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Computacenter plc

Interim Results for Six Months ended 30 June 2013

Computacenter plc, the independent provider of IT infrastructure services and solutions, today announces unaudited results for the six months ended 30 June 2013.

Financial Highlights:

- Group revenue of £1.43 billion (H1 2012: £1.42 billion)
- Group adjusted* profit before tax of £26.2 million (H1 2012 restated: £25.8 million), an increase of 1.9%
- Adjusted* diluted earnings per share (Diluted EPS) of 12.5p (H1 2012 restated: 12.7p)
- Net funds excluding customer specific financing (CSF) of £82.1 million (H1 2012: £101.6 million), after remitting £31.4 million to a third party escrow account during the period as part of the return of value to shareholders of approximately £75 million which completed in early July 2013
- Interim dividend of 5.2p (H1 2012: 5.0p)

Statutory Highlights:

- Total exceptional items of £29.3 million (H1 2012 restated : £3.6 million), including:
    - Trading losses on three previously announced onerous contracts in Germany of £5.1 million in H1 2013 (H1 2012 : £1.7 million)
    - One-off provision of £10.7 million for future losses on the three onerous contracts in Germany (in addition to the £2.1 million provision taken in December 2012)
    - A non-cash impairment of goodwill and acquired intangibles in France of £12.2 million, due to deterioration in business performance
    - Accordingly, 2012 results are re-stated to reclassify trading losses on the three onerous contracts in Germany within exceptional items
- After exceptional items, H1 2013 Group statutory loss before tax of £4.3 million (H1: profit of £20.8 million)
- Statutory diluted loss per share of 5.7p (H1 2012: diluted earnings per share of 10.0p)
- Net funds including CSF of £65.8 million (H1 2012: £83.8 million)

Operational Highlights:

- Continued good progress towards objective of increasing the proportion of Group revenue generated from Services
- Group Services revenue increased by 3.0% in constant currency across the Group

- Excellent momentum in the UK continues, with a very encouraging Managed Services pipeline
- Pleasing underlying performance in Germany, also with a strong Managed Services pipeline
- Trading performance of the three onerous contracts in Germany has stabilised since our Interim Management Statement released on 24 April 2013 - provision has now been made for future losses over their lifetime
- Successful implementation of Group Operating Model in Germany
- French business continues to face challenging market conditions. Short-term adverse impact from its migration to the Group ERP system. Confident of improved French business performance in the long term
- Successful Group ERP migration in the UK and Germany already delivering important benefits, enabling the implementation of the Group Operating Model
- Financial flexibility of the Group increased through a £40 million committed facility secured in the period

* Adjusted profit before tax and diluted EPS is stated prior to exceptional items and amortisation of acquired intangibles. Adjusted operating profit is also stated after charging interest on CSF. Exceptional items for 2012 have been restated to take account of the reclassification of trading losses and provisions in respect of three onerous German contracts.

Mike Norris, Chief Executive of Computacenter plc, commented:

"Trading remains in line with the Board's expectations for the year, with the exception of the provisions we have made in respect of our three onerous contracts in Germany.

We believe that the performance of the Group during the first half of 2013, excluding the three onerous contracts in Germany and the issues we have faced in our French business, has been one of our best ever. We are confident that we can maintain the momentum of our general success and solve our isolated issues."

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Chairman's Statement

The first half of 2013 has seen continued excellent progress in the UK, stabilisation and reorganisation in Germany but a disappointing performance in France. We have successfully implemented our ERP system across the Group and delivered a capital return of approximately £75 million to shareholders in addition to our regular dividends. During the course of 2013 as a whole, we will have returned a total of circa £98 million to shareholders.

You will see from the detail which follows that we have calculated the quantum of provisions for unprofitable German contracts, and taken a non-cash impairment of goodwill and acquired intangibles in France. In Germany, we underestimated the level of resource required to meet our agreed service level commitments and to provide the quality of service that befits our reputation. Management has undertaken a thorough review of these contracts, and the provision we have booked in this half-year reflects our assessment of the losses that will be incurred over their remaining lifetime. We are determined to ensure that we are able to support appropriately the three customers affected so as to demonstrate our long-term commitment to them and all other current and prospective customers. Our pipeline of opportunities is healthy in the UK and Germany and we are encouraged by the outlook for our business. It would be easy to blame the environment for our disappointment in France, but we take the view that we must improve those things we can control whilst operating in a challenging environment.

I am very pleased to welcome Frau Regine Stachelhaus to our Board. She brings a wealth of relevant experience with her as a recent Management Board member at EON and as a former Hewlett Packard Managing Director in Germany. Ian Lewis will be leaving the Board after some seven years of valuable contribution and I take the opportunity to thank him for his wisdom and counsel, particularly in respect of the Group wide ERP implementation.

We are confident that we have invested wisely in the future prospects of the Group and will continue our focus on Services contract wins, margin growth and cash generation.

Greg Lock
29 August 2013

Operating statement

Group

Turnover and Adjusted Profitability

During the first six months of 2013, the Group's total profitability was ahead of the same period in 2012, with adjusted* profit before tax increasing by 1.9% to £26.2 million (H1 2012 restated: £25.8 million). There was one very small acquisition at the end of 2012, which was not material to the Group's result, and thus comparatives excluding acquisitions are not shown.

Total revenues were flat on a reported basis at £1.43 billion and reduced by 1.7% in constant currency. However, we continue to make good progress towards our objective of increasing the contribution of Services within the mix of our business. In constant currency, Services revenue increased by 3.0% across the Group, primarily driven by another very strong performance by our UK Services business, where our growing reputation and ability to deliver operational excellence to large customers has enabled us to achieve a number of new Services contract wins in the reporting period.

Our continuing ability to on-board Services contracts successfully in the UK using our Group Operating Model has played a vital role in improving Services margins and Services growth. As previously noted, there are some headwinds which will impact the 2013 operating profit, mainly due to strong margins and revenues on new contract transition and transformation in 2012. We expect our strong UK operating and financial performance to continue.

Group Supply Chain revenues reduced by 4.0% in constant currency, largely due to a disappointing performance by our French Supply Chain business. However, we are pleased that our UK business has consolidated the significant Supply Chain revenue growth it saw in 2012, notably against the backdrop of a market in which total spend is broadly flat. We are very encouraged by the Supply Chain performance of Germany in Q2 2013, which was up 15% against the same period for 2012. However, it is as yet too early to determine whether this represents simply a strong quarter for our German business, or is the early sign of a more general and sustained recovery in our German Supply Chain revenues.

Whilst the Group's adjusted* profit before tax increased, the increased losses in France in 2013 resulted in a higher adjusted tax rate of 27.8% (H1 2012: 23.9%), leading to a small decrease in adjusted* diluted EPS for the period of 1.6% to 12.5p (H1 2012 restated: 12.7p).

Statutory Performance and Exceptional Items

The Group incurred £29.3 million of exceptional items in the period. Therefore, on a statutory basis, taking account of these exceptional items and amortisation of acquired intangibles, the Group made a loss before tax of £4.3 million (H1 2012: profit of £20.8 million), and a diluted loss per share of 5.7p (H1 2012: diluted earnings per share of 10.0p).

As previously announced, the rapid growth of our Services business in Germany during the fourth quarter of 2011, coupled with insufficient contractual governance procedures in place within our German business at that time, has resulted in a number of Managed Services contracts failing to achieve the margins anticipated at the time they were agreed. We are pleased to report that the actions taken in response to these issues, including a full review of our governance procedures, have had a positive effect, helping to stabilise the business and turnaround a number of operational issues. However, we announced in our trading update on 16 July 2013 that three of these contracts are likely to be loss-making over the course of their lifetime.

Further customer negotiation and extensive financial analysis is now at a sufficiently advanced stage to estimate the full financial consequences of these contracts. The Group is therefore required to make an exceptional one-off provision of £10.7 million representing our best estimate of the losses expected to be incurred between 1 July 2013 and the end of the three contracts. Management will work diligently to ensure that the quantum of the actual losses incurred on these contracts is minimised hereafter, regardless of the provision made.

Additionally, in order to provide a clearer picture of the past performance of the business, the Group has restated its 2012 accounts where necessary to reclassify trading losses and provisions incurred on these contracts as exceptional items. The impact of the reclassification is summarised in the table below:

Germany Segment ***Restatement of adjusted* operating profit***	*Restated* *H1 2012* *£m*	*Restated* *FY 2012* *£m*
As restated in 2013 accounts	**7.2**	**19.7**
Onerous Contracts - trading losses	(1.7)	(5.9)
Onerous Contracts - provisions for future losses	-	(2.1)
As reported in 2012 accounts	**5.4**	**11.6**

Following the implementation of our Group Operating Model in Germany and the UK, further overhead cost-saving activities have been driven across the Group during the first half of 2013. This has resulted in an exceptional charge of £1.3 million being incurred during the reporting period, in addition to the £1.5 million taken in 2012. We expect that this will lead to a similar value of cost savings annually. As a result of these actions, in constant currency, Group administration expenses (SG&A) have fallen marginally against the same period in 2012. Given that similar cost saving activities will continue, such as the realignment of our sales force in Germany, and that we will endeavour to implement our Group Operating Model within our French business during the second half of the year, we expect that this trend will continue during the remainder of 2013.

