Preliminary Results

March 13, 2007

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COMPUTACENTER PLC

Preliminary Results Announcement

Computacenter plc, the European IT infrastructure services provider, today announces preliminary results for the twelve months ended 31 December 2006.

Financial Highlights:

- Group revenues of £2.27 billion (2005: £2.29 billion)
- Operating profit of £33.6 million before exceptional items (2005: £29.3 million)
- Pre-exceptional profit before tax of £38.0 million (2005: £35.7 million)
- Pre-exceptional diluted earnings per share of 13.8p (2005: 11.8p)
- Final dividend of 5p per share, total dividend 7.5p (2005: 7.5p)
- Return of £74.4 million to shareholders in July 2006
- Net funds before customer-specific financing of £29.4 million (2005 : £101.0 million)

Operating Highlights:

- UK Product business showing benefits of re-engineering with improved performance and market share
- In UK Services, a strong performance from Technology Solutions division compensated for slower growth from Support and Managed Services divisions
- Continued effort to expand and strengthen the Group's services capability, augmented by the acquisition post year-end of Digica
- Good underlying progress in the German business, however higher than expected costs for the implementation of new shared datacentre contracts

Ron Sandler, Chairman of Computacenter plc, commented:

"The results reported today show the early signs of progress arising from the considerable efforts in recent years to improve the strategic positioning and operating performance of Computacenter. These initiatives position the Group well for the future."

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Chairman's Statement

Computacenter made steady progress during 2006. In each of the Group's three principal markets, management continued to make determined efforts to improve both strategic focus and operating performance.

The steep fall in revenue in recent years was arrested in 2006. Despite continuing product price erosion, revenues of £2.27 billion were only marginally lower than the previous year (2005: £2.29 billion), reflecting improvements in the competitiveness of our offerings and the increased focus on mid-market sales opportunities. Operating profit, before exceptional charges, increased by 14.5% to £33.6 million (2005: £29.3 million) and this figure includes approximately £6.2 million of losses arising in Germany associated with the start-up of two shared datacentre contracts. Taking into account non-operating exceptional charges of £5.0 million in France, operating profit increased by 3.2% to £28.5 million (2005: £27.7 million). A reduction in net interest receipts following the return to shareholders of £74.4 million in July resulted in a 3.2% fall in profit before tax to £32.9 million (2005: £34.0 million). The share consolidation that accompanied the return of capital had a beneficial impact on the Group's diluted earnings per share, which rose by 16.9% to 13.8 pence (2005: 11.8 pence) on a pre-exceptional basis, and by 1% to 11.0 pence (2005: 10.9 pence) after taking exceptional items into account.

Notwithstanding the £74.4 million return of capital, the balance sheet remained strong, with year-end net cash of £29.4 million (2005: £101.0 million), prior to customer-based loans and finance leases. Inclusive of these, the net funds of the Group finished the year at £10.8 million (2005: £100.4 million).

The Board is pleased to recommend a final dividend of 5.0p per share, bringing the total dividend for 2006 to 7.5p (2005: 7.5p). This is consistent with our stated policy of maintaining the level of dividend until earnings have risen sufficiently to bring the cover to within the target range of 2 - 2.5x. The final dividend will be paid on 31 May 2007 to shareholders on the register as at 4 May 2007.

Operating profit in the UK increased by 16.8% to £37.5 million (2005: £32.1 million), principally as a result of improved gross margins on product sales. Our UK Product Division has been re-engineered in recent years to serve our customers more cost effectively, involving considerable investment in new e-commerce systems and a reorganisation of resources. These improvements are beginning to show benefit, both in terms of margin and in our market share. We also continue to target the mid-market segment through our telesales operation, Computacenter Direct, where revenues in 2006 grew in excess of 40%.

Technology Solutions, the consulting and systems integration unit within our UK Services Division, performed strongly and continued to enhance its reputation for technical excellence, particularly in datacentre-related activities. Professional services revenues grew by 10.6% in 2006. Elsewhere within the Services Division, performance was mixed. Margins in our contractual services business units, Support Services and Managed Services, remained attractive, partly as a result of further centralisation of resources within a shared services delivery model; however, in a disappointing year for contract renewals, revenues for contractual services increased by just 1.0% from the previous year.

In January 2007, we concluded the acquisition of Digica Limited for a consideration of £28 million, including the settlement of approximately £12 million of debt. Digica is a leading provider of infrastructure management and application services for medium sized public and private sector organisations, with particular expertise in datacentre managed services. Its operations are highly complementary to those of Computacenter, and the combination will give both businesses the opportunity to deliver a far broader offering to their respective client bases. This acquisition fits neatly with Computacenter's strategy of developing its contractual services businesses.

Computacenter Germany produced revenue growth of 5.9%, stimulated in the latter months of 2006 by the impending change to German VAT, which became effective in early 2007. Profit performance in Germany was less encouraging, with operating profit falling to £2.8 million (2005: £5.0 million), although this decline can be attributed to higher than anticipated start-up losses of £6.2 million associated with two shared datacentre services contracts. Nevertheless, this

should not be allowed to obscure the encouraging underlying improvement in the German business. Services revenues, which account for over a third of the German total, grew strongly, particularly in managed services (both desktop and datacentre) and in telephony projects, including Voice Over IP.

