# Final Results

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Computacenter plc

Final results announcement

Computacenter plc, the European IT infrastructure services provider, today announces final results for the twelve months ended 31 December 2010.

"Another year of strong progress"

FINANCIAL HIGHLIGHTS

Underlying performance

· Ongoing^ revenues increased 10.7% to £2.68 billion (2009: £2.42 billion)

· Adjusted* profit before tax increased 21.8% to £66.1 million (2009: £54.2 million)

· Adjusted* diluted earnings per share ('EPS') increased 19.1% to 33.0 pence (2009: 27.7 pence)

· Total dividend for 2010 of 13.2 pence per share (2009: 11.0 pence)

· Net cash prior to customer specific financing (CSF) was £139.4 million (2009: £86.4 million)

Statutory Performance

· Group revenues increased 6.9% to £2.68 billion (2009: £2.50 billion)

· Profit before tax increased 35.1% to £65.4 million to (2009: £48.4 million)

· Diluted EPS increased by 30.9% to 32.6 pence (2009: 24.9 pence)

· Net cash after CSF of £111.0 million (2009: £37.3 million)

OPERATING HIGHLIGHTS

· Revenues improved significantly in all our major geographies

· Ongoing^ Group product revenue grew markedly, up 12.5% (14.7% in constant currency) as a result of strong customer demand for upgraded and improved IT infrastructure

· Our Group annual services contract base grew over 7.1% (9.3% in constant currency) to £539.4 million (2009: £503.6 million) in excess of market growth predictions#

· Our Group-wide ERP project remains on track with a successful migration onto the new platform in Germany

· On 15 February 2011 we announced, subject to the approval of the French Competition Board, our agreement to acquire Top Info for an initial debt free cash consideration of €21 million

- Launch of C[3]Mail, the first in a suite of cloud based offerings

Mike Norris, Chief Executive of Computacenter plc, commented:

"Computacenter has delivered another strong set of results with increased profits, EPS, dividends and an improved cash position. We have delivered in excess of 20% compound annual EPS growth over the last four years.

Over the last two years, we have done much to identify those areas where we have competitive advantage and for which there is market appetite. We believe that this is where our future success lies.

We believe that 2011, as a whole, will be a year of continuing improvement for Computacenter's performance. We are encouraged by end user demand for new technology which is driving the requirement for investment in corporate IT infrastructure, helped by economic improvement within our customers' markets. Our services market place continues to grow, albeit at a modest pace, but we feel increasingly confident about our ability to continue to outperform the market."

* Adjusted for exceptional items and amortisation of acquired intangibles.

# Source: Gartner

^ Ongoing revenues exclude revenues from the disposed Trade Distribution business

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Chairman's statement

2010 was another year of strong progress for our Company. Adjusted* profit before tax once more grew by more than 20 per cent. It is worth noting that Computacenter has delivered greater that 20 per cent compound annual growth in earnings per share over the last four years. We gained market share and grew our services revenues by 6.5 per cent. The German business showed great

resilience in recovering from a poor first quarter, and our French business became profitable again. We are pleased with this performance, not least because it came as a result of the execution of our strategy, rather than simply as a result of an improving economic backdrop.

If 2009 was about cost and expense reduction and simplifying our structure, then 2010 showed disciplined sales and service delivery. Pleasing as it was, this only confirms that we have the opportunity to do much more in growing share in our chosen markets and improving our profitability in a sustainable way.

In 2011 we will continue to invest in our infrastructure, our talents and skills as well as enhancing our customers' experience. We are on course to successfully implement a single Group-wide ERP system, the major benefits of which will not manifest themselves until 2012 and beyond. Our efforts to 'industrialise' our services are already showing margin improvement and better customer satisfaction and are designed to create long-term competitive advantage. The services contract base upon which these improvements operate, grew by more than seven per cent in 2010 and the benefits will increase as time passes. We will continue our relentless focus on cost and expense management while supporting these significant investments.

This year marks the 30th anniversary of the founding of Computacenter. Since then the Company has grown considerably in size and this evolution has required Computacenter to adapt to the ever changing legislative environment. We have in place a governance framework, aligned to the principles of the UK Corporate Governance Code, not simply because we must do so, but rather because it is the right thing to do. In this regard, I give you my commitment to uphold the merits of the Code, as it applies to Computacenter.

I thank all of our employees for their efforts and our customers for their business. We have much to do in 2011, on our journey of continuous improvement, to achieve our potential.

Greg Lock

Chairman

*Adjusted profit before tax and EPS is stated prior to amortisation of acquired intangibles and exceptional items.

## Operating review

### Group Overview

Computacenter has again delivered a strong profit performance in 2010. Group adjusted* profit before tax grew by 21.8 per cent to £66.1 million (2009: £54.2 million).  The Group's adjusted* diluted earnings per share (EPS) grew by 19.1 per cent to 33.0 pence (2009: 27.7 pence), primarily due to this increase in profitability. We have delivered in excess of 20 per cent compound annual EPS growth over the last four years.

