Half-year Report

August 26, 2016
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Computacenter PLC
26 August 2016

Computacenter plc

Interim results for the six months ended 30 June 2016

Computacenter plc ("Computacenter" or the "Group"), the independent provider of IT infrastructure and services that enables users, today announces unaudited results for the six month period ended 30 June 2016.

Financial Highlights

	H1 2016	H1 2015	Change (per cent)
Financial Performance			
Adjusted revenue[1] *(£ million)*	**1,478.2**	1,438.0	**2.8**
Adjusted profit before tax[1] *(£ million)*	**25.3**	29.1	**(13.1)**
Adjusted diluted earnings per share[1] *(pence)*	**15.3**	17.0	**(10.0)**
Dividend per share *(pence)*	**7.2**	6.4	**12.5**
Statutory revenue *(£ million)*	**1,478.2**	1,441.2	**2.6**
Statutory profit before tax (*£ million*)	**23.6**	70.7	**(66.6)**
Statutory diluted earnings per share (*pence*)	**13.2**	48.8	**(73.0)**
Cash Position			
Net funds[3] (*£ million*)	**96.6**	44.9	**115.1**
Revenue Performance by Sector			
Adjusted Services revenue[1] (*£ million*)	**498.0**	489.2	**1.8**
Adjusted Supply Chain revenue[1] (*£ million*)	**980.2**	948.8	**3.3**

Reconciliation between Adjusted and Statutory Performance

Adjusted profit before tax[1] *(£ million)*	**25.3**	**29.1**
Exceptional and other adjusting items:		
Line of business restructuring and other increases in estimated costs of redundancy in French business *(£ million)*	**(1.1)**	**(0.4)**
Release of provision for onerous German contracts *(£ million)*	**-**	**0.4**
Exceptional gain recorded on disposal of R.D. Trading Limited ("RDC") (*£ million*)	**-**	**42.2**
Pre-disposal earnings of RDC in the year (*£ million*)	**-**	**0.3**
Amortisation of acquired intangibles (*£ million*)	**(0.6)**	**(0.9)**
Statutory profit before tax *(£ million)*	**23.6**	**70.7**

Highlights:

- Group's first half performance marginally ahead of Management's expectations for the period as set at the time of our Q1 Trading Update in April 2016;
- Challenging first half for the UK business, principally due to a reduction in Services volumes driving a decline in Services margins and lower hardware margins;
- Strong revenue growth across the German business, continuing the momentum generated in the second half of 2015; and
- Profit performance from the French business significantly ahead of Management's expectations, driven by improvement in Supply Chain and Services margins.

Mike Norris, Chief Executive of Computacenter plc, commented:

The first half of 2016 finished slightly better than we had anticipated at the time of our Q1 Trading Update in April 2016, mainly due to the better performance of Computacenter in France. Despite the challenging market conditions in the UK referred to in our Q1 2016 Trading Update, as well as planned investments, the Board expects the full year to show modest progress in our adjusted profit before tax[1], as compared to 2015 after allowing for the £3 million benefit from the one-off gain realised in the comparative period.

The pipeline of Managed Services growth in the Group as a whole is encouraging and should deliver growth in 2017. Even more noticeable is the growing pipeline for Digital Workplace projects which we are looking to close in the second half of 2016, as customers look to take advantage of new operating systems. Particularly pleasing is the likely growth in major customers, one of our strategic key performance indicators.

We also remain confident that Computacenter will finish the year with record levels of net funds[3].

1 Adjusted revenue, adjusted Services revenue, adjusted Professional Services revenue, adjusted Supply Chain revenue, and adjusted administrative expenses excludes the revenue and administrative expenses from a disposed subsidiary, R.D. Trading Ltd (RDC), for the comparative reporting periods. RDC was sold on 2 February 2015. Adjusted operating profit or loss, adjusted profit or loss before tax, adjusted profit or loss for the year, adjusted earnings per share and adjusted diluted earnings per share are, as appropriate, each stated before: exceptional and other adjusting items including gain or loss on business disposals, amortisation of acquired intangibles, utilisation of deferred tax assets (where initial recognition was as an exceptional item or a *fair value adjustment on acquisition), and the related tax effect of these exceptional and other adjusting items, as Management do not consider these items when reviewing the underlying performance of the segment or the Group as a whole. Each of these measures also excludes the results of RDC for the comparative periods. Additionally, adjusted operating profit or loss includes the interest paid on customer-specific financing (CSF) which Management considers to be a cost of sale. A reconciliation between key adjusted and statutory measures is provided within the Group Finance Director's review included within this announcement. Further detail is provided within note 5 to the summary financial information included within this announcement.*

[2] The performance of the Group and its overseas segments are shown, where indicated, in constant currency. The constant currency presentation, which is a non-GAAP measure, excludes the impact of fluctuations in foreign currency exchange rates. We believe providing constant currency information gives valuable supplemental detail regarding our results of operations, consistent with how we evaluate our performance. We calculate constant currency percentages by converting our prior-year local currency financial results using the current year average exchange rates and comparing these recalculated amounts to our current year results or by presenting the results in the equivalent local currency amounts. Wherever the performance of the Group, or its overseas segments, are presented in constant currency, the equivalent prior-year measure is also presented in actual currency using the exchange rates prevailing at the time. Financial Highlights, as shown at the beginning of this announcement, and statutory measures, are provided in actual currency.

[3] Net funds includes cash and cash equivalents, CSF, other short or other long-term borrowings and current asset investments.

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LETTER FROM THE CHAIRMAN

INTERESTING TIMES

At a Group level, we have had a result in the first half of the year which was marginally ahead of our expectations as set at the time of our Q1 Trading Update in April 2016. There is much more to be done in the second half. We have had a significant Managed Services win in France as we strive to build our Services business there and we are pleased with our results, our

German business has grown well in the first half and our UK business has been disappointing.

120 years ago Joseph Chamberlain said "I think you will agree that we are living in most interesting times. I never remember myself a time in which our history was so full, in which day by day brought us new objects of interest and, let me say also, new objects for anxiety." At about the same time, the head of the US Patent Office said that "everything which can be invented has been invented."

I quote these because of the recent result of the UK referendum on its EU membership, and the question many of you will be asking which is 'what does it mean for Computacenter?' Simply put, we are changing very little in what we do and expect for our business. We are represented in our core countries of the UK, Germany, France, Belgium and Switzerland by our own people, and we will continue to support our customers in their countries and develop our business there.

We will not waver from focusing on our customers and our quality of service to them. Outside of customer-specific finance leases, we have no external debt. We will benefit from a weaker pound, but that is not significant for our future. Of greater significance is winning contracts such as that from a French, truly global, manufacturer, won during the period after a two-year effort to understand the customer and its requirements, and address our team and our offerings to deliver service in many countries which enhances their competitiveness.

I take this opportunity to thank our apprentices around the Group, who now number more than 200. We have high hopes for them, and they represent an investment in their future by our company and themselves.

Nothing we do is good enough for us. We take nothing for granted, but we face the future with confidence in these interesting times.

Greg Lock
Chairman

26 August 2016

PERFORMANCE REVIEW

GROUP

FINANCIAL PERFORMANCE

The Group's adjusted revenues[1] decreased by 0.6 per cent in constant currency[2] to £1,478.2 million, and increased by 2.8 per cent in actual currency[2] (H1 2015: £1,438.0 million).

The Group's adjusted profit before tax[1] has decreased by 13.9 per cent in constant currency[2] to £25.3 million, and by 13.1 per cent in actual currency[2] (H1 2015: £29.1 million). This profit performance is marginally ahead of Management's expectations for the period as set at the time of our Q1 Trading Update in April 2016, with the comparative performance in H1 2015 benefitting from a one-off gain of approximately £3 million, which as we explained in our 2015 Interim Results, was not expected to repeat in future years. It should be noted that at a country level, a somewhat disappointing result in the UK was offset by a stronger than expected performance across the rest of the Group, particularly in France.

Due to the decrease in the Group's overall profitability, adjusted diluted earnings per share[1] decreased by 10.0 per cent to 15.3 pence (H1 2015: 17.0 pence) in the first half of 2016.