The performance of Computacenter France remained unsatisfactory, although pre-exceptional operating losses for the year reduced from £7.6 million to £6.5 million. The restructuring during the first half of 2005 contributed to this improvement, although its benefits were mitigated by intense price competition in the French market and further product margin erosion as a consequence. Additional restructuring of the French cost base took place towards the end of 2006, resulting in an exceptional charge of £2.4 million, and we expect the business to show further progress in 2007 towards an eventual return to profitability. The financial statements also show a non-cash exceptional charge of £2.6 million representing an impairment of the French non-current asset base.

In October, I was pleased to announce that John Ormerod had joined the Board as a Non-Executive Director and also assumed the chairmanship of the Audit Committee. John brings a wealth of experience to both roles and I very much look forward to his involvement with the Group in the years ahead.

As we have stated before, it is difficult to draw any meaningful insights from current trading until we have completed the first quarter. Notwithstanding this, a considerable amount of work has taken place in recent years to improve the strategic positioning of Computacenter, through developing significantly the services capabilities and restructuring the cost base of our product businesses. Alongside these initiatives have been a series of operational enhancements, aimed at improving efficiencies in our core processes and at upgrading our sales capabilities. The combination of these activities positions the Group well for the future.

As always, the credit for the Group's performance belongs to the staff, to whom I offer my wholehearted thanks for their dedication and hard work.

Review of Operations

UK

UK revenues declined by 5.2% to £1.28 billion (2005: £1.35 billion). Modest services growth partially mitigated a product sales decline of 7.2%, which was principally due to our withdrawal from selected low margin volume sales in trade distribution.

Operating profit grew 16.8% to £37.5 million (2005: £32.1 million). The improvement came mainly from better product margins, but also reflected our success in penetrating new markets and delivering operational efficiencies.

Services Division

Overall services revenues grew 3.1%, with strong Technology Solutions growth compensating for a disappointing 1.0% increase in contractual revenues.

We continued to focus on reducing operational costs and improving customer service. In particular, we sought to make more effective use of shared resources and tools for service delivery. The increased use of the Technical Resource Group, a flexible, shared engineering resource, across our client base, helped reduce our operational overheads significantly and made our offerings more competitive.

Throughout 2006, we saw a growth in contractual opportunities arising from an increase in the number of organisations seeking to split their service contracts across a range of specialist partners. These were typically for contracts of from three to five-year terms, rather than the ten-year service engagements traditionally placed with large systems integrators.

The Services Division comprises three business units: Managed Services, Support Services and Technology Solutions.

Managed Services

Despite a disappointing year for contract renewals, our Managed Services business unit grew revenues by 6.6% and improved its profit contribution.

The UK outsourcing market continues to grow at 4-5% annually. Promising market developments for Computacenter's business include increased interest from medium-sized organisations for desktop and datacentre managed services.

Our growth plans include the continued expansion and enhancement of our service desk and datacentre capabilities. This strategic focus led to the acquisition in early 2007 of Digica, a provider of infrastructure management and application services with a particular focus on medium-sized public and private sector organisations.

Managed Services successes in 2006 include a five-year £28 million distributed IT and datacentre outsourcing contract with Eversheds, a five-year £6 million contract with IT firm Parity to manage its entire IT infrastructure including its datacentre, and an extension in scope and terms of our contract with the Nuclear Decommissioning Authority.

Support Services

A highly cost-conscious market led to an overall decline in our Support Services revenues. Performance from this business unit was strongest in the datacentre environment, where pressure on unit price was less intense.

Market demand was driven by clients seeking to centralise and consolidate their IT infrastructures to improve service and reduce both risk and costs. Growth also came from an increase in the subcontracting of support by large outsourcing organisations and systems integrators, a market upon which we placed particular focus in 2006. Such a partnership approach helped us secure a BT-subcontracted three-year hardware maintenance and support contract with Liverpool Direct.

Support Services continues to be strong in the traditionally attractive financial services market. In addition, our more recent efforts to improve our coverage of the mid-market, where there is greater growth potential, helped us win business with approximately 30 organisations that had not previously traded with Computacenter. We also saw growth in areas such as the retail sector, where we won a three-year contract with John Lewis Partnership for the support of all their desktops, laptops, printers and networks across the UK.

Other significant wins in the period include a three-year contract for the support of Taylor Woodrow's entire server estate.

Technology Solutions

Our Technology Solutions business grew strongly, with much of the growth coming from an increase in datacentre projects. With a majority of Technology Solutions projects in 2006 including a datacentre component, we sought to develop new offerings to answer client demand in this area. As a result, we are now able to offer an end-to-end datacentre solution for reducing operating costs, speeding up business applications deployment and improving environmental efficiency.

In addition, we benefited from closer integration with our product supply business, as an increasing number of clients chose to couple product supply with the purchase of project services.