On a statutory basis, taking into account amortisation of acquired intangibles and exceptional items, Group profit before tax increased by 35.1 per cent to £65.4 million (2009: £48.4 million) and diluted EPS increased by 30.9 per cent to 32.6 pence (2009: 24.9 pence).

Group revenue, as reported, increased in 2010 by 6.9 per cent to £2.68 billion (2009: £2.50 billion). After the significant product

revenue decline experienced in 2009, during 2010 customers embarked on refreshing, upgrading and improving their IT infrastructures. This resulted in strong Group product revenue growth of 12.5 per cent, or 14.7 per cent in constant currency, excluding the effect of the CCD disposal towards the end of 2009, but including the acquisitions made late in 2009. This growth was achieved steadily over the year as a whole and we also believe that, subject to performance of the overall macroeconomic conditions, growth should continue during 2011.

Group services revenue, as reported, increased by 6.5 per cent and 8.7 per cent in constant currency. Different to the product revenue growth, the services revenue growth was achieved, as expected, largely during the second half of 2010. Particularly pleasing, as this is fundamental to the long-term success of Computacenter, is that the annual services contract base at December 2010, has increased by 7.1 per cent on the services contract base level at December 2009 and 9.3 per cent in constant currency. This leaves us confident that Computacenter continues to meet the IT investment needs of our customers and is evidence that our customers rely on Computacenter to help them in reducing their operating costs, over the longer term. The Group annual services contract base stood at £539.4 million at the end of the year (2009: £503.6 million).

In 2009, we reduced operating expenses ('SG&A') by over £30 million in constant currency and the increase gained in operational leverage has in no small way contributed to these encouraging results. Furthermore, the early indication of improving corporate capital expenditure, first detected some 12 months ago, has persisted, to the extent that we have now gained a high level of confidence that Computacenter's progress is sustainable and not of a short-term nature. The Group incurred no exceptional costs during 2010 and this should, in all likelihood, continue until the ERP benefits start being realised.

Our balance sheet has further strengthened considerably. At the end of the year, net cash prior to customer specific financing (CSF) was £139.4 million (2009: net cash of £86.4 million). Including CSF, net funds were £111.0 million (2009: £37.3 million). This material improvement in our cash position was primarily due to increased profitability and prudent working capital management, which we believe, is largely sustainable. However, the figures are flattered by approximately £38 million (2009: £30 million) with the continuation of extended credit terms from one of our major vendors, which have been made available to all of their business partners. These terms could return to normal in the second half of 2011.

The Board has decided to recommend a final dividend of 9.7 pence, bringing the total dividend paid for 2010 to 13.2 pence, representing a 20 per cent increase on the 2009 total dividend paid of 11.0 pence. The increase in dividend is broadly consistent with our stated policy of maintaining dividend cover within our target range of 2 to 2.5 times. Subject to the approval by shareholders at the Annual General Meeting (AGM) on 13 May 2011, the proposed dividend will be paid on 10 June 2011 to shareholders on the register as at 13 May 2011.

Our offerings continue to gain momentum in the market, as customers choose to outsource IT infrastructure support selectively, rather than opting for a comprehensive IT outsourcing contract or undertaking the work in-house. Service desk offshoring remains an attractive offering and we continue to invest in the expansion of this resource. We currently employ in excess of 750 staff, outside of the UK, Germany and France, primarily within our multi-language service desk in Barcelona and for an English speaking desk in Cape Town. These facilities are making significant contributions towards fuelling the growth in contractual services, through addressing the increased demand from customers for global and multi-lingual service delivery.

Over the last two years, we have done much to identify those Computacenter offerings, where we have competitive advantage and for which there is market appetite. We believe that this is where our future success lies and our focus is on repeating delivery of these offerings, in an efficient and high quality manner. We are investing into tools and processes, which support repetitive delivery of these services, whilst ensuring efficiency and quality.

As the infrastructure demands of our customers grow, so their appetite for increased efficiency solutions has also grown. This has been the driving force behind the notable interest in cloud related services. Computacenter has responded with the recent launch of C$^3$Mail, the first in a suite of cloud based offerings.

We maintained good progress in preparing for our Group ERP implementation. During the first week of February 2011, the Release 1 migration onto the new platform in Germany was delivered, without material disruption. However, the remainder of 2011 will be important, as migration of the UK system is scheduled to follow during the third quarter. The Release 1 migration has significantly reduced implementation risk, as the lessons we have learnt will assist during the subsequent migrations. As our

people become familiar with the system, the benefits related to a single Group-wide system, will start to materialise. Due to the commencement of the ERP depreciation, we will incur an incremental charge of £3 million in 2011.