Our French business continues to be adversely affected by the state of the French macro-economy, which we noted was of some concern in our full year report for 2012, and which remains challenging. Whilst we are nonetheless disappointed with our performance in France during the first half of 2013, we are pleased that we have now implemented our new ERP system in France as it will enable the implementation of our Group Operating Model. As outlined above, we will endeavour to implement the operating model within our French operation during the second half of 2013. Whilst the ERP migration has caused short-term adverse impact to our French business, we expect that these two major changes will help to improve the financial performance of the business over the long term.

However, the disappointing financial performance of our French business in 2013 has resulted in a requirement for a non-cash impairment to non-current assets in the French cash-generating unit, relating to goodwill and acquired intangibles, of £12.2 million.

The table below summarises the adjusted* profitability and exceptional items for the Group as a whole:

From adjusted to statutory (2012 restated)	***Restated H1 2012 £m***	***Restated FY 2012 £m***	***H1 2013 £m***
Adjusted operating profit	**25.0**	**78.0**	**25.7**
Adjusted net interest	0.8	1.3	0.5
Adjusted profit before tax	**25.8**	**79.3**	**26.2**
Onerous German Contracts			
- trading losses	(1.7)	(5.9)	(5.1)
- provisions for future losses	-	(2.1)	(10.7)
	(1.7)	(8.0)	(15.8)
Non-cash impairment - France	-	-	(12.2)
Redundancy costs	-	(1.5)	(1.3)
Costs in relation to relocation of premises	(1.9)	(2.4)	-
Total exceptional items	(3.6)	(11.9)	(29.3)
Amortisation of acquired intangibles	(1.3)	(2.6)	(1.3)
Statutory profit before tax	**20.8**	**64.8**	**(4.3)**
Diluted earnings per share measures			
Adjusted diluted EPS - as restated in 2013	12.7 p	40.8 p	12.5 p
Adjusted diluted EPS - as reported in 2012	11.7 p	36.1 p	n/a
Statutory diluted EPS	10.0 p	32.4 p	(5.7)p

<u>Cash and Return of Value</u>

Cash flow generation remained strong throughout the period and net funds, excluding customer specific financing (CSF) but including the outflow associated with the Return of Value to shareholders outlined below, reduced to £82.1 million at the period end. Including CSF of £16.4 million (2012: £17.9 million), our net funds position reduced to £65.8 million. Our cash position continues to be enhanced by £26 million (2012: £26 million), due to the ongoing improved payment terms from one of our major vendors.

Continuing Computacenter's tradition of returning cash to shareholders through our dividend policy and stand-alone corporate actions, we announced on 24 May 2013 a one-off Return of Value to shareholders totalling £75 million, or 48.7p for every existing ordinary share held at the close of trading on 11 June 2013. The outflow of cash associated with the Return of Value masked an underlying net funds improvement of £13 million on a like-for-like basis compared to the position as at 30 June 2012.

As part of the Return of Value, an associated share capital reorganisation took place on 12 June 2013, whereby every 10 ordinary shares of 6p each in the Company were effectively consolidated into 9 ordinary shares of 6 2/3p each. As part of the transaction, the Company was required to pay an amount of £31.4 million into a third party escrow account on 20 June 2013. As a result, this amount was included within the Group's financial assets as at 30 June 2013, but given that it was not available to the Group to finance its day-to-day operations, it was deemed to be inappropriate to include it within cash and cash equivalents at the reporting date.

The Return of Value will reduce our interest income by approximately £1.0 million annually, with Diluted EPS augmented by around 9% over the course of a full year. The effect on interest and Diluted EPS was not material during H1 2013.

We are pleased to announce the payment of an interim dividend of 5.2p per share (H1 2012: 5.0p). This is in line with our policy that the interim dividend will be approximately one-third of the previous year's full dividend. The interim dividend will be paid on 18 October 2013 to shareholders on the register as at 20 September 2013.

Outlook

Trading remains in line with the Board's expectations for the year, with the exception of the provisions we have made in respect of our three onerous contracts in Germany.

Our UK business continues to make good progress and is likely to finish the year ahead of our original expectations. The momentum of the business in the UK, together with new contracts we expect to close in the second half, bodes well for 2014 and beyond. Our performance in Germany during the second quarter has been encouraging, particularly within Supply Chain, and the third quarter has started well. Some recent Services wins and a strong pipeline should enable us to pick up speed again in our Services growth next year, and with our Group governance model in place in Germany we expect that further problem contracts will be avoided. The performance of our three existing onerous contracts in Germany has stabilised since our Interim Management Statement dated 24 April 2013, which is encouraging and enables us to begin focussing on winning new contracts from the strong pipeline in Germany. Whilst we are disappointed with the quantum of losses that we have had to provide for, management will continue to be focussed on minimising future trading losses on these onerous contracts to the end of their life. Our main area of concern is clearly Computacenter France. Given that our French ERP implementation is behind us, we are in the final stages of negotiation on a major new Services contract and we are endeavouring to deploy our Group Operating Model in our French business, we expect that the performance will improve, but this will not be without its challenges.

We believe that the performance of the Group during the first half of 2013, excluding our three onerous contracts in Germany and the issues we have faced in our French business, has been one of our best ever. We are confident that we can maintain the momentum of our general success and solve our isolated issues.

United Kingdom

In the first half of 2013, our UK business has continued to build on its excellent performance in 2012, and we are encouraged by what has now been a sustained period of growth and profitability. Total UK revenue increased by 2.4% to £592.1 million (H1 2012: £578.2 million) and overall adjusted* operating profit improved by 14.2% to £20.1 million.

In a market where IT spend continues to remain broadly flat, this performance has been driven by the UK Services business, which achieved revenue growth of 5.9% during the reporting period. We are especially pleased with this performance as it has been measured against a very tough comparator for the first half of 2012, which benefitted from a substantial volume of Services take-on billing. The Services revenue growth seen in the first half of 2013 further builds on a strong growth of 15.3% in 2012 as a whole.

Our ability to deliver long-term value and delight our customers is undoubtedly enhancing our reputation. Following our number-one ranking for customer reference-ability and satisfaction in the KMPG UK Outsourcing Services Provider Performance and Satisfaction Survey for 2012, our uncompromising approach to customer satisfaction has again been evidenced by our joint top ranking within a study, carried out by Whitelane Research, measuring the performance of 24 outsourcing providers in the UK and 700 UK IT outsourcing contracts worth £15 billion in total.

Our UK business has matured significantly over recent years in identifying those bids for which it has the requisite expertise and significant competitive advantage. This has allowed us to target our sales and technical resource accordingly, resulting in a higher bid win rate and an ability to deliver increased value for customers. This approach continues to serve the business well, and indeed the UK business has, post the period end, reached exclusive negotiations on a number of new Services contracts which, if successfully concluded, should assist in maintaining its Services growth in the medium term. Our focus on delighting our customers through delivering long-term customer value, enables us to further cross-sell to them and reduce our cost of sale.

When a leading UK retailer's existing network support provider went into administration, putting the retailer's business at risk, Computacenter stepped in to provide support services within just 24 hours. Computacenter has since developed a new network support framework for that retailer resulting in a two year agreement being signed between the two organisations.

Our new wins have also included a large insurer, which has awarded Computacenter a £45 million total contract value for Supplier Rationalisation & Transformation Services and IT Management Services. Under the terms of the agreement, Computacenter will manage over 200 software vendors for the insurance company, in addition to migrating circa 7,000 of their end user devices to Windows 7. This insurer is also working with Computacenter to benchmark and procure new workplace hardware, ensuring they will be able to minimise risk and cost. Computacenter will be providing the associated configuration and deployment services for laptops, desktops, monitors and thin client devices.

As we have previously made clear, we remain extremely aware of the vital role that our governance processes and procedures have played in the successful on-boarding of contracts and maintenance of Services margins. They have continued to ensure the efficient and effective take-on of new contracts in 2013, and we will continue to invest in, develop and update these processes in accordance with what we believe to be our best practice, as they clearly deliver value for our customers and shareholders alike.

We anticipate that the significant demand for our Professional Services offerings seen in the first half of the year will continue, given that the Professional Services forward order book is at a record level. We further believe that this will be sustained in the short to medium term, as customers continue to modernise their end-user workplace environments with Windows 7 and Microsoft 2010 upgrades. In respect of our longer term Professional Services outlook, we believe that demand will continue and be based around Windows Server, mobility, datacenter and networking infrastructure upgrades.