A 15% increase in revenues from consulting and project management led to very high professional services activity, and helped the overall profitability of the Technology Solutions business. We now have a substantial pipeline for professional services projects in the UK and we anticipate further growth in this area.

We continued to refine our propositions to answer changing client requirements. For example, our shared risk approach to Technology Solutions projects, which answers a growing demand for assured outcomes rather than hired expertise, proved of interest to organisations seeking to reduce the risk and fix the cost of projects.

Significant new business in the period included a five-year contract with Doncaster College of Further Education, worth £6 million, for its new 35,000 sq. m. campus.

Product Division

Our ongoing programme of re-engineering our product business to deliver improved profitability and growth began to bear fruit in 2006. Following a decline in product revenues in 2005, we saw a stabilisation in revenues from end-user sales in 2006.

A 1.7% increase in product gross margins reflects our success in implementing improved business controls relating to product purchasing and supply. We also continued to lower the cost of sale through use of a lighter-touch sales model for product-only clients, enabled through our deployment of improved e-commerce systems.

We benefited from our evolving product mix, with a still greater proportion of sales coming from network, server and other enterprise technologies. This was partly driven by the increased criticality of enterprise systems and partly by the growth of our Technology Solutions business, where such technology is often part of a bundled solution.

The Product Division comprises four business units: Corporate Hardware, Software, Computacenter Direct and CCD.

Corporate Hardware

Technology sales to end-users increased slightly, although following a major investment in the latest version of our webshop, Connect 6, we experienced 28% growth in online revenues. Web sales now comprise over 16% of all hardware orders.

Product margins benefited from an increase in business with the financial sector, as well as the growing enterprise technology proportion in the product mix. We saw particularly strong growth in our Sun, EMC, Cisco and IBM enterprise business.

With price competition still intense in the product market, the Corporate Hardware business sought to enhance the range of supply-related value propositions it provides to customers. In particular, we focused on developing and communicating our offerings in the areas of managed multi-vendor procurement contracts, extensive multi-site deployments and environmental advisory services.

Significant new product business includes a £50 million contract with the ATLAS Consortium, covering managed supply and deployment services to support the Defence Information Infrastructure (Future) programme within the UK Ministry of Defence.

Software

Our Software business grew revenues 7% during 2006. Growth was across our vendor base, and partly a result of an expanding software services market.

The increased threat of vendor audits, rising merger activity and the business disruption of off-shoring, all drove clients to look for greater security, efficiency and agility in software purchasing. Many of these organisations sought help to ensure compliance, consolidate multi-vendor agreements and renegotiate licence terms.

To capture better these opportunities, we increased our investment in dedicated sales and marketing resources. Whilst this has had some short-term impact on this unit's profit contribution, it is envisaged that future software business growth will be achieved without the requirement to add further to the cost base.

Significant successes in 2006 include a renewal of Microsoft licences with BAA in a three-year Direct Enterprise Agreement.

Computacenter Direct

This business unit, targeting the growing medium-sized business market, continued to grow strongly, with improved product margins and revenue growth in excess of 40%.

Recruitment of additional sales staff helped drive a 23% increase in product volumes, predominantly related to server technology. This, together with our increasing success in attaching deployment and integration services to technology supply, contributed to an increased profit contribution from this unit.

Computacenter Direct continues to attract new clients, and now has over 1,500 trading customers. We are confident of continuing growth in the mid-market sector.

CCD

Following a management reorganisation in 2006, CCD, our trade distribution arm, sought to reduce its exposure in a small number of unprofitable, high volume accounts. As a result, we saw rising margins and profitability in the second half of the year.

Profit performance also benefited from a merger of the two operating units comprising CCD, reducing our operating costs and streamlining the sales operation. Increased sales focus led to a number of notable successes during the year, in particular the growth of our IBM System X server revenues, which significantly increased CCD's market share in these systems, and the successful introduction of a focused server-based computing initiative in partnership with HP.

The management team was further strengthened in the last quarter and a comprehensive sales development plan has been initiated to underpin the business during 2007 and beyond. Although market conditions are expected to remain fiercely competitive, management believe that we are well placed to build on the improvements seen in 2006.

RDC

After breaking even in the previous year, RDC, our technology recycling and remarketing operation, returned to profit in 2006. Our margin on remarketing

services increased by 15.1% and we continued to be profitable in Germany.

Our success in 2006 was in part due to a renewed sales focus in the first half of the year, with the launch of Computacenter Asset Recovery Services and the creation of a new frontline sales team instrumental in a number of service wins.

Throughout 2006 we saw significant successes in both our direct business, and business won with Computacenter accounts. We now see a healthy sales pipeline, which we anticipate should provide a secure platform for profit and revenue growth in 2007.

Germany

Computacenter Germany recorded revenue growth of 5.9% to £654.7 million, although full-year operating profits declined 44.2% to £2.8 million (2005: £5.0 million).

The fall in profitability was largely due to the implementation of two shared datacentre contracts, and the creation of the underlying infrastructure, which collectively produced a loss of approximately £6.2 million. Whilst elements of this were planned costs of start-up, these losses were on an unacceptable scale and considerable efforts were made in the second half of the year to rectify the failings. We are confident that this has now been achieved.

