

*Interim Report for Q.1 01.04.–30.06.2009*

*Weak market prompts downturn  
in business*

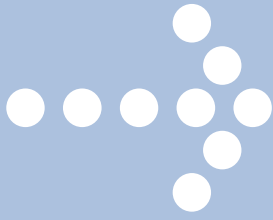
**Q.1**

*Revenue Q.1      -6.3%*

*Gross profit Q.1   -9.7%*

*EBITDA Q.1      €-8.7 m*





\\ 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.I 01.04.–30.06.		Change
	2009/10	2008/09	
Sales revenue	216.4	231.0	(6.3%)
Gross profit	30.2	33.4	(9.7%)
EBITDA	(4.7)	4.0	(8.7)
EBIT	(7.3)	2.6	(10.0)
EBT	(7.4)	2.6	(10.0)
Net profit for the period before minority interests	(6.6)	1.8	(8.4)
Net profit for the period after minority interests	(6.6)	1.8	(8.4)
DVFAVSG earnings	(7.0)	1.6	(8.6)
Earnings per share (basic, in €)	(0.80)	0.29	(1.09)

	30.06.2009	31.03.2009	Change
Balance sheet total	352.6	309.3	+14.0%
Shareholders' equity	106.3	112.2	(5.3%)
Cash position	47.0	52.7	(10.8%)
Number of employees	1,679	1,799	(6.7%)

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(from left to right) Hansjörg Egger (COO), Dr. Klaus Elsbacher (CEO), Dr. Thomas Reich (CFO)

## Letter to Shareholders

### DEAR SHAREHOLDERS,

Our revenue totalled €216.4 million in the first quarter of 2009/10, a year-on-year decline of 6.3%. In parallel, however, we recorded an increase in the volume of Enterprise Agreements (agreements concluded directly between Microsoft and the customer), as a result of which our overall business volume rose by 4.7% to €336.4 million.

The **»Volume Business«** segment encompasses our core business centred around software licensing as well as hardware reselling. Owing to the shift within the area of software licensing towards direct Enterprise Agreements, coupled with difficult market conditions in the hardware subsegment, revenue generated in this segment declined by 6.1% to €181.5 million.

The **»Value Business«** segment recorded a contraction of revenue by 7.6% to €34.9 million. Alongside our second core area, services relating to data centres as well as high-end IT consulting, this segment includes business activities such as Software Asset Management, Business Intelligence, Multi-Vendor HelpDesk and Learning Services.

**Foreign sales** as a proportion of total sales revenue increased to 61.3% in the first quarter (Q.I 2008/09: 56.7%), a trend that is attributable on the one hand to the year-on-year decline in business at our German enterprises and on the other hand to the significant growth achieved by some of our foreign subsidiaries.

**Gross profit** fell by 9.7% in the first quarter, i.e. at a faster rate than revenue, and stood at €30.2 million. The year-on-year decline was driven by two factors: downward pressure on margins within the area of volume software as well as hardware business, together with a reduction in work performed by the enterprise and capitalised.

Our performance in terms of **EBITDA** was adversely affected by the decline in gross profit and a further increase in staff costs (+23.1% to €27.5 million), as a result of which EBITDA fell by €8.7 million to €-4.7 million. The surge in staff costs was attributable to higher average staffing levels as well as severance payments associated with the reshuffle of our Management Board.

The factors outlined above also had a bearing on **pre-tax profit** in the period under review. It stood at €-7.4 million at the end of the first quarter.

On the whole, the Company managed to stand its ground within its key areas of business, despite the current economic malaise. If we continue to focus on our core competences, we will have a good basis from which to operate successfully within a business environment that remains challenging. In view of the seasonality of our business, we do not anticipate any significant forward momentum in the second quarter as regards our overall performance for the first half. By concentrating on our core competences, we shall further strengthen our position in the area of software licensing as well as consulting. Given the prevailing economic uncertainties, we shall refrain from issuing an earnings forecast for the financial period as a whole. Having said that, we believe that we can fully exploit the opportunities presented to our Company in the medium term even if the current economic challenges persist.

**Dr. Klaus Elsbacher**



**Hansjörg Egger**



**Dr. Thomas Reich**

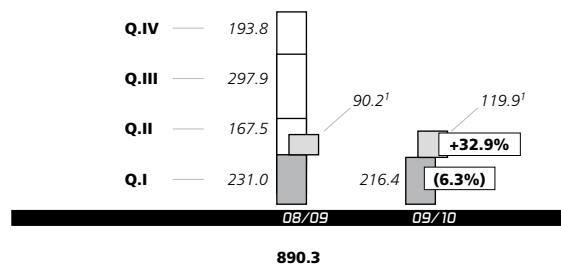


*Management Board of PC-Ware Information Technologies AG*

# Performance Q.I

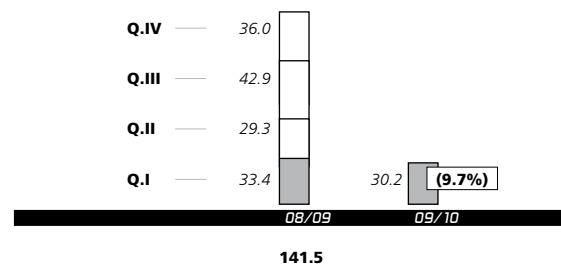
## Revenue

in € million



## Gross profit<sup>2</sup>

in € million

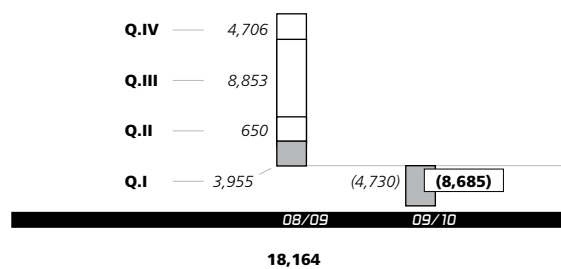


**The decline in revenue during the first quarter of 2009/10 (-6.3%)** was attributable primarily to a pronounced shift in Microsoft business towards direct Enterprise Agreements within the »Volume Business« segment (-6.1%). Revenue only includes an advisory fee received in our capacity as software advisors. The »Value Business« segment (-7.6%) generated revenue comparable to last year's figure for the same period. We were encouraged by the performance of many of our regional enterprises, with Russia (+138.4%), Poland (+179.9%) and Slovenia (+297.2%) recording particularly impressive gains.

