available-for-sale securities	0	-37
Decrease in cash and cash equivalents	**-30,448**	**-697**
Cash and cash equivalents at beginning of period	**61,497**	**33,694**
Cash and cash equivalents at end of period	**31,049**	**32,997**

The attached notes are integral constituent of the financial statement.

Notes to the Consolidated Financial Statements

For the period 1 January to 30 June 2005

Notes to the Consolidated Financial Statements (IFRS)

for the period 1 January to 30 June 2005 (2004)

I. Basic Company Information

The legal form of the Company was changed in May 1999 from Bechtle GmbH into Bechtle Aktiengesellschaft (hereinafter referred to as „Bechtle" or „the Company"). On 30 March 2000 the shares of the Company were offered for trading on the Neuer Markt of the Frankfurt Stock Exchange. The shares were also traded on the stock exchanges in Berlin, Düsseldorf, Hamburg, Hanover, Munich and Stuttgart. The Company is listed under International Securities Identification Number (ISIN) DE0005158703.

The business in which Bechtle AG and the principal subsidiary companies included in the consolidated financial statements are involved is the distribution of IT and communication product applications including the necessary components (hardware and software), training courses, organization and application consultancy services, project management and the preparation of expert appraisals in the field of computer applications.

The business in which the parent company is involved also includes the acquisition, management and sale of shareholdings in other companies, plus the assumption of the personal liability and management of retail companies. The Company is also involved in financing, the handling of accounting, marketing, personnel management and training for the employees of companies within the group.

II. Summary of Key Accounting, Valuation and Consolidation Principles

General Information

As a stock market listed company, the parent company is obliged to prepare for the business years beginning at 01 January 2005 the consolidated accounts for the first time on the basis of international statutory accounting requirements, the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), the interpretations of the Standing Interpretation Committee (SIC) and the International Financial Reporting Interpretation Committee (IFRIC) according to Article 315a (Section 1) of the German Commercial Code (HGB). The previous year's figures were calculated according to the same standards. The company made use of the possibility of premature application of all IFRS Standards which were adopted on 31 December 2004.

The German companies within the group have prepared their accounts and records in accordance with the provisions contained in the German Commercial Code (HGB). Foreign companies within the group have prepared their accounts and records in accordance with the local provisions. German commercial law and the local accounting principles applied in the foreign companies within the group deviate in key aspects from the International Financial Reporting Standards (IFRS). Any adjustments that were necessary to complete the financial statements in accordance with IFRS have been made.

The consolidated accounts were prepared, in principle, on the basis of historical acquisition cost or cost of revenues. Exceptions were marketable securities, properties and derivative financial instruments which were valued at their fair value. The consolidated accounts were prepared in the Euro currency and were rounded up to full thousands, unless otherwise stipulated.

Consolidation Principles

The consolidated accounts are based on the annual accounts of Bechtle Aktiengesellschaft and the included subsidiaries, which were prepared according to standard group accounting and valuation methods. Capital consolidation was carried out by offsetting net book values against the proportionately revalued shareholders' equity of the subsidiaries at the time of acquisition. Positive differences were capitalized according to IFRS 3 under intangible assets as goodwill. Negative differences were to be entered in the profit and loss account. The consolidated profit and loss account includes the results of acquired companies from the actual date of purchase.

Intragroup profits and losses, revenues, expenses and income, plus accounts receivables and liabilities have been eliminated. The necessary deferral for the consolidation transactions are made.

Notes on Conversion to IFRS

The transition from U.S. GAAP to IFRS was made by applying the procedures set out in IFRS 1. The date of transition to IFRS is the start of the financial year on 1 January 2004. As a basic principle, the assumption was made that the IFRSs in force on the date on which the financial statements were published had always been used. The simplifications specified under IFRS 1 regarding retrospective application were not applied.

For the opening IFRS balance sheet on 1 January 2004, there were no changes with respect to the previous financial statements prepared in accordance with U.S. GAAP. Shareholders' equity as at 1 January 2004 remained unchanged at TEuro 180,224.

The only relevant accounting and measurement difference between U.S. GAAP and IFRS in the 2004 financial year was seen in the different treatment of negative goodwill. In accordance with IFRS, net income for the year 2004 is now TEuro 3,206 higher than under U.S. GAAP. Accordingly, shareholders' equity as at 31 December 2004 also increased from TEuro 213,450 to TEuro 216,656. Earnings before Tax (EBT) for the 2004 financial year in accordance with IFRS are now TEuro 45,080 compared with TEuro 38,326 under U.S. GAAP.

As a result of the transition from U.S. GAAP to IFRS, net income for the period was up TEuro 3,570 in the 1st halfyear of 2004, due to the different treatment of negative goodwill. Before net income under U.S. GAAP increased up to TEuro 24 compared with the original publication, in connection with the costs of capital increase with are directly offset against the captial reserves not affecting the operating result. Shareholders' equity under IFRS increased accordingly as at 30 June 2004 to TEuro 201,276. Earnigs before tax (EBT) for the 1st halfyear of 2004 in accordance with IFRS is now TEuro 21,411 compared with TEuro 14,320 under U.S. GAAP.

The tables below show the relevant accounting and measurement differences between U.S. GAAP and IFRS in terms of the actual amounts and the transition for shareholders' equity, net income for the period and pre-tax earnings (EBT).

Transition Shareholders' Equity

	01.01.2004 TEuro	30.06.2004 TEuro	31.12.2004 TEuro
Shareholders' equity under U.S. GAAP	**180,224**	**197,706**	**213,450**
No extraordinary income from recovery			
of negative goodwill		-3,609	-3,631
Other operating income from			
recovery of negative goodwill		3,609	3,631
Other operating income from			
recovery of negative goodwill			
due to measurement of fixed			
assets at fair value (no reduction)		3,862	3,886
Scheduled depreciation of unreduced fixed assets		-444	-763
Tax effect (deferred taxes) on scheduled			
depreciation (reduced fixed assets)		88	83
Currency conversion differences		64	0
Shareholders' equity under IFRS	**180,224**	**201,276**	**216,656**

Transition Net Income for the Period

	01.01.-30.06.2004 TEuro	01.01.-31.12.2004 TEuro
Net income for the period under U.S. GAAP	**13,153**	**29,549**
Costs of the capital increase (offset against the		
capital reserves not affecting the operating result)	24	0
Net income for the period (revised) under U.S. GAAP	**13,177**	**29,549**
No extraordinary income from recovery		
of negative goodwill	-3,609	-3,631
Other operating income from recovery		
of negative goodwill	3,609	3,631
Other operating income from recovery		
of negative goodwill due to measurement		
of fixed assets at fair value (no reduction)	3,862	3,886
Scheduled depreciation of unreduced fixed assets	-444	-763
Tax effect (deferred taxes) on scheduled depreciation		
(reduced fixed assets)	88	83
Currency conversion differences	64	0
Net income for the period under IFRS	**16,747**	**32,755**

Transition Pre-Tax Earnings (EBT)

	01.01.-30.6.2004 TEuro	01.01.-31.12.2004 TEuro
EBT under U.S. GAAP	**14,282**	**38,326**
Costs of the capital increase (offset against the		
captial reserves not affecting the operating result)	38	0
EBT (revised) under U.S. GAAP	**14,320**	**38,326**
Other operating income from recovery of		
negative goodwill	3,609	3,631
Other operating income from recovery of		
negative goodwill due to measurement		
of fixed assets at fair value (no reduction)	3,862	3,886
Scheduled depreciation of unreduced fixed assets	-444	-763
Currency conversion differences	64	0
EBT under IFRS	**21,411**	**45,080**

Notes on Relevant Differences between U.S. GAAP and IFRS

Measurement of Negative Goodwill

If there is any negative goodwill, the first thing to be done under IFRS 3 is to identify and measure the assets and liabilities once again. Any goodwill now remaining is to be recognized immediately in the income statement as a gain under other operating income and entered as earnings before tax (EBT). Under U.S. GAAP, in contrast, any negative goodwill is to be accounted for in so far as is possible initially by a reduction in the non-financial fixed assets entered into the accounts. Any amount of negative goodwill then remaining is to be recognized in the income statement as a gain as extraordinary income and thus not entered as earnings before tax (EBT).

New Accounting Standards

Bechtle AG prematurely used all IFRS Standards which were adopted on 31 December 2004. No IFRS Standards having a major impact on the net worth, financial situation or profitability of the Group have been adopted since 1 January 2005.

Scope of Consolidation

The scope of consolidation includes Bechtle AG, Neckarsulm, and all its majority owned and controlled subsidiaries. Bechtle AG holds all shares in all of its affiliated companies directly or indirectly via the intermediate holding company Bechtle Beteiligungs-GmbH, Gaildorf and ARP Holding AG, Rotkreuz, Switzerland. An exception is PSB AG für Programmierung und Systemberatung, Ober-Mörlen (PSB AG) and its subsidiary companies, in which Bechtle AG has a direct or indirect 98.3 percent shareholding.