This has obscured to some extent a marked underlying performance improvement in the German business. Trading was particularly strong at the year-end. Although this may signify a developing recovery in the German market, some of this growth appears to have arisen from additional spending by clients ahead of the VAT increase in Germany in early 2007.

Sales growth also came from an increase in Managed Services business, as clients turned to outsourcing to help reduce IT operational costs. Overall, we continued to attract new business, with some significant wins and renewals leading to 22% contract base growth.

As elsewhere, an increased proportion of our product business came from sales of enterprise technology. We saw particular growth in networking offerings, reflecting the further commoditisation of the PC and laptop business and our increased focus on business-led solutions.

In our Technology Solutions business, we continue to see the fruits of the investment made five years ago in the development of Voice Over IP telephony and Voice on Demand. Revenues from this competitive but highly profitable market segment were twice their 2005 value and we expect them to continue to grow attractively in 2007.

To support a growing requirement for the provision of a more international service to large global customers such as Adidas, we took full responsibility in October for our Service Desk facility and its 120 employees in Erfurt. This was previously managed via a joint venture with Sellbytel. Through stronger integration with our other facilities in Milton Keynes (UK) and Barcelona, this will help us build a more integrated international service centre network.

Significant wins include a five-year outsourcing contract with Union Investment IT for DZ Bankgruppe, worth up to £60 million in product and service sales. We will provide an end-to-end service to include support of approximately 15,000 workstations and the outsourcing of the client's datacentre, with all service and applications managed on our systems.

Other successes include a three-year Europe-wide contract with Airbus, worth 30 million euros, and major extensions of our contracts with Daimler Chrysler, for network support of its Mercedes Technology Centre, and with Bosch, to include the support of 38,000 workstations over a three-year term.

France

Performance in France remains unsatisfactory, although pre-exceptional operating losses reduced 15.0% to £6.5 million (2005: £7.6 million) as revenues grew 3.9% to £307.3 million (2005: £295.8million). Taking into account the effect of exceptional charges, which related to additional restructuring of the French business, operating loss increased from £9.3 million in 2005 to £11.5 million.

Despite further product margin erosion over 2006, we saw a slowdown of the trend over the first nine months and a slight improvement in margins in the last quarter. Encouragingly, services margins improved over the year and we completed the final stages of business take-on of our largest multinational services contract.

We benefited from our ongoing focus on reducing the cost base in France in both people and non-people expenses and we intend to continue with these measures in 2007. We also saw some promising product and services sales growth, particularly in the second half of the year.

The growth of our profitable maintenance business was another key focus, with the launch of a comprehensive sales training programme designed to improve the identification, qualification and capture of these opportunities. We are already starting to see the benefits of this programme, with a significant increase in maintenance business over the period and into 2007. A similar sales training programme for enterprise products, which are less subject to price pressures than desktop systems, led to an expansion of our team of IBM technical consultants and helped grow our IBM revenues by 13%.

Significant wins include a three-year managed services contract with Texas Instruments France, worth approximately £2 million. The contract scope includes help desk provision, installations, maintenance, disposal and support for more than 3,500 devices. We also secured a five-year enterprise and professional services contract with the Centre National d'Etudes Spatiales (CNES) worth £13 million.

Benelux

Our Benelux operation recorded an operating loss of £191,000 (2005: £109,000). The Belgium and Netherlands business achieved a break-even result, in spite of costs arising from the development of new communication and storage business units to address rising demand in those markets. Our sub-scale Luxembourg operation recorded an overall loss.

Product supply performed strongly, with an increased profit contribution, as did Managed Services, mainly from the growing financial sector.

Key wins included a renewal on product supply with Pioneer, a technology refresh project at SWIFT, a desktop managed services contract with Burgo Ardennes, and a CRM project for the European salesforce of Ansell.

International

We saw increasing client interest in our international capabilities in 2006, with a number of contract wins and extensions having a multi-country component. Typically these were with multinational organisations headquartered in Europe, such as Cognis, which outsourced its global IT infrastructure to Computacenter, including management of its datacentre and service desk.

Our service facilities have been extended through the building of a multi-lingual shared service desk in Barcelona and through the service desk capability in Cape Town, RSA that comes as part of the Digica acquisition. This enables Computacenter to determine the most suitable location, in terms of both

quality of service and cost, when configuring service contracts for customers.