The demand for Professional Services, and in particular our Windows 7 transformations, has continued to underpin our Supply Chain business for which overall revenue growth was very marginally up against the first half of 2012, at £369.1 million. The trend of customers purchasing a higher volume, but lower margin mix of IT product, seen throughout the course of 2012, has continued throughout the first half of this year and we see no sign of this trend abating in the second half of 2013.

The UK business has seen an underlying increase in SG&A of approximately 6%. In 2013, this expenditure has been primarily related to both a number of significant Managed Services win commission payments and additionally to the recruitment of a number of employees from 2e2 after it went into administration, which was carried out in order to increase our Services revenue and profitability. Despite these investments, SG&A growth is only 1.1%, which is mainly due to certain expenses which have been reported in cost of sales with effect from the second half of 2012, following alignment in structure after our ERP implementation.

Germany

With the exception of our three previously announced onerous contracts in Germany, the underlying performance of our business has been pleasing. Adjusted* operating profit for the German segment, which excludes the three onerous contracts, increased by 31.0% to €11.4 million (H1 2012: €8.7 million). This increase is encouraging because it has taken place against a backdrop of significant change within our business, including the implementation of the Group Operating Model and the restructuring and realignment of our sales force.

Total revenue fell by 1.3% in constant currency which, considering the changes in this business, is encouraging. These changes have been implemented to ensure that future Services growth is contracted appropriately, well implemented and governed in accordance with Group procedures. These factors will play a significant role in ensuring that Services margins acceptable to the Group, and in accordance with projected bid forecasts, are consistently delivered. Given that we have prioritised this implementation over short-term growth of the Services business, we are pleased that total Services revenue only fell modestly during the period by 0.4% in constant currency. We believe that there are significant Service growth opportunities in the German market which are evidenced by the increased bid pipeline activity.

The recent implementation of Group processes within the German business has significantly increased our confidence that new Services wins will be contracted correctly and implemented successfully, both from a customer services and financial perspective. Services margins, excluding the three onerous contracts, have been stable over the reporting period compared to the first half of 2012. We are also encouraged by the fact that our new processes appear to be taking effect, with Services margins starting to improve during the second quarter of 2013. Whilst there is still significant work to do in order to ensure that our German business continues to successfully adjust to new bidding, negotiation and on-boarding processes and changes in personnel, we believe that the majority of incremental effort required to implement appropriate procedures has now been made.

We have already seen evidence of the benefits that our new Group Operating Model will bring to our business. During the first half of 2013, we have completed one new material transition and transformation process, under the Group model, completing it on time, within budget and in accordance with agreed contracted service levels.

We are now bidding for new Managed Services contracts, which are being designed and negotiated in accordance with our Group processes. The prospect pipeline looks strong and we are now focused on driving Contractual Services growth in 2014.

We have been pleased with the performance of our Supply Chain business, particularly given the very strong comparator in Q1 2012. Margins have increased slightly, principally due to margin recovery in our networking business. Overall, Supply Chain revenue reduced by 1.8% in constant currency in the period compared to H1 2012, with gross margin increasing slightly. Supply Chain revenue in Q2 increased by circa 15% compared to Q2 last year. However, it is too early to assess whether this represents the early signs of an ongoing IT product spend recovery in Germany, or simply a strong Supply Chain quarter for our business. Within the reporting period, we have been awarded a new 5 year contract by a large telecommunications company to provide the main part of its business customers' order processing for its data and voice product range. With this award, Computacenter Germany has become the major long-term strategic fulfilment partner for this part of the customer's core business.

Total SG&A is down 3.2% in constant currency compared to H1 2012. This includes the early impact of a significant realignment of the sales force and other management changes, and due to their nature the one-off costs of implementing this will be included within the Group financials as exceptional costs. We expect this trend to continue as further restructuring will take place in the second half of 2013, as the business continues to adjust its cost base.

Turning specifically to the three loss-making contracts, performance on these has stabilised since the Group's Interim Management Statement dated 24 April 2013. We have seen service levels improve on these contracts and expect that this trend will continue during the second half of the year. As previously outlined in this statement, we now believe that these three contracts will be loss-making over the course of their lifetime and, as such, have made an additional provision of €12.5 million (£10.7 million) to reflect our best estimate of the losses expected to be incurred after 1 July 2013. However, management will continue to be measured on the absolute performance of these contracts before the provision. It should be noted that, notwithstanding these losses, the total business accruing from each of these customers still makes a significant contribution to the Group's overall profitability.

France

During the first six months of 2013, total revenue declined by 11.5% in constant currency, to €244.1 million. Overall, the adjusted* operating loss increased from €0.9 million for the first half of 2012 to €5.4 million in the first half of 2013.

The majority of the revenue decline was attributable to the Supply Chain business, with revenues in constant currency declining by 13.4%. The revenue decline was due to a combination of challenging market conditions in France, and the fact that our ERP migration went live on 1 June 2013 resulting in some Supply Chain business being moved from H1 to H2, as there was insufficient time to process all the relevant orders before the end of the period. We anticipate that there will be a catch up in the third quarter of the year. Whilst Supply Chain revenue was disappointing, it is important to note that the Supply Chain gross margin percentage has been maintained.

We are more disappointed by our Services performance where revenue reduced by 1.6% and gross margin reduced by over 20% compared to the first half of 2012. The demand for our Professional Services offerings has declined by 16%, as decisions on significant projects work were delayed, due to the uncertainty in the French economy. Our maintenance business has also struggled to maintain margins, as a significant number of high-margin maintenance contracts have expired.

Additionally, we have faced some temporary implementation issues in respect of the migration of our Group

ERP system into the French business, which has been a materially more significant business change programme than the migration in either Germany or the UK. Despite the slight disruption it has caused to our business in the short term, we are pleased that our new Group ERP system is now in place, and accordingly we will endeavour to begin implementing our Group operating processes in the French business during the second half of the year. We are confident that the implementation of the Group ERP system and the Group Operating Model will go some way to improving the financial performance of the business in the long term.

We are encouraged by a significant large Services contract where we are in the final contract negotiation stage. Given the material size of this contract, the bid has been made in accordance with Group governance processes and the contract will be implemented in line with those procedures, if negotiations are successfully concluded.

Computacenter has been selected by a leading European electricity company to manage its office ICT infrastructure, including its telephony network, under a three-year contract. As well as providing support and maintenance services, we will assist with future infrastructure transformation projects. This service covers up to 40,000 users. Additionally, the regional council of Midi-Pyrénées has partnered with Computacenter for the provision of 15,000 laptop bundles for high school students across 60 locations. As a result, students will be supplied with a laptop and cover, wireless mouse and USB key. The deal includes preparation, warranty, insurance and user support for one year.

Whilst the underlying trend of SG&A in our French business was broadly flat compared to the first half of 2012, it is worth noting that the first half of 2013 included approximately €0.5 million of operational cost related to the ERP deployment, mainly due to extra resource required to manage the additional workload created by the project.

As mentioned in our Group overview, as a result of the disappointing financial performance of the French business as a whole over the first half of the year and our medium term expectations in France, we have incurred a non-cash impairment in the French cash-generating unit, relating to goodwill and acquired intangibles.

Belgium

Total revenue for the reporting period was reduced by 15% to €27.0 million in constant currency. As we indicated would be the case within our 2012 Annual Report, the very strong rates of growth seen throughout the course of 2011 and 2012 have not been sustainable and have provided a very tough comparator against which the results for the first half of this year have been measured. Overall adjusted* operating profit reduced by 42.1% to €0.7 million in constant currency.

The reduction in revenue was predominantly caused by a drop in demand for our Supply Chain offerings as a result of a very significant one-off Supply Chain deal with one customer in the first half of 2012. As a result, total Supply Chain revenue dropped by 33% in constant currency. This has additionally been impacted by the difficult market conditions in Belgium which we anticipate will continue throughout the second half of the year.

Total Services revenue has grown significantly over the period. Inclusive of the acquisition of Informatic Services IS in December 2012, the initial contribution from which has been pleasing, our total Services revenue has increased by approximately 50% in constant currency. Excluding the impact of the acquisition, Services revenue grew by 5.3% in constant currency. This has been aided by our ability to recently extend a number of Managed Services contracts which were due for renewal. We have additionally been able to integrate Informatic Services IS in accordance with our forecast, which included retaining its existing contract base post-acquisition.

Despite a reduction in total revenue and profitability during the period, we feel confident of the Belgium businesses' prospects as we move into the second half. Our infrastructure projects pipeline is strong, and we have very recently closed a number of enterprise storage opportunities, including both Veolia and Godiva, for which implementation will take place during the remainder of 2013. We will continue to align our portfolio with the Computacenter Group and invest further in sales capacity, local branding and vendor certifications.