The following companies were acquired during the accounting period and included in the scope of consolidation for the first time:

Company	Registered Office	Date of first-time consolidation	Acquisition/ Founded
Bechtle GmbH & Co. KG	Bonn	31.01.2005	Founded
CDC IT Group *)	Pfäffikon, canton Schwytz, Switzerland	28.02.2005	Acquisition
DELEC AG *)	Gümligen, canton Berne, Switzerland	01.04.2005	Acquistion
compartner systems GmbH *)	Ratingen	01.04.2005	Acquisition

*) and the subsidiaries

The complete list of shareholdings will be submitted to the Commercial Register with the annual accounts of Bechtle AG.

Use of Estimates

The preparation of the consolidated financial statements requires the Executive Board to make estimates and assumptions that affect the reported amounts of assets, liabilities, disclosure of contingent assets and liabilities contingent. The actual results may differ, therefore, from the estimated figures.

Currency and Conversion of Foreign Currency

The accounts of Bechtle's subsidiaries are prepared in the local currency.

Assets and liabilities are translated into Euros according to IAS 21, which is our reporting currency, at the mean exchange rate prevailing at the reporting date. Shareholders' equity is computed on the basis of historical rates of exchange. Revenue and expense accounts were translated at average rates of exchange of the reporting period. Accounts receivable and liabilities in foreign currency were translated at the mean exchange rate prevailing at the reporting date. Gains of losses arising from fluctuations in exchange rates are reported with an effect on net income. In the period under review, a total of TEuro 244 (01.01.-30.06.2004: TEuro 144 booked to expenses) has been booked to income.

Accounting and Valuation Principles

Tangible Assets

Tangible assets are stated at acquisition cost less accrued depreciation. Assets are depreciated over their estimated useful lifetime using planned depreciation methods based on the economic useful lifetime.

The useful lifetimes are as follows:

Office equipment:	3 - 5 years
Business equipment and fittings:	5 - 10 years
Vehicle fleet:	3 - 6 years
Buildings:	25 - 50 years

In line with German accounting practice, low-value tangible assets with an acquisition cost of less than Euro 410 in a total amount of TEuro 521 (01.01.-30.06.2004: TEuro 139) are fully depreciated in the year of acquisition. They are simultaneously treated as disposals in the changes in group fixed assets.

Intangible Assets and Goodwill

Intangible Assets

Intangible assets include established clientele and brands, plus bought-in and homegrown software, as well as service contracts.

Established Clientele

Established clientele are valued at acquisition cost. Established clientele acquired as part of corporate acquisitions are valued at an amount that represents the benefit to be obtained from the clientele. Established clientele are depreciated on a straight-line basis over a period dependent on the expected use for the Company. It is generally assumed that customer relations are of a long-term nature. The expected useful life is between five and twelve years.

Brands

Brand name rights acquired as part of corporate acquisitions are valued at an amount that represents the benefit to be obtained from the brand name rights. An unlimited useful life is assumed.

Bought-In Software and Online Shop

Bought-in software is valued at acquisition cost and depreciated on a straight-line basis over a useful life of three to five years. In the case of the online shop, this involves bought-in software.

Homegrown Software

Homegrown software can be intended for sale to third parties or used by the Company itself.

In both cases the costs for newly developed software were capitalized according to the provisions of IAS 38 if both the technical and commercial feasibility of the newly developed products were established and they generate future economic benefits for the Group. The costs incurred during the period before technical feasibility must be recognized immediately in „Expenses" as development costs.

Linear depreciation of these capitalized costs takes place from the date of commercial use of the asset over a utilization period of three to five years.

Service Contracts

Service contracts are valued at acquisition cost. Service contracts acquired as part of corporate acquisitions are valued at an amount that represents the benefit to be obtained from the service contracts. Service contracts are depreciated over the remaining time to maturity in accordance with the benefit to obtained from them.

Goodwill

In accordance with the provisions of IFRS 3, goodwill is shown on the balance sheet on the basis of the impairment only approach and is regularly tested in regard to its impairment.

The impairment tests are performed for the defined cash generating units on the basis of the provisions of IAS 36 according to the discounted cash flow method. Corporate planning data are the basis on which the expected cash flow is determined. An interest rate is used for discounting the cash flow that reflects the current market price valuation.

Impairment of Fixed Assets

According to IAS 36, assets and certain intangible assets must be assessed for impairment if events or hanges occur that can result in reduced recoverability. The recoverability of assets designated to remain in the hands of the Company is determined by comparing the book values of the asset with the estimated future influx of funds generated by the asset. The depreciation requirement corresponds to the amount by which the carrying amount of the asset exceeds the fair value. Assets that no longer serve the needs of the business are valued at book value or lower realizable value less costs of sale.

Maintenance costs are accounted for with effect on income at the time incurred.

Leasing

In the case of operating lease contracts, the leasing rates or leasing payments are entered directly into the profit and loss account. With regard to financing lease contracts, beneficial ownership is transferred to the lessee in cases in which he substantially bears all the rewards and risks associated with ownership (IAS 17).

Financial Instruments

Financial instruments are contracts which lead simultaneously in one company to a financial asset and in another company to a financial liability. They include both original financial instruments (e.g. accounts receivable or accounts payable) and derivative financial instruments (transactions for hedging against value change risks).

In accordance with IAS 39, a distinction is made between the following categories of financial instruments:
- Financial assets at fair value through profit or loss,
- Available-for-sale financial assets,
- Loans and receivables,
- Held-to-maturity investments.

Unless otherwise specified, financial instruments are shown at their market value. The market value of an original financial instrument is the price attainable on the market, i.e. the price at which the financial instrument can be freely traded between parties independent of one another within a transaction. Extended credits and accounts receivable are reported in the balance sheet at net book value (e.g. loans).

Derivative financial instruments are financial contracts whose value is derived from the price of an asset or a reference rate (such as currencies, indices and interest). They require no or only little initial investment and are settled at a future date. Examples of derivative financial instruments include options, futures and interest rate swaps.

Derivative financial instruments are employed by Bechtle for hedging purposes only. The Company uses interest swaps to reduce the interest rate fluctuation risk related to interest on bank borrowing.

In accordance with IAS 39, all derivative financial instruments in the Bechtle Group are shown according to the accounting method on the settlement date at market values. The market values are calculated by means of standardized mathematical finance methods (Market-to-Market Method) or quoted prices.
Profits and losses from the change in the market values of derivative financial instruments, which are not shown on the balance sheet according to hedge accounting rules, are also included immediately on the profit and loss account together with the change in the value of the basic transaction.

In the case of any interest swaps of the company to be classified as a cash flow hedge, the changes in the fair market value of the financial derivatives are reported under shareholders' equity as 'Other Comprehensive Income' after deduction of deferred taxes. The market value of interest swaps is determined by discounting the expected future cash flows over the remaining term of the contract on the basis of current market interest rates and the yield curve.

Accounts Receivable and Other Assets

Accounts receivable and other assets are reported at their nominal value net of adequate provisions for all identifiable credit risks. Besides these necessary allowances, a bad debt allowance is made to cover general credit risk.

Inventories

In accordance with IAS 2, merchandise was valued at average acquisition cost or the lower market price. Interest on loan capital is not capitalized. All recognizable inventory risks arising in connection with restricted usability or obsolescence are covered by appropriate markdowns. Reductions in value were made for items that were not readily marketable. If the reasons which led to a depreciation in inventories in the past no longer exist, a value make-good will be carried out.

Treasury Stock

Treasury stock to the amount of the acquisition costs is reported separately as a reduction in shareholders' equity. The number of outstanding, i.e. publicly held shares of the Company, is reduced according to the number of shares held in treasury stock. The number of emitted shares remains unchanged. Gains or losses arising from the resale of treasury stock will be offset against the capital reserves.

Deferred Tax Assets

In accordance with IAS 12, deferred tax assets are created for all temporary differences between the carrying amounts in the group balance sheet and the tax valuations of assets and liabilities (Liability Method), as well as for tax loss carryforwards. Deferred tax assets for accounting and valuation differences as well as for tax loss carryforwards are only recognized if it can be assumed with sufficient probability that these differences will produce the corresponding benefit in future. Deferred tax assets are offset against deferred tax liabilities if the tax creditors and period congruence are identical.
The tax rates applying in the year of reversal are used as the calculation basis. If passed, changes in the tax rates are taken into account.

Accrued Expenses

Accrued expenses are formed if there is a current liability towards third parties from a past event. It must be possible to reliably estimate this liability amount and it must lead more probably than improbably to an outflow of future resources. Provisions are only formed for legal and factual obligations towards third parties.

No expense provisions were formed since there is no external liability in this case. If the interest effect was considerable, long-term provisions with a term of more than one year were discounted on the basis of the corresponding interest rates on the balance sheet date.