**Gross profit for the first quarter contracted by 9.7%**, thus falling at a faster rate than revenue. In absolute terms, gross profit stood at €30.2 million in the first quarter.

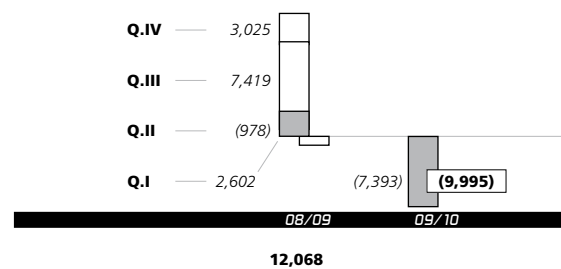
## EBITDA

in €'000



## EBT

in €'000



**EBITDA performance** was adversely affected by the decline in gross profit and rise in staff costs (+23.1% to €27.5 million), as a result of which earnings before interest, taxes, depreciation and amortisation fell by €8.7 million to €-4.7 million.

**EBT contracted by €10.0 million to €-7.4 million in the first quarter**, thus falling at a less pronounced rate than EBITDA. Within this context, earnings before taxes were affected only marginally by the slight decline in the net finance result (€-71 thousand; Q.I 2008/09: €-43 thousand).

<sup>1</sup> Net-invoiced revenue from direct Enterprise Agreements

<sup>2</sup> Gross profit = revenue + work performed by the enterprise and capitalised – cost of materials

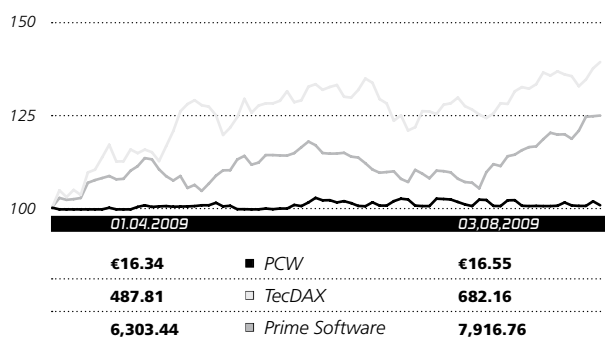
# PC-WARE share

## Key figures per share

			<b>Q.I</b> 01.04.–30.06.	
			2009/10	2008/09
Xetra figures				
Share capital	(30.06.)	€	8,342,335	6,124,335
Market capitalisation	(30.06.)	€ million	138.10	78.7
Number of shares	(30.06.)	no. of shares	8,342,335	6,124,335
Share price at start of financial year	(01.04.)	€	16.34	12.00
Closing price 3-month	(30.06.)	€	16.93	12.85
3-month high	(01.04.–30.06.)	€	17.00	14.20
3-month low	(01.04.–30.06.)	€	16.30	11.45
52-week high	(01.07.–30.06.)	€	17.00	16.65
52-week low	(01.07.–30.06.)	€	12.84	11.00
Ø daily trading volume	(01.04.–30.06.)	no. of shares	924	5,465
Earnings per share <sup>1</sup>	(01.04.–30.06.)	€	(0.80)	0.29

## Share price

Index: 01.04.2009 = 100



Designated sponsor: Close Brothers Seydler AG

Security identity number: 691 090

ISIN: DE0006910904

Reuters: PCWG.DE

Bloomberg: PCW:GR

<sup>1</sup> In the third quarter of 2008/09, 2,218,000 no-par-value shares were issued, as a result of which comparability with the previous year's EPS is not possible.

# Management Report



## Global economy reaches trough

On the back of the severe downturn witnessed in autumn 2008, global economic output dipped even further at the beginning of 2009. The downward spiral continued unabated both in the industrialised countries and the world's emerging economies. Although the latest economic data suggests that the global economy will improve towards the second half of 2009, the Kiel Institute for the World Economy anticipates that the road to recovery will be slow given the many adverse factors that continue to exert downward pressure on the economy. At +2.3%, global GDP for the coming year is projected to rise at a significantly slower rate than the medium-term trend. While the forecast for global economic output in 2010 was revised upwards slightly compared to the projection given in spring (2.1%), the outlook for economic growth in the current year has deteriorated significantly. The latest forecasts point to a downturn of 1.5% in global economic activity (forecast issued in March: -0.8%).



## Euro area heavily affected by global recession

The euro area as a whole has also recorded a significant slump in economic output. This was due primarily to a severe decline in exports, while imports contracted at a slower rate. The industrial sector, in particular, has been hit hard by the recession, a situation that is likely to have a detrimental effect on the job market as a whole. In parallel, investment spending fell sharply against the backdrop of a more pessimistic outlook with regard to sales volumes and earnings together with excess capacity levels. This situation looks set to continue, with the IfW predicting a decline of 4.0% in GDP for the euro area in 2009 (2010: +0.4%).



## German economy in deep recession

According to the most recent report published by the IfW, Germany's economy appears to have stabilised, with some indicators pointing to just a slight contraction of economic output in mid-2009, a significant turnaround following the severe slump recorded in the winter of 2008/09. Having said that, the recession is by no means over. Indeed, compared with the forecast issued in March, the situation for 2009 as a whole appears to have deteriorated by a considerable margin. Economic output in the first quarter was significantly lower than initially anticipated. In view of these circumstances, the IfW revised downwards its forecast for 2009: real GDP is expected to fall by 6.0% in the current year (forecast issued in March 2009: -3.7%). The year 2010 is expected to produce extremely moderate growth of 0.4% (forecast issued in March 2009: -0.1%).