Consolidated income statement
For the year ended 31 December 2006

	Note	2006 £'000	2005 £'000
Revenue	3	2,269,903	2,285,209
Cost of sales		(1,974,437)	(1,996,381)
Gross profit		295,466	288,828
Distribution costs		(19,075)	(19,928)
Administrative expenses		(241,408)	(239,959)
Operating profit:			
Before share based payments and exceptional items		34,983	28,941
Share based payments		(1,411)	392
Operating profit before exceptional items		33,572	29,333
Impairment of non-current assets	4	(2,606)	-
Redundancy costs	4	(2,425)	(1,675)
Operating profit		28,541	27,658
Finance revenue		6,677	8,127
Finance costs		(2,289)	(2,002)
Share of profit of associate		-	229
Profit before tax:			
Before exceptional items		37,960	35,687
Impairment of non-current assets	4	(2,606)	-
Redundancy costs	4	(2,425)	(1,675)
Profit before tax		32,929	34,012
Income tax expense	5	(13,994)	(13,579)
Profit for the year		18,935	20,433
Attributable to:			
Equity holders of the parent	6	18,927	20,406
Minority interests		8	27
		18,935	20,433
Earnings per share	6		
- basic for profit for the year		11.0p	10.9p
- basic for profit before exceptional items		13.9p	11.8p
- diluted for profit for the year		10.9p	10.9p
- diluted for profit before exceptional items		13.8p	11.8p

Consolidated balance sheet
As at 31 December 2006

	Notes	2006 £'000	2005 £'000
Non-current assets			
Property, plant and equipment		84,874	81,601
Intangible assets		9,945	9,493
Investment accounted for using the equity method		-	288
Deferred income tax asset		6,166	5,528
		100,985	96,910
Current assets			

	Note		
Inventories		94,586	100,233
Trade and other receivables		427,319	382,970
Prepayments		50,435	63,476
Forward currency contracts		111	191
Cash and short-term deposits	8	77,882	164,797
		650,333	711,667
Total assets		751,318	808,577
Current liabilities			
Trade and other payables		315,846	315,997
Deferred income		77,714	73,827
Financial liabilities		55,736	64,131
Income tax payable		8,394	5,712
Provisions		2,132	2,190
		459,822	461,857
Non-current liabilities			
Financial liabilities		11,362	275
Provisions		12,839	14,007
Other non-current liabilities		917	371
Deferred income tax liabilities		1,249	1,393
		26,367	16,046
Total liabilities		486,189	477,903
Net assets		265,129	330,674
Capital and reserves			
Issued capital		9,571	9,505
Share premium		2,247	74,680
Capital redemption reserve		74,542	100
Own shares held		(2,503)	(2,503)
Other reserves		(2,455)	(1,757)
Retained earnings		183,700	250,630
Shareholders' equity		265,102	330,655
Minority interest		27	19
Total equity		265,129	330,674

Approved by the Board on 12 March 2007

MJ Norris Chief Executive FA Conophy Finance Director

Consolidated statement of changes in equity
For the year ended 31 December 2006

	Attributable to equity holders of the parent								
	Issued capital	Share premium	Capital redemption reserve	Own shares held	Foreign currency translation reserve	Retained earnings	Total	Minority interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 31 December 2004	9,489	73,920	100	(2,503)	(911)	245,113	325,208	46	325,254
Adoption of IAS 32 & IAS 39	-	-	-	-	-	(148)	(148)	-	(148)

At 1 January 2005	9,489	73,920	100	(2,503)	(911)	244,965	325,060	46	325,106
Exchange differences on retranslation of foreign operations	-	-	-	-	(846)	-	(846)	-	(846)
Net income/ (expenses) recognised directly in equity	-	-	-	-	(846)	-	(846)	-	(846)
Profit for the period	-	-	-	-	-	20,406	20,406	(27)	20,379
Total recognised income and expenses for the year	-	-	-	-	(846)	20,406	19,560	(27)	19,533
Cost of share-based payments	-	-	-	-	-	(366)	(366)	-	(366)
Exercise of options	16	760	-	-	-	-	776	-	776
Equity dividends	-	-	-	-	-	(14,375)	(14,375)	-	(14,375)
	16	760	-	-	(846)	5,665	5,595	(27)	5,568
At 31 December 2005	9,505	74,680	100	(2,503)	(1,757)	250,630	330,655	19	330,674

At 1 January 2006	9,505	74,680	100	(2,503)	(1,757)	250,630	330,655	19	330,674
Exchange differences on retranslation of foreign operations	-	-	-	-	(698)	-	(698)	-	(698)
Net income/ (expenses) recognised directly in equity	-	-	-	-	(698)	-	(698)	-	(698)
Profit for the period	-	-	-	-	-	18,927	18,927	8	18,935
Total recognised income and expenses for the year	-	-	-	-	(698)	18,927	18,229	8	18,237
Cost of share-based payment	-	-	-	-	-	1,411	1,411	-	1,411
Exercise of options	66	2,317	-	-	-	-	2,383	-	2,383
Bonus issue	74,442	(74,442)	-	-	-	-	-	-	-
Expenses on bonus issue	-	(308)	-	-	-	-	(308)	-	(308)
Share redemption	(74,442)	-	74,442	-	-	(73,886)	(73,886)	-	(73,886)
Expenses on share redemption	-	-	-	-	-	(56)	(56)	-	(56)
Equity dividends	-	-	-	-	-	(13,326)	(13,326)	-	(13,326)
	66	(72,433)	74,442	-	(698)	(66,930)	(65,553)	8	(65,545)
At 31 December 2006	9,571	2,247	74,542	(2,503)	(2,455)	183,700	265,102	27	265,129