We did not make any acquisitions during 2010, but on 15 February 2011, we announced that our French business had agreed to acquire Top Info, subject to the approval of the French Competition Board. Top Info will be acquired for an initial debt free cash consideration of €21 million, with a further €1 million payable, subject to the financial performance of the Top Info business in the period to end December 2011. A further circa €15 million will be paid on the closing date, for the cash on Top Info's balance sheet at that time. We believe that Top Info's attractive customer portfolio in France will provide our French business with new opportunities to deploy its services and infrastructure solutions further, whilst at the same time, strengthening its presence within the IT infrastructure supply market to large French corporations and the Government.

UK

Excluding the effect of the exit of trade distribution in 2009, UK revenues improved by 10.8 per cent in 2010, to £1.27 billion (2009: £1.14 billion).  This increase was delivered by healthy revenue growth in both the product and services businesses and was largely attributable to the continuing and increasing capital expenditure of our customers.  The rate of this increase in revenue was broadly consistent over the year, without a significant revenue spike in the fourth quarter and no obvious increased demand driven by the VAT rate change, but certainty in this regard is impossible.

Adjusted* operating profit in the UK increased by 14.5 per cent to £43.3 million (2009: £37.8 million).  This profit growth flowed from the strong increase in revenues, as well as some services margin improvement.  We also continue to enjoy leverage from the cost savings made in 2009.

SG&A in 2010 increased by £3.0 million, from the significantly reduced base in 2009. This increase was largely due to investment into our Services capability, aimed at improving our delivery and as would be expected, higher commissions were also earned by our sales teams during the year.

Computacenter UK's services revenue grew by 13.9 per cent to £380.5 million (2009: £334.0 million), whereas services revenues for the total UK market, declined by 0.1% in 2010, according to Gartner figures.  Revenue performance in contractual services was encouraging, as anticipated, accelerating towards the end of the year, as new contract wins became active.  Particularly pleasing was the increase in the contractual services base, as it serves as an encouraging lead indicator for this business' revenue into 2011 and beyond. A clear indication of the return of capital expenditure into the market can, in part, be seen in the strong revenue growth achieved in the Professional Services Business.

Together with growing the contract base, our focus on retaining and, ideally, expanding our activities with existing customers, is also delivering success.  For example,  we extended our desktop managed services agreement with AEGON - to whom we've been providing IT support for over 10 years - with a continued end-to-end infrastructure outsource worth over £12 million, for a further five years until October 2015. We have also renewed our relationship with OB10, the global e-Invoicing company, for a further five years.  The scope of this contract, worth £6 million, has been expanded to incorporate our multi-site datacenter offering.

We were also successful in winning a number of new services contracts. We signed a new five-year, £10 million infrastructure management outsourcing contract with Gatwick Airport. The scope of work includes managing two datacenters at the airport, along with 26 critical IT node rooms.

The infrastructure will be monitored and managed initially, from our facility in Hatfield and in the future, from Cape Town, with an onsite support presence at the airport. The airport operator will have access to scalable and agile support models, as well as our offshore capability, and in the future, access to 'utility' based computer provisioning.

Waitrose, the leading high street retailer awarded us a five-year support contract. Under the agreement, Computacenter will provide hardware support to 269 stores, covering electronic point of sale equipment, as well as back office IT and network

devices. The service will ensure availability of critical devices and also deliver increased efficiency for Waitrose.

RDC, our subsidiary which provides its customers with secure and environmentally appropriate solutions to their end-of-life IT equipment, once again delivered exceptional performance, with overall revenue up by 30.3 per cent to nearly £38.2 million (2009: £29.3 million), while profits grew by 30.9 per cent.

To an increasing extent, IT infrastructure refreshes require physical cabling solutions, prior and during projects. This is evidenced by the 73 per cent increase in contribution of our cabling business, on the previous year. A large global financial institution is due to relocate a large number of its current premises across Europe, the Middle East and Africa (EMEA) and Computacenter's cabling team has been selected as the sole supplier of cabling installation services to all the new EMEA locations.

Throughout 2010, Computacenter UK has continued to win and deliver more critical contracts, enabling our customers to operate a resilient infrastructure and to reduce their operating costs. These contracts increase the opportunity of retaining such customers over the longer term.

Germany

In Germany, overall adjusted* operating profit for the year, grew by 8.8 per cent to €23.9 million (2009: €22.0 million). This result represents a strong recovery from the slow start to the year, when adjusted operating profit declined by 46.7 per cent, compared to the 2009 first half result.

2010 can be viewed as a year of two halves. The expiry of some larger contracts at the end of 2009, as well as general hesitancy in the market for capital expenditure, resulted in reduced services revenue in the first half of 2010, although there were early signs of recovery towards the end of this period. Market confidence improved substantially in the second half of the year, with IT infrastructure investment into both services and products, accelerating towards the end of the year, with a particularly strong revenue performance in December 2010. For the year as a whole, in local currency and including the acquired becom business, revenue increased by 12.2 per cent to €1,173.1 million (2009: €1,045.1 million) and by 6.2 per cent, excluding the becom business which was acquired in 2009.

Our services contract base grew by 8.7 per cent to €290.0 million (2009: €266.8 million). Both new and existing customers invested in high-end products, combined with our service offerings.

