

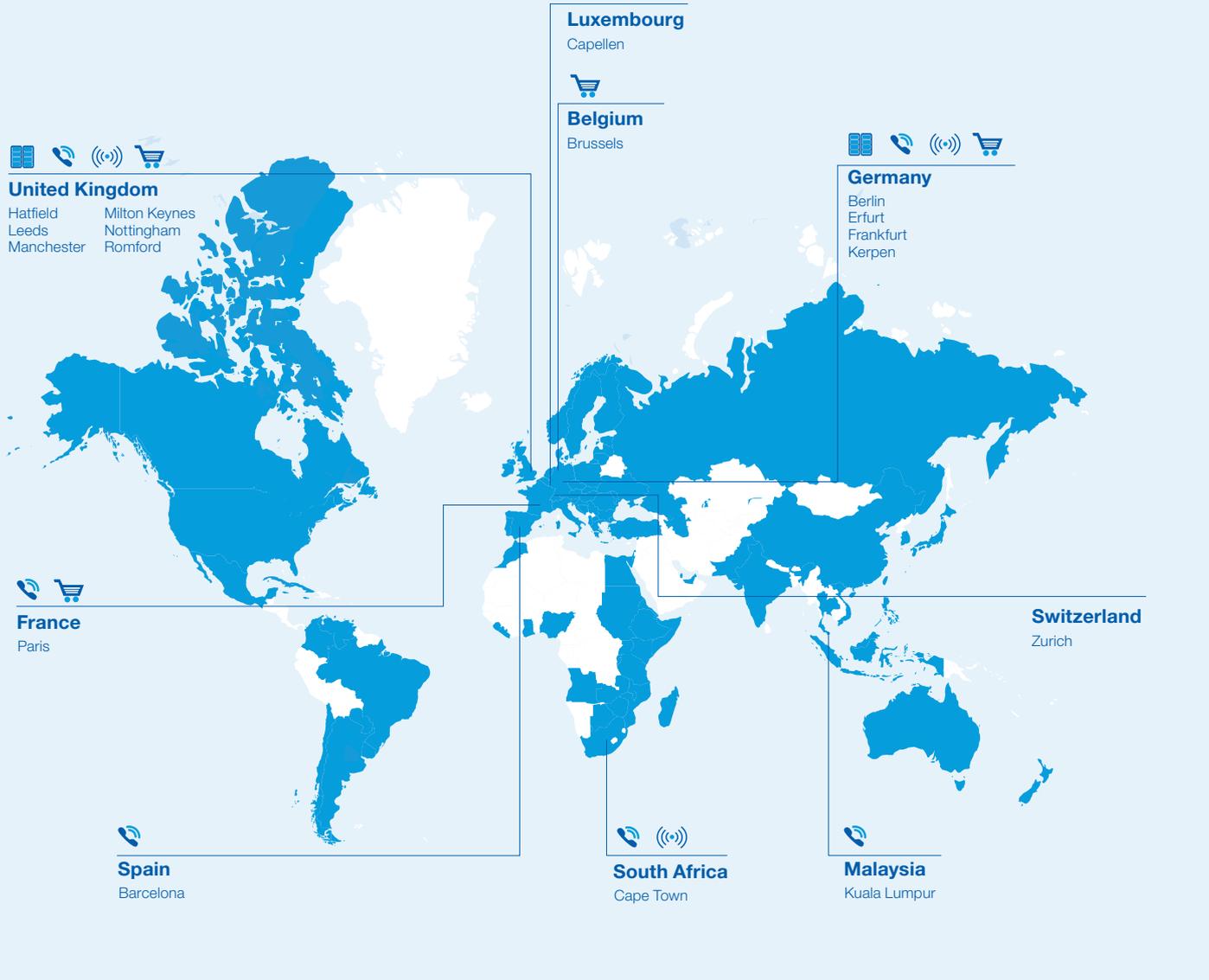
# Supporting our customers on their journey

Interim Report  
Half year results to June 2012



**Supporting our customers on their journey**  
**We help our customers' businesses perform better, smarter and deliver on time and on budget. We are Europe's leading vendor independent IT infrastructure services provider.**

**Our coverage**



Datacenter
 Service Desk
 Operational Command Centre
 Supply Chain
 Coverage

**Overview**

- 01 Chairman's statement
- 02 Operating review
- 13 Responsibility statement

**Financial statements**

- 14 Independent auditor's report
- 15 Consolidated income statement
- 16 Consolidated statement of comprehensive income
- 17 Consolidated balance sheet
- 19 Consolidated statement of changes in equity
- 20 Consolidated cash flow statement
- 21 Notes to the accounts
- 29 Corporate information

# Chairman's statement

## Financial highlights

- Group revenue, including acquisitions, of £1.42 billion (H1 2011: £1.37 billion) an increase of 4.2%
- Group adjusted<sup>1</sup> profit before tax of £24.0 million (H1 2011: £26.6 million), impacted by additional start-up costs, primarily in Germany, associated with new business wins
- Adjusted<sup>1</sup> diluted earnings per share (EPS) of 11.7p (H1 2011: 12.9p)
- Net funds excluding customer specific financing (CSF) of £101.6 million (H1 2011: £104.3 million)
- Interim dividend of 5.0p (H1 2011: 4.5p) an increase of 11.1%

## Statutory highlights

- Group profit before tax of £20.8 million (H1 2011: £26.2 million)
- Diluted EPS of 10.0p (H1 2011: 12.7p)
- Net funds after CSF of £83.8 million (H1 2011: £80.9 million)

We suffered growing pains, particularly in Germany, during the first half of 2012. The challenge of implementing multiple contracts simultaneously and delivering what our customers want, is leading us to spend an incremental £7 million on additional staff and related costs to ensure our future success.

We are confident in our services offerings and as part of our decision to protect our long term prospects, we are planning necessary improvements to our operating and management processes. We were pleased to see that in the recently published UK KPMG Outsourcing<sup>2</sup> satisfaction survey, we were rated at the top of a highly competitive sector.

We remain financially sound with £101.6 million of net funds, excluding customer specific financing (CSF) at the end of the period, no debt, paying an increased interim dividend and pleased that our investments in our offerings, as well as our internal ERP system are delivering strong Services growth. We are not pleased that we did not properly anticipate the operational impact of winning so many contracts at the same time, but growing pains are a challenge we have the financial strength to absorb.

As previously reported in June, the investments in our contract base referred to above and the negative impact of exchange rate movements have reduced our profit expectations for 2012 by approximately £10 million. However, our journey to grow our Services revenue and improve long-term profitability takes precedence in our decision-making.

Thanks to our customers and our employees for giving us further confidence in our future.



**Greg Lock**  
Chairman

30 August 2012



1 Adjusted profit before tax and EPS is stated prior to amortisation of acquired intangibles and exceptional items. Adjusted operating profit is also stated after charging finance costs on CSF.

2 KPMG's UK Outsourcing Service Provider Performance and Satisfaction (SPSS) Survey for 2012

# Delivering our strategy

## Group Overview

During the first six months of 2012, Computacenter's overall revenues in constant currency grew by 7.6% to £1.42 billion and by 4.2% on an as reported basis (H1 2011: £1.37 billion). At a Group level the impact of acquisitions made in 2011 was not material. This encouraging growth during the first half of 2012 was delivered, with all countries increasing their revenues by more than 5% in constant currency; although, excluding the Top Info acquisition, like for like revenue in France declined by 4%.