Note: The Group has calculated constant currency comparative information by re-translating 2012 results into the Group's functional currency (GBP) at the exchange rates prevailing in the H1 2013 reporting period.

Risk

The principal risks to our business, and our overall approach to risk mitigation, remain largely as set out on pages 24 to 25 of our 2012 Report and Accounts.
These were as follows:

Strategic objectives	Principal risks
Accelerating the growth of our Contractual Services business	Our offerings may transpire to be uncompetitive within the market or an unforeseen or sudden technology shift occurs where the market develops appetite for different equipment and solutions to those offered. Conversely, we could be motivated into investing significantly into an offering which transpires to amount to no more than hype.
	Our growth aspirations are impacted by the economic climate and with a certain level of uncertainty about a full return to economic stability in the short term; there is the potential for reduced capital expenditure from customers.
Reducing cost through increased efficiency and industrialisation of our service operations	Failure to utilise established and repeatable processes, specifically designed for increased efficiency, can result in poor service delivery and threatened reputation. Margin erosion and significant cost increases need to be incurred to recover stability. The comprehensively reported contract take-on challenges in Germany during 2012 was an unfortunate manifestation of this threat.
	Driving culture change from being a fragmented country specific focussed organisation to becoming a single Group, could prove challenging and time consuming to embed.
Maximising the return on working capital and freeing working capital where not optimally used	Following significant progress over the years in reducing working capital through the disposal of the distribution business, as well as other working capital optimisation initiatives, a material increase in working capital demand could harm further progress in this regard.
Growing our profit margin through increased services and high-end supply chain sales	Resource demands could arise when transitioning multiple new service business opportunities at or around the same time. Conversely, resource surplus could result where a contract reaches end of term and is not renewed.
	Our vendor partners compete in the high-end sales environment and approach our customers directly. A challenged economy does tend to impact supply chain activity adversely.
Ensuring the successful implementation of the Group-wide ERP system	With a project of this scale there is the potential that during early transition operational issues could occur which impact on customer service levels and ultimately, overall financial performance of the Company.

The final risk outlined in the table above, concerning the implementation of our Group wide ERP system is now materially behind us having gone live in our three main countries.

The Group Risk Committee (GRC) is comprised of senior managers from across the Group, and is responsible for consolidating, monitoring and reviewing risk on an ongoing basis.

Following our Group restructuring work, which has been carried out both prior to and during the period, we have refined our Risk Management roles, responsibilities and processes accordingly to:

· focus the GRC on the principal risks to our business;
· provide robust and detailed challenge on the mitigations and safeguards in place for those principal risks; and
· ensure effective coordination between the top-down, renamed Group Risk Log (GRL), which is regenerated quarterly, and the bottom-up Business Risk Assessment (BRA), which is regenerated annually.

Monitoring of the GRL risks, along with material BRA risks, is carried out on a quarterly basis within each Group Risk Committee meeting, and through subsequent discussion at Board meetings, where there isa rolling review of a number of the GRL risks during each quarter, in order to ensure that the safeguards and mitigations in place are sufficient.

In addition to the above, a risk will on occasion be reviewed in greater depth by the Audit Committee. By way of example, the risk of Cyber attack/threats was considered by the Audit Committee during its May meeting, where it received and considered presentations from our internal and customer facing in-house security professionals. Whilst our approach to prevention was demonstrated to be wide-ranging and to-date effective, we recognise that our rapid response to any breach, should it occur, is also key given the broadness of the threat landscape and numerous sources/routes of potential cyber attack.

To some degree owing to the issues we have encountered in our German business around our three onerous Services contracts, we have reinforced governance around all new business deals, not only in Germany, but in all the major countries in which we operate. We have imposed new compulsory business take-on processes with operational, legal and commercial sign-offs designed to minimise the likelihood of undue risk exposure or repeat. As a result of these new processes, we have been able to charge a recently on-boarded German customer additional revenues in addition to those envisaged would be paid under the contract for unexpected incident volume. Our ability to due this has flowed directly from our newly imposed governance processes, and means that we can satisfy the additional, unforeseen demands of our customer, whilst achieving margins acceptable to the Group pursuant to the contract.

In France, where we have been down-selected for potentially one of our largest Service Desk contracts the Group will have entered into, we have engaged our new processes and controls early to ensure we are able to satisfy the customer's demands and requirements, whilst additionally avoiding known issues so that we are able to add the value that they expect from us, and additionally achieve our financial targets.

One of the current fifteen risks on our GRL concerns prevailing macro-economic conditions, and the adverse effect that these may have on our customer IT expenditure, particularly within hardware or software. Mitigation of this risk is mainly around provision of IS cost-cutting service options, which prove to be in greater demand in challenging times. This mitigation is serving us well in both the UK and Germany, although to a lesser extent in our French business, within which our service offerings are less developed and prevalent. As we move to our Group Operating Model in France and leverage our Group service experience and expertise, we will be able to reduce the impact of this risk.

Moving forward into the second half of 2013, a significant benefit of both our new Group-wide ERP system and our Group-wide Operating model is that managing risk across all of the countries in which we do business, and achieving similar levels of governance and diligence becomes easier to effect, oversee and achieve.

Mike Norris
29 August 2013

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	**FA Conophy**
Chief Executive	Finance Director
29 August 2013	29 August 2013

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 2013 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 the related explanatory notes that have been reviewed. 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 Conduct 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 2013 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 Conduct Authority.

Ernst & Young LLP
London
29 August 2013

Consolidated income statement

For the six months ended 30 June 2013

	Note	*Unaudited H1 2013 £'000*	*Restated* unaudited H1 2012 £'000*	*Restated* unaudited Year 2012 £'000*
Revenue	5	**1,426,346**	1,422,264	2,914,214
Cost of sales		**(1,241,158)**	(1,239,953)	(2,531,926)
Gross profit		**185,188**	182,311	382,288
Administrative expenses		**(159,003)**	(156,776)	(303,172)
Operating profit:				
Before amortisation of intangibles and exceptional items		**26,185**	25,535	79,116
Amortisation of acquired intangibles		**(1,296)**	(1,316)	(2,608)
Onerous contracts				
- trading losses		**(5,107)**	(1,743)	(5,921)
- provision for future losses		**(10,673)**	-	(2,108)
Onerous contracts		**(15,780)**	(1,743)	(8,029)
Non-cash impairment		**(12,195)**	-	-
Other exceptional items		**(1,324)**	(1,882)	(3,874)
Exceptional items	7	**(29,299)**	(3,625)	(11,903)
Operating (loss)/profit		**(4,410)**	20,594	64,605
Finance revenue		**1,001**	1,023	1,971
Finance costs		**(941)**	(801)	(1,778)
Profit before tax:				
Before amortisation of intangibles and exceptional items	5	**26,245**	25,757	79,309
Amortisation of acquired intangibles		**(1,296)**	(1,316)	(2,608)
Onerous contracts				
- trading losses		**(5,107)**	(1,743)	(5,921)
- provision for future losses		**(10,673)**	-	(2,108)
Onerous contracts		**(15,780)**	(1,743)	(8,029)
Non-cash impairment		**(12,195)**	-	-
Other exceptional items		**(1,324)**	(1,882)	(3,874)
Exceptional items	7	**(29,299)**	(3,625)	(11,903)
(Loss)/profit before tax	5	**(4,350)**	20,816	64,798
Income tax expense:				
Before amortisation of intangibles and exceptional items		**(7,304)**	(6,149)	(17,461)
Tax on amortisation of intangibles		**122**	272	538

Tax on onerous contracts				
- tax on trading losses		**613**	191	651
- tax on provision for future losses		**1,281**	-	232
Total tax on onerous contracts		**1,894**	191	883
Tax on non-cash impairment		**1,014**	-	-
Tax on other exceptional items		**146**	322	362
Total tax on exceptional items	7	**3,054**	513	1,245
Income tax expense	8	**(4,128)**	(5,364)	(15,678)
(Loss)/profit for the period		**(8,478)**	15,452	49,120
Attributable to:				
Equity holders of the parent		**(8,478)**	15,452	49,121
Non-controlling interest		**-**	-	(1)
(Loss)/profit for the period		**(8,478)**	15,452	49,120

Earnings per share				
- basic for (loss)/profit for the period	9	**(5.7)p**	10.3p	32.9p
- diluted for (loss)/profit for the period	9	**(5.7)p**	10.0p	32.4p

*Certain amounts here do not correspond to the interim condensed consolidated and annual consolidated financial statements as at 30 June 2012 and 31 December 2012 respectively, and reflect reclassifications which restate prior financial information in respect of three onerous contracts as detailed further in notes 4 and 7**.**

