

*Interim Report for the First Half of the Financial Year*

*01.04.-30.09.2008*

**H.I.**

*Continued growth –  
slight decline in earnings*

*Revenue H.I +21.7%*

*Gross profit H.I +23.1%*

*EBITDA H.I -15.9%*





\\ PC-WARE is recognised as one of the leading manufacturer-independent ICT providers in Europe. Our core business is centred around the licensing of standard software, licence management and software asset management. In addition, we are able to offer our customers an extensive range of products, solutions and services for Windows and Open Source platforms in client/server environments as well as high-performance data centres.

### Key figures

in € million	Q.II			H.I		
	2008/09	2007/08	01.07.–30.09. Change	2008/09	2007/08	01.04.–30.09. Change
Sales revenue	167.5	161.8	3.5%	396.0	325.4	21.7%
Gross profit	29.3	26.5	10.4%	62.7	50.9	23.1%
EBITDA	0.7	2.7	(75.7%)	4.6	5.5	(15.9%)
EBIT	(0.7)	1.3	(153.8%)	2.0	3.3	(40.0%)
EBT	(1.0)	1.2	(182.1%)	1.6	3.2	(49.9%)
Net profit for the period before minority interests	(0.7)	0.8	(184.3%)	1.1	2.3	(53.0%)
Net profit for the period after minority interests	(0.6)	0.8	(184.5%)	1.1	2.2	(48.3%)
DVFA/SG earnings	(0.8)	1.9	(140.5%)	0.8	1.9	(58.6%)
Earnings per share (basic, in €)	(0.11)	0.12	(185.2%)	0.19	0.36	(48.2%)
Earnings per share (diluted, in €)	(0.11)	0.12	(185.2%)	0.19	0.36	(48.2%)

### in € million

	30.09.2008	31.03.2008	Change
Balance sheet total	240.1	261.7	(8.3%)
Shareholders' equity	69.3	71.5	(3.1%)
Cash position	13.0	27.4	(52.6%)
Number of employees	1,542	1,485	3.8%

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Minor differences in the disclosure of individual amounts within the report may occur due to rounding differences.

# Letter to Shareholders



## *Dear Shareholders,*

We experienced a moderate first half: in view of the more pronounced recessionary fears engulfing the global economy as a whole and the somewhat sluggish period of business generally associated with the summer months, we can be satisfied with revenue growth of 21.7%, taking us to €396.0 million, and can look to the future with continued optimism.

As was the case in first three months of the financial year, the forward momentum seen over the course of the second quarter was driven by both of our business segments. Surging by +43.7%, the Value Business segment took a more sizeable step forward. It includes all revenue contributed by Comparex, amounting to €44.8 million for the period as a whole. Propelled forward by our activities in the field of software licensing, the Volume Business segment (software and hardware reselling) also performed well in the period under review, generating organic growth of 17.2%, which is all the more impressive when one considers the challenges facing the hardware market.

As regards the performance of the regional units within our Group, we are encouraged by the impressive growth rates also achieved beyond our domestic borders. Alongside the solid performance displayed by the majority of the Comparex enterprises, business development in the Czech Republic (+129%), Sweden (+67%) and Italy (+39%) was particularly noteworthy.

Our moderate performance during the second quarter clearly took its toll, with EBITDA falling by 15.9% year on year to €4.6 million in the first half of the financial year. In aggregate, this performance is the product of more expansive business in conjunction with slightly lower margins and a concomitant rise in costs. Our cost structures in particular will be subject to close scrutiny in future, accompanied by appropriate corrective measures.

On October 13, 2008, Raiffeisen Informatik GmbH, a company within the Austrian-based Raiffeisen banking group, declared its intention to acquire a strategic interest in PC-WARE via its subsidiary »PERUNI« Holding GmbH. An amount of €36.6 million was injected into PC-WARE through the subscription of shares issued as part of a capital increase. The new shares not taken up by existing shareholders have already been subscribed by »PERUNI« Holding GmbH. Additionally, the plan is to make shareholders a voluntary public takeover offer at the price of €16.50 per no-par-value share, the purpose ultimately being to achieve a majority holding of at least 50.1% in PC-WARE. In the Raiffeisen Informatik Group, together with the Austrian-based Raiffeisen banking group in the background, we have attracted a strategic investor with a long-term perspective and the resources to help strengthen our company's capital base while at the same time providing crucial momentum for further growth. The Raiffeisen banking group has built up a network of strategic holdings in different sectors, all of which have been performing successfully in their respective markets for some years, so a future collaboration will create great opportunities for both organisations to attract new customers and open up new markets by extending their range of products and services.

On the back of a good first half, during which we succeeded in strengthening growth and capturing additional market share while having to contend with a slight fall in earnings, we expect to generate growth over the course of what is traditionally considered a more buoyant third quarter, regardless of recessionary trends. Within this context, the increasingly dynamic IT market towards the end of the year as well as an invigorated capital base as a result of the strategic investment by the Raiffeisen banking group will provide considerable impetus. We shall continue to do everything in our power to pursue the medium- and short-term goals we had defined for ourselves, and we have our sights firmly focused on the targets set for the 2008/09 financial year. Given the current uncertainties facing the world economy, however, we believe that issuing a specific forecast would be contrary to sound judgement.

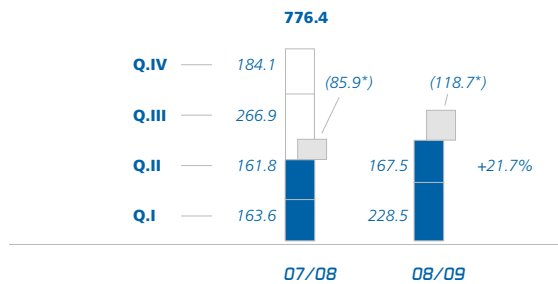
Dr. Knut Lösche and Dr. Tillmann Blaschke

Management Board of PC-Ware Information Technologies AG

# Performance H.1

## Revenue

in € million

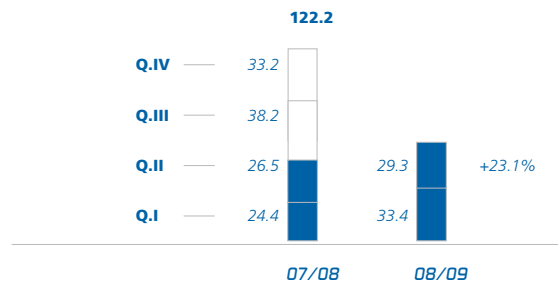


The growth in revenue achieved over the course of the first half of our financial year was driven by both segments, while the full inclusion of Comparex Central Europe and Iberia (Comparex) in the consolidated group for the first time in the second quarter generated slight forward momentum.

As regards the performance of the regional units within our Group, we are encouraged by the impressive growth rates also achieved beyond our domestic borders during the first six months of 2008/09. Alongside the solid performance displayed by the majority of the Comparex enterprises, business development in the Czech Republic (+129%), Sweden (+67%) and Italy (+39%) was particularly noteworthy.

## Gross profit\*\*

in € million

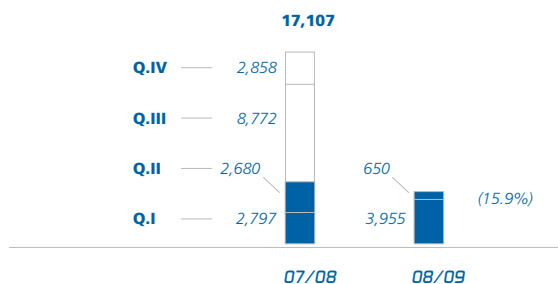


The slightly less pronounced rise in gross profit in relation to revenue was attributable to the higher proportion of more profitable Value Business as well as the larger volume of direct Enterprise Agreements within the Microsoft category.