Liabilities

Liabilities are entered on the liabilities side of the balance sheet at continued acquisition cost.

Preparation of Profit and Loss Account using the Cost-of-Sales Method

The profit and loss account is prepared using the cost-of-sales method.

Revenue Recognition

Revenues are transacted in the segments system house and eCommerce. A distinction is made between service provisions and products.

The revenues are recorded in accordance with IAS 18 after service has been rendered or after acceptance by the customer, with consideration given to revenues deductions. Revenues deductions, contractual penalties and discounts are deducted in this case. The revenue amount can be reliably measured at this time and the accrual of the economic benefit from the transaction is sufficiently probable.

Earnings and associated expenses are recorded independently of the underlying cash flows.

Revenues from maintenance contracts are collected on a pro rata temporis basis over the term of the contract.

For software maintenance contracts and warranty extensions, deferred income amounting to TEuro 7,672 (previous year: TEuro 3,981) was posted to the balance sheet and written back over the average term of the contracts.

Advertising Expenses

Expenditure for advertising and sales promotion activities are recorded as expenses as they are incurred. In the year under review TEuro 3,218 (01.01.-30.06.2004: TEuro 2,132) were included in the profit and loss account.

Shipping Costs

Costs relating to the delivery of products to customers are shown as sales, marketing and distribution expenses.

Research and Development Costs

With the exception of the development costs incurred in connection with the development of self-used or commercial software, no significant research and development costs were incurred. In this regard, we refer to our notes to homegrown software.

Earnings per Share

Earnings per share were calculated according to IAS 33. IAS 33 stipulates that earnings per share (EPS) be disclosed for all companies that have issued ordinary shares. Ordinary EPS is net income divided by the weighted average of the outstanding ordinary shares.

Corporate Governance

Bechtle AG publishes a declaration of compliance with the German Corporate Governance Code pursuant to Article 161 of the German Companies Act. The most recently updated declaration is published on the Company's website.

III. Notes to the Balance Sheet and Profit an Loss Account

(1) Cash and Cash Equivalents

The cash assets amounting to TEuro 31,049 (previous year: TEuro 61,497) include current credit with banks and cash balances, as well as financial investments that can be translated into cash at short notice with original maturity dates of three months or less from date of acquisition.

(2) Marketable Securities

Marketable securities are classified as „available for sale" and are not therefore derivative financial assets. In accordance with IAS 39, they must be valued at the reconcilable fair value, the stock market price and market price.

	30.06.2005 TEuro	Previous year TEuro
Purchase costs	10,844	4,359
Market and fair value	10,856	4,296
Accrued interest	51	23
Unrealized gains	91	54
Unrealized losses	130	117

(3) Trade Accounts Receivable

	30.06.2005 TEuro	Previous year TEuro
Trade outstanding invoices	133,591	145,685
Valuation adjustments	3,193	3,223
	130,398	**142,462**

To cover the general credit risk, appropriate valuation adjustments will be made based on past experience.

Concentration of Credit Risks

Accounts receivable by the Company are unsecured, and the Company therefore bears the risk of non-payment of these amounts. In the past, the Company had to absorb minor defaults on payments by individual customers or groups of customers.

(4) Inventories

The Company's stock comprises retail goods and spare/replacement parts required to fulfil maintenance contracts.

	30.06.2005 TEuro	Previous year TEuro
Inventories	38,927	38,790
Valuation adjustments	1,573	2,249
	37,354	**36,541**

(5) Prepaid Expenses and Other Current Assets

	30.06.2005 TEuro	Previous year TEuro
Tax rebate claims	3,470	3,894
Credit notes outstanding	2,575	1,774
Expected bonuses and advertising cost contributions	735	4,127
Accounts receivable from suppliers	150	1,388
Accounts receivable from personnel	118	53
Other	2,006	1,074
Other current assets	9,054	12,310
Prepaid expenses	2,866	1,660
	11,920	13,970

(6) Tangible Assets

	30.06.2005 TEuro	Previous year TEuro
Tools and equipment	12,143	8,989
Land, buildings	8,153	8,411
Plant and machinery	40	33
	20,336	**17,433**

(7) Intangible Assets

	30.06.2005 TEuro	Previous year TEuro
Established clientele	14,157	11,670
Brands	2,750	2,750
Online Shop	1,079	1,511
Service contracts	246	272
Homegrown software	233	333
Other intangible assets	1,816	1,648
	20,281	**18,184**

Established Clientele	30.06.2005 TEuro
Book value (30.06.2005)	14,157
Amortization period (weighted average)	9.1 years
Cummulative depreciations	4,505
Expenses for period (01.01.-30.06.2005)	933

Homegrown software	30.06.2005 TEuro	Previous year TEuro
Book value as at 01.01.	333	716
Additions	0	0
Depreciations during the accounting period	100	383
Book value as at 30.06./ 31.12.	**233**	**333**

In accordance with IAS 38, homegrown software and other product development costs must also be capitalized. This capitalization takes place in the Bechtle Group at strictly defined production costs which contain directly attributable individual costs and appropriate allowances for overheads and depreciation.
Scheduled depreciation is carried out according to the number of units or on a linear basis over the specific maximum expected utilization period of five years.
The depreciations are included accordingly in the manufacturing, sales and administrative costs after their accrual.

(8) Goodwill

As of 30 June 2005 Bechtle reported goodwill of TEuro 87,912. This covers the status as of 31 December 2004 (TEuro 81,607) and the newly accrued goodwill from the acquisition of the CDC IT Group (Switzerland), the DELEC AG (Switzerland) and the compartner systems GmbH in the period under review and the purchase of further shares in PSB AG, Ober-Mörlen to the total sum of TEuro 6,073. The goodwill also increased in the period under review by TEuro 233 due to a subsequent adjustment of the purchase price concerning the year 2004 (TEuro 260) and due to currency conversion differences (TEuro -28).

For the impairment test of reported goodwill, which has to be carried out on a regular basis, two cash generating units were identified that are identical with the two segments „System house" and „eCommerce" from the segment reporting.

The goodwill is distributed as follows over the two cash generating units:

Cash Generating Unit	30.06.2005 TEuro	Previous year TEuro
System house	70,784	64,479
eCommerce	17,128	17,128
	87,912	**81,607**

The previous impairment tests did not indicate an impairment for either the cash generating unit „System house" or the cash generating unit „eCommerce".

By 31 December 2001 goodwill was amortized according to schedule over 15 years.

(9) Loans

In accordance with IAS 39, loans are classified in a separate category as long-term receivables. They must be valued as financial assets at the reconcilable fair value when recorded for the first time and at their continued acquisition cost in the subsequent period. There was no need to make a value adjustment for this item.
Loans amounting to TEuro 1,717 (previous year: TEuro 1,625) include tax-privileged job creation reserves in Switzerland, which are deposited on a blocked bank account (TEuro 898), and a loan made to a selected investment and leasing company (TEuro 819).

(10) Accrued Expenses

Accrued expenses for	30.06.2005 TEuro	Previous year TEuro
Commissions	3,993	5,817
Holiday payments	3,833	949
Renumerations	735	3,021
Other personnel expenses	1,654	1,744
Personnel	10,215	11,531
Outstanding invoices	9,613	8,395
Guarantees	1,931	1,856
Legal and consultation costs	1,107	1,209
Customer bonuses	366	605
Restructuring	257	813
Other accrued expenses	4,494	5,385
	27,983	29,794
Current accrued expenses	**27,722**	**29,454**
Non-current accrued expenses	**261**	**340**

(11) Other Current Liabilities

Other current liabilities are as follows:

	30.06.2005 TEuro	Previous year TEuro
Turnover tax	3,629	5,910
Social security Payments	3,549	3,318
Liabilities to customers	2,841	944
Wage tax and church tax	2,159	1,798
Unrealized losses from financial derivatives	320	198
Amounts payable under purchase contracts	0	2,020
Other	1,297	1,252
	13,795	**15,440**

(12) Financial Liabilities

	30.06.2005 TEuro	Previous year TEuro
Deutsche Bank		
- Loan to aquire ARP Holding AG	10,487	13,167
Baden-Württembergische Bank		
- Loan to aquire the System House Division of Eurodis Switzerland AG	5,424	6,220
Sparkasse Schwäbisch Hall - Crailsheim		
- Loan to acquire ARP Holding AG	5,166	6,486
Various motor vehicle financing institutes		
- Loan to finance motor vehicles	160	0
Long-term loans, total	21,237	25,873
Short-term portion	5,500	5,486
Long-term loans, less short-term portion	15,737	20,387

The **loan granted by Deutsche Bank** amounting to TEuro 10,487 was denominated in Swiss francs (TCHF 16,240) and is due to mature on 1 April 2009. It bears a floating interest rate (CHF-LIBOR-3M + 100 basis points) and is amortized with annual payments amounting to TEuro 2,622, payable on 1 April, beginning as of 1 April 2005. Security for the loan is provided in the negative covenant and in the equalization obligation in the provision of securities. The risks associated with the loan's floating interest rate have been eliminated by means of an interest swap. The interest swap, which has a reference amount of initially TCHF 20,300, has been designated as a cash flow hedge and is 100 percent effective in hedging against the interest rate risk. Bechtle pays a fixed interest rate of 1.50 percent and receives the CHF-LIBOR-3M as a floating interest rate. The expiration date has been fixed at 1 April 2009. The market value of the interest swap as at 30 June 2005 amounted to TEuro -101. Taking into account the use of the interest swap as a hedge against the risk of interest rate fluctuations, the interest rate payable on the loan amounts to 2.50 percent.