We signed a three-year framework agreement, valued at circa €9 million with Dataport, for the supply and deployment of Cisco datacenter hardware and related services, including consultation work and maintenance provision.

Intelligent workplace and communication solutions also combine our product and service offerings. Volkswagen commissioned Computacenter Germany to implement the car manufacturer's Windows 7/Office 2010 strategy. The overall project lays the foundation for the future workplaces at the Volkswagen Group, worldwide.

Union IT Services GmbH, as the IT services provider to the financial service company Union Investment, a leading real estate investment manager in Europe for private and institutional investors, renewed the outsourcing contract with Computacenter Germany, until 2017. This end-to-end outsourcing contract has been expanded to include the implementation and operation of a new and flexible IP telecommunication centre, as part of its unified communication and collaboration solution.

The integrated becom business has started to deliver real value to Computacenter Germany's overall business, especially within the datacenter product business, which has seen much healthier activity than last year. Additionally, a close relationship with Microsoft has contributed to Computacenter Germany's recent certification as a Microsoft Voice Specialist, in addition to the existing certification as a Cisco Master Unified Communication Specialist. It is the first time in Germany that any provider has been awarded both certifications and our response to current market requirements for multi-vendor communication solutions, has been materially enhanced. Our overall relationship with Cisco continues to grow, culminating in the award of "Cisco Enterprise Partner of the Year- Europe"

Revenue growth in the second half of 2010 was in part derived from our reorganisation activities in the first six months. The managed services delivery structures were integrated them into a new Managed Service Factory and the product and services portfolios were merged. These changes enabled Computacenter Germany to maximise its opportunities on the economic rebound and even grow in excess of the German market in 2010.

We are pleased with our overall performance for the year, especially as many of our senior staff members were focussed on the design and implementation work for a smooth ERP system migration. This was achieved in early January 2011, an event which will provide lessons for the rest of the Group's future migrations.

France

Computacenter France delivered an operating profit of €1.2 million (2009: operating loss €3.1 million), flattered to the extent of €1.0 million, when compared to 2009, by a change in classification of certain French tax expenses, from administration expenses in 2009, to income tax expense in 2010.

We achieved strong revenue growth, materially outperforming the French market, with reported revenue increasing by 16.9 per cent to €419.4 million (2009: €358.7 million). Although both services and product revenue growth outperformed their respective markets, product revenue grew by an impressive 19.7 per cent, whilst services revenue growth was lower, at 4.6 per cent. Services now represent 16.5 per cent (2009: 18.4 per cent) of the total business.

Product growth resulted mainly from increased higher-end enterprise and software sales. Enterprise revenue growth, in the year, by 53 per cent, was partly due to the success in up-scaling our enterprise service offerings. The French Army, an existing customer, additionally awarded us a comprehensive hardware supply contract to support their storage consolidation and virtualisation project, from conception to roll-out and training, which supply is due to continue through 2011. There was further evidence of encouraging growth in enterprise sales in the product supply contract win for the virtualised workplace environment of Europ Assistance, a major international provider of insurance and assurance services.

Towards the end of 2010, we won a four-year product supply contract with SAE, the Government Purchasing Agency, led by the Minister of Finance. EDF, a major energy utilities company, has also awarded Computacenter France a three-year global software licensing contract, with two extension options of one year each.

Our services business in 2010 grew at a slower rate than in 2009. However, while no significant existing contracts were lost during 2010, we experienced a natural erosion of revenue from older maintenance contracts and new wins had not yet started contributing revenue. This resulted in a marginal decline by 0.1 per cent in local currency, in contractual services. Encouraging though was the 15.3 per cent growth in professional services revenue, which should be a natural consequence of strong product revenue growth, but which has not previously been realised in France, to this extent.

SG&A expenses were held flat through effective controls and external costs were reduced sufficiently, to allow for investment in enhancing and up-skilling our salesforce. We rolled out an opportunity management tool to enhance potential customer engagement across the Company and we created a sales specialist team to provide technical support to the salesforce.

Additionally, we comprehensively reviewed the salesforce incentivisation mechanisms, resulting in changes to individual targets and other incentive structures. Whilst this investment was aimed at sales acceleration into 2011 and beyond, there have been clear signs of early successes, making us confident of further organic growth and profitability in 2011. In addition, the proposed acquisition of Top Info, subject to approval by the French Competition Authority, is anticipated to deliver further revenue enhancement in 2011.

Benelux

The Benelux operation showed an adjusted operating loss of €0.46 million in 2010 (2009: loss of €0.85 million), resulting from an operating profit for Belgium and the Netherlands of €0.49 million (2009: loss of €0.45 million) and an operating loss for Luxembourg of € 0.95 million (2009: loss of €0.39 million).