The Group made a statutory profit before tax of £23.6 million, a decrease of 66.6 per cent in actual currency[2] (H1 2015: £70.7 million), with the comparative performance in H1 2015 significantly enhanced by the disposal of the Group's subsidiary, RDC, in February 2015. The Group's statutory diluted earnings per share decreased by 73.0 per cent to 13.2 pence for the period (H1 2015: 48.8 pence).

In the first half of 2016, the Group reported a net cost of £1.7 million from exceptional and other adjusting items, with the exceptional cost of restructuring activity in our French business during the period totalling £1.1 million.

SERVICES PERFORMANCE

The Group's adjusted Services revenue[1] decreased by 1.2 per cent on a constant currency[2] basis to £498.0 million, and increased by 1.8 per cent in actual currency[2] (H1 2015: £489.2 million).

As expected, Services revenue in the UK has declined in the first half of 2016, primarily due to the expiry of a large contract at the end of the first quarter of 2015, and the large volume of business take-on Professional Services activity in H1 2015 creating a challenging comparison. These lower levels of activity have created utilisation challenges, and resulted in a lower contractor mix in Professional Services delivery during the period. Alongside the completion of a significant number of Managed Services renewals, these factors have created a downward pressure on Services margins in the UK business.

Following a breakthrough year in 2015 for its Services growth rate, the German Services business continued to deliver strong top-line growth, although more a result of ongoing demand for its Professional Services offerings rather than Managed Services growth. It was expected that German Services margins would be weaker in the period, principally due to the fact that the majority of these new Managed Services contracts were in lower-margin on-boarding processes during that time. Whilst a small number of isolated issues within our Managed Services business have diluted margins further during H1 2016, these are temporary in nature and therefore we expect Managed Services margins in Germany to improve over the remainder of 2016.

Our French Services business saw an overall Services revenue decline, principally driven by a significant reduction in Professional Services revenue, and it is clear that much work remains to be done in this area. However, from a revenue perspective, the French Managed Services business has stabilised, following investment in its pre-sales capability. We are delighted to have signed an international End User Service Desk Managed Services contract, with a new customer headquartered in France, as we look to build a solid portfolio of contracts with this profile.

SUPPLY CHAIN PERFORMANCE

The Group's adjusted Supply Chain revenue[1] decreased by 0.2 per cent on a constant currency[2] basis to £980.2 million, and increased by 3.3 per cent in actual currency[2] (H1 2015: £948.8 million).

The UK Supply Chain performance in the UK was below Management's expectations, with a number of large customers delaying procurement decisions. It is difficult to assess at this early stage to what extent this was impacted by uncertainty created by the UK referendum on its EU membership held during the period, or around technology choice. However, as we have previously stated, our Supply Chain business remains subject to the short and medium-term buying decisions of our customers, and any external factors which prohibit or delay these decisions will clearly have an impact on this area of our business. Following its exceptional levels of revenue growth in 2015, the German Supply Chain business has consolidated this and delivered high single-figure revenue growth during the period. Margin generation has been assisted by the fact that this growth has come almost exclusively from within the Datacenter line of business. French Supply Chain revenues continued to reduce, as expected, as the business continued to exit mid-market and other low-margin generating business, in order to focus on its core customers. It should be noted that Supply Chain margins in France have increased materially against those generated in H1 2015, again assisted by increased volumes of Datacenter-related sales and an overall improvement in the quality of its customer base.

DIVIDEND

We are pleased to announce an interim dividend of 7.2 pence per share. The dividend announced is inline 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 14 October 2016. The dividend record date is set as Friday 16 September 2016, and the shares will be marked ex-dividend on Thursday 15 September 2016.

CASH

Net funds[3] at 30 June 2016 was £96.6 million compared to £44.9 million at 30 June 2015. The cash position remains strong after what is historically the weaker half of the year in terms of our working capital cycle. Net funds[3] has decreased by £24.2 million since 31 December 2015 with a net cash outflow from operating activities of £1.1 million for the six months to 30 June 2016 (£1.0 million inflow for the six months to 30 June 2015). The net funds[3] positioning at the end of the half provides a platform that will almost certainly leave us in a position of record levels of net funds[3] by the end of the year.

The Group continues to have no material borrowings outside of customer-specific finance leases and loans.

OUTLOOK

The first half of 2016 finished slightly better than we had anticipated at the time of our Q1 Trading Update in April 2016, mainly due to the better performance of Computacenter in France. Despite the challenging market conditions in the UK referred to in our Q1 2016 Trading Update, as well as planned investments, the Board expects the full year to show modest progress in our adjusted profit before tax[1], as compared to 2015 after allowing for the £3 million benefit from the one-off gain realised in the comparative period.

The pipeline of Managed Services growth in the Group as a whole is encouraging and should deliver growth in 2017. Even more noticeable is the growing pipeline for Digital Work place projects which we are looking to close in the second half of 2016, as customers look to take advantage of new operating systems. Particularly pleasing is the likely growth in major customers, one of our strategic key performance indicators.

We also remain confident that Computacenter will finish the year with record levels of net funds[3].

Mike Norris
Chief Executive Officer

26 August 2016

UNITED KINGDOM

FINANCIAL PERFORMANCE

We have previously explained that the UK business would face a challenging year in 2016, due to incremental tactical and strategic investment through its Income Statement against that seen in 2015, and a quieter rate of Managed Services wins in the second half of 2015. However, notwithstanding the impact of those known factors, its performance has been below Management's expectations for the period.

Adjusted revenue[1] in the UK business decreased by 5.2 per cent to £652.7 million (H1 2015: £688.7 million). Adjusted operating profit[1] decreased by 38.9 per cent to £14.0 million (H1 2015: £22.9 million), whilst statutory profit before tax decreased by 77.8 per cent to £14.5 million (H1 2015: £65.4 million). These results include incremental strategic and tactical investments of £1.0 million against H1 2015, which principally relate to the ongoing development of our Services offering and the temporary relocation of our UK London office.

SERVICES PERFORMANCE

Adjusted Services revenue[1] decreased by 7.3 per cent to £244.3 million (H1 2015: £263.6 million). This included a decline of 10.0 per cent in Professional Services revenue and a decline in Managed Services revenue of 6.4 per cent.

The majority of this decline relates to two issues. The first half of 2015 provides a tough comparison due to the exceptional volume of Professional Services work in 2015, which has not been repeated. Additionally, and as we have previously explained, a significant Managed Services contract finished at the end of Q1 2015. The reduction in Services volumes has reduced utilisation of the Group's central engines, and a consequential reduction in contractor mix used on work completed has impacted the overall margin performance. There is likely to be an increase in the level of Professional Services volumes seen in the second half of the year due to the start-up of some large deployments. In Managed Services, there has been a significant volume of renewal activity during the year, and the business has been successful in each of its Managed Services renewal bids which has been awarded during the period, although there has been a net reduction in the overall contract base. The pipeline for new contracts is somewhat stronger than 12 months ago, but has not yet recovered to a position where we feel fully comfortable.

SUPPLY CHAIN PERFORMANCE

Adjusted Supply Chain revenue[1] decreased by 3.9 per cent to £408.4 million (H1 2015: £425.1 million). The first half of the year has been somewhat disappointing. Whilst customer retention has been strong, business uncertainty has caused a number of our large customers to delay procurement decisions. We are beginning to see significant volumes of Digital Workplace replacements, particularly driven by Windows 10, which should assist revenue growth, both in the second half of the year and more significantly in 2017.

SG&A

UK SG&A has reduced by 3.6 per cent compared to the first half of 2015. It should be noted that, although UK SG&A remains under sharp focus, this comparison is assisted by a lower level percentage pay-out of bonus payments during the period. UK SG&A will remain a Management focus for the remainder of the year and into 2017, when we anticipate that it will fall as the requirement for tactical spend reduces.

Kevin James
Managing Director, UK

26 August 2016

GERMANY

FINANCIAL PERFORMANCE

Computacenter in Germany has shown good top-line growth across the business, which has been underpinned by its significant number of Managed Services wins in 2015, and ongoing strong demand for its Professional Services offering.