Two **loans granted by the Baden-Württembergische Bank** amounting in total to TEuro 5,424 were denominated in Swiss francs and are due to mature on 30 December 2008; they bear a floating interest rate (CHF-LIBOR-6M + 90 basis points).
The loans aren't secured. The risks associated with the floating interest rate on the two loans have been eliminated by means of two interest swaps. The interest swaps have been designated a cash flow hedge and are 100 percent effective in hedging against the risk of interest fluctuations. With the exception of the reference amounts (initially a total of TCHF 12,000), both interest swaps have identical conditions. Bechtle pays the fixed interest rate of 2.54 percent and is given CHF-LIBOR-6M as the floating interest rate. The expiration date has been fixed at 30 December 2008. The market value of the two interest swaps as at 30 June 2005 amounted to TEuro - 173. Taking into account the use of the interest swap as a hedge against the risk of interest rate fluctuations, the interest rate payable on the two loans amounts to 3.44 percent.

The **loan granted by the Sparkasse Schwäbisch Hall – Crailsheim** amounting to TEuro 5,166 was denominated in Swiss francs (TCHF 8,000) and is due to mature on 1 April 2009. It bears a floating interest rate (CHF-LIBOR-6M + 90 basis points) and is amortized with annual payments amounting to TEuro 1,291, payable on 1 April, beginning as of 1 April 2005. Security for the loan is provided in the negative covenant and in the equalization obligation in the provision of securities. The risks associated with the loan's floating interest rate have been eliminated by means of an interest swap. The interest swap, which has a reference amount of initially TCHF 10,000, has been designated as a cash flow hedge and is 100 percent effective in hedging against the interest rate risk. Bechtle pays a fixed interest rate of 1.49 percent and receives the CHF-LIBOR-6M as a floating interest rate. The expiration date has been fixed at 1 April 2009. The market value of the interest swap as at 30 June 2005 amounted to TEuro -46. Taking into account the use of the interest swap as a hedge against the risk of interest rate fluctuations, the interest rate payable on the loan amounts to 2.39 percent.

The **loans obtained from various motor vehicle financing institutes** in the amount of TEuro 160 were utilized for the purchase of company vehicles by the recently acquired compartner systems GmbH, Ratingen. This loan was subsequently repaid in full after the balance-sheet date.

The Company has global **lines of credit** amounting to TEuro 49,949, plus lines of credit by way of bank guarantee to the amount of TEuro 910. At the balance-sheet date, credits by way of bank guarantee amounting to TEuro 5,001, leaving an unused line of credit of TEuro 45,858.

Bechtle AG has provided group guarantees for its subsidiaries amounting to TEuro 24,281. In addition, there are unlimited group guarantees for 10 company locations.

(13) Shareholders' Equity

Share Capital

The ordinary share capital of Bechtle AG as of 30 June 2005 is divided into 21,200,000 issued and outstanding ordinary shares with a nominal value for accounting purposes of EUR 1.00. Each share accords one vote. The ordinary share capital is thus unchanged in comparison with 31st December 2004.

The number of outstanding shares remained totally unchanged in the period under review in comparison with 31st December 2004, amounting to 21,200,000 shares. The weighted average calculated according to IAS 33 of the outstanding shares in the period under review consequently comes to 21,200,000 shares (01.01.2004 - 30.06.2004: 20,903,297 shares).

Authorized Capital

In accordance with Article 4 section 3 of the statutes of the Bechtle AG, the Executive Board is authorized, with the consent of the Supervisory Board, to increase the share capital until 10 June 2009 by TEuro 10,600 through the issue of new shares made out to bearer (Authorized Capital).

The capital increases can be made in the form of cash contributions and/or non-cash contributions. The Executive Board is authorized, with the consent of the Supervisory Board to exclude fractional amounts from the shareholders' subscription right. The Executive Board is further authorized, with the consent of the Supervisory Board, to exclude the subscription right, if (case 1) the capital increase is made in the form of non-cash contributions tangible assets for the purchase of companies or interests in companies, or (case 2) the capital increase is in the form of cash contributions, does not exceed 10 percent of the subscribed share capital at the time of issue, and the issuing price is not significantly below the market price, or (case 3) the capital increase is for the purpose of issuing staff shares, if the pro rata amount does not exceed 10 percent of the subscribed share capital at the time of issue.

The Executive Board is authorized, with the consent of the Supervisory Board, to specify any further details relating to capital increases from authorized capital.

Contingent Capital

The General Shareholders' Meeting of 1 June, 2001 resolved to increase the Company's subscribed share capital by a nominal amount not exceeding TEuro 2,000 by issuing up to 2,000,000 new shares with profit entitlement from the beginning of the financial year in which the issue is made. This contingent capital increase serves exclusively to exercise subscription rights which were granted in the content of the 2001/2008 stock option scheme in accordance with the General Shareholders' Meeting resolution of 1 June 2001 and may only be performed to the extent that the subscription rights are issued in the context of the 2001/2008 stock option scheme and the bearers of these subscription rights actually make use of them (Contingent Capital 2001).

Dividends

The General Shareholders' Meeting of June 22, 2005 decided to pay a dividend for 2004 amounting to TEuro 8,480 (Euro 0.40 per share with full dividend rights).

Dividends may only be paid from the retained earnings of the Company as disclosed in the German annual financial statements of Bechtle AG. These amounts deviate from the total from the shareholders' equity as reported in the consolidated financial statements according to IFRS. The payment of future dividends is jointly proposed by the Company's Executive Board and the Supervisory Board and approved by the General Shareholders' Meeting. The determining factors are, in particular, the profitability, the financial position, the capital requirements, the business outlook and the general economic conditions of the Company. As the Company's strategy is geared to internal and external growth, investments will be necessary and, where possible, will be financed internally.

Additional paid-in capital

Additional paid-in capital contains essentially the capital surplus (agio) arising from increases in share capital carried out, and remains unchanged compared with 31 December 2004 at TEuro 143,454.

Treasury Stock

The Executive Board was last authorised by a resolution of the General Shareholders' Meeting on 11 June 2004 as well as on 22 June 2005 to acquire company treasury stock with the consent of the Supervisory Board in accordance with article 71 section 1 no. 8 AktG (Companies Act). Acquisition of treasury stock is to meet the conditions contained in the resolution of the General Shareholders' Meeting.

In the period under review there were no transaction in treasury stock so that by 30 June 2005 like in the financial year 2004, the company held no treasury stock.

Other Comprehensive Income

The following table summarizes the information on the other comprehensive income on the balance sheet date:

	30.06.2005 TEuro	Previous year TEuro
Exchange differences	-285	-264
Derivative instruments	-212	-135
Unrealized gains/losses (securities)	-63	-63
	-560	**-462**

The enclosed statement of changes in shareholders` equity shows in detail the development of the company's consolidated shareholders` equity.

(14) Revenues

Revenues amounting to TEuro 529,813 (01.01.-30.06.2004: TEuro 492,103) contain the amounts charged to customers for goods and services – less revenues deductions, contractual penalties and discounts.
The breakdown of revenues into segments and regions is shown in the segment report.

(15) Other Operating Income

Other operating income amounted to TEuro 2,558 in the period under review (01.01.–30.06.2004: TEuro 10,525), consisted essentially of advertising cost subsidies, income from currency conversion differentials and income from the resolution of value corrections, as well as from the disposal of assets.

The other operating income of the previous year (TEuro 10,525) contained a special item amounting to TEuro 7,471 (originally TCHF 11,602), which resulted from the initial consolidation (1 February 2004) of the acquired company ALSO COMSYST AG, Switzerland.

On acquisition of ALSO COMSYT AG, Switzerland, the current value of the acquired net assets exceeded the costs of buying the holding, resulting in the creation of negative goodwill from the consolidation of capital. According to IFRS 3, in such a case the identification and valuation of the acquired assets and debts is first to be reassessed. Any remaining negative goodwill is then to be included as affecting net income. This is to be shown in other operating income, and hence in the earnings before tax (EBT).