The business in Belgium and the Netherlands delivered significantly increased revenue, up by 90.8 per cent to €49.6 million (2009: €26.0 million), largely derived through product sales. However, a material proportion of this revenue was derived from a single, one-off sale. Services revenues increased by 3.3 per cent to €9.6 million (2009: €9.3 million) and our managed services business maintained a stable long-term contract base.

This business has strengthened its competitive position by combining its local presence with international shared services facilities for licensing, service desk and datacenter activities. This has allowed the business to compete for and win, major product and licensing contracts, as is evidenced by a €10.2 million datacenter project to a high profile wireless technology provider, as well as a licensing contract with a market leader in the field of local search and advertising, valued at circa €1.2 million.

Continued investment into our Professional Services offering enabled some project contract wins in the fields of unified IP communications, for example, a €0.14 million VOIP project for the Red Cross Flanders, as well as in Microsoft technologies, as evidenced by a €0.12 million MS System Center project for De Lijn, a regional public transport provider.

Additionally, a datacenter technology related contract, for storage implementation, with a value of €0.23 million was awarded by Pentair Europe, a leading provider of water solutions and related technical products.

In Luxembourg, a restructuring project, at a cost to the profit and loss account of circa €0.48 million, was undertaken to reduce the future cost base significantly and to enhance focus on growing the long-term managed services contract base. An early success, in this context, is evident from having been awarded a two-year contract, valued at €0.47 million, by Enovos, a gas and electricity utilities company.

In recognising the business needs of our local customers, we integrated our Luxembourg team structure in the German organisation, effective from 1 January 2011. Going forward, performance of the Belgium and Netherlands based businesses will be reported separately from the Luxembourg business, the latter which will be reported as part of the German business performance.

Outlook statement

We believe that 2011, as a whole, will be a year of continuing improvement for Computacenter's performance. As we state every year, it is always a challenge drawing any meaningful conclusions about the new financial year until we have completed at least the first quarter. This year, drawing conclusions from comparisons with prior first quarter results, will be particularly difficult. In the first quarter of 2010 in the UK, we had very buoyant market conditions and a large one-off contract, which flattered revenue to a greater extent than profit. This is a marked contrast to Germany, where the comparison is materially easier, due to their challenging start to 2010.

Looking further ahead, we believe there are a number of growth drivers which Computacenter will be able to take advantage of. End user demand for new technology is driving the requirement for investment in corporate IT infrastructure, helped by economic improvement within our customers' markets. Our services market place continues to grow, albeit at a modest pace, but we feel increasingly confident about our ability to continue to outperform the market. This reflects our customers' desire not to outsource to a single supplier, but to 'smart source' best of breed suppliers, playing to Computacenter's strengths. We believe that these growth drivers, coupled with the opportunity to further reduce our operating cost over time due to our investment in systems, will enable Computacenter to continue our earnings momentum.

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

Mike Norris

Chief Executive

## Finance Director's review

### Turnover and profitability

In 2010, Computacenter Group delivered a strong turnover and profit, across all our main geographies with revenue growth in all business lines. Our 2009 revenues included £84.6 million from the trade distribution ('CCD') business in the UK, which was disposed in 2009. Excluding CCD, turnover increased by 10.7 per cent, with product revenues increasing by 12.5 per cent and service revenues increasing by 6.5 per cent.

This growth was partially achieved due to the impact of the acquisitions of becom and Thesaurus, which were both made in November 2009, offset by a small dilution in growth due to movements in currency. The like-for-like turnover growth, which excludes currency fluctuations, the CCD disposal and the impact of acquisitions, was 10.3 per cent. On this measure, product revenue growth was 11.4 per cent, and services growth 7.7 per cent. The turnover growth reflects the strong rebound in corporate infrastructure spending in 2010 across UK, Germany and France.

Adjusted profit before tax improved by 21.8 per cent from £54.2 million to £66.1 million, albeit £0.9 million of this improvement is generated from a change in classification of certain French tax expenses from administration expenses in 2009 to income tax expense in 2010. Without this classification change, adjusted profit before tax increased by 20.1 per cent.

After taking account of exceptional items, in 2009, and amortisation of acquired intangibles, statutory profit before tax increased by 35.1 per cent from £48.4 million to £65.4 million.

### Adjusted operating profit

Statutory operating profit increased from £52.1 million to £65.9 million. However, management measure the Group's operating performance using adjusted operating profit, which is stated prior to amortisation of acquired intangibles, exceptional items and the transfer of internal ERP implementation costs and after charging finance costs on customer specific financing ('CSF') for which the Group receives regular rental income. Gross profit is also adjusted to take account of CSF finance costs. The reconciliation of statutory to adjusted results is further explained in the segmental reporting note (note 3) to the financial statements.

### UK

UK revenues, excluding the CCD disposal, grew strongly in 2010 by 10.8 per cent overall. Product sales increased by 9.5 per cent and services revenues also increased by 13.9 per cent. Revenue decline in the Government Sector was more than offset by growth in other sectors, particularly Financial Services. Adjusted gross profit margin moved from 14.8 per cent to 15.0 per cent with the loss of low margin CCD revenues replaced by higher revenues on corporate product sales.