Consolidated cash flow statement

For the year ended 31 December 2006

	Notes	2006 £'000	2005 £'000
Operating activities			
Operating profit:		28,541	27,658
Adjustments to reconcile Group operating profit to net cash inflows from operating activities			
Depreciation		14,585	15,535
Amortisation		1,907	1,784
Share based payment		1,411	(366)
Impairment of property, plant and equipment		2,492	-
Loss/(profit) on disposal of property, plant and equipment		353	(85)
Impairment of software		114	-
Loss on disposal of software		9	-
Dividend received from associate		202	303
Decrease in inventories		4,560	16,824
Increase in trade and other receivables		(35,498)	(25,904)
Increase in trade and other payables		6,895	29,925
Currency and other adjustments		5	287
Cash generated from operations		25,576	65,961
Income taxes paid		(11,994)	(18,366)
Net cash flow from operating activities		13,582	47,595
Investing activities			
Interest received		6,600	9,086
Sale of subsidiary net of cash disposed of		-	(252)
Sale of property, plant and equipment		24	205
Purchase of property, plant and equipment		(7,504)	(8,068)
Sale of intangible assets		-	-
Purchases of intangible assets		(2,499)	(2,267)
Sale of interest in associate		364	-
Funds received from settlement of net asset claim on previously acquired subsidiary		-	26,918
Net cash flow from investing activities		(3,015)	25,622
Financing activities			
Interest paid		(2,152)	(2,063)
Dividends paid to equity shareholders of the parent		(13,326)	(14,418)
Proceeds from share issues		2,383	776
Repayment of capital element of finance leases		(2,629)	(321)
Repayment of loans		(326)	-
Repayment of other loans		(5,201)	-
New borrowings		12,447	-
Return of capital		(74,442)	-
Expenses on return of capital		(365)	
Decrease in factor financing		(1,377)	(6,401)
Net cash flow from financing activities		(84,988)	(22,427)
(Decrease)/increase in cash and cash equivalents		(74,421)	50,790
Effect of exchange rates on cash and cash equivalents		492	1,576
Cash and cash equivalents at the beginning of the year	8	132,911	80,545
Cash and cash equivalents at the year end	8	58,982	132,911

Analysis of changes in net funds

	At 1 January 2006 £'000	Cash flows in year £'000	Non-cash flow £'000	Exchange differences £'000	At 31 December 2006 £'000
Cash and cash equivalents	132,911	(74,421)	-	492	58,982
Factor financing	(31,542)	1,377	-	616	(29,549)

Bank loan	(326)	326	-	-	-
Net funds prior to customer-specific loans and finance leases	101,043	(72,718)	-	1,108	29,433
Finance leases	(652)	2,629	(13,380)	-	(11,403)
Other loans	-	5,201	(12,447)	-	(7,246)
Net funds	100,391	(64,888)	(25,827)	1,108	10,784

Notes to the consolidated financial statements
For the year ended 31 December 2006

1 Authorisation of financial statements and statement of compliance with IFRS

The consolidated financial statements of Computacenter plc for the year ended 31 December 2006 were authorised for issue in accordance with a resolution of the directors on 12 March 2007. The balance sheet was signed on behalf of the Board by MJ Norris and FA Conophy. Computacenter plc is a limited company incorporated and domiciled in England whose shares are publicly traded.

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union as they apply to the financial statements of the Group for the year ended 31 December 2006 and applied in accordance with the Companies Act 1985.

2 Summary of significant accounting policies

Basis of preparation

The consolidated financial statements are presented in sterling and all values are rounded to the nearest thousand (£'000) except when otherwise indicated.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Computacenter plc and its subsidiaries as at 31 December each year. The financial statements of subsidiaries are prepared for the same reporting year as the parent company, using existing GAAP in each country of operation. Adjustments are made to translate any differences that may exist between the respective local GAAPs and IFRS.

All intra-group balances, transactions, income and expenses and profit and losses resulting from intra-group transactions that are recognised in assets, have been eliminated in full.

Subsidiaries are consolidated from the date on which the Group obtains control and cease to be consolidated from the date on which the Group no longer retains control.

Minority interests represent the portion of profit or loss and net assets in subsidiaries that is not held by the Group and is presented separately within equity in the consolidated balance sheet, separately from parent shareholders' equity.

3 Segmental analysis

The Group's primary reporting format is geographical segments and its secondary format is business segments. The Group's geographical segments are 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.

Each geographical business contains the following three business segments: -

- the Product segment supplies computer hardware and software to large and medium corporate and government customers, and to other distributors. It includes the resale of third party services for which the group retains no risks or rewards post sale;

- the Professional Services segment provides technical and project management skills to enable customers in the corporate and government sectors to implement and integrate new technologies into their infrastructures.

- the Support and Managed Services segment provides an outsourcing service for specific areas of infrastructure management to customers in the corporate and government sectors.

The sale of goods is reported in the Product segment. The rendering of services is reported in the Professional Services and Support and Managed Services segments.