Without this special item, other operating income amounted in the previous year to TEuro 3,054, and earnings before tax (EBT) correspondingly to TEuro 13,940.

Further explanations about the inclusion of negative goodwill as other operating income in the period of the previous year with an effect on net income are provided in the context of the transition arrangements from U.S. GAAP to IFRS (bullet point II).

16) Interest Income and Expenses

	01.01.- 30.06.2005 TEuro	01.01.- 30.06.2004 TEuro
Other interest and similar income	555	295
Interest and similar expenses	524	379
	31	**-84**

According to IAS 23.29, interest is recorded in the period in which it is occurred based on the benchmark method.

17) Income Tax / Deferred Tax

Paid and due taxes on income and earnings as well as the deferred taxes are reported as income taxes.

The tax expenses incurred in the accounting period are composed as follows:

	01.01.- 30.06.2005 TEuro	01.01.- 30.06.2004 TEuro
Current tax expenses	4,652	4,440
Deferred taxes	65	222
Tax expenses	**4,717**	**4,662**

Information on actual and deferred tax assets resulting from items which are directly charged or credited to shareholders' equity.

Tax effects:	01.01.- 30.06.2005 TEuro	01.01.- 30.06.2004 TEuro
Change in difference of currency conversion	-8	206
Change in unrealized profits / losses securities	0	-14
Change in unrealized profits / losses financial derivatives	-44	42

The balance for the accounting period between the actual tax expenses and the amount arising from a weighted domestic and foreign tax rate of around 33 percent (01.01.-30.06.2004: 33 percent) on the earnings before income tax is as follows:

	01.01.- 30.06.2005 TEuro	01.01.- 30.06.2004 TEuro
Earnings before taxes on income	13,124	21,411
Expected tax expenses	**4,380**	**6,054**
Non tax-deductible take of the negative goodwill	0	-1,494
Tax expenses from previous years	292	299
Tax income from previous years	-27	0
Only tax-deductible goodwill amortization	-427	-501
Depreciation of deferred tax assets	625	0
Apreciation of deferred tax assets	-470	0
Other	344	304
Actual tax expenses	**4,717**	**4,662**

The following table shows the deferred tax assets and liabilities. In addition to changes in the current year, it includes the deferred tax assets to be taken into account in the first-time consolidation of acquired companies as well as tax effects arising from changes in shareholders' equity not affecting the operating result.

Deferred tax assets	30.06.2005 TEuro	Previous year TEuro
Tax loss carryforwards	7,850	6,893
Tangible assets	428	149
Accrued Expenses	135	182
Interest swap	108	64
Other	12	0
	8,533	7,288
Valuation adjustments	1,060	475
Deferred tax assets	**7,473**	**6,813**

Deferred tax liabilities	30.06.2005 TEuro	Previous year TEuro
Established clientele	2,588	2,222
Goodwill	1,833	1,644
Inventories	816	337
Tangible assets	413	242
Property	388	388
Accrued expenses	366	321
Accounts receivable	359	317
Capitalized software	89	127
Service contracts	81	104
Liabilities	79	79
Other	627	62
Deferred tax liabilities	**7,639**	**5,843**

The deferred tax assets mainly result from earnings tax loss carryforwards. We assume that in future sufficient earnings will be generated to offset any tax losses carried forward. A valuation allowance is made against accrued deferred tax assets if it is not sufficiently likely that the deferred taxes will be realized. The evaluation made is subject to change over time. These changes can result in the reversal of valuation allowances in subsequent reporting periods. The valuation adjustments in the amount of TEuro 1,060 relates to the accrued deferred taxes from loss carryforwards.

The basic tax rate used for the accrual of deferred taxes is approximately 38 percent.

The calculation of deferred tax rebate claims on foreign loss carryforwards is based on the actual taxrate.

Tax loss carryforwards amounting in total to TEuro 24,765 at 30 June 2005, on which the deferred tax assets were determined, refer to domestic and foreign subsidiaries. A total of TEuro 16,481 (previous year: TEuro 16,765) are accounted for foreign companies. Domestic tax loss carryforwards are in accordance with the present tax regulations currently regarded as having no time limitation. The changes in German tax legislation with regard to the use of tax loss carryforwards (minimum taxation) were taken into account when assessing the impairment of deferred tax assets on tax loss carryforwards. Tax loss carryforwards abroad expire in some cases in five years` time.

(18) Earnings Per Share

The following table presents the computation of the net earnings per ordinary share:

	01.01.- 30.06.2005 TEuro	01.01.- 30.06.2004 TEuro
	(excepting quantity and amount per share)	
Net income of the period / net profit for ordinary shareholders after minority interest	**8,383**	**16,747**
Weighted average shares outstanding	21,200,000	20,903,297
Earnings per share	**0.3954**	**0.8012**

In accordance with IAS 33, earnings per share are calculated from group profit after tax and the average number of shares in circulation during the year.
The undiluted earnings per share are identical with the diluted earnings per share.

IV. Other explanatory notes

Segment Disclosures

The individual figures of the annual accounts are segmented according to business segments and regions. Segmentation is based on internal reporting (Management Approach). The objective of segmentation is to show transparency in the profitability, success prospects, opportunities and risks of the different business segments of the Bechtle Group.
In accordance with IAS 14, the Group currently operates two business segments – System house and eCommerce – within the meaning of segment reporting. The segments differ from one another in their fields of activity and use different processes in the sale of IT products.

The **IT-System House** segment combines the provision of services and product procurement when designing the customer's IT infrastructure. The range of services extends from advice on hardware procurement, development of networks, peripheral hardware integration, service, maintenance and training through to complete technical support. The Bechtle Group is organized regionally and, with virtually nationwide IT system house coverage, has built up an extensive network of consultancy centres in close proximity to the customer. To concentrate its know-how in individual specialist fields (e.g. IBM AS/400 and RS/6000, Lotus Notes, CAD/CAM), the Bechtle Group has set up competence centres whose knowledge can be accessed by every location in the network for the benefit of the customer. In the course of its system house activities, the Bechtle Group has set up training centres at several locations, offering customer employees a wide range of seminars which can be either of a general nature or tailored to the customer's specific requirements.

In the **IT-eCommerce** segment approximately 22,000 articles are offered by the trademarks *Bechtle direkt* and *ARP Datacon* via Internet, catalogue and call center. The portfolio includes all IT-brand products demanded in Europe and is designed for commercial customers an public authorities. The Bechtle Group is represented in nine European countries by direct sales companies (Austria, Belgium, United Kingdom, France, Germany, Italy, Netherlands, Spain, Switzerland). By a self-made european pricing system, Bechtle is able to provide up-to-day prices and availabilities online for the entire product line. Lean business processes and powerful Logistics ensure profitable growth to Bechtle's direct sales business. To its customers, Bechtle offers bios®, a customised Online-Purchasing System which reduces processing costs of IT-products supplies by customised shopping carts and paperless dispatch handling. Twice annually, *Bechtle direkt* also publishes catalogues in five languages with over 800 pages and a circulation of over 150,000, which completes the central IT-products database with detailled technical data and product illustrations.

The Bechtle Group mainly operates offices in Germany. Foreign offices are located in Italy, Austria, the Netherlands, the United Kingdom, Switzerland, France, Belgium, Taiwan and Spain.

The administration of the group companies is centred primarily in Gaildorf.

There are no major inter-segment transactions.

Earnings before interest and taxes is the control variable of the segments. Interest is therefore not included, as the segments are financed primarily through Bechtle AG and external interest expenses and income basically arise here.

External revenues by segment	01.01.-30.06.2005 TEuro	01.01-30.06.2004 TEuro
System House	361,328	326,674
eCommerce	168,485	165,429
Company total	**529,813**	**492,103**

Depreciation and amortization by segment	01.01.- 30.06.2005 TEuro	01.01- 30.06.2004 TEuro
System House	4,218	4,174
eCommerce	1,417	1,620
Company total	**5,635**	**5,794**

Operating income by segment	01.01.- 30.06.2005 TEuro	01.01- 30.06.2004 TEuro
System House	3,386	13,389
eCommerce	9,707	8,106
Total operating income	**13,093**	**21,495**
Financial result	**31**	**-84**
Earnings before taxes	**13,124**	**21,411**

Gross assets by segment	30.06.2005 TEuro	Previous year TEuro
System House	244,437	267,118
eCommerce	114,859	117,310
Balance sheet total	**359,296**	**384,428**

Liabilities by segment	30.06.2005 TEuro	Previous year TEuro
System House	103,706	111,615
eCommerce	38,910	55,652
Liabilities total	**142,616**	**167,267**

Investments in long-lived assets *) by segment	01.01.- 30.06.2005 TEuro	01.01- 30.06.2004 TEuro
System House	3,509	4,066
eCommerce	226	862
Company total	**3,735**	**4,928**

*) Software, advance payments, established clientele, service contracts, loans and tangible assets.