Consolidated statement of comprehensive income

For the six months ended 30 June 2013

	Unaudited	*Unaudited*	*Audited*
	H1 2013	*H1 2012*	*Year 2012*
	£'000	*£'000*	*£'000*
(Loss)/profit for the period	**(8,478)**	15,452	49,120
Items that may be reclassified to profit or loss:			
(Loss)/gain arising on cash flow hedge	**(639)**	233	494
Income tax effect	**149**	(58)	(120)
	(490)	175	374
Exchange differences on translation of foreign operations	**10,308**	(5,542)	(5,311)
	9,818	(5,367)	(4,937)
Total comprehensive income for the period	**1,340**	10,085	44,183
Attributable to:			
Equity holders of the parent	**1,341**	10,085	44,182
Non-controlling interest	**(1)**	-	1

1,340	10,085	44,183

Consolidated balance sheet
As at 30 June 2013

	Note	*Unaudited H1 2013 £'000*	*Unaudited H1 2012 £'000*	*Audited Year 2012 £'000*
Non-current assets				
Property, plant and equipment		**95,344**	101,365	100,696
Intangible assets	12	**94,393**	101,758	104,612
Investment in associates		**620**	495	575
Deferred income tax asset		**17,139**	17,040	14,385
		207,496	220,658	220,268
Current assets				
Inventories		**69,549**	87,992	67,782
Trade and other receivables		**521,307**	496,852	573,661
Prepayments		**54,892**	49,602	46,250
Accrued income		**68,161**	80,740	58,029
Forward currency contracts		**83**	-	30
	11			
Financial asset		**31,412**	-	-
Current asset investment	16	**10,000**	10,000	10,000
Cash and short-term deposits		**76,336**	91,747	138,149
		831,740	816,933	893,901
Total assets		**1,039,236**	1,037,591	1,114,169
Current liabilities				
Trade and other payables		**476,412**	507,204	527,539
Deferred income		**107,860**	99,481	128,540
Return of Value	11	**74,965**	-	-
Financial liabilities		**11,650**	7,356	9,117
Forward currency contracts		**548**	226	584
Income tax payable		**4,144**	6,097	3,778
Provisions	13	**8,203**	2,551	4,373
		683,782	622,915	673,931
Non-current liabilities				
Financial liabilities		**8,974**	10,631	10,406
Provisions	13	**12,384**	7,404	6,455
Other non-current liabilities		-	31	-
Deferred income tax liabilities		**1,012**	684	1,034
		22,370	18,750	17,895
Total liabilities		**706,152**	641,665	691,826
Net assets		**333,084**	395,926	422,343
Capital and reserves				
Issued capital		**9,250**	9,233	9,234

Share premium	**3,654**	3,717	3,769
Capital redemption reserve	**74,957**	74,957	74,957
Own shares held	**(12,942)**	(12,211)	(13,848)
Foreign currency translation reserve	**12,633**	2,096	2,325
Retained earnings	**245,520**	318,122	345,893
Shareholders' equity	**333,072**	395,914	422,330
Non-controlling interest	**12**	12	13
Total equity	**333,084**	395,926	422,343

Approved by the Board on 29 August 2013

MJ Norris, Chief Executive

FA Conophy, Finance Director

Consolidated statement of changes in equity

	Attributable to equity holders of the parent								
	Issued capital	*Share premium*	*Capital redemption reserve*	*Own shares held*	*Foreign currency translation reserve*	*Retained earnings*	*Total*	*Non-controlling interests*	*Total equity*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*
At 1 January 2012	**9,233**	**3,717**	**74,957**	**(10,962)**	**7,638**	**319,152**	**403,735**	**12**	**403,747**
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
Tax on share- based payment transactions	-	-	-	-	-	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)
At 30 June 2012	**9,233**	**3,717**	**74,957**	**(12,211)**	**2,096**	**318,122**	**395,914**	**12**	**395,926**
Profit for the period	-	-	-	-	-	33,669	33,669	(1)	33,668

Other comprehensive income	-	-	-	-	229	199	428	2	430
Total comprehensive income	**-**	**-**	**-**	**-**	**229**	**33,868**	**34,097**	**1**	**34,098**
Cost of share-based payments	-	-	-	-	-	1,528	1,528	-	1,528
Tax on share- based payment transactions	-	-	-	-	-	(122)	(122)	-	(122)
Exercise of options	1	52	-	15	-	(15)	53	-	53
Purchase of own shares	-	-	-	(1,652)	-	-	(1,652)	-	(1,652)
Equity dividends	-	-	-	-	-	(7,488)	(7,488)	-	(7,488)
At 31 December 2012	**9,234**	**3,769**	**74,957**	**(13,848)**	**2,325**	**345,893**	**422,330**	**13**	**422,343**
Loss for the period	-	-	-	-	-	(8,478)	(8,478)	-	(8,478)
Other comprehensive income	-	-	-	-	10,308	(490)	9,818	(1)	9,817
Total comprehensive income	-	-	-	-	**10,308**	**(8,968)**	**1,340**	**(1)**	**1,339**
Cost of share-based payments	-	-	-	-	-	527	527	-	527
Tax on share- based payment transactions	-	-	-	-	-	(268)	(268)	-	(268)
Exercise of options	1	57	-	906	-	(906)	58	-	58
Bonus issue	15	(15)	-	-	-	-	-	-	-
Expenses on bonus issue	-	(157)	-	-	-	-	(157)	-	(157)
Return of value	-	-	-	-	-	(74,965)	(74,965)	-	(74,965)
Expenses on share redemption	-	-	-	-	-	(34)	(34)	-	(34)
Equity dividends	-	-	-	-	-	(15,759)	(15,759)	-	(15,759)
At 30 June 2013	**9,250**	**3,654**	**74,957**	**(12,942)**	**12,633**	**245,520**	**333,072**	**12**	**333,084**

Consolidated cash flow statement

For the six months ended 30 June 2013

		Unaudited	Unaudited	Audited
		H1 2013	*H1 2012*	*Year 2012*
	Note	*£'000*	*£'000*	*£'000*
Operating activities				
(Loss)/profit before tax		**(4,350)**	20,816	64,798
Net finance income		**(60)**	(223)	(193)
Depreciation		**11,705**	11,620	24,337
Amortisation	12	**4,269**	3,971	9,573
Impairment of intangible assets		**12,195**	**-**	**-**
Share-based payments		**527**	648	2,176
(Profit)/loss on disposal of property, plant and equipment		**(442)**	(266)	363
Loss on disposal of intangibles		**103**	**-**	184

Decrease in inventories		**1,047**	7,510	27,477
Decrease/(increase) in trade and other receivables		**59,274**	(1,509)	(49,061)
(Decrease)/increase in trade and other payables		**(74,992)**	(29,523)	18,863
Increase in provisions		**(10,745)**	-	(2,108)
Other adjustments		**267**	4	74
Cash (used in)/generated from operations		**(1,202)**	13,048	96,483
Income taxes paid		**(8,582)**	(4,126)	(13,111)
Net cash flow from operating activities		**(9,784)**	8,922	83,372
Investing activities				
Interest received		**956**	755	1,926
Acquisition of subsidiaries, net of cash acquired		**-**	-	(1,754)
Acquisition of associate		**-**	-	(100)
Sale of property, plant and equipment		**51**	291	1,074
Purchases of property, plant and equipment		**(4,245)**	(15,561)	(22,906)
Purchases of intangible assets		**(3,095)**	(3,576)	(8,981)
Net cash flow from investing activities		**(6,333)**	(18,091)	(30,741)
Financing activities				
Interest paid		**(830)**	(1,039)	(1,929)
Dividends paid to equity shareholders of the parent		**(15,759)**	(15,725)	(23,213)
Proceeds from issue of shares		**58**	-	53
Purchase of own shares		**-**	(3,167)	(4,819)
Increase in other financial assets	11	**(31,412)**	-	-
Repayment of capital element of finance leases		**(4,090)**	(5,534)	(9,201)
Repayment of loans		**(651)**	(1,750)	(2,353)
New borrowings		**-**	726	1,577
Net cash flow from financing activities		**(52,684)**	(26,489)	(39,885)
(Decrease)/increase in cash and cash equivalents		**(68,801)**	(35,658)	12,746
Effect of exchange rates on cash and cash equivalents		**3,579**	484	(2,059)
Cash and cash equivalents at the beginning of the period		**137,471**	126,784	126,784
Cash and cash equivalents at the end of the period		**72,249**	91,610	137,471

Notes to the accounts

1 Corporate information

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2013 were authorised for issue in accordance with a resolution of the Directors on 29 August 2013.