Total revenue increased by 6.6 per cent on a constant currency[2] basis to €779.8 million (H1 2015: €731.3 million), and by 13.5 per cent in actual currency[2]. Adjusted operating profit[1] for the German business, increased by 5.2 per cent on a constant currency[2] basis to €12.2 million (H1 2015: €11.6 million), and by 11.8 per cent in actual currency[2]. Statutory profit before tax increased by 9.6 per cent in constant currency[2] to €11.4 million (H1 2015: €10.4 million), and by 17.1 per cent in actual currency[2].

SERVICES PERFORMANCE

Services revenue grew by 7.4 per cent in constant currency[2] to €272.5 million (H1 2015: €253.7 million), and increased by 14.4 per cent in actual currency[2]. This included Professional Services growth of 15.9 per cent in constant currency[2] (23.1 per cent on an actual currency[2] basis) and Managed Services growth of 4.2 per cent in constant currency[2] (11.0 per cent on an actual currency[2] basis).

Services revenue growth has been assisted by our Managed Services wins in the second half of 2015. However, a significant number of these have been at the on-boarding stage during the period, and the business take-on work associated with this has negatively impacted margins in the first half. This margin dilution is, for the most part, in line with Management's expectations, and it is expected that these margins will improve during the second half of 2016. We have seen a steady performance from the business on those Managed Services contracts in place prior to the start of the period.

In addition to the take-on of a significant number of new Services contracts, much of our bidding activity has been focused on consolidating our existing business through renewals. Out of five significant Managed Services renewal processes due to take place in 2016, we can confirm that we have already extended three of these for a minimum five-year period, and we remain competitively well-positioned in respect of the remaining two bids. We believe that the renewal of these contracts are a clear demonstration of Computacenter's service quality, innovation and value.

Our Professional Services business has performed strongly over the period, particularly in Security, and margin levels remain un impacted by revenue growth in this area. The demands of our customers in technical areas such as Cloud, Digital Workplace and Security are increasing. We are seeing that Windows 10 is becoming the operating system of choice for our customers, and a critical focus for them as they design their strategic infrastructure and enhance the experience of their users. In the second half of 2016, there is a pipeline to deliver some significant projects around a new Digital Workplace environment. We are well positioned to take advantage of demand for private and Hybrid Cloud building services, assisted by our recent track record and significant existing customer advocacy in this area. Additionally, in the second half of the year, we expect to see our first involvement with Industrie 4.0, which is having a significant impact on the automotive and manufacturing customer sectors, which are so important to Computacenter in Germany.

SUPPLY CHAIN PERFORMANCE

Supply Chain revenue grew by 6.2 per cent in constant currency[2] to €507.3 million (H1 2015: €477.6 million), and by 13.1 per cent in actual currency[2]. It has performed strongly, particularly within the Datacenter area which has benefitted from customer demand for private Cloud infrastructure and the ongoing move towards SAP Hana. This mix of business has helped to contribute towards healthy margin levels. Our Networking business remained flat at a top-line level, whilst Workplace revenues fell against a particularly difficult compare from the prior year period.

Our Supply Chain business has benefitted from the 'pull-through' associated with an increase in our Managed Services customer base during the year. Early adoption of Windows 10 will support our Workplace business, although we expect that demand for this will most likely impact activity levels in 2017.

SG&A

The German business saw SG&A costs increase by 5.5 per cent in constant currency[2] and by 12.3 per cent in actual currency[2] against levels seen in H1 2015. The primary reason for the rise is due to increasing business volumes leading directly to higher variable remuneration and increasing pre-sales costs for the growing Services business. In addition, an agreed 2.0 per cent year on year salary uplift and unplanned levels of severance costs due to certain restructuring initiatives within the German middle management have also contributed to the increase.

Reiner Louis
Managing Director, Germany

26 August 2016

FRANCE

FINANCIAL PERFORMANCE

Total revenue decreased by 4.4 per cent on a constant currency[2] basis to €247.8 million (H1 2015: €259.3 million), and increased by 1.8 per cent in actual currency[2]. The adjusted operating result[1] for the French business improved by €5.3 million to an adjusted operating profit[1] of €1.2 million in constant currency[2] (H1 2015: adjusted operating loss[1] of €4.1 million), and improved by £3.9 million in actual currency[2]. The statutory loss before tax decreased by 89.1 per cent in constant currency[2] to €0.5 million (H1 2015: €4.6 million), and by 90.9 per cent in actual currency[2].

SERVICES PERFORMANCE

Services revenue decreased by 3.9 per cent on a constant currency[2] basis to €41.8 million (H1 2015: €43.5 million), and increased by 2.2 per cent in actual currency[2]. Our Managed Services business saw revenues decline by 1.9 per cent in constant currency[2], and an increase of 4.3 per cent on an actual currency[2] basis. We have made material investments in our local pre-sales capability to drive the growth of our Managed Services business, in line with the Group's strategy. Supported by specialised resources from the Group, we have been driving multiple Managed Services bid campaigns in the first half of the year. We are delighted to have recently signed an international End User Service Desk Managed Services contract supporting over 65,000 users worldwide, and expect this contract to make a positive margin contribution from 2017 onwards. In addition, we are in the final phase of some large Managed Services bid campaigns, and provided we can renew some important existing contracts in the second half of 2016, we should materially increase our Managed Services contract base value and contribution in 2017.

The performance of our Professional Services business remains disappointing, with a top-line revenue decline of 9.6 per cent in constant currency[2] against the first half of last year, a decline of 3.6 per cent on an actual currency[2] basis. The Social Plan in

2014 significantly reduced our operating and SG&A cost base in this area, as part of our strategic focus on large private, public and international customers, and we are still adopting revised Management processes, both across pre-sales and implementation requirements. In the second half of 2016, we expect to implement a number of important initiatives to address these requirements, and to align our Solutions portfolio better with the Group offering and best practice.

SUPPLY CHAIN PERFORMANCE

Supply Chain revenue decreased by 4.5 per cent in constant currency[2] to €206.0 million (H1 2015: €215.7 million), and increased by 1.7 per cent in actual currency[2].

Whilst revenues have not increased, we are pleased with the improved margin contribution, as we have continued our focus on removing low- margin, complex to administer, Supply Chain business. After sustained investment in our internal Supply Chain processes and infrastructure, we believe that we have now stabilised our Supply Chain business. The result has been an improved level of customer satisfaction and a reduction in working capital requirements in France. Although much work remains to be done, especially in our Private Sector customer segment, we have improved our product business mix through winning more high-margin Datacenter and Networking solutions. The above mentioned alignment of our Solutions portfolio to the Group's offering should also help to continue this business mix improvement in the second half.

SG&A

Levels of SG&A within the French business have increased by 10.8 per cent in constant currency[2] against the first half of 2015, largely driven as a result of the materially improving performance of the business leading to increases within variable bonus, commission and 'interressment' costs. Further, the business absorbed €0.8 million of restructuring costs within SG&A in addition to those restructuring costs reported separately as exceptional. Whilst the implementation of the Social Plan in 2014 has already delivered significant cost reductions in affected areas of the business prior to the period, we expect levels of SG&A to be stable moving forward.

Lieven Bergmans

Managing Director, France

26 August 2016

BELGIUM

FINANCIAL PERFORMANCE

Total revenue decreased by 4.5 per cent on a constant currency[2] basis to €31.5 million (H1 2015: €33.0 million), and increased by 1.7 per cent on an actual currency[2] basis. The adjusted operating profit[1] for the Belgian business decreased by 42.9 per cent on a constant currency[2] basis to €0.8 million (H1 2015: €1.4 million), and by 40.0 per cent on an actual currency[2] basis. Statutory profit before tax decreased by 46.2 per cent in constant currency[2] to €0.7 million (H1 2015: €1.3 million), and decreased by 50.0 per cent in actual currency[2].

SERVICES PERFORMANCE

Services revenue increased by 0.9 per cent during the period in constant currency[2] to €11.1 million (H1 2015: €11.0 million), and increased by 8.7 per cent on an actual currency[2] basis.