Geographical Information

In the period under review, the following amounts can be assigned to geographical regions.

External revenues by regions	01.01.- 30.06.2005 TEuro	01.01- 30.06.2004 TEuro
Domestic	354,280	342,837
Foreign	175,533	149,266
Company total	**529,813**	**492,103**

The following applies for the segmentation:

Revenues are assigned to the country in which the subsidiary's registered office is located. Seen from the subsidiary's viewpoint, revenues are generated only in its own domestic market. Group external revenues show the shares of the segments in consolidated group revenues. No substantial transactions were effected between the segments. Segment assets include all group assets plus participations. Segment liabilities contain all liability items of the Goup. Investments relate to the additions to tangible and intangible assets, advance payments and loans. Depreciation refers to tangible assets and intangible assets.

V. Cash Flow Statement

In accordance with IAS 7, the Cash Flow Statement shows cash flow movements separated according to fund inflows and outflows from operating, investing and financing activities for the 2005 and 2004 financial years. Cash flow was calculated on the basis of the indirect method from the consolidated accounts of the Bechtle Group.
The cash in the Cash Flow Statement includes all liquid funds shown on the balance sheet, i.e. cash on hand, cheques and cash in banking institutes if it is available within three months. The cash is not subject to any disposal restrictions.
The cash flow from operating activities is indirectly calculated from the profit after taxes on income.

During indirect calculation of this cash flow, the considered changes in balance sheet items relating to current operating activities are adjusted by effects from currency conversion and changes in the consolidation group.
The following items are also contained in the outflow of funds from current operating activities: paid interest amounting to TEuro 549, received interest amounting to TEuro 555, not received dividends and paid income tax amounting to TEuro 6,974 Euro.

Cash Flow provided by Operating Activities

The cash inflow from operating activities during the period under review amounted to TEuro 3,569 (01.01.-30.06.2004: TEuro 13,107). The inflows of funds are attributable to the positive net income of the reporting period.

Cash Flow used in Investing-Activities

The outflow of funds arising from investment activity amounted to TEuro 20,210 (01.01.2004 - 30.06.2004: TEuro 35,907) and is essentially attributable to acquisitions of companies and the acquisition of short-term financial assets.

Cash Flow used in Financing Activities

The outflow of funds arising from financing activity amounting to TEuro 13,699 (01.01.2004 - 30.06.2004: TEuro 21,523 inflow of funds) is essentially a result of the repayment of loans and the dividends paid.

Interest

	01.01.- 30.06.2005 TEuro	01.01- 30.06.2004 TEuro
Cash Outflow	549	263
Cash Inflow	555	476

VI. Contingencies

Information on Leasing Contracts

If operating lease contracts occur in the Bechtle Group, leasing instalments or rents are recorded directly as expenses in the profit and loss account.

The Company concluded non-cancellable leasing contracts for office and storage space. The Company also leased buildings, vehicles and various services under operate-lease arrangements that are non-cancellable during the basic term of the contract. Expenses for leasing contracts include payments amounting to TEuro 7,004 (01.01.-30.06.2004: TEuro 7,353) accounted for as expenses.

Future commitments with respect to the above-mentioned agreements with an initial or remaining term of more than one year as at 30 June 2005 amount to TEuro 103,826 (01.01.-30.06.2004: TEuro 89,202).

	TEuro
Due within one year	15,078
Due between 1 and 5 years	33,454
Due after 5 years	55,294
Minimum leasing payments total	**103,826**

Other financial commitments include TEuro 42,867 from a leasing contract for the central logistics and administration building in Neckarsulm, which was concluded in 2002. The owner of the building is Fabiana Grundstücksverwaltungsgesellschaft mbH, Mannheim (Fabiana). The only business in which the company is engaged is that of leasing the building to Bechtle AG through the Südleasing GmbH leasing agency. Fabiana has a share capital of TEuro 25 and has financed the investment of TEuro 31,150 primarily through loans. Bechtle AG has neither a direct nor indirect interest in Fabiana.

When the leasing contract expires in 2022, the Company has a purchase option on the building. There are no reasons according to IAS 27.13 or SIC 12 why the company should be consolidated with Fabiana. In addition, no losses from the leasing contract are expected, as the company is not compelled to exercise its option to buy.

Other Financial Liabilities

By purchasing the CDC IT Group, Pfäffikon, Canton of Schwyz, Switzerland, in the period under review, the Company has contractually committed itself to the payment of certain conditional subsequent purchase price increases. The extent of these purchase price increases to be paid subsequently will depend on the achievement of certain targets in relation to earnings before tax in the financial years 2005 and 2006, and may amount to a maximum of TEuro 1,299 in total.

As part of the acquisition of Gate Informatic AG, Berne, Switzerland, the Company is contractually committed to paying a number of subsequent increases in the purchase price. The amount of these sub-sequent increases in the purchase price is determined by specific targets being achieved with regard to earnings before tax in the 2005, 2006, 2007 financial years, and can amount to a maximum of TEuro 1,824 in total.

As part of the acquisition of SGB Servicegesellschaft für Geld- and Banksysteme mbH, Aalen, the Company is contractually committed to paying a number of subsequent increases in the purchase price. The amount of these subsequent increases in the purchase price is determined by specific targets being achieved with regard to earnings before tax in the 2005, 2006, 2007 financial years, and can amount to a maximum of TEuro 2,000 in total.

Litigation

A substantial amount is included under Other accrued expenses to cover possible settlement and court costs relating to pending labour court proceedings.

The company is unaware of any proceedings that would have a substantial detrimental effect or had this effect in the last two years on its earnings, liquidity or financial position.

VII. Related Parties

Transactions with Related Parties

Connected persons in the Bechtle Group include, in principle, members of the Executive Board and Supervisory Board, as well as managing directors, their close relatives and companies controlled by these persons.

In the period under review, there was no significant revenue from transactions with shareholders, executive staff or companies controlled by such persons.

Leasing agreements on various properties exist between consolidated companies and Executive Board members, managing directors, their close relatives and companies controlled by these persons. In the year under review, leasing expenses amounting to TEuro 62 (01.01.-30.06.2004: TEuro 143) were entered in the profit and loss account.

VIII. Remuneration of Executive Bodies

Remuneration of Executive Managers in Key Positions

Executive Board

The total remuneration of the Executive Board of Bechtle AG in the year under review amounted to TEuro 474.The remuneration of the Executive Board consisted of a fixed component and variable component. The fixed remuneration amounted to TEuro 324 and the variable remuneration amounted to TEuro 150.

IX. Acquisitions

In the accounting period the following acquisitions were transacted:

PSB AG für Programmierung and Systemberatung, Ober-Mörlen (PSB AG)

On 17 January 2005, a further 2.8 percent of the shares in PSB AG were acquired, following the acquisition of 95.5 percent of the shares in PSB AG in 2003. The purchase price for the additional shares acquired in PSB during the accounting period, including a so-called „supplementary package", amounted to TEuro 954 (Euro 9.40 per share) plus TEuro 1 additional acquisition costs.

As a result of the acquisition of a further 2.8 percent of the shares in PSB AG, the amount stated in the accounts at 31 December 2004 for minority shares (TEuro 505) has been reduced by TEuro 310 to TEuro 195. Of PSB AG's net income for the accounting period, an amount of TEuro 24 was attributable to outstanding minority shares (1.69%), which finally results in minority shares amounting to TEuro 219 to entered into the accounts as at 30 June 2005.

The total purchase price of TEuro 955 paid for the shares in PSB AG acquired in the accounting period, due to the TEuro 310 reduction in minority shares, results in goodwill amounting to TEuro 645.

CDC IT Group, Pfäffikon, Canton of Schwyz, Switzerland

On 28th February 2005, all shares in the CDC IT Group were acquired for a purchase price of TEuro 2,795. This purchase price will be subsequently increased if certain targets in relation to pre-tax profits are achieved in the financial years 2005 and 2006. The increase in the purchase price will not exceed TEuro 1,229, with the result that the final total purchase price will in the end be a maximum of TEuro 4,094. In the event of any price adjustment, the procurement costs will be increased accordingly.

The purchase of the company was shown on the balance sheet according to the purchase method. With the total purchase price to be set at the time, amounting to TEuro 2,795, there was a difference amounting to TEuro 1,184 resulting from the consolidation of capital, taking into account the net assets taken over (TEuro 1,611). In accordance with IFRS 3 in combination with IAS 38, TEuro 650 of that amount were accounted for by the established clientele, which will be written off over ten years. Deferred tax liabilities amounting to TEuro 57 were accumulated in the course of the capitalisation of the established clientele, which increased the remaining difference and will be eliminated again along with the scheduled writing off of the established clientele over its useful life. The remaining difference amounting to TEuro 591 could neither be allocated to an asset on the balance sheet nor included as a separate asset, so it was added as goodwill.