As notified, Group profitability was down on the same period last year, reducing the adjusted<sup>1</sup> profit before tax by 9.6% to £24.0 million (H1 2011: £26.6 million). Despite the good revenue growth, new contract take-on volume in Germany and workload strain in France more than offset the profit increase in the UK and the substantial profit increase in Belgium.

As a result of the reduced profit and a broadly similar tax rate, adjusted<sup>1</sup> diluted earnings per share (EPS) for the period reduced by 9.3% to 11.7p (H1 2011: 12.9p). A total of £1.9 million of exceptional one-off charges, relating to the relocation of our office and warehouse premises in France, as well as our IT recycling subsidiary RDC, were incurred during the period. Therefore, on a statutory basis, after taking both amortisation on acquired intangibles and the exceptional items into account, profit before tax reduced by 20.5% to £20.8 million (H1 2011: £26.2 million).

All our geographic segments have delivered organic double digit percentage Services revenue growth, in constant currency. Overall Supply Chain revenue grew by 4.3%, with all the segments improving on their Supply Chain revenues in constant currency on the first half of last year; although, the 1.3% improvement in the UK was relatively small.

Supply Chain margins in the UK were held back, partly due to a single one-off high margin deal during the first half of 2011, but also due to a shift in the type of products purchased by our customers. During the second quarter of this period, Supply Chain revenue in Germany slowed, especially when compared to the extraordinary growth experienced in the same period last year.

The growth in our constant currency Contractual Services base of 9.4% to £595.0 million (H1 2011: £544.0 million) is at a strategic level, very positive and has already helped performance in the UK during the period, with a more material contribution to come in the second half of the year and beyond. In addition, the current pipeline in the UK is particularly strong, which bodes well for contract base growth in the second half of the year.

The on-boarding of new contracts was, as notified in our release on 14 June 2012, not executed as smoothly in Germany as in the UK. The German business was under-resourced to cope with the extent of the new activity and, in order to limit customer dissatisfaction, significant additional cost had to be incurred through overstaffing on some contracts, which impacted profitability. We remain dedicated to resolving these issues and establishing stability in the delivery of these Services, which will then release the earning potential of these contracts.

We expect better earnings from the encouraging Services top-line growth in France as we continue to optimise our processes and facilities during the rest of this year. The challenges in France are not similar to those in Germany, making us confident that as the French team progresses through their busy agenda, improved profitability should follow.

Our cash position remained strong and net funds, excluding CSF, were £101.6 million at the period end (H1 2011: net funds of £104.3 million). This healthy position was maintained despite the investment of £3.9 million to acquire a majority stake in Damax in the second half of 2011, as well as capital expenditure in the first half of 2012 of £18.8 million, which included the new warehouse and office installations in France, further fit-out at the new RDC facility, expansion of the Spanish Service Desk as well as a new German Service Desk. The level of CSF has reduced further from £23.5 million, at the end of the first half of 2011, to £17.9 million. Including CSF, net funds were £83.8 million (H1 2011: £80.9 million).



As reported on the last few occasions, our cash position remains, but to a lesser degree, enhanced to the extent of £25.8 million (H1 2011: £30.8 million), by the provision of extended credit terms from a major supplier. The level of cash improvement arising from these terms clearly fluctuates based on the level of purchases from that vendor. We view this as a healthy net fund position, especially considering the higher dividend payment during this period.

We are pleased to announce the payment of an increased interim dividend of 5.0p per share (H1 2011: 4.5p). This is in line with our stated policy that the interim dividend will be approximately one third of the previous year's full dividend. The interim dividend will be paid on 19 October 2012 to shareholders on the register as at 21 September 2012.

We expect to migrate our French business onto our new Group-wide ERP system during the middle of next year and have already made good progress in preparing for the deployment. We are confident that the experience gained during the migrations of both the UK and German businesses will materially assist in migrating the French operation onto the same platform. We are keen to complete the final stage of the ERP transformation, as even at this relatively early stage, we have already experienced operational benefit from the single ERP system at a Group level.

## Outlook

We remain on track with the Board's revised expectations for the year. While we are clearly pleased with the Services revenue growth in all countries, our success in business take-on in the UK must be replicated across the Group. This is not a simple or quick process and much work needs to be done. However, our uncompromising approach to customer satisfaction, whatever the short-term financial consequences, we believe is in the long-term interest of all of our stakeholders, particularly our shareholders.

The new Services business momentum we have built in the UK looks set to continue into next year and beyond. We are likely to see slower top line Services growth outside the UK, as we put our processes in order, but this should improve our margins. We believe the growth we have achieved in Services has materially outstripped the market. This growth has resulted in some shorter-term operational challenges, however, in the long term, our ability to grow ahead of the market will continue to be highly positive for Computacenter.

### Revenue (£m)

**+4.2%**

2012	1,422.3
2011	1,365.3
2010	1,288.8
2009	1,222.2

### Adjusted<sup>1</sup> profit before tax (£m)

**-9.6%**

2012	24.0
2011	26.6
2010	21.3
2009	18.2

### Adjusted<sup>1</sup> diluted earnings per share (p)

**-9.3%**

2012	11.7
2011	12.9
2010	10.4
2009	9.6

### Total dividend per share (p)

**+11.1%**

2012	5.0
2011	4.5
2010	3.5
2009	3.0

Operating review continued



## United Kingdom

We are encouraged by good overall revenue growth in the UK despite the ongoing market challenges within the two key sectors of public sector and investment banking. Overall UK revenue rose by 5.7% to £578.2 million (H1 2011: £547.3 million) and overall adjusted<sup>1</sup> operating profit improved by 5.2%, to £17.6 million (H1 2011: £16.7 million).

Our strategic shift towards emphasising our Services and Solutions offerings is delivering value, as evidenced by 14.2% growth in Services revenue, compared to growth of 0.7% in the first half of 2011. As our customers increasingly value our independence and ability to meet their demand for cost reduction, quality improvements and access to skills, we are able to reduce our dependence on Supply Chain activity with exposure to less predictable capital expenditure. This enhances the quality of our earnings through increased stability and predictability.

The UK profitability in the period owes much to the efficient and effective take-on of the new contracts, which we won at the end of last year and the beginning of this year. This demonstrates that our investment into improving our take-on processes in the UK is delivering returns.

KPMG's UK Outsourcing Service Provider Performance and Satisfaction (SPSS) Survey for 2012 confirms that our industrialised approach to relationship management, innovation, pricing and business take-on, as well as service delivery, has contributed to our number one ranking for customer satisfaction.

Computacenter also took first place for customer reference-ability in the survey. This demonstrates that we continue to deliver value throughout our services engagements, further fuelling growth of our contract base, which has increased by 10.5% to £274.0 million (H1 2011: £248.0 million). This comes within a market where Gartner has predicted no more than 2.8% growth for 2012.

Against the background of the relatively flat IT supply chain market, our Supply Chain revenue increased marginally, albeit with much of this growth coming from Windows 7-led sales, resulting in a decline in Supply Chain contribution levels. In addition to this shift, which may well reverse next year, a large one-off high-margin deal in the first half of 2011 makes the comparison more difficult.

