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**SMS Management & Technology - Half year results to December 2008;
 Net Profit after Tax up 17%**

SMS Management & Technology, Australia's leading consulting, technology and systems integration company today announced that net profit after tax for the six months to 31 December 2008 increased by 17% to \$12.1m on revenue of \$120.8m.

The Company has no debt, and increased its cash holding to \$20m.

Highlights for the half year include:

	Dec 2008	% change
Total revenue	\$120.8m	+7%
Net profit before tax	\$16.8m	+18%
Net profit after tax	\$12.1m	+17%
Earnings per share (cents)	18.3c	+14%
Interim dividend (cents per share, fully franked)	10.0c	No change

Mr Tom Stianos, Chief Executive Officer said,

'SMS has continued to extend and broaden its services and practices which has allowed us to contest more market segments and deliver complete end-to-end solutions for our clients. This has in turn resulted in an increased market share which drove a 7% increase in revenue.'

Earnings per share grew 14% to 18.3 cents per share for the half year. The directors have declared an interim fully franked dividend of 10 cents per share, maintaining the interim paid last year. The record date for entitlement to the dividend is 10 March 2009 with payment on 22 April 2009.

Mr Stianos said,

'We have updated our five year plan (previously covering 2005-2010) to take account of the changed market conditions.'

The new strategy covers the period 2009-2014 and incorporates both short and long term initiatives. Short term measures aim to:

- Protect the Company's strong balance sheet and cash position
- Reduce fixed costs and defer investments which were associated with more aggressive growth. We aim to reduce operating costs by \$5m during the third quarter
- Recruit judiciously to maintain high utilisation and thereby profitability margins
- Concentrate all our resources on service delivery and client relationships to underpin current performance
- Exploit current market conditions to gain market share



In the long term the strategy will provide the vision to drive growth through continued broadening of our service offerings and market share gain. The strategy also aims to increase the proportion of annuity revenue through the expansion of our Systems Integration and Managed Service offerings.

Following our announcement on 28 November 2008 of an on market share buy back program of up to 5 million shares, the Company had bought back 603,506 shares at an average price of \$1.70 as at 16 February 2009. The impact of the buy back at this price will be to enhance the Earnings Per Share of remaining shareholders.

We remain confident of the long term growth opportunities for the industry and our business in particular; however some of the major projects we expected would lead to growth in H2 FY2009 have been delayed by 12 months. This includes projects such as core banking system replacements and the national broadband network. We forecast that the flow-on benefit from these projects will occur in H2 FY2010. Current indicators suggest demand will be flat for the next 12 months.

Demand for major new projects has eased in some clients, however business as usual activity is tracking well and sales in the last six months generated \$128m in contract value. This included the extension of a number of key projects, adding to our pipeline of work. The Company has maintained good staff utilisation by slowing recruitment and allowing normal attrition to reduce staff numbers. Total staff employed at 31 December 2008 was 1,234.

Despite turbulent markets, we are actively engaged with our clients and focused on being a leading provider of management and Systems Integration services. This will underpin the long term health of the business.

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About SMS

SMS Management & Technology (SMS) [ASX:SMX] is Australia's leading consulting, technology and systems integration company employing over 1,200 professionals. Established in 1986, SMS is best known for delivery excellence. SMS helps its clients improve their business performance through the implementation of strategy and the delivery of business and technology projects. Industry expertise spans the financial services, ICT, government, defence, health, utilities, mining, gaming and infrastructure sectors.
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