We have benefitted from the implementation of both the Group ERP system and the Group Operating Model, which has enabled the transfer of best practice and sharing of Group capability which improved our competitive positioning and have been selected as preferred bidder on a significant Managed Services contract. In addition, we are starting to see opportunities in the Digital Workplace using Windows 10 which will generate demand in H2 2016 and beyond.

SUPPLY CHAIN PERFORMANCE

Supply Chain revenue decreased by 7.3 per cent in constant currency[2] to €20.4 million (H1 2015: €22.0 million), and decreased by 1.9 per cent in actual currency[2].

SG&A

SG&A increased by 48.1 per cent on a constant currency[2] basis to €4.0 million (H1 2015: €2.7 million), and by 55.0 per cent on an actual currency[2] basis. As a result of the rollout of the Group Operating Model and the implementation of the Group ERP system, certain cost elements that were previously recognised within gross profit, are now recognised within SG&A. Whilst there is no impact on adjusted operating profit[1], the H1 2016 SG&A now includes these cost elements, and the SG&A comparison against H1 2015 is therefore not on a like- for-like basis.

Jurgen Strijkers
Managing Director, Belgium

26 August 2016

GROUP FINANCE DIRECTOR'S REVIEW

MAXIMISING SHAREHOLDER VALUE

REVENUE

Adjusted revenue[1] for the Group has increased by £40.2 million or 2.8 per cent over the period to £1,478.2 million as measured in actual currency[2]. The revenue result has been assisted by the decline in Sterling over the period with a decrease of 0.6 per cent when measured in constant currency[2].

Statutory revenue for the Group, including the results of RDC for January 2015 within the comparative results, increased by £36.8 million or 2.6 per cent from £1,441.4 million.

OPERATING PROFIT

Adjusted operating profit[1] for the Group has decreased by 15.3 per cent to £25.0 million (H1 2015: £29.5 million) primarily due to lower adjusted operating profit[1] in the UK segment.

The Group's statutory operating profit of £23.4 million for the period to 30 June 2016 is 19.6 per cent lower than the comparative period (H1 2015: £29.1 million).

EXCEPTIONAL AND OTHER ADJUSTING ITEMS

A net loss of £1.7 million resulting from exceptional and other adjusted items was recorded (2015: net gain of £41.6 million).

During the current period a Line of Business restructure has been agreed with the business in France. This initiative to reduce the underutilised resources within our Professional Services arm will complete in H2 2016, the full cost of £1.0 million has been recognised as at 30 June 2016. This restructure will see France exit the direct provision of Group Field Maintenance Services. This Line of Business has materially decreased over time, leading to a significant resourcing overcapacity. Any future residual customer requirement will be sub-contracted to an existing third party provider.

Further provisioning to the existing Social Plan in France of £0.1 million (H1 2015: £0.4 million) was also required during the period ended 30 June 2016.

The principal item in the period to 30 June 2015 was the gain on the disposal of R.D. Trading Limited ('RDC'), a Group's subsidiary, of £42.2 million. The disposal occurred on 2 February 2015 with cash proceeds, net of disposal costs and cash disposed of £56.0 million.

PROFIT BEFORE TAX

Adjusted profit before tax[1] decreased by 13.1 per cent to £25.3 million at actual currency[2] (H1 2015: £29.1 million), a decrease of 13.9 per cent in constant currency[2].

The statutory profit before tax decreased by £47.1 million to £23.6 million (H1 2015: £70.7 million), primarily due to the gain of £42.2 million generated on the disposal of RDC in the prior period.

RECONCILIATION FROM STATUTORY TO ADJUSTED[1] MEASURES H1 2016

		Adjustments				
	Statutory results £'000	**RDC £'000**	**CSF interest £'000**	**Utilisation of deferred tax £'000**	**Exceptionals & others £'000**	**Adjusted results £'000**
Revenue	**1,478,219**	-	-	-	-	**1,478,219**
Cost of sales	**(1,288,844)**	-	(111)	-	-	**(1,288,955)**
Gross profit	**189,375**	-	(111)	-	-	**189,264**
Administrative expenses	**(164,228)**	-	-	-	-	**(164,228)**
Operating profit:						
Before amortisation of acquired intangibles and exceptional items	**25,147**	-	(111)	-	-	**25,036**
Amortisation of acquired intangibles	**(601)**	-	-	-	601	**-**

	Statutory results £'000	RDC £'000	CSF interest £'000	Utilisation of deferred tax £'000	Exceptionals & others £'000	Adjusted results £'000
Exceptional items	**(1,114)**	-	-	-	1,114	**-**
Operating profit	**23,432**	-	(111)	-	1,715	**25,036**
Exceptional gain on disposal of a subsidiary	**-**	-	-	-	-	**-**
Finance revenue	**689**	-	-	-	-	**689**
Finance costs	**(551)**	-	111	-	-	**(440)**
Profit before tax	**23,570**	-	-	-	1,715	**25,285**
Income tax expense:						
Before exceptional items	**(7,509)**	-	-	892	(114)	**(6,731)**
Exceptional items	**-**	-	-	-	-	**-**
Profit for the period	**16,061**	-	-	892	1,601	**18,554**

RECONCILIATION FROM STATUTORY TO ADJUSTED[1] MEASURES H1 2015

		Adjustments				
	Statutory results £'000	**RDC £'000**	**CSF interest £'000**	**Utilisation of deferred tax £'000**	**Exceptionals & others £'000**	**Adjusted results £'000**
Revenue	**1,441,404**	(3,447)	-	-	-	**1,437,957**
Cost of sales	**(1,255,033)**	2,774	(180)	-	-	**(1,252,439)**
Gross profit	**186,371**	(673)	(180)	-	-	**185,518**
Administrative expenses	**(156,383)**	354	-	-	-	**(156,029)**
Operating profit:						
Before amortisation of acquired intangibles and exceptional items	**29,988**	(319)	(180)	-	-	**29,489**
Amortisation of acquired intangibles	**(851)**	-	-	-	851	**-**
Exceptional items	**(13)**	-	-	-	13	**-**
Operating profit	**29,124**	(319)	(180)	-	864	**29,489**
Exceptional gain on disposal of a subsidiary	**42,155**	-	-	-	(42,155)	**-**
Finance revenue	**621**	(1)	-	-	-	**620**
Finance costs	**(1,223)**	-	180	-	-	**(1,043)**
Profit before tax	**70,677**	(320)	-	-	(41,291)	**29,066**
Income tax expense:						
Before exceptional items	**(8,883)**	71	-	1,387	(113)	**(7,538)**
Exceptional items	**(52)**	-	-	-	52	**-**
Profit for the period	**61,742**	(249)	-	1,387	(41,352)	**21,528**

TAXATION

The adjusted tax charge[1] on ordinary activities was £6.7 million (H1 2015: £7.5 million), on an adjusted profit before tax[1] of £25.3 million (H1 2015:£29.1 million). The adjusted effective tax rate[1] ('ETR') was 26.6 per cent (H1 2015: 25.9 per cent). The H1 2016 ETR is higher than the prior year period due to a change in the geographic split of profit before tax with reducing losses in France being offset by an increasing German cash tax rate and a reduction in profits in the United Kingdom, where the tax rate is substantially lower than in the other European countries.

The statutory tax charge was £7.5 million (H1 2015: £8.9 million) on profit before tax of £23.6 million (H1 2015: £70.7 million). This represents a statutory ETR of 31.9 per cent (H1 2015: 12.6 per cent). The gain on the disposal of RDC of £42.2 million recorded in the statutory profit before tax for the period ended 30 June 2015 was not a taxable gain and is the most significant reason for the movement in the ETR.

As the German tax losses continue to be utilised, the deferred tax asset, previously recognised as an exceptional tax item, is no longer replenishing and the utilisation of the asset impacts the statutory ETR.

The table below reconciles the statutory tax charge to the adjusted tax charge[1] for the period ended 30 June 2016.