When analysing gross profit in relation to business volume, however, the result is a decline in the corresponding margin from 12.4% to 12.2% in the first half.

## EBITDA

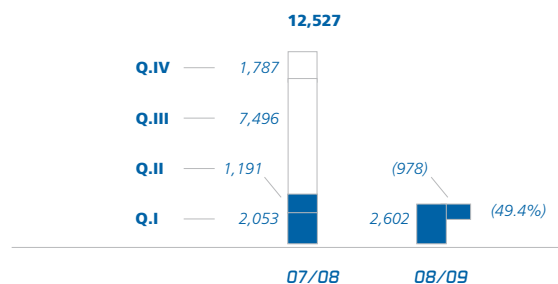
in €'000



Earnings before interest, taxes, depreciation and amortisation (EBITDA) were adversely affected by an increase in staff costs (+29.1% to €43.5 million) and higher other operating expenses (+13.0% to €16.2 million) during the second quarter of 2008/09. As a result, EBITDA fell by 15.9% in the first half.

## EBT

in €'000



Compared to the same period a year ago, earnings before taxes (EBT) fell by 49.9% to €1.6 million in the first half of 2008/09, impacted during the second quarter in particular by higher depreciation/amortisation and interest expense. The latter was attributable to the payment of part of the earn-out component to the original shareholders of Comparex as well as the outflow of cash for dividend payments.

\* Net-invoiced revenue from direct Enterprise Agreements

\*\* Gross profit = revenue + work performed by the enterprise and capitalised – cost of materials

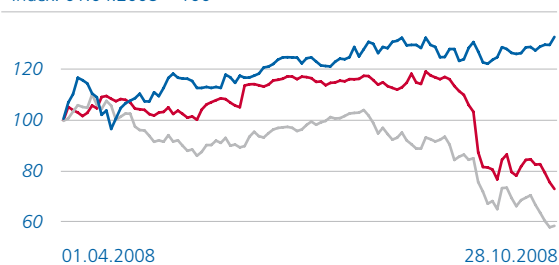
# PC-WARE share

## Key figures per share

			H.I	
			01.04.–30.09.	
Xetra figures			2008/09	2007/08
Share capital	(30.09.)	€	6,124,335	6,124,335
Market capitalisation	(30.09.)	€ million	90.76	90.89
Number of shares	(30.09.)	shares	6,124,335	6,124,335
Share price at beginning of FY	(01.04.)	€	12.00	13.26
Closing price 6-month	(30.09.)	€	14.82	14.84
6-month high	(01.04.–30.09.)	€	15.95	16.65
6-month low	(01.04.–30.09.)	€	11.45	13.10
52-week high	(01.10.–30.09.)	€	15.99	16.70
52-week low	(01.10.–30.09.)	€	11.00	12.12
Avg. daily trading volume	(01.04.–30.09.)	shares	6,060	7,675
Earnings per share	(01.04.–30.09.)	€	0.19	0.36

## Share price

Index: 01.04.2008 = 100



**€ 12.00**      ■ PCW      **€ 15.99**  
**801.69**      ■ TecDAX      **462.79**  
**7,576.77**      ■ Prime Software      **5,472.42**

**Designated sponsor:** Close Brothers Seydler AG

**Security identity number:** 691 090

**ISIN:** DE0006910904

**Reuters:** PCWG.DE

**Bloomberg:** PCW:GR

# Management Report

## *Slowdown in the world economy*

Western Europe and Asia were the principal regions affected by the progressive cooling of the global economic climate. Compared to the figures published in June, the Kiel Institute for the World Economy (Institut für Weltwirtschaft Kiel – IfW) again downgraded its growth forecast for global output in both 2008 and 2009 by a substantial margin. It now predicts growth of just 2.5% (June: 3.9%) for 2008, falling to 1.8% (3.7%) in 2009.

At the same time, the crisis within the property market, the continuing malaise displayed by the financial markets and anxiety over rising inflation in the US, Western Europe and Asia have had an adverse effect on the global economic climate in 2009, a problem compounded by the anticipated rise in benchmark interest rates set by central banks around the globe and lending rates in general over the course of the next six months.

## *Recession in the euro area*

The repercussions of the crisis affecting the property and financial markets, together with volatile exchange rates and spiralling commodity prices, are particularly evident in the euro area. While the IfW has forecast growth of 1.4% in GDP for the eurozone in 2008, it is less optimistic about GDP performance in 2009, projecting stagnation for the coming year. What is more, the economic contribution made by foreign trade remained virtually neutral. Within this context, declining export figures and the contraction of imports also point to an encroaching recession.

## *Economic downturn in Germany*

The crisis to have afflicted the world economy is also being felt in Germany. Although the German economy has lost less of its momentum when compared with other major countries, it nevertheless will have to contend with a slowdown in growth, with real GDP expected to rise by just 1.9% in the current year (June: 2.1%). Owing to the lack of impetus from exports and a decline in investment spending, the IfW has revised downwards its forecast for the coming year to 0.2% growth (June: 1.0%).

Having said that, despite the less favourable outlook, falling profits in the more susceptible manufacturing, banking and insurance sectors, and faltering efforts to reduce unemployment, the German economy as a whole is considered more resilient than many of its European counterparts.

## *IT industry bucks economic trend*

According to figures published by the European Information Technology Observatory (EITO), global sales revenue within the IT market will grow by 5.6% this year, thus reaching an aggregate volume of €964.6 billion. What is more, EITO's outlook for 2009 remains positive (5.6% growth to €1,017.2 billion). Europe's IT market has also been bucking the economic downturn, with sales projected to grow by 4.1% in both 2008 and 2009.

## *Continued growth in German ICT market volume*

The ICT sector has become a significant segment of the economy over the course of the last two decades, making considerable contributions when it comes to employment, foreign trade and GDP.

An international study published by the Berlin-based German Institute for Economic Research (Deutsches Institut für Wirtschaftsforschung Berlin – DIW) places the German IT and telecommunications industry in a respectable fifth place. What is more, market volume has been expanding at a steady rate for many years. The projected market volume for 2008 is €145.5 billion, which encompasses the ICT and digital consumer electronics segments. This corresponds to year-on-year growth of 1.8%. For 2009, Germany's ICT association BITKOM has projected growth of 1.5%.

Within this context, the information technology sector is expected to produce above-average growth rates, with aggregate market volume rising by 4.2% in this area. The positive performance of this particular sector is attributable mainly to software (2008: 5.3%; 2009: 4.9%) and IT services (2008: 3.3%; 2009: 6.0%). By contrast, the telecommunications sector is still having to contend with a slight decline in market growth (2008: -1.2%; 2009: -0.5%).