Sources: *Global Economy in Summer 2009 (IfW – Institut für Weltwirtschaft); Joint Economic Forecast Spring 2009 (Joint Economic Forecast Project Group on behalf of the Federal Ministry of Economics and Technology)*



## Slight growth in IT industry

In November 2008, the European Information Technology Observatory (EITO) revised downwards to 2.7% its forecast for global growth within the IT market (forecast issued in April 2008: 5.6%) in response to the financial crisis. However, in contrast to many other industries, the IT sector remains relatively buoyant, and the EITO expects all three submarkets to contribute to growth: software (+4.1%), IT services (+3.1%) and hardware (+1.2%). In Western Europe as a whole, the IT market is likely to expand by 2.0%, with Austria (+3.0%), Sweden (+2.7%) and Switzerland (+2.7%) producing above-average growth. Within this context, growth patterns within the three core markets of the eurozone are expected to vary, with IT services and software generating growth of 3.4% and 2.8% respectively and hardware contracting by 1.2%.



### ICT sector remains crisis-proof

According to data published in the March edition of the BITKOM Industry Barometer, a quarterly survey conducted by the German trade association for the IT, telecommunications and new media industry, the majority of ICT companies are expected to generate growth over the course of the current year. In fact, around 70% of the companies surveyed anticipate rising or, at the very least, stable revenue for 2009. The latest BITKOM forecast issued in June 2009 suggests that the German ICT market will grow slightly in 2009/10. Within this context, experts point to a bifurcated trend in three key ICT markets: while revenue is expected to contract by 0.7% within the telecommunications segment and remain stagnant within the area of digital consumer electronics, the information technology segment is likely to generate growth of 1.3% despite the current economic challenges. Within this category, both the software market (+0.7%) and the IT services segment (+2.8%) are expected to grow, whereas the hardware sector (-1.0%) looks set to contract.

Sources: EITO Special Report – The financial crisis and ICT markets in Europe; BITKOM Industry Barometer; BITKOM – ICT market data



### Decline in revenue in the first quarter

We had to contend with a fall in revenue by 6.3% to €216.4 million in the first quarter. However, it should be noted that this coincided with an increase in the volume of direct Enterprise Agreements (EA, agreements concluded directly between Microsoft and the customer) and thus a rise in business volume by 4.7% to €336.4 million.



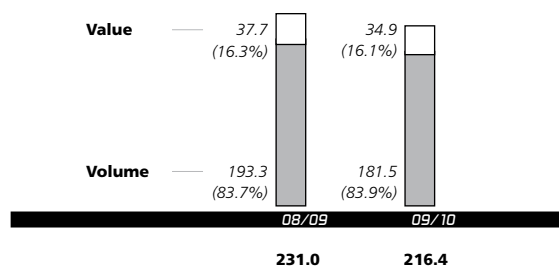
### »Volume Business« Revenue Q.I -6.1% to €181.5 million

Sales performance within the »Volume Business« segment, which includes our core business of software licensing, was affected by challenging conditions in the hardware market. Within the Software subsegment we saw a more pronounced shift towards direct Microsoft Enterprise Agreements. In aggregate, revenue within the »Volume Business« segment fell by 6.1% to €181.5 million.

This was attributable chiefly to the decline in revenue from **Software sales** by 5.6% to €172.8 million, which also affected the majority of our subsidiaries. By contrast, we recorded an increase in the volume of direct Microsoft Enterprise Agreements, i.e. the contraction of revenue coincided with more extensive business. As anticipated, we also recorded a decline in revenue within the **Hardware subsegment**, which contracted by 14.7% to €8.7 million.

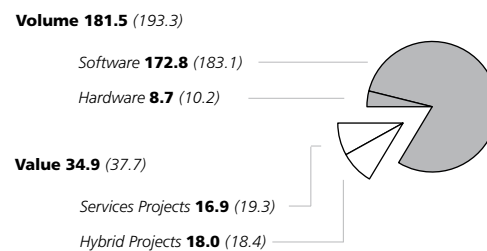
### Revenue by business segment Q.I

in € million (share of total revenue in brackets)



### Segment revenue Q.I 2009/10 by area

in € million (Q.I 2008/09 in brackets)



Compared to the same period a year ago, the volume of **direct Microsoft Enterprise Agreements** increased further by 32.9% to €119.9 million (Q.I 2008/09: €90.2 million). As regards Enterprise Agreements only the consulting fee payable to us as Enterprise Software Advisors is reflected in revenue – rather than the actual licence amount. Thus, the underlying transaction revenue associated with licence amounts – which is not actually accounted for as revenue by the Company – represents market share that has to be taken into consideration when assessing the overall business performance of the segment.

The revenue share of Microsoft products declined slightly in the first half and stood at 51.8% (Q.I 2008/09: 52.5%), while the percentage attributable to other manufacturers rose to €104.4 million.

In the period under review, adjusted **segment EBIT** fell by 57.0% to €2.0 million, i.e. at a faster rate than segment revenue. This was due to continuing pressure on margins within the hardware and software markets.



**»Value Business«:**  
Revenue Q.I -7.6% to €34.9 million

Within the »Value Business« segment, revenue contracted by 7.6% to €34.9 million. Alongside services relating to data centres, this segment also includes activities centred around Software Asset Management, Business Intelligence, Multi-Vendor HelpDesk and Learning Services. While revenues within the area of high-end services remained stable for Comparex, on the whole we had to contend with stagnating sales.

In the period under review, **adjusted segment EBIT<sup>1</sup>** fell by €2.3 million to €-2.7 million.



**Share of foreign sales increases to 61.3%**  
(Q.I 2008/09: 56.7%)

Foreign sales as a proportion of total sales revenue increased to 61.3% in the first quarter (Q.I 2008/09: 56.7%), a trend that is attributable to the decline in business at our German-based enterprises, as well as the significant growth achieved by some of our existing foreign subsidiaries.