As notified at the end of last year, we are well placed to meet demand for Windows 7, Office 2010 and Exchange software migration, as our customers seek to upgrade their legacy environments. We are also experiencing strong growth for the broader workplace IT transformation projects as part of these upgrade initiatives. This has generated new customers and also fuelled transformational project growth as part of existing Managed Services contracts over the last year.

We have been awarded a £50 million, five-year contract to join the new Rolls Royce ecosystem of strategic IT vendors, as the provider of global desktop services. Our industrialised services will help Rolls-Royce further enhance their operational efficiencies and effectiveness through the delivery of new and improved desktop services.

As mentioned, public sector spend has remained largely subdued, but in some instances, spending on IT transformation projects continued unabated. The North and South Wales Consortia have appointed Computacenter UK as the sole supplier of Supply Chain Services to 10 local authorities. We have further won a £1.8 million contract for the delivery of a VMware enterprise licence to Transport for London.

We continue to strengthen our presence within the retail banking sector. In the period, we were awarded a build, store, deploy and support contract by a new global banking customer, covering 1,800 of their retail branch locations, with a value of £2.1 million per year. Similarly, in the commercial sector, we have secured a Windows 7 migration project with another new customer, a large German insurance provider.

Whilst winning contracts with new customers is important, expanding the scope of offerings we deliver to existing customers is equally encouraging. For example, international law firm Eversheds has recently renewed its datacenter managed services outsourcing contract and additionally agreed a new contract valued at £1.3 million for the delivery and management of the second phase of the firm's datacenter transformation project.

Our Cabling Division has been particularly busy this period on one notable major project. In addition, it has been awarded two new framework agreements, which bodes well for the continuing success of this division over the rest of this year and beyond.

We believe the SG&A increase in the UK of 3.2%, compared to the same period last year, is controlled and stable, in light of the business increase, contract base growth and improved Services and Solutions profitability. This follows targeted investment into supporting our increasing Services business. We are also continuing to invest in the UK business to support future growth, through enhancing our current offerings and increasing our pre-sales activity, as we enter the second half of the year with a very encouraging business pipeline.

## Operating review continued

### Germany

Total revenue for the German segment increased by 7.5% to €718.7 million (H1 2011: €668.6 million). We view this as encouraging in the overall context of the German market, where the exceptional spending seen in 2011 has evidently slowed, particularly during Q2 2012.

Market conditions and a difficult comparator have undoubtedly impacted our Supply Chain Business, where growth over the period was 3.7% to €478.6 million (H1 2011: €461.6 million), compared to an increase of 36.8% growth achieved in the first half of 2011. This impact has been felt most acutely within the second quarter of 2012 during which Supply Chain revenues reduced by 9.8% compared to the second quarter of 2011. Nevertheless, we feel that our Supply Chain Business has held up well, especially within the datacenter market. This is largely due to our strong customer relationships and our established pan-European vendor relationships.

We believe that the widely reported issues of economic instability within the Eurozone have contributed towards the general slowdown in Supply Chain growth. However, our Supply Chain Business performed extremely well in the same period last year, leading us to believe that this rate of decline is unlikely to continue during the rest of the year.

Services revenue in Germany increased by 16.0% to €240.1 million (H1 2011: €207.0 million). This growth has been delivered largely from the significant number of contracts won during the latter part of 2011. However, these wins, as noted in our 2011 final results and the announcement of 14 June 2012, have presented our German business with a sudden and material increase in business delivery demand. The consequential take-on issues have proven challenging to address, given the limited availability of specialist skills in Germany.

In order to try and address these challenges, we are making significant investments, primarily into additional people. We believe the deployment of this additional resource is essential to ensure that we successfully implement these contracts and delight our customers.

Whilst this additional investment and focus on stabilising the new contracts does not bode well for profitability in Germany this year, we expect an improvement in 2013. We view the resolution of these challenges as crucial to the relationships with these customers, as well as the long-term success of the business. We will ensure that we consistently embed the lessons learnt from these growing pains.

This significant investment to assist our business take-on processes has had an impact on the gross margin levels and as such, our adjusted<sup>1</sup> operating profit has reduced to €6.6 million (H1 2011: €9.7 million). It is worth noting that the first half's profitability is still more than 50% ahead of the same period in 2010. We are also able to report in this context that a 15-month trend of increasing SG&A in Germany has now been reversed and in Q2 2012 we have seen a modest reduction.

We remain encouraged by the performance of our workplace offerings and it is evident that our full Desktop Managed Service remains attractive to our customers. We have sourced more than 9,000 new devices for Evonik, the multinational speciality chemicals company, in preparation of rolling-out Windows 7 and Office 2010 to approximately 18,000 devices.

We are also seeing a wider scope and higher volume of assignments being awarded to us by our existing customers. For example, a global soft drinks manufacturer has increased its total expenditure with us by some 650% to €2.6 million. In addition to equipping their office-based staff with desktop devices, we have been selected to source and supply their field staff with technologies that enable greater mobility.

Our Professional Services Business remains upbeat, due to our current strong pipeline, despite the potential signs of a slower economy and a Supply Chain Business that showed decline towards the end of the period.

While 2012 will be a year of re-establishing stability for Computacenter Germany, we are confident that the increased geographic footprint enabled by our recent global Services contract wins, will provide us with an excellent foundation to pursue further opportunities for growth over the course of 2013 and beyond.



Operating review continued



## France

During the first half of 2012, total revenue in France, including Top Info, increased by 9.0% in constant currency to €275.8 million (H1 2011: €253.1 million). The comparator only includes Top Info revenue for Q2 2011, following the acquisition. If the full H1 2011 revenue is included, there is a revenue decline of 4.0%. Adjusted<sup>1</sup> operating profit during the first half of this year reduced by €1.1 million in constant currency, to an operating loss of €0.9 million (H1 2011: operating profit €0.2 million).

Services revenue over the period, in constant currency, including Top Info for the whole of the first half of both 2011 and 2012, increased by an encouraging 15.6%. This growth has been driven by the contracts won last year and reflects the materiality of the business take-on volume that we have managed. This volume led to some challenges, but all the new contracts have the potential of delivering improved profitability as they bed in.

Total Supply Chain revenue increased by 7.8% in constant currency to €231.2 million during the period (H1 2011: €214.5 million), but declined by 7.0% taking account of Top Info's full H1 2011 Supply Chain revenue. We believe this performance has been stronger than the market, which slowed significantly in reaction to the uncertainty brought by the French presidential election. However, our customers continue to trade with us and some of the decline is delayed backlog, which bodes well for Supply Chain revenue over the rest of the year.

We have also seen a shift in how our customers currently buy their products. They are increasingly ordering fewer items at higher frequency, turning our logistics capability into an 'outsourced' resource. This shift in order frequency has brought some logistics challenges and we have responded by introducing an additional shift in our warehouse to maintain delivery schedules.

## Belgium

Our Belgium and Netherlands operation has delivered very strong performance during the period, with increased adjusted<sup>1</sup> operating profit of €1.3 million (H1 2011: €0.4 million). Overall revenue increased by 54.3%, with an encouraging Services growth of 35.8% and a very healthy Supply Chain growth of 60.2%.

Our Belgium and Netherlands operation has delivered very strong performance during the period, with increased adjusted<sup>1</sup> operating profit of €1.3 million (H1 2011: €0.4 million). Overall revenue increased by 54.3%, with an encouraging Services growth of 35.8% and a very healthy Supply Chain growth of 60.2%.