Transfer prices between geographical segments are set on an arm's length basis in a manner similar to transactions with third parties. The impact of inter-segment sales on operating profit by segment is not significant.

Geographical segments

The following tables present revenue, expenditure and certain asset information regarding the Group's geographical segments for the years ended 31 December 2006 and 2005.

Year ended 31 December 2006

	UK	Germany	France	Benelux	Total
	£'000	£'000	£'000	£'000	£'000
Revenue					
Sales to external customers	1,281,498	654,671	307,264	26,470	2,269,903
Inter-segment sales	8,601	11,734	764	3,336	24,435
Segment revenue	1,290,099	666,405	308,028	29,806	2,294,338
Result					
Gross profit	181,900	83,405	27,711	2,450	295,466
Distribution costs	(11,765)	(3,646)	(3,521)	(143)	(19,075)
Administrative expenses	(132,665)	(76,971)	(30,685)	(2,498)	(242,819)
Operating profit pre-exceptionals	37,470	2,788	(6,495)	(191)	33,572
Exceptional items	-	-	(5,031)	-	(5,031)
Operating profit	37,470	2,788	(11,526)	(191)	28,541
Net finance income	6,834	(882)	(1,475)	(89)	4,388
Profit before tax	44,304	1,906	(13,001)	(280)	32,929
Income tax expense					(13,994)
Profit for the year					18,935

Assets and liabilities

Total segment assets	506,177	166,611	76,342	2,188	751,318
Total segment liabilities	223,296	145,382	112,679	4,832	486,189
Other segment information					
Capital expenditure:					
Property, plant and equipment	10,387	9,557	852	89	20,885
Intangible fixed assets	1,922	495	82	-	2,499
Depreciation	11,262	2,283	936	104	14,585
Amortisation	1,551	293	63	-	1,907
Share-based payments	1,173	202	28	8	1,411

Year ended 31 December 2005

	UK £'000	Germany £'000	France £'000	Benelux £'000	Total £'000
Revenue					
Sales to external customers	1,351,307	618,238	295,784	19,880	2,285,209
Inter-segment sales	8,401	24,604	293	3,539	36,837
Segment revenue	1,359,708	642,842	296,077	23,419	2,322,046
Result					
Gross profit	169,876	87,709	28,941	2,302	288,828
Distribution Costs	(11,315)	(5,160)	(3,360)	(93)	(19,928)
Administrative expenses	(126,482)	(77,548)	(33,219)	(2,318)	(239,567)
Operating profit pre-exceptionals	32,079	5,001	(7,638)	(109)	29,333
Exceptional items	-	-	(1,675)	-	(1,675)
Operating profit	32,079	5,001	(9,313)	(109)	27,658
Net finance income	8,055	(553)	(1,347)	(30)	6,125
Share of associate's profit	-	229	-	-	229
Profit before tax	40,134	4,677	(10,660)	(139)	34,012
Income tax expense					(13,579)
Net profit for the year					20,433
Assets and liabilities					
Segment assets	569,043	136,784	100,880	1,582	808,289
Investment in an associate	-	288	-	-	288
Total assets	569,043	137,072	100,880	1,582	808,577
Segment liabilities	233,129	116,895	123,952	3,927	477,903
Total liabilities	233,129	116,895	123,952	3,927	477,903

Other segment information
Capital expenditure:

Property, plant and equipment	6,138	1,020	555	124	7,837
Intangible fixed assets	3,083	284	18	-	3,385
Depreciation	11,570	2,981	882	102	15,535
Amortisation	1,093	295	358	38	1,784
Share-based payments	(559)	138	21	8	(392)

Business segments

The following tables present revenue and profit information regarding the Group's business segments for the years ended 31 December 2006 and 2005.

	Product	Professional services	Support and managed services	Total
Year ended 31 December 2006	£'000	£'000	£'000	£'000
Revenue				
Sales to external customers	1,735,210	128,895	405,798	2,269,903
Inter-segment sales	3,865	2,723	17,847	24,435
Segment revenue	1,739,075	131,618	423,645	2,294,338

	Product	Professional services	Support and managed services	Total
Year ended 31 December 2005 (Restated)	£'000	£'000	£'000	£'000
Revenue				
Sales to external customers	1,770,410	114,236	400,563	2,285,209
Inter-segment sales	23,694	3,775	9,368	36,837
Segment revenue	1,794,104	118,011	409,931	2,322,046

For the year ended 31 December 2005 an amount of £12,443,000 has been reclassified from Support and Managed Services to Product. This amount is in respect of 3rd party resold services in Germany for which the Group retains no risks or rewards. Historically these amounts could not be separately identified.

It is not possible to split out assets, liabilities and capital expenditure information by business segments. Assets and liabilities within geographical segments are not allocated to business segments.

4 Exceptional items

	2006	2005
	£'000	£'000
Impairment of property, plant and equipment	2,492	-
Impairment of intangible assets	114	-
Redundancy costs	2,425	1,675
	5,031	1,675

Forecast cash flows for Computacenter France no longer support the value of

the non-current assets in the business, and accordingly a full impairment to these assets was recorded at 31 December 2006.