### Central Region

The decline in revenue by 16.1% to approx. €83.9 million within our domestic market, **Germany**, was attributable to two opposing factors: while the »Volume Business« segment recorded a fall in revenue, »Value Business« was able to generate significant forward momentum. This was due to the fact that the hardware market as a whole had to contend with a further downturn, whereas the overall volume of Microsoft Enterprise Agreements continued to rise substantially. As a result, our business volume expanded despite lower revenue.

Our two **Swiss enterprises** managed to expand within the area of Value Business as well as Volume Business during the first quarter of the current financial year (in aggregate by 16.1% to €13.6 million). Within this context, software reselling gained considerable momentum in the period under review. Furthermore, we managed to attract another major outsourcing customer, which offers a good foundation for continued growth within the area of services. Despite the visible pressure on the Swiss economy, we expect to generate further growth in revenue over the course of the second quarter, thereby outperforming the industry as a whole.

In **Italy**, where the effects of the current economic crisis are particularly tangible, we succeeded in expanding revenue by 13.8% to €9.3 million in the period under review. Given the prevailing recessionary trend, we can be satisfied with the performance of our local subsidiary, and we remain hopeful that business during the next quarter will develop favourably.

In **Austria**, revenue increased by 28.6% to €8.5 million. Expansion was driven by both the »Volume Business« segment as well as the »Value Business« segment. This is a clear testament to the solid market positioning of our two brands – PC-WARE and Comparex –, which are underpinned by high-quality services. We anticipate further growth in the future.

In **South Africa** we achieved year-on-year revenue growth of 57.8%, taking the figure to €333 thousand. First, our BEE<sup>2</sup> status provided fresh impetus. Secondly we have established a very solid team of sales professionals and are now in the process of putting together a group of service specialists. The second quarter is expected to produce a good level of growth.

<sup>1</sup> 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).

<sup>2</sup> »Black Economic Empowerment«: a programme launched by the South African government, the aim being to create equal opportunities within the job market.

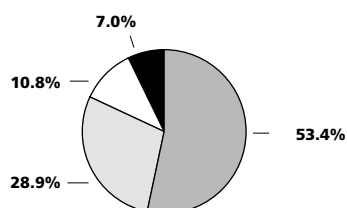
*Sales by region*

in €'000	<b>Q.I</b> 01.04.–30.06.		Change
	2009/10	2008/09	
<b>Central Region</b>			
Germany	83,862	99,961	(16.1%)
Switzerland	13,584	11,704	+16.1%
Italy	9,250	8,127	+13.8%
Austria	8,466	6,586	+28.6%
South Africa	333	211	+57.8%
<b>Western Region</b>			
Benelux	49,405	37,168	+32.9%
France	6,349	6,723	(5.6%)
Spain	6,704	6,859	(2.3%)
<b>Northern Region</b>			
Denmark	9,832	11,075	(11.2%)
United Kingdom	3,599	9,150	(60.7%)
Sweden	4,957	8,483	(41.6%)
Finland	2,838	5,013	(43.4%)
Norway	2,169	2,498	(13.2%)
<b>Eastern Region</b>			
Czech Republic	8,756	11,923	(26.6%)
Slovakia	630	612	+2.9%
Hungary <sup>1</sup>	0	2,343	(100.0%)
Poland	1,283	459	+179.9%
Slovenia	1,317	331	+297.2%
Romania	60	352	(83.0%)
Russian Federation	2,932	1,230	+138.4%
China	100	237	(57.8%)

<sup>1</sup> The company was disposed of effective 1 January 2009.

### Sales by region Q.I 2009/10

in %



- Central Region (Germany, Switzerland, Italy, Austria, South Africa)
- Western Region (Benelux, France, Spain)
- Northern Region (Denmark, United Kingdom, Sweden, Finland, Norway)
- Eastern Region (Czech Republic, Slovakia, Hungary, Poland, Slovenia, Romania, Russian Federation, China)

#### Western Region

Our operations in the **Benelux countries** generated significant year-on-year revenue growth of 32.9%, which took sales to €49.4 million. This was driven mainly by public-sector contracts in Belgium, but also by an increase in revenue from Microsoft products in the Netherlands due to year-end business of the software group. Our ability to capture additional market share is all the more impressive when one considers the challenging market conditions under which we are having to operate at present.

In **France**, revenue fell slightly in the first quarter (-5.6% to €6.3 million). However, this decline should be seen within the context of the current global economic crisis. In fact, we actually managed to secure a number of contracts in the period under review, both from existing and new customers, as well as significantly improving our earnings situation. We can look to the future with a sense of optimism.

We completed a number of projects in **Spain** in the period under review, particularly within the financial sector, thus generating revenue of €6.7 million, a slight decline of 2.3%. We have recently expanded our team, which should stimulate revenue growth in the coming months.

#### Northern Region

The weakness in demand experienced in **Denmark** over the course of the previous two quarters (-11.2% to €9.8 million) continued into the new financial year. Within this context, the financial difficulties of some of our competitors contributed to a rise in competitive pressures during recent months. Against this backdrop, the financial strength and superior positioning of PC-WARE has provided a solid foundation when it comes to differentiating ourselves from other market players – a unique selling proposition that is well received by our customers. In view of this, we remain confident that we can reap considerable rewards as soon as the market recovers.

We were unable to replicate last year's very strong first-quarter performance in the **United Kingdom**. There is no doubt that we are operating under challenging market conditions. Having said that, we have seen initial signs of improvement in this region.

The severe year-on-year slump in revenue (-41.6% to €5.0 million) recorded in **Sweden** in the first quarter of the current financial year has to be put into perspective, with business in the same period last year having been buoyed by several large-scale contracts awarded by the City of Stockholm – a non-recurring event. On the whole, business developed in line with expectations.

The start to the new year proved somewhat restrained in **Finland**. The relatively significant decline in revenue was compounded by a shift from revenue-generating business to direct Microsoft Enterprise Agreements, for which we merely receive a consulting fee.