At a headline level, adjusted operating expenses ('SG&A') increased by £3.0 million as reported. However, we incurred operating expenses of £3.5 million in 2009 in the CCD business. Following the cost reductions realised in 2009, the UK business entered into certain targeted SG&A investments to improve efficiency, repeatability and industrialisation of our service operations function.

### Germany

Revenue, as reported, grew in 2010 by 8.1 per cent to £1,005.8 million (2009: £930.7 million), although approximately £54.3 million (or 72.3 per cent) of the growth can be attributed to the acquisition of becom Informationsysteme Gmbh ('becom').

In local currency, revenue grew by 12.2 per cent, with product and services revenues increasing by 16.8 per cent and 4.1 per cent respectively. The adjusted gross profit percentage for Germany as a whole decreased from 13.4 per cent to 13.1 per cent of sales, due to a higher product revenue mix.

SG&A increased by £6.2 million to £111.0 million (2009: £104.8 million), albeit excluding the SG&A increase associated with the acquisition of becom and taking into account the effects of currency, the like-for-like SG&A growth is 2.6 per cent.

### France

The rebound in revenue was most pronounced in France, with revenue increasing by 12.6 per cent or 16.9 per cent in local currency.

Product revenue increased by 19.7 per cent in local currency mainly due to a relatively buoyant product market and strong growth in the Enterprise product sector. Following two years of double digit growth, services revenue grew by a more modest 4.6 per cent, with professional services up 15.3 per cent and managed services down by 0.1 per cent in local currency.

Due to the high product sales growth, gross profit percentage reduced from 11.7 per cent to 10.5 per cent. This led to an overall

gross profit increase of £0.4 million, with SG&A down by £3.3 million. The operating profit is flattered by the change in the basis of the calculation of certain tax payments. In 2010, £0.9m has been charged in income tax expense that in previous periods was classified within administration expenses.

The operating result turned around from a loss of £2.7 million in 2009 to an operating profit of £1.0 million in 2010. This is a particularly pleasing performance, being the first time our French business has generated an operating profit since 2001.

Benelux

Reported revenue increased by 74.0 per cent to £45.6 million (2009: £26.2 million), translating to an increase of 80.8 per cent in local currency. In local currency, product revenue increased by 130.5 per cent whilst service revenue grew more modestly by 6.2 per cent. This is driven by a large product win during 2010 in Belgium and the Netherlands, that is not expected to be repeated in 2011.

Our business in Belgium returned to profitability in 2010, reporting an operating profit of £0.4 million (2009: operating loss of £0.4 million). The business in Luxembourg however, was once again loss-making, and as a consequence we incurred £0.4 million of redundancy costs within an operating loss of £0.8 million (2009: £0.4 million). From 2011, the Luxembourg business will be managed and reported through our German business and going forward, will form part of the German geographical segment.

The operating loss generated in the Benelux segment was therefore £0.4 million (2009: £0.8 million).

Exceptional items

Following exceptional items of £5.3 million in 2009, no exceptional items were recorded during 2010. Further details of the prior year exceptional items are provided in note 4.

Finance income and costs

Net finance costs on a statutory basis reduced from £3.7 million in 2009 to £0.5 million in 2010. This takes account of finance costs on CSF of £2.1 million (2009: £4.0 million). On an adjusted basis, prior to the interest on CSF, net finance income recovered from £0.3 million in 2009 to £1.6 million in 2010, mainly due to the significant improvement in net funds.

Taxation

The effective adjusted tax rate for 2010 was 23.1 per cent (2009: 22.6 per cent). The Group's tax rate continues to benefit from losses utilised on earnings in Germany and will benefit from the reducing corporation tax rate in the UK.

Deferred tax assets of £11.3 million (2009: £11.4 million) have been recognised in respect of losses carried forward. In addition, at 31 December 2010, there were unused tax losses across the Group of £171.2 million (2009: £188.1 million) for which no deferred tax asset has been recognised. Of these losses, £99.4 million (2009: £111.1 million) arise in Germany, albeit a significant proportion have been generated in statutory entities that no longer have significant levels of trade. The remaining unrecognised tax losses relate to other loss-making overseas subsidiaries.

Earnings per share and dividend

The adjusted* diluted earnings per share has increased in line with profit growth by 19.1 per cent from 27.7 pence in 2009 to 33.0 pence in 2010. The statutory diluted earnings per share growth of 30.9 per cent takes into account exceptional items reported in 2009.

The Board is recommending a final dividend of 9.7 pence per share, bringing the total dividend for the year to 13.2 pence (2009: 11.0 pence). This will be payable on 10 June 2011 to registered shareholders as at 13 May 2011.

Cash flow

The Group's trading net funds position takes account of factor financing, but excludes CSF. There is an adjusted cash flow statement provided in note 9 that restates the statutory cash flow to take account of this definition.