We view this positive performance as a response to the investment we have made into enhancing our sales capabilities. Our expanded sales force now has a wider and more compelling portfolio of both Services and Supply Chain offerings, including more enterprise and unified IP communication and collaboration offerings. This improved sales force has also augmented our Managed Services Contract Base by 19.6%, compared to the same period last year, bringing better stability and predictability to our earnings.

We are confident that these issues and the incremental employee overhead will be remedied during the slower summer months and by our relocation to a new and more efficient warehouse facility, anticipated to be fully operational from the third quarter of this year.

Customers are increasingly seeking to outsource all aspects relating to the IT lifecycle, including the sourcing of hardware and software, logistic services, maintenance and end-of life disposal. For example, the large energy supplier EDF (SA) has recently appointed Computacenter France as one of its suppliers of full outsourced 'workplace' service offering within the whole of their South-East region.

We believe we are better placed than many of our competitors to provide our customers with flexible end-to-end workplace offerings. We are also encouraged by the fact that we are gaining solid customer reference-ability within certain industry sectors, for both our Services and Supply Chain offerings. This is evidenced by recent wins with three large France based international organisations in the banking and financial services sector.

The first half of 2012 has been a period of consolidation, with Top Info now fully integrated into the French business without the loss of any key customers or key members of staff. Additionally, we have relocated all Paris office staff to a single building, without any material disruption to customers and we are preparing to complete the relocation of all our warehouses into the consolidated and upgraded logistics facility in Gonesse, due for completion in the third quarter of 2012. The one off cost of €1.8 million that has been incurred in relation to the move has been reported as an exceptional charge. Our agenda for the rest of the year remains busy, with the preparatory work already underway for migration to the Group ERP system, during the middle of next year.

In this environment, where Eurozone uncertainty continues to challenge the market, both our vendors and customers are increasingly viewing our operation as one capable of delivering high value projects on a pan-European scale.

Shurgard, the leader in self storage in Europe and an existing Supply Chain customer, has recently entrusted Computacenter Belgium with the replacement of its centralised virtual storage infrastructure at its European datacenter. We have also been awarded the Windows 7 and Office 2010 roll-out for the Belgium locations of UCB, the global leader in biopharmaceuticals.

We will continue to invest in our sales operation; however, the rate of growth we are currently experiencing is not sustainable during the second half of 2012, especially as we saw exceptional performance in the same period in 2011.

1 Adjusted profit before tax and EPS is stated prior to amortisation of acquired intangibles and exceptional items. Adjusted operating profit is also stated after charging finance costs on CSF.

## Operating review continued

# Risk

The principal risks to our business and our approach to mitigating those risks, largely remain as set out on pages 20 and 21 of our 2011 Report and Accounts.

During the first half of 2012, the Group Risk Committee, led by the Group CEO, undertook a comprehensive review of our Strategic Risk Log (SRL). This exercise refocused the activities of the Group Risk Committee and reprioritised some risks on the SRL, such as the potential that, inadvertently, or maliciously, customer data could be lost, or their IT systems harmed through the introduction of a software virus. Mitigation, including encryption and securing data and applying security screening of staff with access to customer networks, have been introduced, or enhanced.

We had foreseen that through driving our strategic objective to accelerate the growth in our contractual services business, a resource demand could arise when transitioning multiple new Service contracts at the same time, which could result in making it more difficult to achieve our strategic objective of growing our profit margin. In the UK, a significant amount of new business take-on activity proceeded without any material challenges, largely due to a more established contractual service transition and transformation capability, combined with the fact that in many cases, the staff required to run the service on a day to day basis, are transferred from the existing service provider or the customer, as the case may be.

Conversely, the business take-on challenges faced in Germany have been less well executed, partly due to the volume of business, less established transition and transformation capability and the fact that, in many cases, new staff had to be recruited into the organisation, who clearly have limited experience of the customers' operating environment and procedures. This resulted in us over-resourcing to avoid customer dissatisfaction, particularly apparent at the centralised IT help desk service in Barcelona, which has almost doubled in size in the last six months, as well as our newly established IT help desk in Berlin. Early review of the level of new resource required is being built into the Risk Management programme, as well as further review of customer specific requirements.

Our strategies to mitigate the risks of implementing complex end-to-end service contracts continue to be effective, as evidenced by improved profitability within our UK Services Business. The challenges experienced during the new business take-on phases in Germany were not related to the management of end-to-end complex IT infrastructure, but due to volume of simultaneous new business, as described above. However, these mitigation strategies and services processes remain crucial to our business success and need to be deployed without fail, especially as we continue to face a strong pipeline of business in particularly the UK, France and Belgium.

Stability in the global economy remains uncertain and even presents wider challenges, such as the destabilisation of entire currencies. Our balance sheet strength and ability to control costs, provides some comfort, should we need to weather any storm. We are witnessing the upside of operating within various geographies and we continue to feel confident that our offerings, designed specifically to help customers remove cost and risk from their IT expenditure, continue to be Computacenter's primary mitigation strategy against this threat. We also aim to maintain our structure of invoicing in the currency of the country within which we deliver, thereby ring-fencing this exposure to a degree.

We are also cognisant and active in mitigating as best we can, the financial risks brought by currency fluctuations and tax rate impacts.

We have assessed the potential impact to our business in the event of a Euro currency break-up and we recognise the unfortunate consequences which could flow from a general loss of business confidence in the event of a large scale currency fragmentation. However, as we do not have sales activities within those countries most at risk, we believe that this helps to reduce our overall risk position.

Following the successful migration of both the UK and German systems onto the Group ERP platform, preparations are underway to migrate the French system during the middle of next year. The experience gained over the last two more material migrations gives us confidence for the French implementation. Accordingly, the migration risk has reduced in size and our focus has primarily turned to realising the full potential in optimising all the upside a single system holds for the Group, in its entirety.



**Mike Norris**  
Chief Executive

30 August 2012

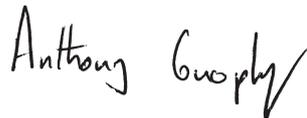
## Responsibility statement

The Directors confirm that to the best of their knowledge:

- This financial information has been prepared in accordance with IAS 34;
- This interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- This interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein.)



**MJ Norris**  
Chief Executive  
30 August 2012



**FA Conophy**  
Finance Director  
30 August 2012

On behalf of the Board

# Independent review report to Computacenter Plc

## Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2012 which comprises of the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and related notes 1-15. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

## Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

## Our Responsibility

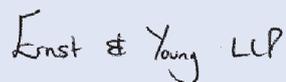
Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

## Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2012 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.