We are also having to contend with sluggish demand in **Norway**, a trend that is reflected in sales revenue for the period under review (-13.2% to €2.2 million). Having said that, one of the key achievements is the new Microsoft Enterprise Agreement concluded with our single largest client for a period covering three years.

#### **Eastern Region**

Our **Czech subsidiaries** had to contend with a decline in revenue by 26.6% to €8.8 million in the first quarter of 2009/10. The year-on-year contraction is attributable above all to the dire economic situation in the Czech Republic, which has even led to uncertainties within the public sector. Against the backdrop of the current economic crisis, the market is experiencing severe price competition, and this in turn has prompted many companies to postpone their contractual agreements to a later stage. However, in view of our solid strategic positioning with regard to sales and marketing, we are confident that the situation will improve in the coming quarters – we can look to the future with renewed optimism.

In **Slovakia** sales revenue rose to €630 thousand, 2.9% up on last year's figure for the first quarter. Considering the challenging economic climate in Slovakia, this performance is quite impressive.

Our subsidiary in **Poland** remained buoyant, with revenue surging by 179.9% to €1.3 million. We concluded several contracts with customers in the financial sector and succeeded in expanding our market share by a significant margin. We are confident that we can continue to improve our market position in Poland in the coming months.

In **Slovenia**, we managed to lift sales revenue fourfold year on year to €1.3 million in the first quarter of 2009/10. We further expanded the customer base of this relatively young company, which draws its clients primarily from the financial and industrial sector. Within this context, we concluded maintenance agreements that promise to pay dividends in the long term. Awareness of the Comparex brand has increased significantly within the Slovenian market, and our efforts to position the Company as a flexible and highly qualified partner will help to drive growth in the future.

Starting from a low base, sales in **Romania** were down on last year's figure (-83.0% to €60 thousand). This is due to the Company's very small customer base, whose inconsistent purchasing patterns generally translate into fluctuating volumes. However, we anticipate significant revenue growth from our partnership with the Romanian IT service provider IIRUC Service, a company that also operates within the Raiffeisen banking group.

Our **Russian subsidiary** continues to develop at an encouraging rate: revenue increased by 138.4% to €2.9 million in the first quarter and was thus in line with expectations. Having opened a new office in Vladivostok, we now operate a total of eight branches in Russia, thus improving on our solid market coverage in this expansive region. We are committed to expanding our market position in the coming months, and orders for the second quarter have already reached an encouraging level.

We were faced with a decline in revenue in **China** (-57.8% to €100 thousand) in the period under review, mainly as a result of the current economic crisis.



#### *Earnings Performance*

##### **Gross profit Q.1 -9.7% to €30.2 million**

Gross profit fell by 9.7% to €30.2 million in the first quarter, thus outpacing the decline in revenue. The year-on-year contraction was attributable to two factors: continued downward pressure on margins within the area of volume software and hardware, as well as the fall in work performed by the enterprise and capitalised.

##### **EBITDA Q.1 €-8.7 million to €-4.7 million**

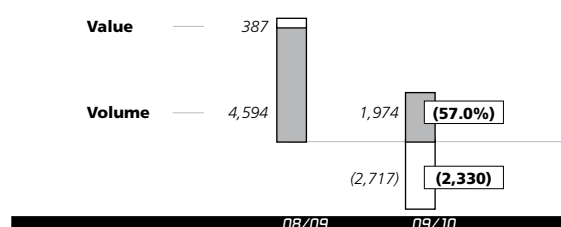
EBITDA performance was adversely affected by the decline in gross profit and a further rise in staff costs (+23.1% to €27.5 million), as a result of which earnings before interest, taxes, depreciation and amortisation fell by €8.7 million to €-4.7 million. The significant rise in staff costs was the result of higher average staffing levels as well as severance payments made to the former members of the Management Board.

**Earnings performance**

in €'000	<b>Q.I</b> 01.04.–30.06.		Change
	2009/10	2008/09	
Sales revenue	216,425	231,044	(6.3%)
Work performed by the enterprise and capitalised	214	922	(76.8%)
<b>Total turnover and operating revenue</b>	<b>216,639</b>	<b>231,966</b>	<b>(6.6%)</b>
Cost of purchased materials and services	(186,489)	(198,561)	(6.1%)
<b>Gross profit</b>	<b>30,150</b>	<b>33,405</b>	<b>(9.7%)</b>
Other operating income	1,901	1,621	+17.3%
Staff costs	(27,451)	(22,297)	+23.1%
Other operating expenses	(9,209)	(8,871)	+3.8%
Foreign exchange gains/(losses)	(121)	97	(218)
<b>EBITDA</b>	<b>(4,730)</b>	<b>3,955</b>	<b>(8,685)</b>
Depreciation of property, plant and equipment, and amortisation of intangible assets	(2,592)	(1,310)	+97.9%
<b>EBIT</b>	<b>(7,322)</b>	<b>2,645</b>	<b>(9,967)</b>
Interest income/(expenses)	(71)	(43)	+65.1%
<b>EBT</b>	<b>(7,393)</b>	<b>2,602</b>	<b>(9,995)</b>
Taxes on income	750	(823)	+1,573
<b>Consolidated net profit</b>	<b>(6,643)</b>	<b>1,779</b>	<b>(8,422)</b>
– of which attributable to minority shareholders	(47)	(4)	> 100.0%
– of which attributable to shareholders of PC-Ware Information Technologies AG (consolidated net result)	(6,596)	1,783	(8,379)

**Adjusted Segment Results (EBIT)<sup>1</sup>**

in €'000



<sup>1</sup> The presentation of the business segments does not include the General Area. The latter contributed €-6,357 thsd. (Q.I 2008/09: €-2,085 thsd.) to adjusted EBIT before Group reconciliation.

EBITDA was affected only to a small extent by other operating expenses, which rose by +3.8% to €9.2 million, as well as by the year-on-year increase in other operating income (+17.3% to €1.9 million).