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 2013 have been preparedin 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 2012 which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The Group has maintained its positive cash position despite an operating cash outflow in the period and, after committing to a £75million return of value. In order to ensure that the Group can maintain its strong liquidity position it has entered into a £40million committed facility during the period, which was unutilised at the reporting date. The Group's forecast and projections, which allow for reasonably possible variations, show that the Group will continue to maintain its strong liquidity 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 2012, except for the adoption of new standards and interpretations as of 1 January 2013, which did not have any impact on the accounting policies, financial position or performance of the Group, as noted below:

- IAS1 - Presentation of Items of Other Comprehensive Income - Amendments to IAS 1
- IAS1 - Clarification of the requirement for comparative information (Amendment)
- IAS 34 - Interim financial reporting and segment reporting for total assets and liabilities (Amendment)
- IFRS 13 - Fair Value Measurement
- IFRS 7 - Financial instruments: Disclosures - Offsetting financial assets and financial liabilities

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

4 Restatement of 2012 results

The rapid growth of our Services business in Germany during the fourth quarter of 2011, coupled with insufficient contractual governance procedures in place within our German business at that time has resulted in a number of Managed Services contracts failing to achieve the margins anticipated at the time they were agreed.

Actions taken in response to these issues, including a full review of our governance procedures, have had a positive effect, helping to stabilise the business and turnaround a number of operational issues. However the Group has determined that three of these contracts, following further customer negotiation and extensive financial analysis, will be loss-making over the course of their remaining life.

The Group is therefore required to make an exceptional one-off provision of £10.7 million representing our best estimate of the losses expected to be incurred between 1 July 2013 and the end of the three contracts.

In order to give investors a clearer picture of the past performance of the business, the Group has reclassified trading losses and provisions previously incurred on these three onerous contracts in 2012 as exceptional items, and has accordingly restated its 2012 results for the German segment and the Group as a whole results, as follows :

H1 2012

	As reported in 2012					*Restated in 2013*	
	Onerous German Contracts						
Total Group in £'000	*Trading losses*	*Provision for future losses*	*Total*	*Rest of Group*	*Group*	*Reclass-ification*	*Group*
Turnover	4,831	-	4,831	1,417,433	1,422,264	-	1,422,264
Cost of Sales	(6,574)	-	(6,574)	(1,235,674)	(1,242,248)	1,743	(1,240,505)
Adjusted Gross Profit	**(1,743)**	**-**	**(1,743)**	**181,759**	**180,016**	**1,743**	**181,759**
Administrative expenses	-	-	-	(156,776)	(156,776)	-	(156,776)
Adjusted Operating Profit	**(1,743)**	**-**	**(1,743)**	**24,983**	**23,240**	**1,743**	**24,983**
Adjusted net interest	-	-	-	774	774	-	774
Adjusted Profit before tax	**(1,743)**	**-**	**(1,743)**	**25,757**	**24,014**	**1,743**	**25,757**
Exceptional Items	-	-	-	(1,882)	(1,882)	(1,743)	(3,625)
Intangibles amortisation	-	-	-	(1,316)	(1,316)	-	(1,316)
Statutory Profit before tax	**(1,743)**	**-**	**(1,743)**	**22,559**	**20,816**	**-**	**20,816**

Adjusted gross profit and adjusted operating profit for the group that is shown in the segment information note, includes interest on CSF of £552,000 that is reported in finance costs on the consolidated income statement.

	As reported in 2012					*Restated in 2013*	
	Onerous German Contracts						
Germany segment in £'000	*Trading losses*	*Provision for future losses*	*Total*	*Rest of Germany Segment*	*Germany Segment*	*Reclass-ification*	*Germany Segment*
Turnover	4,831	-	4,831	586,201	591,032	**-**	591,032
Cost of Sales	(6,574)	-	(6,574)	(515,529)	(522,103)	1,743	(520,360)
Adjusted Gross Profit	**(1,743)**	**-**	**(1,743)**	**70,672**	**68,929**	**1,743**	**70,672**
Administrative expenses	-	-	**-**	(63,516)	(63,516)	**-**	(63,516)
Adjusted Operating Profit	**(1,743)**	**-**	**(1,743)**	**7,156**	**5,413**	**1,743**	**7,156**
Adjusted net interest	-	-	**-**	220	220	**-**	220
Adjusted Profit before tax	**(1,743)**	**-**	**(1,743)**	**7,376**	**5,633**	**1,743**	**7,376**
Exceptional Items	-	-	-	-	-	(1,743)	(1,743)

Intangibles amortisation	-	-	-	(604)	(604)	-	(604)
Statutory Profit before tax	**(1,743)**	**-**	**(1,743)**	**6,772**	**5,029**	**-**	**5,029**

Full year 2012

	As reported in 2012					*Restated in 2013*	
	Onerous German Contracts						
Total Group in £'000	*Trading losses*	*Provision for future losses*	*Total*	*Rest of Group*	*Group*	*Reclass-ification*	*Group*
Turnover	15,427	-	15,427	2,898,787	2,914,214	-	2,914,214
Cost of Sales	(21,348)	(2,108)	(23,456)	(2,517,571)	(2,541,027)	8,029	(2,532,998)
Adjusted Gross Profit	**(5,921)**	**(2,108)**	**(8,029)**	**381,216**	**373,187**	**8,029**	**381,216**
Administrative expenses	-	-	-	(303,172)	(303,172)	-	(303,172)
Adjusted Operating Profit	**(5,921)**	**(2,108)**	**(8,029)**	**78,044**	**70,015**	**8,029**	**78,044**
Adjusted net interest	-	-	-	1,265	1,265	-	1,265
Adjusted Profit before tax	**(5,921)**	**(2,108)**	**(8,029)**	**79,309**	**71,280**	**8,029**	**79,309**
Exceptional Items	-	-	-	(3,874)	(3,874)	(8,029)	(11,903)
Intangibles amortisation	-	-	-	(2,608)	(2,608)	-	(2,608)
Statutory Profit before tax	**(5,921)**	**(2,108)**	**(8,029)**	**72,827**	**64,798**	-	**64,798**

Adjusted gross profit and adjusted operating profit for the group that is shown in the segment information note includes interest on CSF of £1,072,000 that is reported in finance costs on the consolidated income statement.

	As reported in 2012					*Restated in 2013*	
	Onerous German Contracts						
Germany segment in £'000	*Trading losses*	*Provision for future losses*	*Total*	*Rest of Germany Segment*	*Germany Segment*	*Reclass-ification*	*Germany Segment*
Turnover	15,427	-	15,427	1,178,369	1,193,796	-	1,193,796
Cost of Sales	(21,348)	(2,108)	(23,456)	(1,033,348)	(1,056,804)	8,029	(1,048,775)
Adjusted Gross Profit	**(5,921)**	**(2,108)**	**(8,029)**	**145,021**	**136,992**	**8,029**	**145,021**
Administrative expenses	-	-	-	(125,356)	(125,356)	-	(125,356)
Adjusted Operating Profit	**(5,921)**	**(2,108)**	**(8,029)**	**19,665**	**11,636**	**8,029**	**19,665**
Adjusted net interest	-	-	-	228	228	-	228
Adjusted Profit before tax	**(5,921)**	**(2,108)**	**(8,029)**	**19,893**	**11,863**	**8,029**	**19,893**

Exceptional Items	-	-	-	(1,484)	(1,484)	(8,029)	(9,513)
Intangibles amortisation	-	-	-	(1,194)	(1,194)	-	(1,194)
Statutory Profit before tax	**(5,921)**	**(2,108)**	**(8,029)**	**17,215**	**9,186**	**-**	**9,186**

5 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 of prior year comparative information
Included within exceptional items in the German segment results in 2012 are losses and provisions incurred in relation to three onerous contracts that were previously classified within operating profit. Further details of the restatement have been provided within note 4.

Segmental performance for the periods to H1 2013, H1 2012 and Full Year 2012 were as follows:

Six months ended 30 June 2013 (unaudited)

	UK	Germany	France	Belgium	Total
	£'000	*£'000*	*£'000*	*£'000*	*£'000*
Revenue					
Supply Chain revenue	369,054	400,016	170,356	14,227	953,653
Services revenue					
Professional Services	52,798	47,736	10,690	1,230	112,454
Contractual Services	170,297	155,676	26,711	7,555	360,239
Total Services revenue	223,095	203,412	37,401	8,785	472,693
Total revenue	**592,149**	**603,428**	**207,757**	**23,012**	**1,426,346**
Results					
Adjusted gross profit	90,528	73,308	18,198	2,714	184,748
Administrative expenses	(70,475)	(63,605)	(22,832)	(2,091)	(159,003)
Adjusted operating profit/(loss)	**20,053**	**9,703**	**(4,634)**	**623**	**25,745**
Adjusted net interest	625	144	(207)	(62)	500
Adjusted profit/(loss) before tax	**20,678**	**9,847**	**(4,841)**	**561**	**26,245**
Exceptional items:					
- onerous contracts trading losses	-	(5,107)	-	-	(5,107)