## Ernst & Young LLP

Registered auditor  
London  
30 August 2012

# Consolidated income statement

For the six months ended 30 June 2012

	Note	Unaudited H1 2012 £'000	Restated Unaudited H1 2011 £'000	Audited Year 2011 £'000
<b>Revenue</b>	4	<b>1,422,264</b>	1,365,253	2,852,303
Cost of sales		<b>(1,241,696)</b>	(1,186,287)	(2,470,932)
<b>Gross profit</b>		<b>180,568</b>	178,966	381,371
Administrative expenses		<b>(156,776)</b>	(152,589)	(307,377)
<b>Operating profit:</b>				
<b>Before amortisation of acquired intangibles and exceptional items</b>				
		<b>23,792</b>	26,377	73,994
Amortisation of acquired intangibles		<b>(1,316)</b>	(368)	(1,986)
Exceptional items	6	<b>(1,882)</b>	–	(131)
<b>Operating profit</b>		<b>20,594</b>	26,009	71,877
Finance revenue		<b>1,023</b>	1,353	2,361
Finance costs		<b>(801)</b>	(1,166)	(2,136)
<b>Profit before tax:</b>				
<b>Before amortisation of acquired intangibles and exceptional items</b>				
		<b>24,014</b>	26,564	74,219
Amortisation of acquired intangibles		<b>(1,316)</b>	(368)	(1,986)
Exceptional items	6	<b>(1,882)</b>	–	(131)
<b>Profit before tax</b>		<b>20,816</b>	26,196	72,102
<b>Income tax expense:</b>				
<b>Before amortisation of acquired intangibles and exceptional items</b>				
		<b>(5,958)</b>	(6,453)	(16,125)
Tax on amortisation of intangibles		<b>272</b>	103	433
Tax on exceptional items	6	<b>322</b>	–	174
Exceptional tax items		–	–	4,427
Income tax expense	7	<b>(5,364)</b>	(6,350)	(11,091)
<b>Profit for the period</b>		<b>15,452</b>	19,846	61,011
<b>Attributable to:</b>				
Equity holders of the parent		<b>15,452</b>	19,845	61,013
Non-controlling interests		–	1	(2)
<b>Profit for the period</b>		<b>15,452</b>	19,846	61,011
<b>Earnings per share</b>				
– basic for profit for the period	8	<b>10.3p</b>	13.3p	41.0p
– diluted for profit for the period	8	<b>10.0p</b>	12.7p	39.3p

# Consolidated statement of comprehensive income

For the six months ended 30 June 2012

	Unaudited H1 2012 £'000	Unaudited H1 2011 £'000	Audited Year 2011 £'000
<b>Profit for the period</b>	<b>15,452</b>	19,846	61,011
Gain/(loss) arising on cash flow hedge	<b>233</b>	–	(464)
Income tax effect	<b>(58)</b>	–	116
Exchange differences on translation of foreign operations	<b>(5,542)</b>	7,951	(4,495)
<b>Total comprehensive income for the period</b>	<b>10,085</b>	27,797	56,168
<b>Attributable to:</b>			
Equity holders of the parent	<b>10,085</b>	27,796	56,166
Non-controlling interests	–	1	2
	<b>10,085</b>	27,797	56,168

# Consolidated balance sheet

As at 30 June 2012

	Note	Unaudited H1 2012 £'000	Unaudited H1 2011 £'000	Audited Year 2011 £'000
<b>Non-current assets</b>				
Property, plant and equipment		101,365	97,216	98,261
Intangible assets		101,758	100,675	104,242
Investment in associates		495	501	497
Deferred income tax asset		17,040	17,325	15,928
		<b>220,658</b>	215,717	218,928
<b>Current assets</b>				
Inventories		87,992	82,807	97,440
Trade and other receivables		496,852	465,116	548,968
Prepayments		49,602	50,313	43,042
Accrued income		80,740	61,557	47,019
Forward currency contracts		–	–	296
Current asset investment	14	10,000	25,000	10,000
Cash and short-term deposits	14	91,747	120,056	128,437
		<b>816,933</b>	804,849	875,202
<b>Total assets</b>		<b>1,037,591</b>	1,020,566	1,094,130
<b>Current liabilities</b>				
Trade and other payables		507,204	455,187	530,953
Deferred income		99,481	97,096	115,350
Financial liabilities		7,356	54,366	12,247
Forward currency contracts		226	48	464
Income tax payable		6,097	6,713	4,700
Provisions	12	2,551	2,801	2,689
		<b>622,915</b>	616,211	666,403
<b>Non-current liabilities</b>				
Financial liabilities		10,631	9,825	12,554
Provisions	12	7,404	10,340	9,059
Other non-current liabilities		31	31	831
Deferred income tax liabilities		684	2,604	1,536
		<b>18,750</b>	22,800	23,980
<b>Total liabilities</b>		<b>641,665</b>	639,011	690,383
<b>Net assets</b>		<b>395,926</b>	381,555	403,747

**Consolidated balance sheet continued**

As at 30 June 2012

	<b>Unaudited H1 2012 £'000</b>	Unaudited H1 2011 £'000	Audited Year 2011 £'000
<b>Capital and reserves</b>			
Issued capital	<b>9,233</b>	9,233	9,233
Share premium	<b>3,717</b>	3,717	3,717
Capital redemption reserve	<b>74,957</b>	74,957	74,957
Own shares held	<b>(12,211)</b>	(13,217)	(10,962)
Foreign currency translation reserve	<b>2,096</b>	20,088	7,638
Retained earnings	<b>318,122</b>	286,766	319,152
<b>Shareholders' equity</b>	<b>395,914</b>	381,544	403,735
Non-controlling interest	<b>12</b>	11	12
<b>Total equity</b>	<b>395,926</b>	381,555	403,747

Approved by the Board on 30 August 2012



**MJ Norris**  
Chief Executive

**FA Conophy**  
Finance Director

# Consolidated statement of changes in equity

	Attributable to equity holders of the parent								
	Issued capital £'000	Share premium £'000	Capital redemption reserve £'000	Own shares held £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Total £'000	Non-controlling interests £'000	Total equity £'000
<b>At 1 January 2011</b>	<b>9,233</b>	<b>3,697</b>	<b>74,957</b>	<b>(10,146)</b>	<b>12,137</b>	<b>279,674</b>	<b>369,552</b>	<b>10</b>	<b>369,562</b>
Profit for the period	–	–	–	–	–	19,845	19,845	1	19,846
Other comprehensive income	–	–	–	–	7,951	–	7,951	–	7,951
Total comprehensive income	–	–	–	–	7,951	19,845	27,796	1	27,797
Cost of share-based payments	–	–	–	–	–	1,301	1,301	–	1,301
Deferred taxation on share based payments	–	–	–	–	–	941	941	–	941
Exercise of options	–	20	–	535	–	(535)	20	–	20
Purchase of own shares	–	–	–	(3,606)	–	–	(3,606)	–	(3,606)
Equity dividends	–	–	–	–	–	(14,460)	(14,460)	–	(14,460)
<b>At 30 June 2011</b>	<b>9,233</b>	<b>3,717</b>	<b>74,957</b>	<b>(13,217)</b>	<b>20,088</b>	<b>286,766</b>	<b>381,544</b>	<b>11</b>	<b>381,555</b>
Profit for the period	–	–	–	–	–	41,168	41,168	(3)	41,165
Other comprehensive income	–	–	–	–	(12,450)	(348)	(12,798)	4	(12,794)
Total comprehensive income	–	–	–	–	(12,450)	40,820	28,370	1	28,371
Cost of share-based payments	–	–	–	–	–	1,175	1,175	–	1,175
Deferred taxation on share based payments	–	–	–	–	–	(645)	(645)	–	(645)
Exercise of options	–	–	–	2,255	–	(2,255)	–	–	–
Equity dividends	–	–	–	–	–	(6,709)	(6,709)	–	(6,709)
<b>At 31 December 2011</b>	<b>9,233</b>	<b>3,717</b>	<b>74,957</b>	<b>(10,962)</b>	<b>7,638</b>	<b>319,152</b>	<b>403,735</b>	<b>12</b>	<b>403,747</b>
Profit for the period	–	–	–	–	–	15,452	15,452	–	15,452
Other comprehensive income	–	–	–	–	(5,542)	175	(5,367)	–	(5,367)
Total comprehensive income	–	–	–	–	(5,542)	15,627	10,085	–	10,085
Cost of share-based payments	–	–	–	–	–	648	648	–	648
Deferred taxation on share based payments	–	–	–	–	–	338	338	–	338
Exercise of options	–	–	–	1,918	–	(1,918)	–	–	–
Purchase of own shares	–	–	–	(3,167)	–	–	(3,167)	–	(3,167)
Equity dividends	–	–	–	–	–	(15,725)	(15,725)	–	(15,725)
<b>At 30 June 2012</b>	<b>9,233</b>	<b>3,717</b>	<b>74,957</b>	<b>(12,211)</b>	<b>2,096</b>	<b>318,122</b>	<b>395,914</b>	<b>12</b>	<b>395,926</b>