#### **EBIT Q.I €-10.0 million to €-7.3 million**

EBIT contracted by €10.0 million to €-7.3 million in the first quarter – a more pronounced decline than in the case of EBITDA. This was attributable to the significant rise in depreciation and amortisation (+97.9% to €2.6 million) following the introduction of our ERP system within the Group.

#### **EBT Q.I €-10.0 million to €-7.4 million**

Pre-tax profit was also influenced by the factors outlined above. The impact from the slight fall in the net finance result (€-71 thousand; Q.I 2008/09: €-43 thousand) was negligible. EBT was €-7.4 million for the first quarter.

#### **Profit for the period Q.I €-8.4 million to €-6.6 million**

Profit for the period (after minority interests) stood at €-6.6 million, down €8.4 million on the figure posted for the same period a year ago. The tax rate was impacted primarily by the reversal of deferred tax assets relating to the carryforward of losses. The latter was due to an assessment of the ability to use loss carryforwards given the difficult economic climate.



#### *Significant events during the first quarter*

The former Management Board members Dr. Knut Löschke and Dr. Tillmann Blaschke stood down from their posts effective from 24 June 2009. The Supervisory Board subsequently appointed three new Management Board members, who since then have been directing the business activities of PC-Ware Information Technologies AG: Dr. Klaus Elsbacher was appointed as the new Chief Executive Officer (CEO), Mr. Hansjörg Egger as the Chief Operations Officer (COO) and Dr. Thomas Reich as the Chief Financial Officer (CFO).



#### *Higher staffing levels*

The average number of staff employed since the beginning of the financial year rose from 1,490 in the first quarter of 2008/09 to 1,679 at the end of the reporting period.



#### *Risk Report*

PC-WARE's overall risk assessment outlined in the annual report for the 2008/09 financial year also applies to the first 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*

There were no significant events after the reporting date that are deemed to be of material importance to the financial position, financial performance and cash flows of PC-Ware Information Technologies AG.



#### *Outlook*

On the whole, the Company managed to stand its ground within its key areas of business, despite the current economic malaise. If we continue to focus on our core competences, we will have a good basis from which to operate successfully within a business environment that remains challenging. In view of the seasonality of our business, we do not anticipate any significant forward momentum in the second quarter as regards our overall performance for the first half. By concentrating on our core competences, we shall further strengthen our position in the area of software licensing as well as consulting. Given the prevailing economic uncertainties and imminent readjustments to several areas of our business, we shall refrain from issuing an earnings forecast for the financial period as a whole. Having said that, we believe that we can fully exploit the opportunities presented to our Company in the medium term even if the current economic challenges persist.

*Leipzig, August 2009*

#### **PC-Ware Information Technologies AG**

#### **The Board of Management**

## PC-Ware Information Technologies AG

### Consolidated Income Statement

in accordance with IFRS for the period from 1 April to 30 June 2009

in €'000	<b>Q.I</b> 01.04.–30.06.	
	2009/10	2008/09
Revenue	216,425	231,044
Work performed by the enterprise and capitalised	214	922
<b>Total turnover and operating revenue</b>	<b>216,639</b>	<b>231,966</b>
Cost of purchased materials and services	(186,489)	(198,561)
<b>Gross profit</b>	<b>30,150</b>	<b>33,405</b>
Other operating income	1,901	1,621
Staff costs	(27,451)	(22,297)
Other operating expenses	(9,209)	(8,871)
Foreign exchange gains/(losses)	(121)	97
<b>EBITDA</b>	<b>(4,730)</b>	<b>3,955</b>
Depreciation of property, plant and equipment, and amortisation of intangible assets	(2,592)	(1,310)
<b>EBIT</b>	<b>(7,322)</b>	<b>2,645</b>
Net finance income/(cost)	(71)	(43)
<b>EBT</b>	<b>(7,393)</b>	<b>2,602</b>
Taxes on income	750	(823)
<b>Consolidated net profit</b>	<b>(6,643)</b>	<b>1,779</b>
– of which attributable to minority shareholders	(47)	(4)
– of which attributable to shareholders of PC-Ware Information Technologies AG (consolidated net result)	(6,596)	1,783
Average number of shares outstanding, basic	8,293,211	6,093,414
Earnings per share (in €)	(0.80)	0.29
DVFA/SG earnings	(6,976)	1,593
DVFA/SG earnings/share (in €)	(0.84)	0.26

## PC-Ware Information Technologies AG

### Consolidated Balance Sheet

in accordance with IFRS as of 30 June 2009

#### Assets

in €'000

	30.06.2009	31.03.2009
<b>A. Non-current assets</b>		
I. Goodwill	64,379	67,346
II. Other intangible assets	20,737	21,361
III. Property, plant and equipment	13,874	12,872
IV. Financial assets	167	139
V. Non-current finance lease receivables	70	80
VI. Other non-current assets	1,031	1,020
VII. Deferred tax assets	4,751	3,592
<b>Total non-current assets</b>	<b>105,009</b>	<b>106,410</b>
<b>B. Current assets</b>		
I. Cash and cash equivalents	46,258	51,926
II. Marketable securities	731	731
III. Trade receivables and other receivables	171,852	126,295
IV. Receivables from non-consolidated affiliated entities	508	109
V. Current finance lease receivables	682	212
VI. Inventories	7,133	7,956
VII. Work in progress	2,992	1,650
VIII. Other current assets	14,302	10,647
IX. Tax receivables	3,161	3,368
<b>Total current assets</b>	<b>247,619</b>	<b>202,894</b>
<b>Total assets</b>	<b>352,628</b>	<b>309,304</b>