Sources: IfW Kiel, Handelsblatt, BITKOM, EITO, ifo Munich, DIW Berlin, Forrester

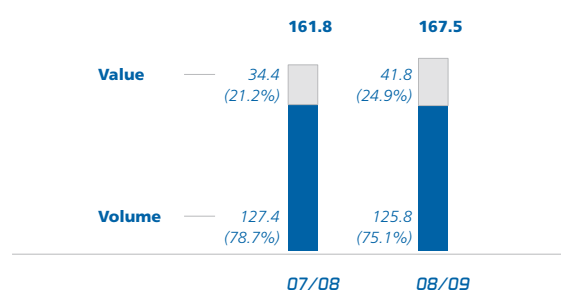
## SECOND QUARTER PRODUCES MODERATE REVENUE GROWTH

Operating against the backdrop of an economic downturn that has taken on global proportions and the more tangible effects of a credit crunch in Europe, we managed to propel revenue upwards by 21.7% to €396.0 million in the first six months. At the same time, however, we were unable to match in the second quarter the extremely solid performance seen in the first three months, which is hardly surprising given the sluggish business climate generally associated with summer trading. As a result, revenue growth for the period from July to September was restricted to 3.5%, taking the figure to €167.5 million in absolute terms. This was attributable mainly to the full consolidation of Comparex sales in this quarter<sup>1)</sup>. The acquired entities contributed total sales of €44.8 million in the first half of the financial year.

In the first six months, growth was driven by both business segments, with Value Business achieving the more pronounced rate of expansion (43.7%). This segment includes all sales revenue generated by Comparex. Propelled forward by our activities in the field of software licensing, the Volume Business segment also performed well in the period under review, generating organic growth of 17.2%, which is all the more impressive when one considers the general downturn in the hardware market as a whole. For the reasons outlined above, the second quarter saw sales revenue contract slightly by 1.3% to €125.8 million in the Volume Business segment, while Value Business recorded revenue growth of 21.5% to €41.8 million.

### Revenue by business segment Q.II

in € million (share of total revenue in brackets)



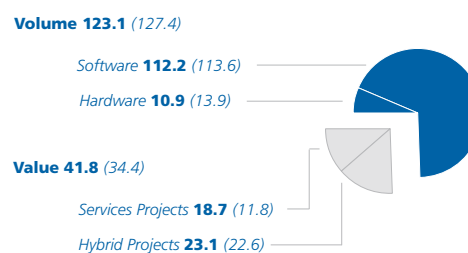
## Volume Business: Revenue H.I +17.2% to €316.4 million

First-half sales performance within the Volume Business segment, which includes our core business of software licensing, was driven by solid market growth within the area of software, while at the same time being adversely affected by challenging conditions in the hardware market. Despite this situation, we managed to lift sales revenue to €316.4 million, up 17.2% on last year's figure for the first half. By contrast, the second quarter saw business contract in both subsegments, as a result of which Volume Business declined slightly by 1.3% in this period.

Business performance over the first half as a whole was buoyed mainly by solid growth achieved within the area of domestic **software** sales, with several large-volume orders placed by major German corporations as well as various small-scale contracts within the public sector providing fresh impetus. The majority of our foreign subsidiaries also performed well within the area of Volume Business. Indeed, we recorded percentage growth rates in the double- or triple-figure range in many countries, which was reflected in the sales revenues generated by the respective regional enterprises. In terms of our Q.II sales performance, business in the second three months of the financial year was adversely affected by the lack of momentum, as a result of which we had to contend with a slight fall in revenue of 1.2% to €112.2 million in the software subsegment.

### Segment revenue Q.II 2008/09 by area

in € million (Q.II 2007/08 in brackets)<sup>2)</sup>



<sup>1)</sup> In the second quarter of 2007, the Comparex entities had only been included in the consolidated group for the months of August and September.

<sup>2)</sup> Adjusted figures due to changes in segment accounting policies at beginning of FY 2008/09

In the first six months, the overall volume of direct *Microsoft Enterprise Agreements* (EA – licence agreements concluded directly between Microsoft and customers, for which we receive a consulting fee that is accounted for directly in gross profit) rose yet again year on year, up 33.3% to €124.9 million (H.I 2007/08: €93.7 million); in the second quarter, Enterprise Agreements accounted for €30.5 million, up 69.9% compared to the same period a year ago (Q.II 2007/08: €18.0 million).

The proportion of sales revenue generated with Microsoft products, calculated in relation to total Group sales revenue, declined slightly in the first six months. Microsoft business accounted for 43.5% of total sales revenue (H.I 2007/08: 44.1%), while the share attributable to other manufacturers fell by 1.8 percentage points to €264.5 million.

Owing to the challenges facing the market as whole, sales performance within the *hardware* subsegment was unfavourable both in the first half (-17.4% to €21.2 million) and in the second quarter (-21.0% to €10.9 million), as anticipated. Having said that, our procurement portal »Procerva« performed well in terms of *hardware reselling*, recording a steady rise in revenue and the number of customers who place their orders and process their IT asset management via this platform. The portal is now available in many countries throughout Europe, and we thus expect to achieve further efficiency gains relating to the management of our IT procurement processes.

Adjusted\* *segment EBIT* within the Volume Business segment fell by 15.8% year on year to €5.7 million in the first half of the financial year. This was due to the increasing pressure on margins afflicting hardware sales in the second quarter, which contributed to the decline in adjusted earnings before interest and taxes by 57.5% to €1.1 million.

#### **Value Business: Revenue H.I +43.7% to €79.5 million**

Within the *Value Business* segment, we achieved a significant increase in revenue in the first half – up 43.7% to €79.5 million –, mainly as a result of services within the mainframe environment, which are offered by our Comparex subsidiaries. Within this context, the extremely solid performance seen in the first quarter, reflected in growth of 80.0%, remained unmatched in the second quarter, which saw revenue grow by 21.5% year on year to €41.8 million. Having said that, our ability to capture additional market share remained evident throughout this period.

Adjusted *segment EBIT* rose by €602 thousand to €627 thousand in the first six months. Our performance in the second quarter was equally encouraging against the backdrop of sluggish trading during the summer months, with adjusted EBIT rising by 15.9% to €240 thousand. What is more, this was not merely driven by our recent acquisition but also by organic efficiency gains.

#### **Share of foreign sales grows to 57.9% (previous year: 56.9%)**

*Foreign sales* as a proportion of foreign sales rose slightly to 57.9% in the first half (H.I 2007/08: 56.9%), driven by the solid business performance of our foreign subsidiaries as well as the full inclusion of Comparex entities within the consolidated group in the two quarters.

#### **Central Region**

The first-half growth in revenue to €166.8 million in our domestic market of *Germany*, a year-on-year increase of 18.9%, was attributable primarily to the Volume Business segment, which moved forward at a particularly rapid pace within the Microsoft and network categories. Having said that, business in the second quarter was such that we failed to emulate the strong growth rates achieved in the first three months, a situation which has to be viewed within the context of a more challenging market environment, with downward pressure again coming from sluggish business during the summer months. This was further compounded by the general economic downturn and the effects of the capital markets crisis. It should be noted, however, that revenue nevertheless remained stable year on year.

\* PC-WARE assesses the performance of the respective segments by referring to EBIT adjusted for acquisition-specific depreciation/amortisation effects (e.g. amortisation of acquired customer base, brands or order backlog).