The net funds (excluding CSF) improved from £86.4 million to £139.4 million by the end of the year. The Group has a history of strong cash generation however, the increase in 2010 was unusual, given the increase in product revenues, due to a number of factors. Firstly, following the exit from the CCD business in the UK in late 2009, the UK increased the mix of its purchases via distributors, resulting in lower stock holdings and increased creditor payment terms. Secondly the Group continued to benefit from the extension of a temporary improvement in credit terms with a significant vendor, equivalent to £38 million at 31 December 2010, an increase of approximately £8 million over the course of the year. These terms will continue until at least 30 June 2011.

These factors combined to generate a £21.4 million working capital inflow, despite a 7.1 per cent increase in product sales compared to 2009. This, together with the post tax earnings in the period of £50.3 million, improved the cash position, by over £50 million in the year, despite continued investment in the ERP system, investment in our datacenters and dividends of £17.0 million paid.

Whilst the increase in net cash in the year is particularly strong, changes in future periods are more likely to be in line with the underlying earnings of the business, except if the improvement in credit terms with a significant vendor is reversed.

CSF reduced in the year from £49.1 million to £28.4 million, partially due to a decision to restrict this form of financing in the light of the credit environment and reduced customer demand. Taking CSF into account, total net cash at the end of the year was £111.0 million, compared to £37.3 million at the start of the year.

Customer specific financing

In certain circumstances, the Group enters into customer contracts that are financed by leases or loans. The leases are secured only on the assets that they finance. Whilst the outstanding balance of CSF is included within the net funds for statutory reporting purposes, the Group excludes CSF when managing the net funds of the business, as this CSF is matched by contracted future receipts from customers. Whilst CSF is repaid through future customer receipts, Computacenter retains the credit risk on these customers and ensures that credit risk is only taken on customers with a strong credit rating.

The committed CSF financing facilities are thus outside of the normal working capital requirements of the Group's product resale and service activities.

Capital Management

Details of the Group's capital management policies are included within the financial statements.

Financial instruments

The Group's financial instruments comprise borrowings, cash and liquid resources and various items that arise directly from its operations. The Group occasionally enters into hedging transactions, principally forward exchange contracts or currency swaps. The purpose of these transactions is to manage currency risks arising from the Group's operations and its sources of finance. The Group's policy remains that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate, liquidity and foreign currency risks. The overall financial instruments strategy is to manage these risks in order to minimise their impact on the financial results of the Group. The policies for managing each of these risks are set out below. Further disclosures in line with the requirements of IFRS 7 are included in the financial statements.

Interest rate risk

The Group finances its operations through a mixture of retained profits, bank borrowings, invoice factoring in France and the UK and finance leases and loans for certain customer contracts. The Group's bank borrowings, other facilities and deposits are at floating rates. No interest rate derivative contracts have been entered into. When long-term borrowings are utilised, the Group's policy is to maintain these borrowings at fixed rates to limit the Group's exposure to interest rate fluctuations.

Liquidity risk

The Group's policy is to ensure that it has sufficient funding and committed bank facilities in place to meet any foreseeable peak in borrowing requirements. The Group's net funds position improved substantially during 2010, and at the year-end was £139.4 million excluding CSF, and £111.0 million including CSF.

Due to strong cash generation over the past three years, the Group is now in a position where it can finance its requirements from its cash balance. As a result, the Group has not renewed a number of overdraft and factoring facilities during 2010, and consequently the uncommitted overdraft and factoring facilities available to the Group has reduced to £15.5 million at 31 December 2010 (2009: £100.3 million).

At 31 December 2010, the Group still has access to a £60.0 million three-year committed facility established in May 2008, of which £43.5 million (2009: £42.9 million) is not utilised at the balance sheet date. This facility is due to expire in May 2011, and is not expected to be renewed.

The Group manages its counterparty risk by placing cash on deposit across a panel of reputable banking institutions, with no more than £50.0 million deposited at any one time except for UK Government backed counterparties where the limit is £70.0 million. CSF facilities are committed.

Foreign currency risk

The Group operates primarily in the UK, Germany, France, and the 'Benelux' countries, using local borrowings to fund its operations outside of the UK, where principal receipts and payments are denominated in Euros. In each country a small proportion of the sales are made to customers outside those countries. For those countries within the Euro zone, the level of non-Euro denominated sales is very small and if material, the Group's policy is to eliminate currency exposure through forward currency contracts. For the UK, the vast majority of sales and purchases are denominated in Sterling and any material trading exposures are eliminated through forward currency contracts.

Credit risk

The Group principally manages credit risk through management of customer credit limits. The credit limits are set for each customer based on the creditworthiness of the customer and the anticipated levels of business activity. These limits are initially determined when the customer account is first set up and are regularly monitored thereafter. In France, credit risk is mitigated through a credit insurance policy which applies to non-Government customers and provides insurance for approximately 50 per cent of the relevant credit risk exposure.