# Consolidated cash flow statement

For the six months ended 30 June 2012

	Unaudited H1 2012 £'000	Unaudited H1 2011 £'000	Audited Year 2011 £'000
<b>Operating activities</b>			
Profit before tax	20,816	26,196	72,102
Net finance income	(223)	(187)	(225)
Depreciation	11,620	13,664	27,417
Amortisation	3,971	3,303	7,844
Impairment reversal	–	–	(398)
Share-based payments	648	1,301	2,476
(Profit)/loss on disposal of property, plant and equipment	(266)	(4)	545
Loss on disposal of intangibles	–	–	33
Decrease/(increase) in inventories	7,510	5,931	(13,698)
(Increase)/decrease in trade and other receivables	(1,509)	19,816	(67,372)
(Decrease)/increase in trade and other payables	(29,523)	(26,886)	87,687
Other adjustments	4	–	(3)
Cash generated from operations	13,048	43,134	116,408
Income taxes paid	(4,126)	(5,809)	(14,384)
<b>Net cash flow from operating activities</b>	<b>8,922</b>	<b>37,325</b>	<b>102,024</b>
<b>Investing activities</b>			
Interest received	755	1,307	2,316
Increase in current asset investment	–	(25,000)	(10,000)
Acquisition of subsidiaries, net of cash acquired	–	(22,265)	(24,840)
Acquisition of associate	–	(500)	(500)
Sale of property, plant and equipment	291	29	1,449
Purchases of property, plant and equipment	(15,561)	(14,545)	(24,181)
Purchases of intangible assets	(3,576)	(5,844)	(10,487)
<b>Net cash flow from investing activities</b>	<b>(18,091)</b>	<b>(66,818)</b>	<b>(66,243)</b>
<b>Financing activities</b>			
Interest paid	(1,039)	(1,543)	(2,513)
Dividends paid to equity shareholders of the parent	(15,725)	(14,460)	(21,169)
Proceeds from issue of shares	–	20	20
Purchase of own shares	(3,167)	(3,606)	(3,606)
Repayment of capital element of finance leases	(5,534)	(10,003)	(17,415)
Repayment of loans	(1,750)	(1,964)	(1,971)
New borrowings	726	–	–
Decrease in factor financing	–	(16,446)	(16,500)
<b>Net cash flow from financing activities</b>	<b>(26,489)</b>	<b>(48,002)</b>	<b>(63,154)</b>
<b>Decrease in cash and cash equivalents</b>	<b>(35,658)</b>	<b>(77,495)</b>	<b>(27,373)</b>
Effect of exchange rates on cash and cash equivalents	484	890	(1,776)
Cash and cash equivalents at the beginning of the period	126,784	155,933	155,933
<b>Cash and cash equivalents at end of the period</b>	<b>91,610</b>	<b>79,328</b>	<b>126,784</b>

# Notes to the accounts

## 1 Corporate information

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2012 were authorised for issue in accordance with a resolution of the Directors on 30 August 2012.

Computacenter plc is a limited company incorporated and domiciled in England whose shares are publicly traded.

## 2 Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2012 have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting', as adopted by the European Union. They do not include all of the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2011 which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The Group has maintained its strong cash position through generation of operating cash flows. The Group's forecast and projections, which allow for reasonably possible variations, show that the Group will continue to maintain its strong cash position, and therefore supports the Directors' view that the Group has sufficient funds available to meet its foreseeable requirements. The directors have concluded therefore that the going concern basis remains appropriate.

## 3 Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2011, except for the adoption of new standards and interpretations as of 1 January 2012, which did not have any impact on the accounting policies, financial position or performance of the Group, as noted below:

- IAS12 – Deferred Tax: Recovery of underlying assets (Amendment)
- IFRS 7 – Disclosures – Transfers of financial assets (Amendment)
- IFRS 1 – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendment)

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

## 4 Segment information

For management purposes, the Group is organised into geographical segments, with each segment determined by the location of the Group's assets and operations. The Group's business in each geography is managed separately and held in separate statutory entities.

No operating segments have been aggregated to form the below reportable operating segments.

Management monitors the operating results of its geographical segments separately for the purposes of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on adjusted operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements. Adjusted operating profit or loss takes account of the interest paid on customer specific financing ('CSF') which management consider to be a cost of sale. Excluded from adjusted operating profit is the amortisation of acquired intangibles and exceptional items as management do not consider these items when reviewing the underlying performance of a segment.

## Restatement and classification of costs

In the first half of 2011, distribution costs were shown below gross profit, however, management monitor the performance of the business by including such costs within gross profit, and reports accordingly to the Chief Operating Decision Maker. As a result, these costs have been included in cost of sales in H1 2011 and for the year ended 31 December 2011.

Following our ERP implementation in the UK and Germany, the Group has been able to further align its structure and therefore how it classifies departmental costs between cost of sales and administrative expenses. The Group estimates that the net impact of these changes, principally related to pre-sales costs, has resulted in approximately £2.2m costs being reported in administrative expenses in H1 2012 that were reported in cost of sales in H1 2011. This represents the Group's best estimate of the impact of the changes made in the H1 2012 reported results.

## Notes to the accounts continued

### 4 Segment information continued

Segmental performance for the periods to H1 2012, H1 2011 and Full Year 2011 were as follows:

#### Six months ended 30 June 2012 (unaudited)

	UK £'000	Germany £'000	France £'000	Benelux £'000	Total £'000
<b>Revenue</b>	<b>578,242</b>	<b>591,032</b>	<b>226,815</b>	<b>26,175</b>	<b>1,422,264</b>
<b>Results</b>					
Adjusted gross profit	87,264	68,929	20,918	2,905	180,016
Adjusted net operating expenses	(69,698)	(63,516)	(21,697)	(1,865)	(156,776)
Adjusted operating profit	17,566	5,413	(779)	1,040	23,240
Adjusted net interest					774
Adjusted profit before tax					<b>24,014</b>
<b>Other segment information</b>					
Share-based payments	551	70	27	–	648

#### Six months ended 30 June 2011 (unaudited and restated)

	UK £'000	Germany £'000	France £'000	Benelux £'000	Total £'000
<b>Revenue</b>	<b>547,269</b>	<b>580,375</b>	<b>219,700</b>	<b>17,909</b>	<b>1,365,253</b>
<b>Results</b>					
Adjusted gross profit	84,080	70,201	22,075	1,862	178,218
Adjusted net operating expenses	(67,388)	(61,800)	(21,896)	(1,504)	(152,588)
Adjusted operating profit/(loss)	16,692	8,401	179	358	25,630
Adjusted net interest					934
Adjusted profit before tax					<b>26,564</b>
<b>Other segment information</b>					
Share-based payments	1,039	191	71	–	1,301