	H1 2016 £'000	H1 2015 £'000	Year 2015 £'000
Statutory tax charge	**7,509**	8,935	23,657
Adjustments to exclude:			
Utilisation of German deferred tax assets	**(892)**	(1,387)	(4,045)
Tax on amortisation of acquired intangibles	**114**	113	314
Tax on exceptional items	**-**	(52)	(52)
RDC	**-**	(71)	(72)
Adjusted tax charge	**6,731**	7,538	19,802
Statutory ETR	**31.9%**	12.6%	18.7%
Adjusted ETR	**26.6%**	25.9%	22.8%

PROFIT FOR THE PERIOD

The adjusted profit for the period[1] decreased by 13.5 per cent to £18.6 million (H1 2015: £21.5 million). The statutory profit after tax decreased by £45.6 million to £16.1 million (H1 2015: £61.7 million).

EARNINGS PER SHARE

The adjusted diluted earnings per share[1] decreased by 10.0 per cent to 15.3 pence per share (H1 2015: 17.0 pence per share). The adjusted diluted earnings per share[1] for the 2015 comparative has been restated to exclude the result of RDC which was sold on 2 February 2015.

The statutory diluted earnings per shares has decreased 73.0 per cent to 13.2 pence per share (H1 2015: 48.8 pence per share). The 2015 comparative includes the exceptional gain on the disposal of RDC.

	H1 2016	H1 2015	Year 2015
Basic weighted average number of shares (excluding own shares held) (no. '000)	**120,617**	124,571	122,948
Effect of dilution:			
Share options	**879**	2,014	2,655
Diluted weighted average number of shares	**121,496**	126,585	125,603
Statutory profit attributable to equity holders of the parent (£'000)	**16,059**	61,742	103,110
Basic earnings per share (pence)	**13.3**	49.6	83.9
Diluted earnings per share (pence)	**13.2**	48.8	82.1
Adjusted profit for the year[1] attributable to equity holders of the parent (£'000)	**18,553**	21,528	67,072
Adjusted basic earnings per share[1] (pence)	**15.4**	17.3	54.6
Adjusted diluted earnings per share[1] (pence)	**15.3**	17.0	53.4

NET FUNDS[3]

Net funds[3] have decreased from £120.8 million at the end of 2015 to £96.6 million as at 30 June 2016. In addition to the second interim 2015 dividend (paid in April 2016) of £18.1 million, the Group has generated a relatively flat operating cash flow performance with an outflow of £1.1 million for the period to 30 June 2016 (H1 2015: £1 million inflow).

The Group net funds[3] position takes account of current asset investments of £35 million, an increase of £20 million since 31

December 2015 (H1 2015: nil).

The Group had no material borrowings outside of customer-specific finance leases and loans

CURRENCY

The Group reports its results in Pound Sterling. The weakening of Sterling, particularly against the Euro, is expected to continue to be a foreign exchange translation benefit to the Group. If the 30 June 2016 spot rates were to continue through the remainder of 2016, the impact of restating 2015 at 2016 exchange rates would be an increase of approximately £122 million in 2015 adjusted revenue[1] and an increase of approximately £2 million in 2015 adjusted profit before tax[1].

BREXIT CONSIDERATIONS

After the vote on 23 June 2016, the Management and the Board have considered the implications of the vote to leave the European Union on both the short and medium prospects of the Group.

Outside of two principal areas where Brexit could affect the Group, including weakness within the UK economy driving down short term demand for the Group's products and services, the potential impact of which is too early to foresee at this stage, and the impact of the change in foreign currency exchange rates, which has been modelled on the 2015 results and disclosed above, the Group does not see any major impact on its day to day business activities. Clearly, we cannot comment on the likely impact when the United Kingdom leaves the European Union, as the terms and conditions have not yet been negotiated.

Due to the positive net funds[3] of the Group, our ongoing strong cash generation and our continued policy to return excess cash to shareholders, we are not adversely impacted by short term fluctuations in interest rates. Further, our lack of material defined benefit pension schemes makes our exposure to extremely low gilt yields negligible.

Specifically the Group sees no change to its Going Concern assumptions, Group Operating Model or Principal Risks and Uncertainties as a result of the vote.

In short, we believe the Group is well positioned, through its geographic spread, balance sheet strength, and diversity of offering, to meet the foreseeable challenges that Brexit may present. With change usually comes opportunity for Computacenter and we remain positively focused on the interesting times ahead.

RISK AND UNCERTAINTIES

The Group's activities expose it to a variety of risks; economic, financial, operational and regulatory.

Our principal risks continue to be concentrated in the availability and resilience of systems, our people, our cost base, technology change, and in the design, take on and running of large Services contracts.

The principal risks and uncertainties facing the Group are set out on pages 16 to 19 of the 2015 Annual Report and Accounts, a copy of which is available on the Group's website.

The Group's risk management approach and the principal risks, potential impacts and primary mitigating activities are largely unchanged from those set out in the 2015 Annual Report and Accounts. Two new risks have been added, the first of which is the result of the Brexit vote as set out above. The second new risk relates to the potential for underinvestment in our indirect costs, particularly sales, leading to missed opportunities or poor decisions adversely impacting revenue and gross profit. Finally, weak Group culture is no longer considered a primary risk.

Tony Conophy

Group Finance Director

26 August 2016

DIRECTORS' RESPONSIBILITY STATEMENT

Responsibility statement of the Directors in respect of the half-yearly financial report.

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU
- the interim management report includes a fair review of the information required by:

(a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

(b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

Mike Norris	**Tony Conophy**
Chief Executive Officer	**Group Finance Director**

26 August 2016

CONSOLIDATED INCOME STATEMENT

	Note	Unaudited H1 2016 £'000	Unaudited H1 2015 £'000	Audited Year 2015 £'000
Revenue	5	**1,478,219**	1,441,404	3,057,615
Cost of sales		**(1,288,844)**	(1,255,033)	(2,654,468)
Gross profit		**189,375**	186,371	403,147
Administrative expenses		**(164,228)**	(156,383)	(315,380)
Operating profit:				
Before amortisation of acquired intangibles and exceptional items		**25,147**	29,988	87,767
Amortisation of acquired intangibles		**(601)**	(851)	(1,553)
Exceptional items	8	**(1,114)**	(13)	(1,029)
Operating profit		**23,432**	29,124	85,185
Exceptional gain on disposal of a subsidiary	8	**-**	42,155	42,155
Finance revenue		**689**	621	1,598
Finance costs		**(551)**	(1,223)	(2,171)
Profit before tax		**23,570**	70,677	126,767
Income tax expense:				
Before exceptional items		**(7,509)**	(8,883)	(23,605)
Exceptional items	8	**-**	(52)	(52)
Income tax expense	9	**(7,509)**	(8,935)	(23,657)
Profit for the period		**16,061**	61,742	103,110
Attributable to:				
Equity holders of the parent		**16,061**	61,742	103,110
Non-controlling interests		**-**	-	-
Profit for the period		**16,061**	61,742	103,110
Earnings per share				
- basic for profit for the period	10	**13.3p**	49.6p	83.9p
- diluted for profit for the period	10	**13.2p**	48.8p	82.1p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited H1 2016 £'000	Unaudited H1 2015 £'000	Audited Year 2015 £'000

Profit for the period:	**16,061**	61,742	103,110
Items that may be reclassified to consolidated income statement			
Gain/(loss) arising on cash flow hedge, net of amount transferred to consolidated income statement	**728**	(480)	1,191
Income tax effect	**(143)**	97	(244)
	585	(383)	947
Exchange differences on translation of foreign operations	**21,942**	(12,662)	(7,783)
	22,527	(13,045)	(6,836)
Items not to be reclassified to consolidated income statement:			
Remeasurement of defined benefit plan	**-**	-	24
Other comprehensive income for the period, net of tax	**22,527**	(13,045)	(6,812)
Total comprehensive income for the period	**38,588**	48,697	96,298
Attributable to:			
Equity holders of the parent	**38,581**	48,697	96,299
Non-controlling interests	**7**	(2)	(1)
	38,588	48,695	96,298