Sales by region	Q.II			H.I		
	2008/09	2007/08	Change	2008/09	2007/08	Change
in €'000						
<b>Central Region</b>						
Germany	66,868	66,337	0.8%	166,831	140,281	18.9%
Switzerland	10,801	13,756	(21.5%)	22,505	25,544	(11.9%)
Italy	7,818	4,823	62.1%	15,945	11,457	39.2%
Austria	7,849	8,947	(12.3%)	14,434	14,309	0.9%
South Africa	263	136	93.4%	474	287	65.2%
<b>Western Region</b>						
Benelux	26,274	28,086	(6.5%)	63,442	55,216	14.9%
France	4,921	5,390	(8.7%)	11,644	12,717	(8.4%)
Spain	10,634	7,860	35.3%	17,493	7,860	122.6%
<b>Northern Region</b>						
Denmark	2,211	4,308	(48.7%)	10,651	17,355	(38.6%)
United Kingdom	4,615	5,781	(20.2%)	13,765	10,222	34.7%
Sweden	1,566	2,247	(30.3%)	10,049	6,032	66.6%
Finland	4,356	3,446	26.4%	9,369	6,430	45.7%
Norway	1,942	1,399	38.8%	4,440	3,810	16.5%
<b>Eastern Region</b>						
Czech Republic	10,312	5,242	96.7%	22,235	9,710	129.0%
Slovakia	973	1,150	(15.4%)	1,585	1,150	37.8%
Hungary	2,053	1,131	81.5%	4,396	1,131	288.7%
Poland	2,499	1,091	129.1%	2,957	1,091	171.0%
Slovenia	93	120	(22.2%)	425	120	254.0%
Romania	24	172	(86.0%)	376	292	28.8%
Russian Federation	1,047	215	387.0%	2,277	215	959.1%
China*	425	181	134.8%	662	192	244.8%

\* As from Q.I 2008/09, China is allocated to the Eastern Region.

## Sales by region Q.II 2008/09

in %



- **Central** (D, CH, I, A, ZA) **55.9%**
- **Western** (B, NL, L, F) **25.0%**
- **Northern** (DK, S, FIN, N, UK) **8.8%**
- **Eastern** (CZ, RO, RUS, SK, SLO, HUN, PL, RC) **10.4%**

Revenue generated by our *Swiss enterprises*, which operate with the same management structures, fell by 11.9% to €22.5 million in the first half of the year. Whereas Volume Business contracted in both quarters, we succeeded in further lifting revenue within the area of IT services and solutions (Value Business) by a double-figure percentage rate, thus underlining our commitment to further expansion of the Value Business segment. The coming quarter is expected to produce forward momentum in Volume Business and continued large-scale growth in Value Business.

In *Italy* revenue grew by 39.2% to €15.9 million in the first six months, on the back of a solid sales performance in the first quarter. In the second quarter we even managed to outpace the growth rate achieved in the second quarter of 2007/08, recording an increase in revenue of 62.1%. Business expanded both in the Microsoft and the non-Microsoft categories, while Value Business also generated forward momentum.

In *Austria* revenue edged up by 0.9% to €14.4 million in the first six months. This moderate performance was attributable to two diametrically opposed trends that had a particular bearing on business development during the second quarter: while Volume Business – especially with regard to hardware-related business in the client/server environment – fell short of expectations, the Value Business segment developed very well indeed.

In *South Africa* we succeeded in propelling revenue upwards by 65.2% year on year to €474 thousand, with a large part of growth being achieved in the second quarter (+93.4% to €263 thousand). Within this context, we benefited not only from our BEE\* status but also from the expansion of our strategic partnerships and measures implemented with the express purpose of positioning ourselves increasingly as a trusted advisor. The coming quarters are expected to develop along similar lines.

### Western Region

Our operations in the *Benelux* countries generated revenue growth of 14.9% year on year, with sales rising to €63.4 million. While revenue growth was particularly dynamic in the first quarter, the second quarter (-6.5% to €26.3 million) produced a slight fall in revenue. However, given the current order situation and the general upturn seen in the ICT market during the winter months, we are confident that future business development in this region will be favourable.

In *France* revenue receded slightly in the first half (-8.4% to €11.6 million). This trend was due in equal parts to our sales performance in the first and second quarters. The decline was attributable on the one hand to progressive market consolidation prompted by more noticeable competitive pressures and on the other to cautious behaviour among many customers in response to the flagging economy and the credit market crisis. However, the order situation for the coming quarters is encouraging.

\* »Black Economic Empowerment«: a programme launched by the South African government, the aim being to create equal opportunities within the job market.

In *Spain*, we implemented a number of projects over the course of the first half, particularly within the financial sector, and generated revenue amounting to €17.5 million. Despite the affects of the financial crisis, our sales performance in the second quarter remained positive. Now officially trading as PC-WARE Spain, our independent Spanish unit is focusing its attention on activities within the area of Software Asset Management and MultiVendor HelpDesk.

#### Northern Region

The marked decline in sales revenue in *Denmark* (-38.6% to €10.7 million) fails to capture actual business performance over the course of the first half. Firstly, the true picture is distorted by the unusually large expansion of sales revenue (more than double) recorded in the same period a year ago and, secondly, the latest revenue figures recognised for the period under review fail to convey the fact that the volume of direct Enterprise Agreements rose dramatically. On this basis, the sales performance of our Danish subsidiary can be considered encouraging, particularly when one factors in the enhanced market position and the profitability levels achieved by our local enterprise.

Having doubled sales revenue in the *United Kingdom* over the course of the first quarter, it was hardly surprising that we struggled to emulate this dynamic performance in the second quarter. Having said that, revenue nevertheless grew by a very respectable 34.7% to €13.8 million in the first half – clear evidence of the solid route we are taking in the UK. The decline in sales recorded in the second quarter, down 20.2% to €4.6 million, is due to the seasonality of our business and sluggish market conditions during the summer months. In parallel, the local market was affected more severely by the initial fallout from the international financial crisis than the economies of continental Europe.

We also made a solid start to the 2008/09 financial year in *Sweden*. In securing a tender issued by the City of Sweden, we became the exclusive supplier of software and Software Asset Management services to the single largest customer in the Swedish public sector – a contract that boosted sales growth in the first quarter. Although second-quarter sales revenue was significantly down (-30.3%) on last year's figure for the same period, all the evidence suggests that this performance, too, was a direct result of seasonal weakness. Our prospects for the coming months are considered favourable, not only in view of the contract secured as a supplier to the City of Stockholm but also when taking into account the solid order intake from customers in the industrial arena.

We succeeded in maintaining the forward momentum generated in *Finland* over the course of the first quarter of fiscal 2008/09. Although we experienced a slight dip in the level of second-quarter sales growth (+26.4% to €4.4 million) compared to the previous three months, it should be noted that the fundamentals underlying our successful business performance remain unchanged: our market position has been bolstered considerably by a string of new Enterprise Agreements both in the public sector and the commercial arena.

*Norway* is one of the few countries within the Group in which our accomplishments of the first half as a whole (+16.5% to €4.4 million) are attributable mainly to a strong performance in the second quarter. Within this context, solid business within the Microsoft and Novell landscape made a significant contribution.

#### Eastern Region

Our *Czech subsidiary* remained well on track, recording sales revenue of €22.2 million in the first half of the financial year. What is more, the positive trend seen in the first quarter was carried through to the second. Having attracted customers in the banking and communications market as well as the aviation industry and the public sector, we are well positioned for further growth.

In *Slovakia* sales revenue reached €1.6 million in the first half. Within this context, the global financial crisis had an adverse effect on business in the second quarter in particular, with revenues trending downwards. Committed to avoiding future shortfalls, we will therefore also be concentrating on market segments beyond the financial sector, the aim being to diversify our customer base in this market.

Pursuing a game plan centred around customer focus and retention, our unit in *Hungary* succeeded in significantly expanding PC-WARE's share of the local market and pushing revenue up to €4.4 million. Despite the lack of market dynamism generally experienced within our industry during the summer months, we were able to step up our activities in the public sector from July to September and generate revenue of €2.1 million. Due to our strong focus on customers operating within the banking environment, a market that has become more tentative in its approach given the current situation within the financial markets, we anticipate less pronounced growth in this sector for the coming quarter.