#### Year ended 31 December 2011 (audited)

	UK £'000	Germany £'000	France £'000	Benelux £'000	Total £'000
<b>Revenue</b>	<b>1,102,184</b>	<b>1,228,574</b>	<b>478,583</b>	<b>42,962</b>	<b>2,852,303</b>
<b>Results</b>					
Adjusted gross profit	167,305	157,355	50,636	4,610	379,906
Adjusted net operating expenses	(130,040)	(129,633)	(44,651)	(3,053)	(307,377)
Adjusted operating profit	37,265	27,722	5,985	1,557	72,529
Adjusted net interest					1,690
Adjusted profit before tax					<b>74,219</b>
<b>Other segment information</b>					
Share-based payments	1,842	471	163	–	2,476

#### 4 Segment information continued

##### Reconciliation to adjusted results

Management reviews adjusted measures of performance as shown in the tables above. Adjusted profit before tax excludes exceptional items and the amortisation of acquired intangibles as shown below:

	<b>Unaudited H1 2012 £'000</b>	Unaudited H1 2011 £'000	Audited Year 2011 £'000
Adjusted profit before tax	<b>24,014</b>	26,564	74,219
Amortisation of acquired intangibles	<b>(1,316)</b>	(368)	(1,986)
Exceptional items	<b>(1,882)</b>	–	(131)
Profit before tax	<b>20,816</b>	26,196	72,102

Management also reviews adjusted measures for gross profit, operating expenses, operating profit and net interest, which in addition takes account of interest costs of CSF within cost of sales (as these are considered to form part of the gross profit performance of a contract). The reconciliation for adjusted operating profit to operating profit, as disclosed in the Consolidated Income Statement, is as follows:

	<b>Unaudited H1 2012 £'000</b>	Unaudited H1 2011 £'000	Audited Year 2011 £'000
Adjusted operating profit	<b>23,240</b>	25,630	72,529
Add back interest on CSF	<b>552</b>	747	1,465
Amortisation of acquired intangibles	<b>(1,316)</b>	(368)	(1,986)
Exceptional items	<b>(1,882)</b>	–	(131)
Segment operating profit	<b>20,594</b>	26,009	71,877

##### Sources of revenue

Each geographical segment principally consists of a single entity with shared assets, liabilities and capital expenditure. The Group has three sources of revenue, which are aggregated and shown in the table below. The sale of goods is recorded within Product revenues and the rendering of services is split into Professional and Support and Managed Services.

	<b>Unaudited H1 2012 £'000</b>	Unaudited H1 2011 £'000	Audited Year 2011 £'000
<b>Sources of revenue</b>			
<b>Product revenue</b>			
Total product revenue	<b>971,919</b>	963,289	2,015,582
<b>Services revenue</b>			
Professional services	<b>107,528</b>	99,427	216,906
Support and managed services	<b>342,817</b>	302,537	619,815
Total services revenue	<b>450,345</b>	401,964	836,721
<b>Total revenue</b>	<b>1,422,264</b>	1,365,253	2,852,303

## Notes to the accounts continued

### 5 Seasonality of operations

Historically revenues have been higher in the second half of the year than in the first six months. This is principally driven by customer buying behaviour in the markets in which we operate. Typically this leads to a more pronounced effect on operating profit. In addition the effect is compounded further by the tendency for the holiday entitlements of our employees to accrue during the first half of the year and to be utilised in the second half.

### 6 Exceptional items

	Unaudited H1 2012 £'000	Unaudited H1 2011 £'000	Audited Year 2011 £'000
<b>Operating profit</b>			
Acquisition related costs	–	–	(999)
Costs in relation to relocation of premises	<b>(1,882)</b>	–	–
Deferred consideration reversed	–	–	868
	<b>(1,882)</b>	–	<b>(131)</b>
<b>Income tax</b>			
Exceptional tax items	–	–	4,427
Tax on exceptional items included in operating profit	<b>322</b>	–	174
	<b>322</b>	–	4,601
<b>Exceptional items after taxation</b>	<b>(1,560)</b>	–	<b>4,470</b>

#### 2012

In the first half of 2012, Computacenter France consolidated its operations in a new Office and began the move to a new Warehouse. In January 2012, RDC located to new premises in Braintree. The one-off costs in relation to the relocation of these premises of £1.9 million that have been disclosed as an exceptional item relate principally to:

- operating lease rental expense charged on new properties during the fit out period and prior to occupation,
- redundancy expenses paid as a result of the relocation, and
- rental expense related to legacy properties once they had been vacated.

#### 2011

Included within the year ended 31 December 2011 are:

- acquisition related costs of £1.0 million, incurred in the period for both successful and aborted acquisitions. This cost comprised of consultancy, legal and professional and tax fees regarding the acquisitions; and
- due to circumstances arising after the acquisition date, the performance criteria required to trigger deferred consideration of €1 million that were previously expected to be achieved, were not met. As a result, deferred consideration recognised has been reversed, with the gain in the 2011 income statement disclosed as an exceptional item.

The exceptional income tax credit for the 2011 year comprises two items which, due to their size are disclosed separately as follows:

- the deferred tax asset in respect of losses in Germany was re-assessed in line with management's view of the entity's future performance. Where the reassessment exceeds the losses utilised in the year, the change in the recoverable amount of the deferred tax asset is shown as an exceptional item.
- a deferred tax asset in respect of losses in France was recognised for the first time.

The income statement impact of the above items have been shown as an exceptional tax item.

## 7 Income tax

The charge based on the profit for the period comprises:

	<b>Unaudited H1 2012 £'000</b>	Unaudited H1 2011 £'000	Audited Year 2011 £'000
UK corporation tax	<b>4,851</b>	6,163	10,484
Foreign tax	<b>1,535</b>	1,217	5,122
Adjustments in respect of prior periods	<b>(124)</b>	–	(1,425)
Deferred tax	<b>(898)</b>	(1,030)	(3,090)
	<b>5,364</b>	6,350	11,091

In his budget of 21 March 2012, the Chancellor of the Exchequer announced that the main rate of UK Corporation tax will be reduced by 2% to 24% with effect from 1 April 2012. As this change has been substantively enacted, and in accordance with accounting standards, the change has been reflected in the Group's interim financial statements as at 30 June 2012. The Chancellor also confirmed that the previously proposed reductions of 1% per year will be maintained resulting in the main UK Corporation tax rate reducing to 22% by 2014.

## 8 Earnings per ordinary share

Earnings per share (EPS) amounts are calculated by dividing profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year (excluding own shares held).

Diluted earnings per share amounts are calculated by dividing profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year (excluding own shares held) adjusted for the effect of dilutive options.

Adjusted basic and adjusted diluted EPS are presented to provide more comparable and representative information. Accordingly the adjusted basic and adjusted diluted EPS figures exclude the amortisation of acquired intangibles and exceptional items.