**Equity and liabilities**

in €'000

	30.06.2009	31.03.2009
<b>A. Equity</b>		
I. Issued capital	8,342	8,342
II. Capital reserves	78,776	78,776
III. Revenue reserves	1,203	1,203
IV. Treasury shares	(588)	(588)
V. Unappropriated surplus	17,654	24,251
VI. Currency translation reserve	(1,340)	(2,059)
VII. Minority interests	2,204	2,261
<b>Total equity</b>	<b>106,251</b>	<b>112,186</b>
<b>B. Non-current liabilities</b>		
I. Provisions for post-employment benefits and similar obligations	1,315	1,275
II. Non-current provision	11,396	12,617
III. Deferred revenue	649	398
IV. Other non-current liabilities	611	735
V. Deferred tax liabilities	4,550	4,660
<b>Total non-current liabilities</b>	<b>18,521</b>	<b>19,685</b>
<b>C. Current liabilities</b>		
I. Current provisions	23,389	29,006
II. Income tax payable	2,607	2,971
III. Short-term borrowings and current portion of long-term borrowings as well as finance lease obligation	6,839	6,788
IV. Trade payables and other payables	164,569	115,731
V. Advance payments received	1,531	1,635
VI. Deferred revenue	4,515	5,027
VII. Other current liabilities	24,406	16,275
<b>Total current liabilities</b>	<b>227,856</b>	<b>177,433</b>
<b>Total equity and liabilities</b>	<b>352,628</b>	<b>309,304</b>

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

*in accordance with IFRS for the period from 1 April to 30 June 2009*

in €'000	<b>Q.1</b> 01.04.–30.06.	
	<b>2009/10</b>	<b>2008/09</b>
Change in currency translation difference attributable to foreign subsidiaries	709	139
Gains from disposal of treasury shares recognised in equity	0	0
Deferred taxes on income and expenses offset directly in equity	0	0
<b>Income and expense recognised directly in equity</b>	<b>709</b>	<b>139</b>
<b>Consolidated net profit</b>	<b>(6,643)</b>	<b>1,779</b>
<b>Recognised income and expense</b>	<b>(5,934)</b>	<b>1,918</b>
– of which attributable to minority shareholders	(57)	(49)
– of which attributable to shareholders of PC-Ware Information Technologies AG	(5,877)	1,967

## PC-Ware Information Technologies AG

### Consolidated Statement of Cash Flows

in accordance with IFRS for the period from 1 April to 30 June 2009

in €'000	<b>Q.I</b> 01.04.–30.06.	
	2009/10	2008/09
<b>Cash flows from operating activities</b>		
<b>Earnings before taxes and minority interests (EBT)</b>	<b>(7,394)</b>	<b>2,602</b>
Depreciation of property, plant and equipment, and amortisation of intangible assets	2,592	1,310
Interest expense	188	205
Interest income	(116)	(163)
Change in long-term provisions	41	33
Change in short-term provisions	(2,871)	(1,480)
Change in inventories	830	2,853
Change in trade receivables and other receivables	(51,020)	(48,311)
Change in trade payables and other liabilities	56,915	40,161
Interest paid	(53)	(95)
Interest received	116	163
Income tax paid	(673)	422
<b>Net cash from/(used in) operating activities</b>	<b>(1,445)</b>	<b>(2,300)</b>
<b>Cash flows from investing activities</b>		
Payments for additions to intangible assets as well as property, plant and equipment	(2,521)	(2,616)
Payments for additions to financial assets	(28)	0
Proceeds from disposal of property, plant and equipment, as well as financial assets	46	164
<b>Net cash from/(used in) investing activities</b>	<b>(2,503)</b>	<b>(2,452)</b>
<b>Cash flows from financing activities</b>		
Cash receipts and payments regarding loans taken out by the enterprise	(1,530)	(441)
Interest paid	(81)	(56)
Payments for purchase of treasury shares	0	(370)
<b>Net cash from/(used in) financing activities</b>	<b>(1,611)</b>	<b>(867)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(5,559)</b>	<b>(5,619)</b>
Effects of exchange rate changes	(109)	(201)
Other changes in value	0	(4)
Cash and cash equivalents at beginning of period	52,656	27,383
<b>Cash and cash equivalents at end of period</b>	<b>46,988</b>	<b>21,559</b>
Cash and cash equivalents	46,258	20,760
Marketable securities held as current assets	731	799

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

for the period from 1 April to 30 June 2009

		<b>Q.I</b> 01.04.–30.06.	
		External sales	Profit from operations (adjusted EBIT)
in €'000			
Volume Business	2009/10	181,546	1,974
	2008/09	193,279	4,594
Value Business	2009/10	34,871	(2,717)
	2008/09	37,741	387
General Area	2009/10	8	(6,357)
	2008/09	24	(2,086)
<b>Total for segments</b>	<b>2009/10</b>	<b>216,425</b>	<b>(7,099)</b>
	2008/09	231,044	2,895

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

for the period from 1 April to 30 June 2009

		<b>Q.I</b> 01.04.–30.06.	
		2009/10	2008/09
in €'000			
Adjusted profit from operations of the segments		(7,099)	2,895
Reconciliation to Group		(223)	(250)
<b>Group EBIT</b>		<b>(7,322)</b>	<b>2,645</b>
Interest income/(expense)		(71)	(43)
Taxes on income		750	(823)
<b>Net profit for the period</b>		<b>(6,643)</b>	<b>1,779</b>

**PC-Ware Information Technologies AG**  
**External sales classified by geographical region**

for the period from 1 April to 30 June 2009

in €'000	<b>Q.I</b> 01.04.–30.06.	
	2009/10	2008/09
<b>Central Region</b>		
Germany	83,862	99,961
Switzerland	13,584	11,704
Italy	9,250	8,127
Austria	8,466	6,586
South Africa	333	211
<b>Western Region</b>		
Benelux	49,405	37,168
France	6,349	6,723
Spain	6,704	6,859
<b>Northern Region</b>		
Denmark	9,832	11,075
United Kingdom	3,599	9,150
Sweden	4,957	8,483
Finland	2,838	5,013
Norway	2,169	2,498
<b>Eastern Region</b>		
Czech Republic	8,756	11,923
Slovakia	630	612
Hungary <sup>1</sup>	0	2,343
Poland	1,283	459
Slovenia	1,317	331
Romania	60	352
Russian Federation	2,932	1,230
China	100	237
<b>Total</b>	<b>216,425</b>	<b>231,044</b>

<sup>1</sup> The company was disposed of effective 1 January 2009.