- onerous contracts provision for future losses	-	(10,673)	-	-	(10,673)
- impairment of intangibles	-	-	(12,195)	-	(12,195)
- exceptional costs	-	(1,324)	-	-	(1,324)
	-	(17,104)	(12,195)	-	(29,299)
Amortisation of acquired intangibles	(396)	(613)	(242)	(45)	(1,296)
Statutory profit/(loss) before tax	20,282	(7,870)	(17,278)	516	(4,350)
Other segment information					
Share-based payments	378	64	85	-	527

Six months ended 30 June 2012 (unaudited and restated)

	UK	Germany	France	Belgium	Total
	£'000	*£'000*	*£'000*	*£'000*	*£'000*
Revenue					
Supply Chain revenue	367,638	393,622	190,091	20,568	971,919
Services revenue					
Professional Services	47,501	46,327	12,299	1,401	107,528
Contractual Services	163,103	151,083	24,425	4,206	342,817
Total Services revenue	210,604	197,410	36,724	5,607	450,345
Total revenue	578,242	591,032	226,815	26,175	1,422,264
Results					
Adjusted gross profit	87,264	70,672	20,918	2,905	181,759
Administrative expenses	(69,698)	(63,516)	(21,697)	(1,865)	(156,776)
Adjusted operating profit/(loss)	17,566	7,156	(779)	1,040	24,983
Adjusted net interest	702	220	(103)	(45)	774
Adjusted profit/(loss) before tax	18,268	7,376	(882)	995	25,757
Exceptional items:					
- onerous contracts trading losses	-	(1,743)	-	-	(1,743)
- exceptional costs	(364)	-	(1,518)	-	(1,882)
	(364)	(1,743)	(1,518)	-	(3,625)
Amortisation of acquired intangibles	(240)	(604)	(472)	-	(1,316)
Statutory profit/(loss) before tax	17,664	5,029	(2,872)	995	20,816
Other segment information					
Share-based payments	551	70	27	-	648

Year ended 31 December 2012 (unaudited and restated)

	UK	Germany	France	Belgium	Total
	£'000	*£'000*	*£'000*	*£'000*	*£'000*
Revenue					
Supply Chain revenue	764,215	801,447	405,432	34,490	2,005,584
Services revenue					

Professional Services	104,308	89,602	23,897	2,447	220,254
Contractual Services	327,124	302,747	49,977	8,528	688,376
Total Services revenue	431,432	392,349	73,874	10,975	908,630
Total revenue	1,195,647	1,193,796	479,306	45,465	2,914,214
Results					
Adjusted gross profit	183,915	145,020	47,297	4,984	381,216
Administrative expenses	(131,686)	(125,356)	(43,033)	(3,097)	(303,172)
Adjusted operating profit	52,229	19,664	4,264	1,887	78,044
Adjusted net interest	1,439	228	(327)	(75)	1,265
Adjusted profit before tax	53,668	19,892	3,937	1,812	79,309
Exceptional items:					
- onerous contracts trading losses	-	(5,921)	-	-	(5,921)
- onerous contracts provision for future losses	-	(2,108)	-	-	(2,108)
- exceptional costs	(364)	(1,484)	(2,026)	-	(3,874)
	(364)	(9,513)	(2,026)	-	(11,903)
Amortisation of acquired intangibles	(481)	(1,194)	(933)	-	(2,608)
Statutory profit before tax	52,823	9,185	978	1,812	64,798
Other segment information					
Share-based payments	1,613	522	41	-	2,176

6 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.

7 Exceptional items

	Unaudited H1 2013 £'000	*Restated Unaudited H1 2012 £'000*	*Restated Unaudited Year 2012 £'000*
Operating profit			
Onerous contracts -trading losses	(5,107)	(1,743)	(5,921)
Onerous contracts - provision for future losses	(10,673)	-	(2,108)
Impairment of acquired intangible assets	(12,195)	-	-
Redundancy costs	(1,324)	-	(1,484)
Costs in relation to relocation of premises	-	(1,882)	(2,390)
	(29,299)	(3,625)	(11,903)
Income tax			

Tax on onerous contracts included in operating profit	1,894	191	883
Tax on impairment of acquired intangible assets	1,014	-	-
Tax on exceptional items included in operating profit	146	322	362
	3,054	513	1,245
Exceptional items after taxation	(26,245)	(3,112)	(10,658)

2013

In Germany three managed service contracts have been identified as onerous. A £2.1 million provision was made in December 2012 for these contracts. A further provision for estimated future losses of £10.7 million has been made at June 2013. This further provision has been classified as an exceptional item due to its size and nature and the 2012 result has been restated to be consistent.

Included within the German segment results in 2012 and H1 2013 are losses incurred in relation to these onerous contracts. In order to provide a clearer understanding of the performance of the remainder of the business, losses previously recognised within the German operating result for these contracts have now been reclassified within exceptional items. In H1 2012 trading losses of £1.7 million were incurred on revenue of £4.8 million and for 2012 as whole trading losses of £5.9 million were incurred on revenues of £15.4 million. In H1 2013 trading losses of £5.1 million have been incurred on turnover of £11.1 million.

The deterioration in the performance of Computacenter France has led to an assessment of their non-current assets. It has been concluded that the forecasted cash flows for the French cash generating unit do not fully support the value of non-current assets in the business. This has resulted in an impairment of £12.2 million of intangible assets in the French cash generating unit.

In the first half of 2013 Computacenter Germany continued its programme, from late 2012, to reduce its net operating expenses. As a result, redundancy costs of £1.3 million were incurred during the half, which due to their size and nature have been included within exceptional items.

2012

Included within H1 2012 and the year ended 31 December 2012 are the following items:

During the year, 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 £2.4 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.

In the second half of 2012, Computacenter Germany undertook a programme to reduce its net operating expenses by approximately £1.2 million annually. The related redundancy expenses of £1.5 million, due to their size and nature, have been included within exceptional items.

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

8 Income tax

The Group calculates the period income tax expense using the tax rate that would be applicable to the total expected total annual earnings.

The charge based on the (loss)/profit for the period comprises:

	Unaudited H1 2013 £'000	*Restated Unaudited H1 2012 £'000*	*Restated Unaudited Year 2012 £'000*
UK corporation tax			
- operating result	**5,329**	4,945	14,914
- exceptional items	**-**	(94)	(94)
Total UK corporation tax	**5,329**	4,851	14,820
Foreign tax			
- operating result	**2,196**	1,726	3,988
- exceptional items	**(613)**	(191)	(651)
Total foreign tax	**1,583**	1,535	3,337
Adjustments in respect of prior periods	**-**	(124)	(2,952)
Deferred tax			
- operating result	**(489)**	(898)	705
- exceptional items	**(2,295)**	-	(232)
Total deferred tax	**(2,784)**	(898)	473
	4,128	5,364	15,678

The main rate of corporation tax will be reduced to 21% from 1 April 2014 and to 20% from 1 April 2015, as enacted in the July 2013 Finance Act. The new rates will be applied, as appropriate, in the year-end accounts.

9 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.

	Unaudited H1 2013 £'000	*Restated Unaudited H1 2012 £'000*	*Restated Unaudited Year 2012 £'000*
(Loss)/profit attributable to equity holders of the parent	**(8,478)**	15,452	49,121

Amortisation of acquired intangibles attributable to equity holders of the parent	**1,296**	1,316	2,608
Tax on amortisation of acquired intangibles	**(122)**	(272)	(538)
Exceptional items within operating profit	**29,299**	3,625	11,903
Tax on exceptional items included in operating profit	**(3,054)**	(513)	(1,245)
Adjusted profit after tax	**18,941**	19,608	61,849

	No '000	*No '000*	*No '000*
Basic weighted average number of shares (excluding own shares held)	**149,512**	149,415	149,387
Effect of dilution:			
Share options	**1,416**	4,702	2,179
Diluted weighted average number of shares	**150,928**	154,117	151,566

	H1 2013	*H1 2012*	*Year 2012*
	pence	*pence*	*pence*
Basic earnings per share	**(5.7)**	10.3	32.9
Diluted earnings per share	**(5.7)**	10.0	32.4
Adjusted basic earnings per share	**12.7**	13.1	41.4
Adjusted diluted earnings per share	**12.5**	12.7	40.8

10 Dividends paid and proposed

A final dividend for 2012 of 10.5p per ordinary share was paid on 14 June 2013. An interim dividend in respect of 2013 of 5.2p per ordinary share, amounting to a total dividend of £7,026,000, was declared by the Directors at their meeting on 29 August 2013. This interim report does not reflect this dividend payable.

11 Return of Value and Post Balance Sheet Event

Return of Value

On 12 June 2013 the Company effected a capital reorganisation under which each ordinary share of 6p was divided into one ordinary of 6 2/3 p and one B share of 0.01p (with the B shares to be redeemed and cancelled at a future date). Following this sub-division every 10 ordinary shares of 6p were consolidated into 9 ordinary shares of 6 2/3p. As a result of the 9 for 10 consolidation, 153,931,830 ordinary shares of 6p became 138,538,647 ordinary shares of 6 2/3p.