## Notes to the accounts continued

	<b>Unaudited H1 2012 £'000</b>	Unaudited H1 2011 £'000	Audited Year 2011 £'000
Profit attributable to equity holders of the parent	15,452	19,845	61,013
Amortisation of acquired intangibles attributable to equity holders of the parent	1,316	368	1,986
Tax on amortisation of acquired intangibles	(272)	(103)	(433)
Exceptional items within operating profit	1,882	–	131
Tax on exceptional items included in operating profit	(322)	–	(174)
Exceptional tax items	–	–	(4,427)
Adjusted profit after tax	18,056	20,110	58,096
	<b>No '000</b>	No '000	No '000
Basic weighted average number of shares (excluding own shares held)	149,415	148,778	148,793
Effect of dilution:			
Share options	4,702	6,916	6,639
Diluted weighted average number of shares	154,117	155,694	155,432
	<b>H1 2012 pence</b>	H1 2011 pence	Year 2011 pence
Basic earnings per share	10.3	13.3	41.0
Diluted earnings per share	10.0	12.7	39.3
Adjusted basic earnings per share	12.1	13.5	39.0
Adjusted diluted earnings per share	11.7	12.9	37.4

### 9 Dividends paid and proposed

A final dividend for 2011 of 10.5p per ordinary share was paid on 15 June 2012. An interim dividend in respect of 2012 of 5.0p per ordinary share, amounting to a total dividend of £7,470,000, was declared by the Directors at their meeting on 30 August 2012. This interim report does not reflect this dividend payable.

### 10 Property, plant and equipment

During the six months ended 30 June 2012, the Group acquired assets with a cost of £15.5 million (2011: £14.5 million). £5.0 million of this capital expenditure related to the move of offices and warehouses in France and a further £3.0 million in relation to the move of premises in RDC and the fit out of additional space in service desks in Spain and Germany to support contractual services growth.

### 11 Business combinations

During H1 2011, the Group acquired Top Info SAS and HSD Consult GmbH. The book and provisional fair values of the net assets acquired that are disclosed in note 16 of the 31 December 2011 Annual Report and Accounts are now final and are unchanged.

During H2 2011, the Group acquired Damax AG. There are no changes to the book and provisional fair values that are disclosed in the Annual Report and Accounts at 31 December 2011.

## 12 Provisions

	Unaudited £'000
<b>Property provisions</b>	
At 1 July 2011	13,141
Arising during the period	514
Utilised	(560)
Amounts unused reversed	(951)
Exchange adjustment	(396)
<b>At 31 December 2011</b>	<b>11,748</b>
Arising during the period	413
Utilised	(1,032)
Amounts unused reversed	(1,021)
Exchange adjustment	(153)
<b>At 30 June 2012</b>	<b>9,955</b>

Assumptions used to calculate the property provisions are based on the market value of the rental charges plus any contractual dilapidation expenses on empty properties and the Directors' best estimates of the likely time before the relevant leases can be reassigned or sublet, which ranges between one and seven years. The provision in relation to the UK properties are discounted at a rate based upon the Bank of England base rate. Those in respect of the European operations are discounted at a rate based on Euribor.

## 13 Adjusted management cash flow statement

The adjusted management cash flow has been provided to explain how management view the cash performance of the business. There are two primary differences to this presentation compared to the statutory cash flow statement, as follows:

- 1) Factor financing and current asset investment, where cash is placed on deposit but is not available on demand, is not included within the statutory definition of cash and cash equivalents, but operationally is managed within the total net funds/borrowings of the businesses; and
- 2) Items relating to customer specific financing ("CSF") are adjusted for as follows:
  - a. Interest paid on CSF is reclassified from interest paid to adjusted operating profit; and
  - b. Where customer-specific assets are financed by finance leases and the liabilities are matched by future amounts receivable under customer operating lease rentals, the depreciation of leased assets and the repayment of the capital element of finance leases are offset within net working capital; and
  - c. Where assets are financed by loans and the liabilities are matched by amounts receivable under customer operating lease rentals, the movement on loans within financing activities is also offset within working capital.
- 3) Net funds excluding CSF is stated inclusive of current asset investments. Current asset investments consists of a deposit held for a term of greater than 3 months from the date of deposit which is available to the Group with 30 days notice. The fair value of the current asset investment as at 30 June 2012 is not materially different to the carrying value.

## Notes to the accounts continued

### 13 Adjusted management cash flow statement continued

For the six months ended 30 June 2012

	Unaudited H1 2012 £'000	Unaudited H1 2011 £'000	Audited Year 2011 £'000
Adjusted profit before tax	24,014	26,564	74,219
Net finance income	(774)	(934)	(1,690)
Depreciation and amortisation	10,443	8,746	20,596
Share-based payments	648	1,301	2,476
Working capital movements	(27,675)	(5,213)	281
Other adjustments	(722)	(45)	(358)
Adjusted operating cash inflow	5,934	30,419	95,524
Net interest received	269	512	1,268
Income taxes paid	(4,126)	(5,809)	(14,384)
Capital expenditure and investments	(18,846)	(20,360)	(33,186)
Acquisitions	–	(22,765)	(25,340)
Equity dividends paid	(15,725)	(14,460)	(21,169)
Cash (outflow)/inflow before financing	(32,494)	(32,463)	2,713
Proceeds from issue of shares	–	20	20
Purchase of own shares	(3,167)	(3,606)	(3,606)
<b>Decrease in net funds excluding CSF in the period</b>	<b>(35,661)</b>	<b>(36,049)</b>	<b>(873)</b>
Decrease in net funds excluding CSF	(35,661)	(36,049)	(873)
Effect of exchange rates on cash and cash equivalents	487	938	(1,782)
Net funds excluding CSF at beginning of period	136,784	139,439	139,439
<b>Net funds excluding CSF at end of period</b>	<b>101,610</b>	<b>104,328</b>	<b>136,784</b>

### 14 Analysis of net funds

	Unaudited H1 2012 £'000	Unaudited H1 2011 £'000	Audited Year 2011 £'000
Cash and short-term deposits	91,747	120,056	128,437
Bank overdraft	(137)	(40,728)	(1,653)
Cash and cash equivalents	91,610	79,328	126,784
Current asset investment	10,000	25,000	10,000
<b>Net funds excluding CSF</b>	<b>101,610</b>	<b>104,328</b>	<b>136,784</b>
Finance leases	(17,294)	(21,813)	(21,624)
Other loans	(556)	(1,650)	(1,524)
<b>Total CSF</b>	<b>(17,850)</b>	<b>(23,463)</b>	<b>(23,148)</b>
<b>Net funds</b>	<b>83,760</b>	<b>80,865</b>	<b>113,636</b>

### 15 Publication of non-statutory accounts

The financial information contained in the interim statement does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. The auditors have issued an unqualified opinion on the Group's statutory financial statements under International Accounting Standards for the year ended 31 December 2011 and did not include a statement under section 498(2) or (3) of the Companies Act 2006. Those accounts have been delivered to the Registrar of Companies.

# Corporate information

## Board of Directors

Greg Lock (Non-Executive Chairman)  
 Mike Norris (Chief Executive)  
 Tony Conophy (Finance Director)  
 Brian McBride (Senior Independent Director)  
 Philip Hulme (Non-Executive Director)  
 Ian Lewis (Non-Executive Director)  
 Peter Ogden (Non-Executive Director)  
 John Ormerod (Non-Executive Director)

## Company Secretary

Stephen Benadé

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## Registrar and Transfer Office Equiniti

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## Stockbrokers and Investment Bankers

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### Investec Investment Banking

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## Solicitors

### Linklaters

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