## PC-Ware Information Technologies AG

### Notes to Interim Report



#### 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 quarterly 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.

Pursuant to IAS 34, the consolidated interim financial statements as at 30 June 2009, are presented in a format that has been condensed in comparison to the consolidated financial statements for the financial year ended 31 March 2009. 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 2009.



#### 2 Changes to the consolidated group

##### Newly established entities

During the first quarter of the 2009/10 financial year PC-WARE established the following entities as sole owner:

- PC-Ware Professionals GmbH, Leipzig, Germany
- PC-Ware Hungary Kereskedelmi és Szolgáltató Kft., Budapest, Hungary

The above-mentioned entities have yet to commence operations. Therefore, in consideration of the principle of materiality, the entities listed above were not included in the consolidated financial statements as at 30 June 2009.



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

##### Non-current assets

###### Goodwill

Reported **goodwill** €64,379 thousand; 31 March 2009: €67,346 thousand) 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 the definitive measurement of costs for the acquisition of the Comparex Group (€2,725 thousand) and, to a lesser extent, foreign-currency effects (€242 thousand).

###### Property, plant and equipment

Total investments in property, plant and equipment over the course of the first quarter of the 2009/10 financial year amounted to €2,057 thousand. Within this context, capital expenditure was focused mainly on refurbishment and construction measures at the Company's headquarters in Leipzig.

##### Current assets

###### Trade receivables

Strong licensing business towards the end of Microsoft's financial year resulted in a significant month-on-month increase in sales revenue in June.

Due to reporting-date factors, this resulted in a high volume of trade and other receivables. (€171,852 thousand; 31 March 2009: €126,295 thousand). All trade and other receivables are of a current nature.

###### Other current assets

The rise in other current assets (€14,302 thousand; 31 March 2009: €10,647 thousand) is attributable primarily to the increase, due to reporting-date factors, in the volume of licences not yet invoiced to customers.

##### Non-current liabilities

###### Long-term borrowings and finance lease obligations

This item comprises the non-current portion of bank borrowings amounting to €10,431 thousand (31 March 2009: €11,670 thousand) as well as non-current liabilities from finance leasing totalling €965 thousand (31 March 2009: €947 thousand).

**Current liabilities****Current provisions**

Current, i.e. short-term, provisions comprise the second instalment of the purchase price due in July 2009 for the acquisition of the COMPAREX Central Europe and Iberia Group (€10,000 thousand).

**Short-term borrowings and finance lease obligations**

A total of €6,011 thousand (31 March 2009: €5,982 thousand) of this item is attributable to the current portion of bank borrowings, while €828 thousand (31 March 2009: €807 thousand) relates to current liabilities in connection with finance leasing.

**Trade payables**

Expenses developed in line with the trend seen within the area of sales for June. Here, too, the Group recorded a significant rise in the month of June, resulting in a higher net amount of trade and other payables as a result of factors attributable to the reporting date (€164,569 thousand; 31 March 2009: €115,731 thousand). All trade and other payables are of a current nature.

**Other current liabilities**

Coinciding with the significant increase in sales revenue in June 2009, the Company had substantial payables attributable to value-added taxes at the end of the reporting period. This was a key factor in the rise in other current liabilities during the first quarter of the 2009/10 financial year (€24,406 thousand; 31 March 2009: €16,275 thousand).

**4 Selected notes to the Group cash flow statement**

**Net cash used in operating activities** amounted to €1,445 thousand, compared to net cash of €2,300 thousand used in the same period a year ago. This was due primarily to the change in working capital as a result of reporting-date factors. The change in working capital during the first quarter of the 2009/10 financial year made a positive contribution of €6,725 thousand (same period a year ago: €-5,297 thousand) to operating cash flow.

**Net cash used in investing activities** (€2,503 thousand; same period a year ago: €2,452 net cash used) related mainly to refurbishment and building measures at the headquarters of PC-Ware Information Technologies AG in Leipzig as well as data centre technology. The investments were funded from the Company's cash resources.

Furthermore, the Company recorded **net cash used in financing activities** amounting to €1,611 thousand for principal repayments on bank loans.

Thus, the net decrease in cash was €5,559 thousand in the first quarter of the current financial year.

Among the significant non-cash transactions during the reporting period were additions to property, plant and equipment as part of finance lease agreements amounting to €324 thousand.



## 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 within the following areas:

- 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 method of pricing inter-segment transfers is based on a uniform system for the entire Group. No significant internal transactions between the segments were recorded in the financial year under review.

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.



## 6 Events after the reporting date

There were no significant events after the reporting date.



## 7 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 2009.

*Leipzig, August 2009*

**PC-Ware Information Technologies AG**

**The Management Board**

## *Financial Calendar*

<i>27/08/09</i>	<i>Annual General Meeting, Leipzig</i>
<i>16/11/09</i>	<i>Publication of Interim Report for First Half 2009/10</i>

### *\\ Editor*

PC-Ware Information Technologies AG  
Blochstraße 1  
04329 Leipzig, Germany

[www.pc-ware.com](http://www.pc-ware.com)

Phone +49 (0)341 25 68-000  
Fax +49 (0)341 25 68-999

[info@pc-ware.com](mailto:info@pc-ware.com)

### *\\ Investor Relations*

Dr. Ingmar Ackermann

Phone +49 (0)341 25 68-148  
Fax +49 (0)341 25 68-876

[ir@pc-ware.com](mailto:ir@pc-ware.com)

### *\\ Concept, Text & Design*

Impacct Communication GmbH  
Hamburg, Germany

[www.impactt.de](http://www.impactt.de)