CONSOLIDATED BALANCE SHEET

	Unaudited H1 2016 £'000	**Unaudited H1 2015 £'000**	**Audited Year 2015 £'000**
Non-current assets			
Property, plant and equipment	**62,983**	75,000	57,132
Investment property	**10,147**	-	10,260
Intangible assets	**75,816**	79,032	81,533
Investment in associate	**53**	38	40
Deferred income tax asset	**11,973**	14,177	12,840
	160,972	168,247	161,805
Current assets			
Inventories	**40,546**	41,379	45,647
Trade and other receivables	**525,493**	506,375	621,756
Prepayments	**63,516**	50,640	44,735
Accrued income	**98,179**	89,478	61,785
Derivative financial instruments	**4,694**	1,157	2,220
Current asset investments	**35,000**	-	15,000
Cash and short-term deposits	**65,884**	53,619	111,770
	833,312	742,648	902,913
Total assets	**994,284**	910,895	1,064,718
Current liabilities			
Trade and other payables	**484,212**	466,481	581,855
Deferred income	**105,072**	95,762	93,861
Financial liabilities	**2,904**	6,169	4,279
Derivative financial instruments	**1,170**	1,368	922

Income tax payable	**12,275**	8,188	10,981
Provisions	**4,038**	6,264	4,050
	609,671	584,232	695,948
Non-current liabilities			
Financial liabilities	**1,339**	2,564	1,703
Provisions	**4,999**	3,380	5,094
Deferred income tax liabilities	**446**	696	523
	6,784	6,640	7,320
Total liabilities	**616,455**	590,872	703,268
Net assets	**377,829**	320,023	361,450
Capital and reserves			
Issued capital	**9,299**	9,297	9,297
Share premium	**3,913**	3,830	3,830
Capital redemption reserve	**74,957**	74,957	74,957
Own shares held	**(11,025)**	(10,260)	(10,571)
Translation and hedging reserves	**11,359**	(16,988)	(11,161)
Retained earnings	**289,307**	259,176	295,086
Shareholders' equity	**377,810**	320,012	361,438
Non-controlling interests	**19**	11	12
Total equity	**377,829**	320,023	361,450

Approved by the Board on 26 August 2016

MJ Norris **FA Conophy**

Chief Executive Officer **Group Finance Director**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Attributable to equity holders of the parent								
	Issued capital £'000	Share premium £'000	Capital redemption reserve £'000	Own shares held £'000	Translation & hedging reserves £'000	Retained earnings £'000	Total £'000	Non-controlling interests £'000	Total equity £'000
At 1 January 2015	**9,283**	**4,597**	**74,957**	**(10,760)**	**(4,326)**	**311,648**	**385,399**	**13**	**385,412**
Profit for the period	-	-	-	-	-	61,742	61,742	-	61,742
Other comprehensive income	-	-	-	-	(12,662)	(383)	(13,045)	(2)	(13,047)
Total comprehensive income	-	-	-	-	(12,662)	61,359	48,697	(2)	48,695
Cost of share-based payments	-	-	-	-	-	2,033	2,033	-	2,033
Tax on share-based payments	-	-	-	-	-	761	761	-	761
Exercise of options	-	-	-	3,874	-	(2,933)	941	-	941
Return of Value (RoV)	-	-	-	-	-	(97,916)	(97,916)	-	(97,916)
Expenses on RoV	-	(753)	-	-	-	-	(753)	-	(753)
Issues of B shares relating to RoV	14	(14)	-	-	-	-	-	-	-
Purchase of own shares	-	-	-	(3,374)	-	-	(3,374)	-	(3,374)

Equity dividends	-	-	-	-	-	(15,776)	(15,776)	-	(15,776)
At 30 June 2015	**9,297**	**3,830**	**74,957**	**(10,260)**	**(16,988)**	**259,176**	**320,012**	**11**	**320,023**
Profit for the period	-	-	-	-	-	41,368	41,368	-	41,368
Other comprehensive income	-	-	-	-	5,827	407	6,234	1	6,235
Total comprehensive income	-	-	-	-	5,827	41,775	47,602	1	47,603
Cost of share-based payments	-	-	-	-	-	2,637	2,637	-	2,637
Tax on share-based payments	-	-	-	-	-	898	898	-	898
Exercise of options	-	-	-	6,093	-	(1,702)	4,391	-	4,391
Purchase of own shares	-	-	-	(6,404)	-	-	(6,404)	-	(6,404)
Equity dividends	-	-	-	-	-	(7,698)	(7,698)	-	(7,698)
At 31 December 2015	**9,297**	**3,830**	**74,957**	**(10,571)**	**(11,161)**	**295,086**	**361,438**	**12**	**361,450**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**16,061**	**16,061**	**-**	**16,061**
Other comprehensive income	**-**	**-**	**-**	**-**	**22,520**	**-**	**22,520**	**7**	**22,527**
Total comprehensive income	**-**	**-**	**-**	**-**	**22,520**	**16,061**	**38,581**	**7**	**38,588**
Cost of share-based payments	**-**	**-**	**-**	**-**	**-**	**1,697**	**1,697**	**-**	**1,697**
Tax on share-based payments	**-**	**-**	**-**	**-**	**-**	**(854)**	**(854)**	**-**	**(854)**
Exercise of options	**-**	**-**	**-**	**4,613**	**-**	**(4,577)**	**36**	**-**	**36**
Issue of shares	**2**	**83**	**-**	**-**	**-**	**-**	**85**	**-**	**85**
Purchase of own shares	**-**	**-**	**-**	**(5,067)**	**-**	**-**	**(5,067)**	**-**	**(5,067)**
Equity dividends	**-**	**-**	**-**	**-**	**-**	**(18,106)**	**(18,106)**	**-**	**(18,106)**
At 30 June 2016	**9,299**	**3,913**	**74,957**	**(11,025)**	**11,359**	**289,307**	**377,810**	**19**	**377,829**

CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Unaudited H1 2016 £'000	Unaudited H1 2015 £'000	Audited Year 2015 £'000
Operating activities			
Profit before tax	**23,570**	70,677	126,767
Net finance (income)/costs	**(138)**	601	573
Depreciation of property, plant and equipment	**7,009**	9,425	18,885
Depreciation of investment property	**113**	-	227
Amortisation of intangible assets	**6,820**	6,648	13,311
Share-based payments	**1,697**	2,033	4,670
Loss on disposal of property, plant and equipment	**24**	147	388
Loss on disposal of intangibles	**114**	21	9
Exceptional gain from disposal of a subsidiary	**-**	(42,155)	(42,155)
Net cash flow from inventories	**9,161**	(1,568)	(4,530)
Net cash flow from trade and other receivables	**95,803**	111,834	46,023
Net cash flow from trade and other payables	**(137,922)**	(146,362)	(43,073)
Net cash flow from provisions	**(957)**	(1,172)	(8,009)
Other adjustments	**178**	(102)	(137)
Cash generated from operations	**5,472**	10,027	112,949
Income taxes paid	**(6,582)**	(9,029)	(18,611)
Net cash flow from operating activities	**(1,110)**	998	94,338
Investing activities			

Interest received	**689**	621	1,598
Increase in current asset investments	**(20,000)**	-	(15,000)
Proceeds from disposal of a subsidiary, net of cash disposed of	**-**	56,145	56,145
Proceeds from disposal of property, plant and equipment	**97**	18	653
Purchases of property, plant and equipment	**(6,531)**	(7,862)	(13,303)
Purchases of intangible assets	**(2,071)**	(2,000)	(7,294)
Net cash flow from investing activities	**(27,816)**	46,922	22,799
Financing activities			
Interest paid	**(551)**	(1,042)	(2,171)
Dividends paid to equity shareholders of the parent	**(18,106)**	(15,776)	(23,474)
Return of Value	**-**	(97,916)	(97,916)
Expenses on Return of Value	**-**	(767)	(753)
Proceeds from share issues	**121**	941	5,332
Purchase of own shares	**(5,067)**	(3,374)	(9,778)
Repayment of capital element of finance leases	**(1,247)**	(1,704)	(3,223)
Repayment of loans	**(942)**	(433)	(1,713)
New borrowings	**-**	113	1,030
Net cash flow from financing activities	**(25,792)**	(119,958)	(132,666)
Decrease in cash and cash equivalents	**(54,718)**	(72,038)	(15,529)
Effect of exchange rates on cash and cash equivalents	**8,861**	(4,493)	(1,937)
Cash and cash equivalents at the beginning of the period	**111,680**	129,146	129,146
Cash and cash equivalents at the end of the period	**65,823**	52,615	111,680

1 CORPORATE INFORMATION

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2016 were authorised for issue in accordance with a resolution of the Directors on 26 August 2016.