The CDC IT Group (100 employees) has offices in Basle, Bern, Lausanne, Pfäffikon and Thalwil, and is primarily active in the field of systems integration and hardware sales. With its purchase of CDC IT Group, Bechtle is further expanding its market position in Switzerland in the system house segment, and getting closer to its objective of being able to work with system houses throughout Switzerland.

In balance sheet terms the acquisition at the time of initial consolidation is as follows:

	TEuro
Current assets	
Cash and cash equivalents	1,230
Accounts receivable	2,142
Inventories	7
Other current assets	787
	4,166
Non-current assets	
Tangible assets	739
Goodwill	591
Established clientele	650
Other intangible assets	0
Financial assets	32
Deferred tax assets	0
	2,012
Total assets	**6,178**
Current liabilities	
Trade accounts payable	1,607
Other current liabilities	1,646
	3,253
Non-current liabilities	
Deferred tax liabilities	130
Other non-current liabilities	0
	130
Total liabilities	**3,383**
Minority interests	**0**
Total assets - **Total liabilities -** **Minority interests =**	**2,795**

Customer Relations of taskarena AG, Unna, Bonn Office

On 1 March 2005, information was obtained from taskarena AG, Unna, on the customer relations of its office in Bonn. The price for obtaining this information amounted to TEuro 165, which was paid in cash.

With the purchase of this information on customer relations and the foundation of a new company - Bechtle GmbH & Co. KG, Bonn – Bechtle Group's system house segment has enhanced its presence in North-Rhine Westphalia.

DELEC AG, Gümligen, Canton of Berne, Switzerland

Pursuant to a purchase contract concluded on 14 April 2005, Bechtle AG acquired all shares in DELEC AG against payment of a purchase price of TEuro 10,333. The date of acquisition may be considered as 01 April 2005, since this was the date on which Bechtle AG began to exercise de facto control over the acquired company.

The acquisition was accounted for using the purchase method of accounting. The consolidation of capital resulted in a difference of TEuro 4,800 after allowing for the acquired net assets (TEuro 5,533). According to IFRS 3, which was applied together with IAS 38, TEuro 1,614 of this amount were allocated to acquired established clientele, which will be amortized over a five-year period, and TEuro 66 euros were allocated to the acquired customer service contracts, which will be amortized over their remaining term. The remainder of the difference amounting to TEuro 3,120 could not be allocated to a balance-sheet item or accounted for as a separate asset and was, therefore, recorded as goodwill. When the acquired established clientele and service contracts were capitalized, provision was made for deferred tax liabilities in the amount of TEuro 132, resulting in an increase in goodwill which will be written back parallel to the scheduled amortization of the established clientele and service contracts over their respective useful lives.

DELEC AG (194 employees) is represented at sites in Gümligen (Canton of Berne), Dällikon (Canton of Zurich), Frauenfeld (Canton of Thurgovia) and Liestal (Canton of Basle-Country) and is one of Switzerland's largest IT systems integrators. By acquiring DELEC AG Bechtle strengthens its position in the system house segment particularly in the strategically important and rapidly growing IT solutions business, and specifically in the field of Enterprise Resource Planning (ERP). Bechtle has, with this acquisition, effectively concluded its expansion programme in Switzerland.

In balance sheet terms the acquisition at the time of initial consolidation is as follows:

	TEuro
Current assets	
Cash and cash aquivalents	3,858
Accounts receivable	4,602
Inventories	2,054
Other current assets	466
	10,980
Non-current assets	
Tangible assets	1,506
Goodwill	3,252
Established clientele	1,614
Customer service contracts	66
Other intablible assets	0
Financial assets	80
Deferred tax assets	389
	6,907
Total assets	**17,887**
Current liabilites	
Trade accounts payable	1,562
Other current liabilities	4,806
	6,368
Non-current liabilities	
Deferred tax liabilities	1,186
Other non-current liabilities	0
	1,186
Total liabilities	**7,554**
Minority interests	**0**
Total assets - **Total liabilities -** **Minority interests =**	**10,333**

compartner systems GmbH, Ratingen

On 01 April 2005 Bechtle AG acquired all shares in compartner systems GmbH against payment of a purchase price of TEuro 2,480, not including incidental acquisition expenses in the amount of TEuro 13.

The acquisition was accounted for using the purchase method of accounting. Based on a total purchase price of TEuro 2,493, the consolidation of capital resulted in a difference of TEuro 2,201 after allowing for the acquired net assets (TEuro 292). According to IFRS 3, which was applied together with IAS 38, TEuro 1,000 of this amount were allocated to acquired established clientele, which will be amortized over a five-year period. When the established clientele was capitalized, provision was made for deferred tax liabilities amounting to TEuro 384, resulting in an increase in the remainder of the difference which will be written back parallel to the scheduled amortization of the goodwill over its useful life. The remainder of the difference amounting to TEuro 1,585 could not be allocated to a balance-sheet item or accounted for as a separate asset and was, therefore, recorded as goodwill.

Compartner systems GmbH including all its subsidiares employs a total of 135 persons in its system house group at three locations in Ratingen, Rheinbach and Wangen i.A. With this acquisition, Bechtle takes a further step towards expanding its market position and increasing its share of the consolidating German system house market. The acquisition of compartner systems GmbH complements and strengthens Bechtle´s position in the system house segment, particularly in the IT infrastructure solutions field, in all areas from project services to complete outsourcing.

In balance sheet terms the acquisition at the time of initial consolidation is as follows:

	TEuro
Current assets	
Cash and cash equivalents	601
Accounts receivable	1,474
Inventories	871
Other currents assets	237
	3,183
Non-current assets	
Tangible assets	1,656
Goodwill	1,585
Established clientele	1,000
Other intangible assets	12
Deferred tax assets	292
	4,545
Total assets	**7,728**
Current liabilities	
Trade accounts payable	1,270
Other current liabilities	3,305
	4,575
Non-current liabilities	
Deferred tax liabilities	384
Other non-current liabilities	276
	660
Total liabilities	**5,235**
Minority interests	**0**
Total assets - **Total liabilities -** **Minority interests =**	**2,493**

X. Pro-Forma Information

If the companies acquired in the year under review had been acquired at the start of the financial year 2005, the Company's key data would have been as follows:

	01.01.-30.06.2005 TEuro
Revenues	547,713
Net income	7,975
Earnings per share	**0.3762**

XI. Employees

Personnel expenditure is comprised as follows:

	01.01. - 30.06.2005 TEuro	01.01. - 30.06.2004 TEuro
Wages and salaries	76,972	67,273
Statutory welfare contributions and expenditure for staff pensions	9,880	9,304
Total personnel expenditure	86,852	76,577

XII. Significant Differences between IFRS and German Accounting Principles

The deviations from the accounting, valuation and consolidation methods according to German law relate essentially to the points listed below:

Content and the Representation of the Consolidated Financial Statements

The consolidated financial statements in accordance with Article 297 of the German Commercial Code (HGB) consists of the consolidated balance sheet, the consolidated profit and loss account and the notes to the consolidated financial statements. Companies listed on the stock exchange are required to extend the notes to the consolidated financial statements with a cash flow statement and segment results. According to IFRS 1.8.ff, the consolidated financial statements must also include a separate statement of changes in shareholders' equity.

The consolidated balance sheet in accordance with the German Commercial Code (HGB) is to be structured in accordance with Article 266 HGB. This states that assets and debts are not to be reported separately in view of the commitment period or maturity. According to IFRS, assets and liabilities must, according to their commitment period or maturity, be distinguished from the long-term balance-sheet items as „current assets" or „current liabilities".

The profit and loss account according to the cost of sales method is structured in accordance with Article 275, section 3 of the German Commercial Code. According to IFRS, the undiluted and diluted number of shares and the associated earnings per share are stated additionally within the framework of the profit and loss account.

Capitalization of Homegrown Intangible Assets of the Fixed Assets

According to Article 248 HGB, intangible assets of the fixed assets that were not acquired against payment may not be capitalized. According to IFRS, expenses for homegrown software may, under certain conditions, be capitalized if such software is intended for sale to third parties or for internal use.

Costs of Capital Procurement

According to HGB, it is not permissible for the costs of capital procurement to be accrued or offset against borrowed funds. IFRS stipulates that costs incurred for the procurement of Shareholders' capital (e.g. flotation costs related to an initial public offering) less the effect of their tax deductibility are to be deducted from the gross amount of the borrowed funds, and thereby reduce the capital reserves.

Application of the Purchase Method (purchase accounting) in the Capital Consolidation

According to Article 301 HGB, options exist with respect to the methods to be applied in the capital consolidation of subsidiary companies included in the consolidated financial statements and the treatment of any difference arising on consolidation. In accordance with IFRS, the capital is consolidated according to the purchase method by offsetting the acquisition costs against the parent company's pro rata Shareholders' capital at the time of acquisition or first-time consolidation.