The sales performance of our subsidiary in *Poland* was influenced by two key factors over the course of the first half: the expansion of more profitable yet less revenue-generating services business and the lack of qualified staff in the local job market. Despite this, we managed to achieve revenue of €3.0 million in the first six months, with the second quarter accounting for €2.5 million – a very respectable result. We are fully committed to extending our partnership with manufacturers and directing more focus towards service business.

In *Slovenia* revenue grew to €425 thousand in the first half of the financial year. Although order intake in the second quarter fell slightly short of the figure achieved in the first quarter – which occupied all resources within the as yet small local team – there is the prospect of numerous projects in the financial industry as well as the public sector.

In *Romania* we recorded year-on-year growth in sales of 28.8%, taking this figure to €376 thousand, buoyed to a large extent by projects for major customers operating within the energy sector. Having said that, we had to contend with an 86.0% decline in revenue in the second quarter, albeit from a relatively low base.

Our *Russian subsidiary* developed very well in the period under review, with revenue expanding by €2.1 million to €2.3 million in the first half. Having opened a third regional office, in St. Petersburg, over the course of the first quarter, we recorded significant growth in sales during the second quarter, a trend that had been anticipated. Thus, business remained brisk despite the relatively subdued summer months. Drawing on our regional presence, we intend to enhance market awareness of our brand. In fact, our order books already point to solid business for the coming quarters.

In *China* revenue surged by around 244.8% to €662 thousand in the first half, which prompted VMware to grant us so-called VIP Enterprise Status for the local market. What is more, we maintained our forward momentum in the second quarter, propelling sales by 134.8% to €425 thousand during this period. The current level of order intake remains encouraging, with volumes already matching those of the first half. Thus, we are confident that we can capture additional market share in the months ahead.

#### EARNINGS PERFORMANCE

##### **Gross profit H.1 +23.1% to €62.7 million**

**Gross profit** (+23.1%) rose marginally faster than revenue (+21.7%) in the first half of the financial year, which translated into a slight increase in our gross profit margin from 15.6% to 15.8%. Growth within this area was attributable to the higher proportion of Value Business as well as an increase in the overall volume of direct Enterprise Agreements (+33.3% to €124.9 million) within the Microsoft category. This trend became even more pronounced in the second quarter, as a result of which our gross profit margin edged up by 1.2 percentage points to 17.5%.

When analysing gross profit in relation to business volume, however, the result is a decline in the corresponding margin from 12.4% to 12.2% in the first half.

##### **EBITDA H.1 -15.9% to €4.6 million**

Higher staff costs (+29.1% to €43.5 million) and an increase in other operating expenses (+13.0% to €16.2 million) had an adverse effect on **earnings before interest, taxes, depreciation and amortisation** in the first half. Ultimately, our second-quarter performance eroded the solid achievements seen in the first three months of the financial year, as a result of which EBITDA declined by 15.9% in the first half; EBITDA fell by 75.7% in the second quarter. The overall increase in costs unmatched by corresponding growth in sales was attributable to the contributions made by the Comparex entities, which were included fully in the consolidated group in the second quarter, as well as general recruitment efforts in the case of staff costs.\*

\* In the second quarter of 2007, the Comparex entities had only been included in the consolidated group for the months of August and September.

<i>Earnings performance</i>	<i>Q.II</i>			<i>H.I</i>		
	2008/09	2007/08	Change	2008/09	2007/08	Change
in €'000						
Sales revenue	167,545	161,818	3.5%	395,955	325,421	21.7%
Work performed by the enterprise and capitalised	880	893	(1.5%)	1,801	1,370	31.5%
<b>Total turnover and operating revenue</b>	<b>168,425</b>	<b>162,711</b>	<b>3.5%</b>	<b>397,756</b>	<b>326,791</b>	<b>21.7%</b>
Cost of purchased materials and services	(139,162)	(136,199)	2.2%	(335,088)	(275,892)	21.5%
<b>Gross profit</b>	<b>29,263</b>	<b>26,512</b>	<b>10.4%</b>	<b>62,668</b>	<b>50,899</b>	<b>23.1%</b>
Other operating income	(105)	1,141	(109.2%)	1,516	2,705	(44.0%)
Staff costs	(21,195)	(17,652)	20.1%	(43,492)	(33,688)	29.1%
Other operating expenses	(7,345)	(7,244)	1.4%	(16,215)	(14,353)	13.0%
Foreign exchange gains/(losses)	32	(77)	(141.6%)	128	(85)	(250.6%)
<b>EBITDA</b>	<b>650</b>	<b>2,680</b>	<b>(75.7%)</b>	<b>4,605</b>	<b>5,478</b>	<b>(15.9%)</b>
Depreciation of property, plant and equipment, and amortisation of intangible assets	(1,343)	(1,391)	(3.5%)	(2,652)	(2,222)	19.4%
<b>EBIT</b>	<b>(693)</b>	<b>1,289</b>	<b>(153.8%)</b>	<b>1,953</b>	<b>3,256</b>	<b>(40.0%)</b>
Interest income/(expenses)	(285)	(98)	190.8%	(328)	(11)	+€317 thsd.
<b>EBT</b>	<b>(978)</b>	<b>1,191</b>	<b>(182.1%)</b>	<b>1,625</b>	<b>3,245</b>	<b>(49.9%)</b>
Income tax	293	(379)	(177.3%)	(530)	(913)	(41.9%)
<b>Consolidated net profit/(loss)</b>	<b>(685)</b>	<b>812</b>	<b>(184.3%)</b>	<b>1,095</b>	<b>2,332</b>	<b>(53.0%)</b>
– of which attributable to minority shareholders	(45)	55	(181.8%)	(49)	118	(141.5%)
– of which attributable to shareholders of PC-Ware Information Technologies AG (consolidated net result)	(640)	757	(184.5%)	1,144	2,214	(48.3%)

**EBIT H.I -40.0% to €2.0 million**

**Earnings before interest and taxes** (EBIT) contracted by 40.0% year on year to €2.0 million in the first half of the 2008 financial year, primarily as a result of the disproportionately large increase in depreciation and amortisation expense in relation to growth in gross profit. This was also in evidence during the second quarter, compounded by the full inclusion of the Comparex entities within the consolidated group, as amortisation of intangible assets attributable to the acquisition now had to be recognised for the entire period. The increase in expense items, however, was not accompanied by corresponding revenue growth, and as a result the second quarter produced a loss before interest and taxes of €693 thousand.

**EBT H.I -49.9% to €1,6 million**

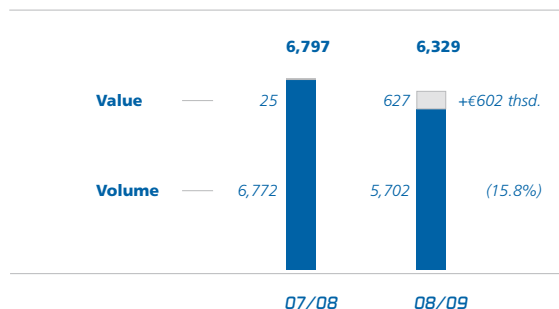
In the first half, **earnings before taxes** (EBT) fell by 49.9% year on year to €1.6 million. This was attributable to higher cash requirements in the second quarter, resulting from the payment of an earn-out component to the original shareholders of Comparex as well as the outflow of cash in connection with dividend distributions. As a consequence, the second quarter produced a loss of €978 thousand before taxes.

**Net profit for the period H.I -48.3% to €1.1 million**

Net profit for the first half of 2008/09 (after minority interests) stood at €1.1 million, down 48.3% on last year's first-half net profit of €2.2 million. The second quarter produced a net loss of €640 thousand (Q.II 2007/08: net profit of €757 thousand). At the end of the first half, the Group tax rate was approx. 33% (previous year: 28%).