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 2016 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 2015 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 in the period. In order to ensure that the Group can maintain its strong liquidity position it has a £40 million committed facility, which remained 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 BASIS OF PREPARATION

The accounting policies applied by the Group in these interim condensed consolidated financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2015, except for the adoption of new standards and interpretations as of 1 January 2016, which did not have any impact on the accounting policies, financial position or performance of the Group, as noted below:

- Annual Improvements to IFRSs - 2010-2012 Cycle
- Annual Improvements to IFRSs - 2011-2013 Cycle

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

4 ADJUSTED MEASURES

The Group uses a number of non-Generally Accepted Accounting Practice (non-GAAP) financial measures in addition to those reported in accordance with IFRS. The Directors believe that these non-GAAP measures, detailed below, are important when assessing the underlying financial and operating performance of the Group.

Adjusted revenue, adjusted Services revenue, adjusted Professional Services revenue, adjusted Supply Chain revenue, and adjusted administrative expenses excludes the revenue and administrative expenses from a disposed subsidiary, RDC, for the comparative reporting periods. RDC was sold on 2 February 2015.

Adjusted operating profit or loss, adjusted profit or loss before tax, adjusted profit or loss for the year, adjusted earnings per share and adjusted diluted earnings per share are, as appropriate, each stated before: exceptional and other adjusting items including gain or loss on business disposals, amortisation of acquired intangibles, utilisation of deferred tax assets (where initial recognition was as an exceptional item or a fair value adjustment on acquisition), and the related tax effect of these exceptional and other adjusting items, as Management do not consider these items when reviewing the underlying performance of the segment or the Group as a whole. Each of these measures also excludes the results of RDC for the comparative periods.

Additionally, adjusted operating profit or loss includes the interest paid on customer-specific financing (CSF) which Management considers to be a cost of sale.

A reconciliation between key adjusted and statutory measures is provided on page 13 of the Group Finance Director's review. Further detail is also provided within note 5, segment information.

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.

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

Segmental performance for the periods to H1 2016, H1 2015 and Full Year 2015 were as follows:

Six months ended 30 June 2016 (unaudited)

	UK £'000	Germany £'000	France £'000	Belgium £'000	Total £'000
Revenue					
Adjusted Supply Chain revenue	408,448	395,395	160,569	15,837	**980,249**
Adjusted Services revenue					
Professional Services	58,194	62,943	8,063	851	**130,051**
Managed Services	186,116	149,453	24,519	7,831	**367,919**
Total adjusted Services revenue	244,310	212,396	32,582	8,682	**497,970**
Total adjusted revenue	652,758	607,791	193,151	24,519	**1,478,219**
RDC	-	-	-	-	**-**
Supply Chain revenue	-	-	-	-	**-**
Professional Services revenue	-	-	-	-	**-**
Total RDC revenue	-	-	-	-	**-**
Statutory revenue	652,758	607,791	193,151	24,519	**1,478,219**
Results					
Adjusted gross profit	91,080	75,219	19,259	3,706	**189,264**
Administrative expenses	(77,050)	(65,703)	(18,354)	(3,121)	**(164,228)**
Adjusted operating profit	14,030	9,516	905	585	**25,036**
Adjusted net interest	457	(36)	(158)	(14)	**249**
Adjusted profit before tax	14,487	9,480	747	571	**25,285**
Exceptional items:					
- onerous contracts trading losses	-	-	-	-	**-**
- onerous contracts provision for future losses	-	-	-	-	**-**
- exceptional gains/(losses)	-	-	(1,114)	-	**(1,114)**
Total exceptional items	-	-	(1,114)	-	**(1,114)**

Gain on disposal of a subsidiary	-	-	-	-	**-**
Amortisation of acquired intangibles	-	(561)	-	(40)	**(601)**
RDC	-	-	-	-	**-**
Statutory profit/(loss) before tax	14,487	8,919	(367)	531	**23,570**

The reconciliation for adjusted operating profit to statutory operating profit as disclosed in the Consolidated Income Statement is as follows:

Six months ended 30 June 2016 (unaudited)

	UK £'000	**Germany £'000**	**France £'000**	**Belgium £'000**	**Total £'000**
Adjusted segment operating profit/(loss)	14,030	9,516	905	585	**25,036**
Add back interest on CSF	5	106	-	-	**111**
Amortisation of acquired intangibles	-	(561)	-	(40)	**(601)**
Exceptional items	-	-	(1,114)	-	**(1,114)**
RDC	-	-	-	-	**-**
Segment operating profit/(loss)	14,035	9,061	(209)	545	**23,432**
Other segment information					
Share-based payments	1,375	306	16	-	**1,697**

Six months ended 30 June 2015 (unaudited)

	UK £'000	**Germany £'000**	**France £'000**	**Belgium £'000**	**Total £'000**
Revenue					
Adjusted Supply Chain revenue	425,099	349,624	157,937	16,106	**948,766**
Adjusted Services revenue					
Professional Services	64,665	51,061	8,381	752	**124,859**
Managed Services	198,923	134,669	23,477	7,263	**364,332**
Total adjusted Services revenue	263,588	185,730	31,858	8,015	**489,191**
Total adjusted revenue	688,687	535,354	189,795	24,121	**1,437,957**
RDC					
Supply Chain revenue	3,157	-	-	-	**3,157**
Professional Services revenue	290	-	-	-	**290**
Total RDC revenue	3,447	-	-	-	**3,447**
Statutory revenue	692,134	535,354	189,795	24,121	**1,441,404**
Results					
Adjusted gross profit	102,920	67,026	12,561	3,011	**185,518**
Administrative expenses	(80,008)	(58,505)	(15,554)	(1,962)	**(156,029)**
Adjusted operating profit/(loss)	22,912	8,521	(2,993)	1,049	**29,489**
Adjusted net interest	273	(738)	94	(52)	**(423)**
Adjusted profit/(loss) before tax	23,185	7,783	(2,899)	997	**29,066**
Exceptional items:					
- onerous contracts trading losses	-	(690)	-	-	**(690)**

- onerous contracts provision for future losses	-	1,126	-	-	**1,126**
- exceptional gains/(losses)	-	-	(449)	-	**(449)**
Total exceptional items	-	436	(449)	-	**(13)**
Gain on disposal of a subsidiary	42,155	-	-	-	**42,155**
Amortisation of acquired intangibles	(240)	(572)	-	(39)	**(851)**
RDC	320	-	-	-	**320**
Statutory profit/(loss) before tax	65,420	7,647	(3,348)	958	**70,677**

The reconciliation for adjusted operating profit to operating profit, as disclosed in the Consolidated Income Statement, is as follows:

Six months ended 30 June 2015 (unaudited)

	UK £'000	**Germany £'000**	**France £'000**	**Belgium £'000**	**Total £'000**
Adjusted segment operating profit/(loss)	22,912	8,521	(2,993)	1,049	**29,489**
Add back interest on CSF	33	147	-	-	**180**
Amortisation of acquired intangibles	(240)	(572)	-	(39)	**(851)**
Exceptional items	-	436	(449)	-	**(13)**
RDC	319	-	-	-	**319**
Segment operating profit/(loss)	23,024	8,532	(3,442)	1,010	**29,124**
Other segment information					
Share-based payments	1,711	180	142	-	**2,033**