Goodwill and Intangible Assets

In contrast to HGB regulations, IFRS stipulates that specific intangible assets relating to corporate acquisitions are to be stated separately from derivative goodwill in the accounts, thus reducing the value of the derivative goodwill. According to HGB, derivative goodwill, as well as intangible assets, must be amortized on a scheduled basis and, if necessary, on a non-scheduled basis. IFRS, on the otherhand, prohibits the scheduled amortization of goodwill as well as intangible assets with an undefined useful life. Instead, it prescribes an annual impairment test, which may lead to non-scheduled amortization. Intangible assets with a defined useful life are also amortized on a scheduled and non-scheduled basis in accordance with IFRS.

Treasury Stock

According to HGB, treasury stock must always be reported on the asset side of the balance sheet, under a separate item in current assets. In addition, a reserve for treasury stock must be established from the annual result, the profit carried forward or free reserves to the same amount on the liabilities side. Treasury stock is thus subject to the strict lowest value principle and is value-adjusted as required. Capital gains or losses are recorded as entered in the profit and loss account. According to IFRS, treasury stock may not be capitalized as a separate asset, but must be reported as a reduction in the Shareholders' capital to the amount of the acquisition costs. Valuation adjustments are not made. Gains or losses arising from the resale of treasury stock were offset against the capital reserves.

Financial Derivatives

Under German law, most derivative financial instruments are not recorded in the statement of accounts. Unrealized profits are not taken into consideration. An accrual must be established for unrealized losses, as this is not avoided through the formation of a valuation unit for the underlying transaction to be hedged. According to IFRS, derivative financial instruments must be stated in the accounts at their fair market value. If specific hedge criteria are met, then the profits and losses are initially reported after taking account of tax effects in the equity item „Cumulative other comprehensive income“ and entered into the profit and loss account together with the profit or loss from the secured item or transaction.

Deferred Taxes

According to HGB, deferred taxes must be calculated using the so-called „asset and liability method“, but only remaining credit balances are accounted for in the consolidated financial statements. In addition, it is not permitted to account for deferred tax assets from tax loss carryforwards. According to IFRS, deferred taxes are determined for the period in which the differences are expected to reverse on the basis of temporary valuation differences between assets and liabilities stated in the tax balance sheet and consolidated financial statements, based on the expected tax rate at the end of the period under review. In addition to which any changes to the tax rate are only to be taken into account if the modified legislation has been passed or if it is highly probable that it will be passed. According to IFRS, deferred taxes on tax loss carryforwards are also to be calculated if the company has such tax loss carryforwards. If deferred tax assets are non-recoverable, they have to be value-adjusted. The decisive factor for an evaluation of impairment is an estimation of the probability that these items will actually be realizable in future.

XIII. Executive Bodies

Members of the Executive Board

Ralf Klenk, CEO, Dipl.-Ing. (FH)
Place of residence: Heilbronn
responsible for the „PSB“ and „ARP“ brands, plus the IT, Finances, Business Planning, Public Relations, Marketing and Personnel business segments.

– Member of the Supervisory Board
of the Volksbank Heilbronn eG

– Member of the Executive Board
of PSB AG für Programmierung und Systemberatung, Ober-Mörlen

– Member of the IHK general assembly Heilbronn-Franken

Gerhard Marz, COO, Dipl.-Ing
Place of residence: Speyer
responsible for the System House, Competence and Solutions Centres business segments.

–Member of the Executive Board
of PSB AG für Programmierung und Systemberatung, Ober-Mörlen

Jürgen Schäfer, COO, Dipl.-Kfm.
Place of residence: Heilbronn
responsible for European direct sales of the „Bechtle“ brand and the Logistics & Service division.

Number of Shares held in Bechtle AG

Executive Board	30.06.2005	Previous year
Ralf Klenk	352,462	352,462
Gerhard Marz	6,916	6,916
Jürgen Schäfer	4,000	4,000

Members of the Supervisory Board

All details relating to the Supervisory Board, which must be published to comply with legal requirements or a recommendation of the German Corporate Governance Codex government commission are summarised in the attachment to these notes.

Neckarsulm, August 2005

Bechtle AG

The Executive Board

Members of the Supervisory Board

Attachment to the Notes

	Member since	Occupation
Shareholders' representatives		
Beilharz, Otto	20 May 1999	CEO
Dobitsch, Kurt	20 May 1999	Entrepreneur
Schick, Gerhard Chairman of the Supervisory Board	23 March 2004	Professional Businessman
Schick-Krief, Karin	(02.10.03 - 22.03.04) 09 August 2004	Magister
Winkler, Klaus	20 May 1999	CEO
Dr. Wolf, Jochen 2nd Deputy Chairman of the Supervisory Board	02 October 2003	CEO

Membership of supervisory boards on other controlling bodies within the meaning of Article §125, section 1, line 3 of the German Companies Act	Shares held 30.06.2005	31.12.2004
Member of the Supervisory Board - of Kellner & Kunz AG, Vienna - of PSB AG für Programmierung und Systemberatung, Ober-Mörlen Chairman of the Advisory Council - of Karl Schüssler GmbH & Co.KG, Bodelshausen	4,248	4,248
Chairman of the Supervisory Board - of United Internet AG, Montabaur - and of Nemetschek AG, Munich Member of the Supervisory Board - of 1&1 Internet AG, Karlsruhe - of PSB AG für Programmierung und Systemberatung, Ober-Mörlen - and of DOCUWARE AG, Munich	0	0
Chairman of the Supervisory Board - of PSB AG für Programmierung und Systemberatung, Ober-Mörlen Chairman of the Administrative Board - of Bechtle Data AG, Regensdorf (Zürich/Switzerland) Member of the Administrative Council - of ARP Holding AG, Rotkreuz (Switzerland) - of Bechtle Comsoft Direct S.A., Gland (Switzerland) - of Comsoft Direct S.A., Gland (Switzerland) - and of Gate Informatic AG, Bern (Switzerland)	- holds directly 200,000 - indirectly by usufruct 1,026,933	200,000 1,026,933
	- assignable shares, total 6,784,487 - including, as a gift from Mr. Schick 1,026,933	6,784,487 1,026,933
Member of the Supervisory Board - of Sick AG, Waldkirch - of IMS Gear GmbH, Eisenach - of BW Venture Capital GmbH, Stuttgart Member of the Advisory Council - of Diefenbacher GmbH & Co., Eppingen - of Joma Polytec GmbH, Bodelshausen - of Reich Spezialmaschinen GmbH, Nürtingen	725	725
Chairman of the Supervisory Board - of Storsack Holding GmbH, Viernheim Member of the Supervisory Board - of LTS Lohmann Therapie-Systeme AG, Andernach - of r-biopharm AG, Darmstadt Member of the Administrative Boards - of E.G.O. Blanc & Fischer-Firmengruppe, Oberderdingen Member of the Advisory Council - of Bardusch GmbH & Co., Ettlingen	- in personal ownership 0 - on behalf of BWK GmbH UnternehmensBeteiligungs-Gesellschaft 3,916,507	0 3,916,507

Members of the Supervisory Board

Attachment to the Notes

	Member since	Occupation
Employee Representatives		
Drautz, Uli	15 October 2003	Clerical Staff Member
Feeser, Ralf Deputy Chairman of the Supervisory Board	15 October 2003	Senior Clerical Staff Member
Greyer, Barbara	15 October 2003	Head of IT districts division of the German public service union (ver.di) Baden-Württemberg
Leweke, Peter	15 October 2003	Technical Staff Member
Ludewig, Daniela	15 October 2003	Clerical Staff Member
Dr. Luz, Rudolf	15 October 2003	Chief Representative of the Metal Workers' Union (IG Metall) Heilbronn-Neckarsulm

Membership of supervisory boards on other controlling bodies within the meaning of Article §125, section 1, line 3 of the German Companies Act	Shares held 30.06.2005	31.12.2004
	1,644	1,644
	656	656
	0	0
	0	0
	0	0
Deputy Chairman of the Supervisory Board - of Kolbenschmidt Pierburg AG, Neckarsulm Member of the Supervisory Board - of Rheinmetall AG, Düsseldorf - of Wirtschaftsförderung Raum Heilbron GmbH	0	0

Financial Calendar

Interim Report 3rd Quarter 2005 (1 July to 30 September)
11 November 2005

Annual Report 2005
29 March 2006

DVFA-Analysts´ Conference
30 March 2006

Interim Report 1st Quarter 2006 (1 January to 31 March)
12 May 2006

General Shareholders´ Meeting 2006
20 June 2006

Interim Report 2nd Quarter 2006 (1 April to 30 June)
11 August 2006

Interim Report 3rd Quarter 2006 (1 July to 30 September)
14 November 2006

Credits

Published by
Bechtle AG, Neckarsulm

Investor Relations
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