**Adjusted Segment Results (EBIT)\***

in €'000



\* The presentation of the business segments does not include the General Area. The latter contributed -€3,871 thsd. (Q.II 2007/08: -€3,070 thsd.) to adjusted EBIT before Group reconciliation.

## EMPLOYEES

### Higher staffing levels

The number of people employed at PC-WARE increased from 1,485 to 1,542 since the beginning of the financial year.

## RISK REPORT

PC-WARE's overall risk assessment outlined in the annual report for the 2007/08 financial year also applies to the second quarter of our new financial year, and thus from the current perspective our evaluation of opportunities and risks for the coming months remains unchanged.

## EVENTS AFTER THE REPORTING DATE

On October 13, 2008, Raiffeisen Informatik GmbH, a company within the Austrian-based Raiffeisen banking group, declared its intention to acquire a strategic interest in PC-WARE. Under the terms of an immediate capital increase by PC-WARE, Raiffeisen Informatik Group has injected €36.6 million into PC-WARE via its subsidiary »PERUNI« Holding GmbH. The new shares not taken up by existing shareholders have already been subscribed by »PERUNI« Holding GmbH. Again via PERUNI Holding GmbH (Vienna), the Raiffeisen Informatik Group also intends to make PC-WARE shareholders a voluntary public takeover offer at the same price of €16.50 per share in cash. In this way, it hopes to acquire a holding of at least 50.1% in the share capital of PC-WARE.

## OUTLOOK: GOOD PROSPECTS

After a second quarter that fell short of our expectations, we can now look forward to a three-month period of business that is generally associated with more dynamic trading towards the end of the calendar year – a basis for solid growth. Furthermore, in the Raiffeisen Informatik Group, and the Austrian-based Raiffeisen banking group in the background, PC-WARE has found a strategic investor with a long-term perspective and the resources to help strengthen our company's capital base while at the same time providing crucial momentum for further growth. The Raiffeisen banking group has built up a network of strategic holdings in different sectors, all of which have been performing successfully in their respective markets for some years, so a future collaboration will create great opportunities for both organisations to attract new customers and open up new markets by extending their range of products and services.

PC-WARE will continue to operate as an independent company, under its own brand. There is very little overlap between the product portfolios of the two operating companies – Raiffeisen Informatik and PC-WARE – with the result that they complement each other perfectly. The same applies to geographic market coverage.

Within the Volume Business segment, we anticipate positive growth in the field of software licensing as we approach the generally more buoyant winter months. By contrast, the hardware market is likely to remain challenging, and on this basis business is expected to stagnate within this area.

We believe that the Value Business segment will develop well and that we will be in a position to extend our market share within the client/server as well as the mainframe environment. The Comporex enterprises are expected to make solid contributions.

We shall continue to do everything in our power to pursue the medium- and short-term goals we had defined for ourselves, and we have our sights firmly focused on the targets set for the 2008/09 financial year. Given the current uncertainties facing the world economy, however, we believe that issuing a specific forecast would be contrary to sound judgement.

## PC-Ware Information Technologies AG

### Consolidated Balance Sheet

in accordance with IFRS as of 30 September 2008

#### Assets

in €'000

	30.09.2008	31.03.2008
<b>A. Non-current assets</b>		
I. Goodwill	56,619	57,166
II. Other intangible assets	20,768	17,513
III. Property, plant and equipment	12,909	12,368
IV. Financial assets	36	36
V. Current finance lease receivables	271	191
VI. Other non-current assets	606	370
VII. Deferred tax assets	3,431	2,860
<b>Total non-current assets</b>	<b>94,640</b>	<b>90,504</b>
<b>B. Current assets</b>		
I. Cash and cash equivalents	12,207	26,580
II. Marketable securities	762	803
III. Trade receivables and other receivables	105,727	117,343
IV. Non-current finance lease receivables	289	542
V. Inventories	10,089	11,171
VI. Work in progress	1,866	1,069
VII. Other current assets	11,839	8,896
VIII. Tax receivables	2,664	4,815
<b>Total current assets</b>	<b>145,443</b>	<b>171,219</b>
<b>Total assets</b>	<b>240,083</b>	<b>261,723</b>

**Equity and liabilities**

in €'000

	30.09.2008	31.03.2008
<b>A. Equity</b>		
I. Issued capital	6,124	6,124
II. Capital reserves	44,622	44,622
III. Revenue reserves	1,090	1,090
IV. Treasury shares	(588)	(218)
V. Unappropriated surplus	16,739	18,632
VI. Currency translation reserve	(571)	(688)
VII. Minority interests	1,915	1,983
<b>Total equity</b>	<b>69,331</b>	<b>71,545</b>
<b>B. Non-current liabilities</b>		
I. Provisions for post-employment benefits and similar obligations	1,425	1,392
II. Non-current provision	0	3,131
III. Long-term borrowings and finance lease obligations	8,429	9,135
IV. Deferred revenue	892	0
V. Other non-current liabilities	486	652
VI. Deferred tax liabilities	4,690	4,630
<b>Total non-current liabilities</b>	<b>15,922</b>	<b>18,940</b>
<b>C. Current liabilities</b>		
I. Current provisions	16,676	30,027
II. Income tax payable	3,164	2,873
III. Short-term borrowings and current portion of long-term borrowings as well as finance lease obligation	12,521	3,415
IV. Trade payables and other payables	102,266	109,714
V. Advance payments received	1,667	2,347
VI. Deferred revenue	4,214	5,291
VII. Other current liabilities	14,322	17,571
<b>Total current liabilities</b>	<b>154,830</b>	<b>171,238</b>
<b>Total equity and liabilities</b>	<b>240,083</b>	<b>261,723</b>

## PC-Ware Information Technologies AG

### Consolidated Income Statement

in accordance with IFRS for the period from 1 April to 30 September 2008

in €'000	Q.II		H.I	
	2008/09	2007/08	2008/09	2007/08
Revenue	167,545	161,818	395,955	325,421
Work performed by the enterprise and capitalised	880	893	1,801	1,370
<b>Total turnover and operating revenue</b>	<b>168,425</b>	<b>162,711</b>	<b>397,756</b>	<b>326,791</b>
Cost of purchased materials and services	(139,162)	(136,199)	(335,088)	(275,892)
<b>Gross profit</b>	<b>29,263</b>	<b>26,512</b>	<b>62,668</b>	<b>50,899</b>
Other operating income	(105)	1,141	1,516	2,705
Staff costs	(21,195)	(17,652)	(43,492)	(33,688)
Other operating expenses	(7,345)	(7,244)	(16,215)	(14,353)
Foreign exchange gains/(losses)	32	(77)	128	(85)
<b>EBITDA</b>	<b>650</b>	<b>2,680</b>	<b>4,605</b>	<b>5,478</b>
Depreciation of property, plant and equipment, and amortisation of intangible assets	(1,343)	(1,391)	(2,652)	(2,222)
<b>EBIT</b>	<b>(693)</b>	<b>1,289</b>	<b>1,953</b>	<b>3,256</b>
Interest income/(expense)	(285)	(98)	(328)	(11)
<b>EBT</b>	<b>(978)</b>	<b>1,191</b>	<b>1,625</b>	<b>3,245</b>
Taxes on income	293	(379)	(530)	(913)
<b>Consolidated net profit/(loss)</b>	<b>(685)</b>	<b>812</b>	<b>1,095</b>	<b>2,332</b>
– of which attributable to minority shareholders	(45)	55	(49)	118
– of which attributable to shareholders of PC-Ware Information Technologies AG (consolidated net result)	(640)	757	1,144	2,214
Average number of shares outstanding, basic	6,075,211	6,124,335	6,084,312	6,095,887
Average number of shares outstanding, diluted	6,075,211	6,124,335	6,084,312	6,095,887
Earnings per share (basic) in €	(0.11)	0.12	0.19	0.36
Earnings per share (diluted) in €	(0.11)	0.12	0.19	0.36
DVFA/SG earnings	(787)	1,945	805	1,945
DVFA/SG earnings/share, basic in €	(0.13)	0.32	0.13	0.32
DVFA/SG earnings/share, diluted in €	(0.13)	0.32	0.13	0.32