Year ended 31 December 2015

	UK £'000	**Germany £'000**	**France £'000**	**Belgium £'000**	**Total £'000**
Revenue					
Adjusted Supply Chain revenue	875,041	820,196	335,024	33,686	**2,063,947**
Adjusted Services revenue					
Adjusted Professional Services revenue	137,390	107,416	16,101	1,645	**262,552**
Managed Services revenue	394,943	272,006	46,934	13,785	**727,668**
Total adjusted Services revenue	532,333	379,422	63,035	15,430	**990,220**
Total adjusted revenue	1,407,374	1,199,618	398,059	49,116	**3,054,167**
RDC					
Supply Chain revenue	3,158	-	-	-	**3,158**
Professional Services revenue	290	-	-	-	**290**
Total RDC revenue	3,448	-	-	-	**3,448**
Statutory revenue	1,410,822	1,199,618	398,059	49,116	**3,057,615**
Results					
Adjusted gross profit	216,445	147,346	32,083	6,258	**402,132**
Adjusted administrative expenses	(157,110)	(119,937)	(33,715)	(4,263)	**(315,025)**
Adjusted operating profit/(loss)	59,335	27,409	(1,632)	1,995	**87,107**

Adjusted net interest	601	(577)	(178)	(79)	**(233)**
Adjusted profit/(loss) before tax	59,936	26,832	(1,810)	1,916	**86,874**
Exceptional items:					
- onerous contracts trading losses	-	(1,123)	-	-	**(1,123)**
- onerous contracts provision for future losses	-	1,559	-	-	**1,559**
- exceptional losses on redundancy and other restructuring costs	-	-	(1,465)	-	**(1,465)**
Total exceptional items	-	436	(1,465)	-	**(1,029)**
Exceptional gain on disposal of a subsidiary	42,155	-	-	-	**42,155**
Amortisation of acquired intangibles	(361)	(1,116)	-	(76)	**(1,553)**
RDC	320	-	-	-	**320**
Statutory profit/(loss) before tax	102,050	26,152	(3,275)	1,840	**126,767**

The reconciliation for adjusted operating profit to statutory operating profit as disclosed in the Consolidated Income Statement is as follows:

Year ended 31 December 2015

	UK £'000	**Germany £'000**	**France £'000**	**Belgium £'000**	**Total £'000**
Adjusted operating profit/(loss)	59,335	27,409	(1,632)	1,995	**87,107**
Add back interest on CSF	56	284	-	-	**340**
Amortisation of acquired intangibles	(361)	(1,116)	-	(76)	**(1,553)**
Exceptional items	-	436	(1,465)	-	**(1,029)**
RDC	320	-	-	-	**320**
Statutory operating profit/(loss)	59,350	27,013	(3,097)	1,919	**85,185**

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 DIVIDENDS PAID AND PROPOSED

A second interim dividend for 2015 of 15.0 pence per ordinary share was paid on 5 April 2016. An interim dividend in respect of 2016 of 7.2 pence per ordinary share, amounting to a total dividend of £8,831,370, was declared by the Directors at their meeting on 25 August 2016. The expected payment date of the dividend declared is 14 October 2016. This interim report does not reflect this dividend payable.

8 EXCEPTIONAL ITEMS

	Unaudited H1 2016 £'000	**Unaudited H1 2015 £'000**	**Audited Year 2015 £'000**
Operating profit			
Redundancy and other restructuring costs	(1,114)	(449)	(1,465)
Onerous contracts	-	436	436
	(1,114)	(13)	(1,029)
Gain on disposal of a subsidiary	-	42,155	42,155

Exceptional items before taxation	(1,114)	42,142	41,126
Income tax			
Tax on onerous contracts included in operating profit	-	(52)	(52)
Exceptional items after taxation	(1,114)	42,090	41,074

2016:

Included within the current period are the following exceptional items:

- During the current period a Line of Business restructure has been agreed with the business in France. This initiative to reduce the underutilised resources within our Professional Services arm will complete in H2 2016, the full cost of £1.0 million has been recognised as at 30 June 2016. This restructure will see Computacenter France exit the direct provision of Group Field Maintenance Services. This Line of Business has materially decreased over time, leading to a significant resourcing overcapacity. Any future residual customer requirement will be sub-contracted to an existing third party provider.
- Computacenter France is close to completing responsibilities under the Social Plan related to the substantial restructuring exercise that occurred in 2014. An additional cost of £0.1 million has been recognised as part of the wind-down of the Social Plan. As the redundancy and restructuring costs were previously treated as an exceptional item on recognition, this further provision has also been treated as an exceptional item.

2015:

Included within the prior period are the following exceptional items:

- Computacenter (UK) Limited disposed of its wholly owned subsidiary RDC during the year. An exceptional gain of £42.2 million was recognised on disposal of RDC. In line with our accounting policy, Management elected under IAS1 to report this gain as a separate line item on the face of the income statement due to the materiality, infrequency and nature of the gain on disposal of RDC. As noted within the summary of significant accounting policies the adjusted results excluded this gain. This election provided the best guidance to users of our external reporting as to the underlying profitability trends within the Group and presented the results of the Group in a way that is fair, balanced and understandable.
- Computacenter France continued with its substantial restructuring exercise that began in 2014. An additional cost of £0.4 million was recognised as part of the Social Plan. As the redundancy and restructuring costs were previously treated as an exceptional item on recognition, the further provision has also been treated as an exceptional item.
- The Group's remaining two onerous contracts continued to show operational improvements therefore management revised its estimates of the losses to be incurred. On this basis the Group released £0.4 million of the provision. As the onerous contracts were previously treated as an exceptional item on recognition, the write back of the provision was also released as an exceptional item

9 INCOME TAX

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

The charge based on the profit for the period comprises:

	Unaudited H1 2016 £'000	**Unaudited H1 2015 £'000**	**Audited Year 2015 £'000**
Tax charged in the consolidated income statement			
Current income tax			
UK corporation tax	**3,487**	6,077	14,639
Foreign tax	**3,244**	3,643	6,485
Adjustments in respect of prior periods	**-**	-	(232)
Total current income tax	**6,731**	9,720	20,892
Deferred tax			
- origination and reversal of temporary differences	**(114)**	(785)	(1,276)
- adjustments in respect of prior years	**-**	-	(276)
- changes in recoverable amounts of deferred tax assets	**892**	-	4,265
Exceptional items	**-**	-	52
Total deferred tax	**778**	(785)	2,765

Tax charge in the consolidated income statement	**7,509**	8,935	23,657

10 EARNINGS PER 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 period (excluding own shares held).

To calculate diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential shares. Share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the period are considered to be dilutive potential shares.

	Unaudited H1 2016 £'000	Unaudited H1 2015 £'000	Audited Year 2015 £'000
Profit attributable to equity holders of the parent	**16,061**	61,742	103,110

	Unaudited H1 2016 £'000	Unaudited H1 2015 £'000	Audited Year 2015 £'000
Basic weighted average number of shares (excluding own shares held)	**120,617**	124,571	122,948
Effect of dilution:			
Share options	**879**	2,014	2,655
Diluted weighted average number of shares	**121,496**	126,585	125,603

	Unaudited H1 2016 pence	Unaudited H1 2015 pence	Audited Year 2015 pence
Basic earnings per share	**13.3**	49.6	83.9
Diluted earnings per share	**13.2**	48.8	82.1

11 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:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

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 2016 the Group had forward currency contracts, which were measured at Level 2 fair value subsequent to initial recognition, to the value of a net asset of £3,524,000 (30 June 2015: £210,000 net liability, 31 December 2015: £1,298,000 net asset).

The net realised gains from forward currency contracts in the period to 30 June 2016 of £1,335,000 (30 June 2015: £2,255,000 loss, 31 December 2015: £747,000 gain), are offset by broadly equivalent realised losses/gains on the related underlying transactions. There were no transfers between Level 1 and Level 2 during the period (2015: nil).

The foreign currency forward contracts are measured based on observable spot exchange rates, the yield curves of the respective currencies as well as the currency basis spreads between the respective currencies. All contracts are fully cash collateralised, thereby eliminating both counterparty and the Group's own credit risk.

The carrying value of the Group's short-term receivables and payables is a reasonable approximation of their fair values. The fair value of all other financial instruments carried within the Group's financial statements is not materially different from their carrying amount.

12 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 comparative figures for the financial year ended 31 December 2014 are not the company's statutory accounts for that financial year. Those accounts have been reported on by the company's auditor and delivered to the registrar of companies. The report of the auditor was (i) unqualified,

(ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.