Restructuring costs of £2,425,000 (2005: £1,675,000) were incurred during the year ended 31 December 2006. These principally relate to headcount reductions required to restructure the indirect cost base. The 2005 comparatives have been restated to classify these costs as exceptional items accordingly.

5 Income tax

a) Tax on profit on ordinary activities
Tax charged in the income statement

	2006 £'000	2005 £'000
Current income tax		
UK corporation tax	14,421	12,872
Foreign tax	212	31
Adjustments in respect of current income tax of previous years	76	(202)
Consortium relief	59	(119)
Total current income tax	14,768	12,582
Deferred tax		
Relating to origination and reversal of temporary differences	(499)	997
Prior year adjustments	(275)	-
Total deferred tax	(774)	997
Tax charge in the income statement	13,994	13,579

Tax relating to items charged or credited to equity		
Deferred tax		
Relief on share option gains	-	16
Tax charge in the statement of changes in equity	-	16

b) Reconciliation of the total tax charge

	2006 £'000	2005 £'000
Accounting profit before income tax	32,929	34,012
At the UK standard rate of corporation tax of 30% (2005: 30%)	9,879	10,204
Expenses not deductible for tax purposes	1,147	673
Relief on share option gains	(218)	-
Adjustments in respect of current income tax of previous years	(214)	(202)
Higher tax on overseas earnings	49	1
Accounting depreciation in excess of tax depreciation	21	518
Other timing differences	(616)	(761)
Consortium relief	59	(119)
Profit of overseas undertakings not taxable due to brought forward loss offset	(154)	(4)
Losses of overseas undertakings not available for relief	4,041	3,269
At effective income tax rate of 42.6% (2005: 39.9%)	13,994	13,579

6 Earnings per ordinary share

Basic earnings per share amounts are calculated by dividing net profit for the

year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year adjusted for the effect of dilutive options.

The following reflects the income and share data used in the total operations basic and diluted earnings per share computations:

	2006 £'000	2005 £'000
Profit attributable to equity holders of the parent	18,927	20,406
Exceptional items attributable to equity holders of the parent	5,031	1,675
Profit before exceptional items attributable to equity holders of the parent	23,958	22,081

	2006 000's	2005 000's
Basic weighted average number of shares (excluding own shares held)	172,312	187,210
Effect of dilution:		
Share options	1,232	658
Diluted weighted average number of shares	173,544	187,868

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

7 Dividends paid and proposed

	2006 £'000	2005 £'000
Declared and paid during the year:		
Equity dividends on ordinary shares:		
Final dividend for 2005: 5.0p (2004: 5.2p)	9,405	9,735
Interim for 2006: 2.5p (2005: 2.5p)	3,921	4,590
	13,326	14,325
Proposed for approval at AGM (not recognised as a liability as at 31 December)		
Equity dividends on ordinary shares:		
Final dividend for 2006: 5.0p (2005: 5.0p)	7,856	9,400

8 Cash and short-term deposits

	2006 £'000	2005 £'000
Cash at bank and in hand	17,882	164,797
Short-term deposits	60,000	-
	77,882	164,797

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The fair value of cash and cash equivalents is £77,882,000 (2005: £164,797,000).

At 31 December 2006, the Group had available £10,000,000 (2005: £9,100,000) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met. In addition the Group has £79,000,000 (2005:£59,200,000) of overdraft facilities.

For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise the following at 31 December:

	2006	2005
	£'000	£'000
Cash at bank and in hand	17,882	164,797
Short-term deposits	60,000	-
Bank overdrafts	(18,900)	(31,886)
	--------	--------
	58,982	132,911
	========	========

9 Customer-specific leases and loans

a) Other loans

Other loans comprise of borrowings relating to specific assets that are used to satisfy specific customer contracts.

The table below summarises the maturity profile of these loans:

	2006	2005
	£'000	£'000
Not later than one year	4,443	-
After one year but not more than five years	2,803	-
	--------	--------
	7,246	-
	========	========

b) Finance lease commitments

The finance leases are only secured on the assets that they finance. These assets are used to satisfy specific customer contracts.

The present value of the net minimum lease payments are as follows:

	2006	2005
	£'000	£'000
Within one year	2,844	377
After one year but not more than five years	8,559	275
	--------	--------
Present value of minimum lease payments	11,403	652
	========	========

c) Operating lease commitments where the Group is lessor

During the year the Group entered into commercial leases with customers on certain items of machinery.

Future amounts receivable by the Group under the non-cancellable operating leases as at 31 December are as follows:

2006	2005

	£'000	£'000
Not later than one year	8,541	-
After one year but not more than five years	12,723	-
	------	-----
	21,264	-
	======	=====

The amounts receivable are directly related to the finance lease obligations and other loans of £18,649,000 detailed in notes 8 a) and 8 b).

10 Publication of non-statutory accounts

The financial information contained in this preliminary statement does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The financial information set out in this announcement is extracted from the full Group financial statements for the year ended 31 December 2006, the auditor's report on which has yet to be signed.

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