*PC-Ware Information Technologies AG*  
*Statement of Recognised Income and Expense*

*in accordance with IFRS for the period from 1 April to 30 September 2008*

in €'000	<b>H.I</b>	
	<b>2008/09</b>	<b>2007/08</b>
		01.04.-30.09.
Change in currency translation difference attributable to foreign subsidiaries	98	(75)
Gains from disposal of treasury shares recognised in equity	0	21
Deferred taxes on income and expenses offset directly in equity	0	(7)
<b>Income and expense recognised directly in equity</b>	<b>98</b>	<b>(61)</b>
<b>Consolidated net profit</b>	<b>1,095</b>	<b>2,332</b>
<b>Aggregate of consolidated net profit/(loss) and income and expense for the period recognised directly in equity</b>	<b>1,193</b>	<b>2,271</b>
– of which attributable to minority shareholders	(68)	86
– of which attributable to shareholders of PC-Ware Information Technologies AG	1,261	2,185

## PC-Ware Information Technologies AG

### Consolidated Statement of Cash Flows

in accordance with IFRS for the period from 1 April to 30 September 2008

in €'000	<b>H.I</b>	
	2008/09	01.04.–30.09. 2007/08
<b>Cash flows from operating activities</b>		
<b>Earnings before taxes and minority interests (EBT)</b>	<b>1,625</b>	<b>3,245</b>
Depreciation of property, plant and equipment, and amortisation of intangible assets	2,652	2,222
Interest expense	760	507
Interest income	(468)	(462)
Change in long-term provisions	32	(25)
Change in short-term provisions	(558)	396
Change in inventories	1,068	287
Change in trade receivables and other receivables	7,771	(14,363)
Change in trade payables and other liabilities	(11,631)	5,725
Interest paid	(332)	(214)
Interest received	468	462
Income tax paid	1,294	(1,474)
<b>Net cash from/(used in) operating activities</b>	<b>2,681</b>	<b>(3,694)</b>
<b>Cash flows from investing activities</b>		
Acquisition of subsidiaries (less net cash acquired)	(15,808)	(14,927)
Payments for additions to intangible assets as well as property, plant and equipment	(5,800)	(2,539)
Proceeds from disposal of property, plant and equipment, as well as financial assets	200	204
<b>Net cash from/(used in) investing activities</b>	<b>(21,408)</b>	<b>(17,262)</b>
<b>Cash flows from financing activities</b>		
Cash receipts and payments regarding loans taken out by the enterprise	8,067	9,742
Interest paid	(107)	(240)
Dividend paid	(3,038)	(3,062)
Payments for acquisition/proceeds from disposal of own shares	(370)	1,180
<b>Net cash from/(used in) financing activities</b>	<b>4,552</b>	<b>7,620</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(14,175)</b>	<b>(13,336)</b>
Effects of exchange rate changes	(198)	53
Other changes in value	(41)	33
<b>Cash and cash equivalents at beginning of period</b>	<b>27,383</b>	<b>32,150</b>
<b>Cash and cash equivalents at end of period</b>	<b>12,969</b>	<b>18,900</b>
Cash and cash equivalents	12,207	18,063
Marketable securities held as current assets	762	837

## Selected information on results within various segments of PC-WARE

for the period from 1 April to 30 September 2008

in €'000		H.I 01.04.-30.09.	
		External sales	Profit from operations (adjusted EBIT)
Volume Business	2008/09	316,399	5,702
	2007/08	270,055	6,772
Value Business	2008/09	79,530	627
	2007/08	55,356	25
General Area	2008/09	26	(3,871)
	2007/08	10	(3,070)
<b>Total for segments</b>	<b>2008/09</b>	<b>395,955</b>	<b>2,458</b>
	2007/08	325,421	3,727

## Reconciliation from total earnings for segments to consolidated net profit

for the period from 1 April to 30 September 2008

in €'000	H.I 01.04.-30.09.	
	2008/09	2007/08
Adjusted profit from operations of the segments	2,458	3,727
Reconciliation to Group	(505)	(471)
<b>Group EBIT</b>	<b>1,953</b>	<b>3,256</b>
Interest income/(expense)	(328)	(11)
Taxes on income	(530)	(913)
<b>Net profit for the period</b>	<b>1,095</b>	<b>2,332</b>

## PC-Ware Information Technologies AG

### External sales classified by geographical region

in accordance with IFRS for the period from 1 April to 30 September 2008

H.I

01.04.–30.09.

in €'000

External sales

Central region		
Germany	2008/09	166,831
	2007/08	140,281
Switzerland	2008/09	22,505
	2007/08	25,544
Italy	2008/09	15,945
	2007/08	11,457
Austria	2008/09	14,434
	2007/08	14,309
South Africa	2008/09	474
	2007/08	287
Western region		
Benelux	2008/09	63,442
	2007/08	55,216
France	2008/09	11,644
	2007/08	12,717
Spain	2008/09	17,493
	2007/08	7,860
Northern region		
Denmark	2008/09	10,651
	2007/08	17,355
United Kingdom	2008/09	13,765
	2007/08	10,222
Sweden	2008/09	10,049
	2007/08	6,032
Finland	2008/09	9,369
	2007/08	6,430
Norway	2008/09	4,440
	2007/08	3,810

H.I

01.04.-30.09.

in €'000

External sales

<b>Eastern region</b>		
Czech Republic	2008/09	22,235
	2007/08	9,710
Slovakia	2008/09	1,585
	2007/08	1,150
Hungary	2008/09	4,396
	2007/08	1,131
Poland	2008/09	2,957
	2007/08	1,091
Slovenia	2008/09	425
	2007/08	120
Romania	2008/09	376
	2007/08	292
Russian Federation	2008/09	2,277
	2007/08	215
China	2008/09	662
	2007/08	192
<b>Total</b>	<b>2008/09</b>	<b>395,955</b>
	2007/08	325,421

## Notes to Interim Report for the First Half of the Financial Year

### 1. Basis of presentation and accounting policies

In accordance with the provisions set out in Section 37(3) of the Securities Trading Act (Wertpapierhandelsgesetz – WpHG), the first-half report of PC-Ware Information Technologies AG (PC-WARE) encompasses consolidated interim financial statements and an interim management report for the Group. The consolidated interim financial statements were prepared in accordance with International Financial Reporting Standards (IFRS/IAS) for interim financial reporting, as adopted by the European Union. The interim management report for the Group was prepared in accordance with the applicable provisions set out in the Securities Trading Act. The interim financial statements and the interim management report were

not audited within the context of Section 317 of the German Commercial Code (HGB), nor were they subject to any audit-based review by a statutory auditor.

Pursuant to IAS 34, the consolidated interim financial statements as at 30 September 2008, are presented in a format that has been condensed in comparison to the consolidated financial statements for the financial year ended 31 March 2008. As regards the accounting policies applied within the context of consolidated financial reporting, please refer to the notes to the consolidated financial statements for the financial year ended 31 March 2008.