The holders of the B shares could elect to either sell the shares or receive a one-off dividend income. Both options to be remitted to shareholders on 5th July. For those who elected to sell the shares, the Company was required to pay an amount of £31.4 million into an escrow account on 20 June 2013 in order to satisfy the purchase. The funds for the remaining return of value of £43.6 million, were remitted to the share registrars on 2nd July for settlement with shareholders on 5th July. The holders of B shares are then not entitled to any further profits of the Company.

Other Financial Asset

As a result of the above the Company had £31.4 million included within financial assets at 30 June, which represents the amount held in escrow. As this amount was no longer available to the Company to finance its day-to-day operations it was not appropriate to include this within cash and cash equivalents at the reporting date.

Return of Value Payable

As the Return of Value was declared and authorised as at the balance sheet date, the payment to shareholders in early July has been accrued as at 30 June 2013.

Liquidity

In the period the Company has entered into a new £40 million committed facility which was not utilised at the balance sheet date. This is a three year facility which expires in May 2016.

12 Intangible assets

	Goodwill	*Software*	*Acquired intangible assets*	*Total*
	£'000	*£'000*	*£'000*	*£'000*
Cost				
At 1 January 2012	**56,227**	**64,218**	**18,253**	**138,698**
Additions	-	3,576	-	3,576
Foreign currency adjustment	(857)	(621)	(150)	(1,628)
At 30 June 2012	**55,370**	**67,173**	**18,103**	**140,646**
Additions	1,080	5,405	850	7,335
Acquired via subsidiary	-	3	-	3
Disposals	-	(364)	(333)	(697)
Foreign currency adjustment	325	287	(176)	436
At 31 December 2012	**56,775**	**72,504**	**18,444**	**147,723**
Additions	-	4,406	-	4,406
Disposals	-	(3,499)	-	(3,499)
Foreign currency adjustment	1,399	424	201	2,024
At 30 June 2013	**58,174**	**73,835**	**18,645**	**150,654**
Amortisation and impairment				
At 1 January 2012	-	**28,124**	**6,332**	**34,456**
Charged during the year	-	2,655	1,316	3,971
Foreign currency adjustment	-	337	124	461
At 30 June 2012	**-**	**31,116**	**7,772**	**38,888**
Charged during the year	-	4,310	1,292	5,602
Disposals	-	(180)	(333)	(513)
Foreign currency adjustment	-	(663)	(203)	(866)
At 31 December 2012	**-**	**34,583**	**8,528**	**43,111**

Charged during the year	-	2,973	1,296	4,269
Impairment	9,271	-	2,924	12,195
Disposals	-	(3,396)	-	(3,396)
Foreign currency adjustment	59	681	(658)	82
At 30 June 2013	**9,330**	**34,841**	**12,090**	**56,261**
Net book value				
At 30 June 2013	**48,844**	**38,994**	**6,555**	**94,393**
At 30 June 2012	55,370	36,057	10,331	101,758
At 31 December 2012	56,775	37,921	9,916	104,612

Management have considered that the deterioration in the performance of Computacenter France in the first half of 2013 provides sufficient evidence to test the non-financial assets in the business for impairment as at 30 June 2013. Computacenter France, which is equivalent to the France segment, is the cash-generating unit ("CGU") at which impairment is assessed. The recoverable amount of the Computacenter France CGU has been determined based on a value-in-use calculation. The discount rate used is 12% (2012: 12%). As a result of the deterioration in performance, an impairment of £12.2 million has been recognised in this CGU, which has resulted in an impairment to goodwill and acquired customer relationships. In France, adverse changes to the assumptions, such as a 0.5% increase in the discount rate, a 0.5% reduction in the market growth rate or a 5% fall in long-term operating profit, would cause the carrying value of the remaining non-current assets in the French cash-generating unit to exceed the carrying amount.

13 Provisions

	Customer contract provisions	*Property provisions*	*Total provisions*
	Unaudited £'000	*Unaudited £'000*	*Unaudited £'000*
At 1 January 2012	-	**11,748**	**11,748**
Arising during the period	-	413	413
Utilised	-	(1,032)	(1,032)
Amounts unused reversed	-	(1,021)	(1,021)
Exchange adjustment	-	(153)	(153)
At 30 June 2012	**-**	**9,955**	**9,955**
Arising during the period	2,108	(240)	1,868
Utilised	-	(682)	(682)

Amounts unused reversed	-	(342)	(342)
Exchange adjustment	-	29	29
At 31 December 2012	**2,108**	**8,720**	**10,828**
Arising during the period	10,672	-	10,672
Utilised	-	(1,015)	(1,015)
Amounts unused reversed	-	(281)	(281)
Exchange adjustment	193	190	383
At 30 June 2013	**12,973**	**7,614**	**20,587**
Current June 2013	6,282	1,921	8,203
Non-current June 2013	6,691	5,693	12,384
Current June 2012	-	2,551	2,551
Non-current June 2012	-	7,404	7,404
Current December 2012	2,108	2,265	4,373
Non-current December 2012	-	6,455	6,455

Customer contract provisions are based on the Directors' best estimate of the amount of future losses to completion on certain contractual services contracts in Germany.

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 six 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.

14 Fair value measurements recognised in the consolidated balance sheet

Financial instruments which are recognised at fair value subsequent to initial recognition are grouped into Levels 1 to 3 based on the degree to which the fair value is observable. The three levels are defined as follows:

1. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
2. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
3. Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At 30 June 2013 the Group had a current asset investment, which was measured at Level 2 fair value subsequent to initial recognition, to the value of £10.0 million (30 June 2012 and 31 December 2012: £10.0 million).

At 30 June 2013 the Group had forward currency contracts, which were measured at Level 2 fair value subsequent to initial recognition, to the value of a net liability of £465,000 (30 June 2012: £226,000, 31 December 2012: £554,000).

The realised gains from forward currency contracts in the period to 30 June 2013 of £89,000 (30 June 2012: £58,000 loss, 31 December 2012: £386,000 loss), are offset by broadly equivalent realised losses/gains on the related underlying transactions.

15 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 2013 is not materially different to the carrying value.

Adjusted management cash flow statement

For the six months ended 30 June 2013

	Unaudited H1 2013 £'000	*Restated unaudited H1 2012 £'000*	*Restated unaudited Year 2012 £'000*
Adjusted profit before tax	**26,245**	25,757	79,309
Adjusted net interest	**(500)**	(774)	(1,265)
Depreciation and amortisation	**12,822**	10,443	24,384
Share-based payments	**527**	648	2,176
Trading losses on onerous contracts	**(5,107)**	(1,743)	(5,921)
Working capital movements	**(41,117)**	(27,675)	(13,819)
Other adjustments	**735**	(722)	377
Adjusted operating cash (outflow)/inflow	**(6,395)**	5,934	85,241
Net interest received	**502**	269	1,118
Income taxes paid	**(8,582)**	(4,126)	(13,111)

Capital expenditure and investments	**(7,289)**	(18,846)	(30,813)
Acquisitions	**-**	-	(1,854)
Equity dividends paid	**(15,759)**	(15,725)	(23,213)
Cash (outflow)/inflow before financing	**(37,523)**	(32,494)	17,368
Proceeds from issue of shares	**58**	-	53
Return of value	**(31,412)**	-	-
Purchase of own shares	**-**	(3,167)	(4,819)
(Decrease)/increase in net funds excluding CSF in the period	**(68,877)**	(35,661)	12,602
(Decrease)/increase in net funds excluding CSF	**(68,877)**	(35,661)	12,602
Effect of exchange rates on cash and cash equivalents	**3,692**	487	(2,059)
Net funds excluding CSF at beginning of period	**147,327**	136,784	136,784
Net funds excluding CSF at end of period	**82,142**	101,610	147,327

16 Analysis of net funds

	Unaudited	*Unaudited*	*Audited*
	H1 2013	*H1 2012*	*Year 2012*
	£'000	*£'000*	*£'000*
Cash and short term deposits	**76,336**	91,747	138,149
Bank overdraft	**(4,087)**	(137)	(678)
Cash and cash equivalents	**72,249**	91,610	137,471
Current asset investment	**10,000**	10,000	10,000
Bank loans	**(107)**	-	(144)
Net funds excluding CSF	**82,142**	101,610	147,327
Finance leases	**(16,329)**	(17,294)	(17,999)
Other loans	**(53)**	(556)	(702)
Total CSF	**(16,382)**	(17,850)	(18,701)
Net funds	**65,760**	83,760	128,626

Net funds excluding CSF of £82.1 million is stated after remitting £31.4 million in respect of the Return of Value but prior to the remaining remittance of £43.6 million on the 5th July.

17 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 2012 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.