### 2. Changes to the consolidated group

#### Effects of the Comparex acquisition on the interim financial statements for the first half

During the last financial year, PC-WARE acquired all interests in the Comparex Central Europe and Iberia Group (Comparex), which had not been included in the consolidated group in the prior-year period. The Comparex enterprises accounted for sales revenue of €44,771 thousand and an adjusted profit from operations of €704 thousand in the first six months of the 2008/09 financial year. Additionally, depreciation and amortisation expense amounted to €505 thousand in connection with intangible assets taken over as part of the Comparex acquisition.

The process of determining the fair values of assets acquired and liabilities assumed as part of the aforementioned purchase was completed in full as at 30 June 2008. There were no changes to the fair values reported as at 31 March 2008. In the first half of the financial year the Group incurred subsequent ancillary costs of an insignificant scope.

#### Newly established entities

During the first six months of the 2008/09 financial year PC-WARE established the following entities as sole owner:

- PC-Ware Information Technologies Spain, S.L., Madrid, Spain
- PC-Ware Kazakhstan Limited Liability Partnership, Astana, Republic of Kazakhstan

On the grounds of materiality, these entities were not included in the consolidated financial statements as at 30 September 2008.

### 3. Selected notes to the Group balance sheet

#### Goodwill

Reported goodwill relates to goodwill acquired as part of the acquisitions of subsidiaries included in the consolidated group. The changes in relation to the reporting date of the annual consolidated financial statements are attributable mainly to foreign-currency effects and, to a small extent, subsequent ancillary costs incurred in connection with investments.

#### Other intangible assets

The increase in other intangible assets in the first half of 2008/09 is mainly due to work performed in connection with the introduction of a Group-wide ERP system and the associated capitalisation of work performed by the enterprise as well as external services rendered.

#### Cash

The fall in the level of cash resources is attributable to the payment of a variable purchase price component to the original shareholders of the Comparex Group (€15,808 thousand) in the second quarter as well as the dividend distribution to shareholders amounting to €3,038 thousand.

#### Trade receivables and other receivables and payables

Owing to factors relating to the balance sheet date, the level of trade receivables declined following less buoyant business during the summer quarter. Both receivables and payables are of a current nature.

#### Provisions

The reduction in provisions is attributable to the above-mentioned payment of a variable purchase price component to the original shareholders of Comparex (€15,808 thousand). A second purchase price component is expected to fall due in March 2009. As at 30 September 2008, the amount in question was reclassified as current provisions.

#### Other current liabilities

The fall in other current liabilities is due primarily to the reduction in liabilities from value added tax (€2,687 thousand) when compared to 31 March 2008. This is to be seen against the backdrop of weaker business activities during the summer quarter.

### 4. Selected notes to the Group cash flow statement

In the reporting period, *net cash from operating activities* amounted to €2,681 thousand, as opposed to €3,694 thousand in net cash used during the same period a year ago. The increase is attributable primarily to the lower outflow of cash from working capital (an outflow of €2,792 thousand compared with an outflow of €8,351 thousand). Furthermore, the surplus of tax reimbursements over tax payments (€1,294 thousand) contributed to the improved level of cash flow from operating activities.

*Net cash used in investing activities* amounted to €21,408 thousand in the first half of the 2008/09 financial year. The majority was attributable to the payment of a variable purchase price component to the original shareholders of Comparex (€15,808 thousand) as well as to investments in the new ERP system introduced by the PC-WARE Group.

As part of the Group's *financing activities* PC-WARE recorded a net inflow of cash from a loan of €8,067 thousand taken out by the company, while the dividend payout for the 2007/08 financial year amounted to €3,038 thousand.

Despite the payment of a variable purchase price component to the original shareholders of the Comparex Group, net cash (cash less bank borrowings) remained largely unchanged compared to the figure registered on 30 September 2007. At the end of the 2007/8 financial year (31 March 2008) net cash had stood at €15 million, which further underlines the seasonality of PC-WARE's business.

Among the significant non-cash transactions during the reporting period were additions to property, plant and equipment in connection with finance lease agreements amounting to €298 thousand.

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## 5. Selected information on results within various segments of PC-WARE

PC-WARE publishes selected quarterly financial information for the purpose of providing a more complete picture of its financial performance at Group level. In contrast to the former segmentation rules applied by the Group – Software Sales & Licensing (SSL), Professional Service (PS) and Integrated System Solutions & Support (ISS) – as from fiscal 2008/09 PC-WARE will furnish reports on the basis of the following segments:

- Volume Business
- Value Business and
- General Area

The »Volume Business« segment encompasses software licensing business, i.e. the company's competencies within the area of standard software reselling and software management for major corporations and the public sector. Additionally, this segment includes the hardware reselling activities of the IT infrastructure unit of PC-WARE.

The »Value Business« segment combines PC-WARE's IT consulting and services activities for the purpose of providing the Group's product, solution and service portfolio for Windows and Open Source platforms in the client/server environment as well as for high-performance data centres.

The General Area comprises those items that cannot be directly allocated to Volume Business or Value Business and for which no appropriate categorisation is possible. The principal items included in this area are costs attributable to central Group management and investments in internal projects associated with the Group.

The measurement principles applied to financial reporting of selected performance figures of PC-WARE are based on the International Financial Reporting Standards used in the consolidated financial statements. PC-WARE assesses the performance of the respective segments by referring to EBIT adjusted for acquisition-specific depreciation/amortisation effects (e.g. amortisation of acquired customer base, brands or order backlog) (adjusted EBIT).

The geographical allocation of external revenue is performed according to the location of the registered offices of the revenue-generating entity.

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## 6. Dividend payment

At the General Meeting of Shareholders on 28 August 2008, a resolution was passed for a dividend payment of €0.50 per dividend-entitled share (total dividend payment: €3,037,605.50).

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## 7. Events after the reporting date

Under the authority granted by the General Meeting of Shareholders on 26 August 2004, and with the approval of the Supervisory Board dated 10 October 2008, the Management Board of PC-Ware Information Technologies AG, Leipzig, unanimously decided to increase the company's share capital by €2,218,000 from its current level of €6,124,335 to €8,342,335. To this end, the company issued 2,218,000 new individual bearer shares with a nominal value of €1.00 per share and furnished with dividend rights from 1 April 2008. The cash inflow from this capital increase is intended to strengthen the company's equity base and to finance future growth.

Shareholders were given an indirect right to subscribe. The new shares were available through Close Brothers Seydler AG, Frankfurt/Main, which were obliged to offer them to shareholders in the ratio of 2.74 to 1 at a subscription price of €16.50. The subscription period for the new shares ran from 20 October 2008, up to and including 3 November 2008. Any new shares not taken up by existing shareholders were offered to PERUNI Holding GmbH, Vienna, Austria, which forms part of the Raiffeisen Informatik Group. PERUNI Holding GmbH has undertaken the purchase of all those shares not taken up by existing shareholders.

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## 8. Contingent liabilities

The changes to PC-WARE's contingent liabilities were insignificant when assessed in relation to those presented in the notes to the consolidated financial statements for the annual period ended 31 March 2008.

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## Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim management report

of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group for the remaining months of the financial year.

Leipzig, November 2008

PC-Ware Information Technologies AG

The Management Board

## *Financial Calendar*

*2009-02-16 Publication of Interim Report for Q.I-III 2008/09*

*2009-06-30 Publication of Annual Report for FY 2008/09*

*Press Conference and Analysts' Meeting, Frankfurt/M.*

### *\\ Editor*

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