There are no significant concentrations of credit risk within the Group. The Group's major customer, disclosed in note 3 to the financial statements, consists of entities under the control of the UK Government. The maximum credit risk exposure relating to financial assets is represented by carrying value as at the balance sheet date.

Events after the balance sheet date

On 15 February 2011, the Group announced its agreement to acquire TOP Info SAS and its subsidiaries ('Top Info'), an information technology reseller of hardware, software and services based in Paris, France. The acquisition is still subject to competition clearance in France, with the closing date not expected before the end of March 2011. The expected consideration totals €21 million payable on the closing date with an additional €1 million dependant upon the performance of Top Info in the period to 31 December 2011. The management and exercise of control over Top Info will not pass to Computacenter until the closing date.

Going concern

As disclosed in the Directors' Report, the Directors have a reasonable expectation that the Group has adequate resources to continue its operations for the foreseeable future. Accordingly they continue
to adopt the going concern basis in preparing the consolidated financial statements.

Tony Conophy

Finance Director

Risk Report

Computacenter's Group Risk Department facilitates a process through which the Group's most senior management team identify all the significant risks posed to the strategic goals. During 2010, the Strategic Risk Profiling Project ('SRPP'), or 'top-down' risk identification, was additionally facilitated by an external risk consultancy and the result of this exercise was adopted by the Board and shared with all the business unit leaders across the Group.

The annual 'bottom-up' risk assessment process involves all business unit leaders across the Group, to identify and prioritise, in accordance with a pre-approved risk matrix of severity and likelihood values, those risks posed to the objectives and targets set for their individual business units. The output of this process presents a risk footprint for each business unit, as well as, a collated top risks log for the Group, which is compared to the SRPP log.

Safeguards already in place and further required mitigations for each identified risk are identified and included in the risk logs, together with the owners of the risks. The frequencies for reviewing the effectiveness of the safeguards, as well as the date by which mitigation plans need to be progressed, are added to complete the risk plans.

The Group Risk Committee, chaired by the Chief Executive, convenes quarterly to review progress against the risk plans. Additionally, the Committee considers any new risks of potential significance which may be added to the appropriate risk log and for which a risk plan is required.

| Strategic Objectives | Principal risks | Principal mitigations |
|---|---|---|
| **Accelerating the growth of our contractual services business.** | Our offerings transpire to be uncompetitive within the | We formally review all lost bids and most won bids to ensure that we |

| | | |
|---|---|---|
| | market, or an unforeseen technology shift occurs where the market develops appetite for different equipment and solutions to those offered. | keep abreast of customer expectation from their IT services and solutions partner. We formally review our internal service providers against price points and benchmarked service quality standards. |
| | We potentially do not dedicate correct levels of resource to satisfy our customers' varying needs for innovation. | We have launched a Customer Value Scorecard to identify our larger customer's innovation needs and we are currently implementing the "Continual Improvement Framework" to detect where innovation needs are arising. |
| | Our growth aspirations are impacted by the economic climate and with a certain level of uncertainty about a full return to economic stability in the short term; there is the potential for reduced capital expenditure from customers. | We operate within different economies that are affected differently at different times. We also believe that our offerings are targeted specifically towards being beneficial to our customers who are in need of reducing cost. |
| **Reducing cost through increased efficiency and industrialisation of our service operations** | There is an absence of appropriate investment into automated tools and other efficiency measures, which effectively fails to | The Industrialisation and Investment review board convenes monthly and monitors the return on investment as well as the planned KPI improvements. |

| | | |
|---|---|---|
| | reduce the need for manual intervention activity, or a suitable return on these investments is not realised. | |
| **Maximising the return on working capital and freeing working capital where not optimally used** | Following significant progress over the last years in freeing working capital, through the disposal of the distribution business, as well as other working capital optimisation initiatives, a significant increase in working capital demand could harm the need for further progress in this regard. | There is continued focus on strict cost control and in future, the ERP system will facilitate a common approach to working capital management, across the Group, through best practice and other working capital control adoption. |
| **Growing our profit margin through increased services and high end product sales** | Our sales teams do not focus on our defined propositions and target market, resulting in "over-promising" on the scope of services offered to new customers, or making non-standard offerings during the life of a contract, resulting in margin erosion, customer dissatisfaction or delays in | Governance boards and a tool through which all relevant parties have to engage, will aim to prevent any non-standard offerings. All change management will be reviewed by a governance board and if material, the same approval process as for new contracts, will be initiated.<br><br>Senior management work very closely with our |

| | | |
|---|---|---|
| | the initial phases of the contract.<br><br>Our vendor partners compete in the high end sales environment and approach our customers directly. | leading vendor partners and customers, in order to continually promote and protect the value we bring to the sale. Computacenter's customers demand optimisation of their IT infrastructures and to this end, vendor independent solutions are imperative. |
| **Ensuring the successful implementation of the Group-wide ERP system** | With a project of this scale, there is the potential that during early transition, operational issues could occur, which may impact on customer service levels and ultimately, overall financial performance of the Company.<br><br>After the ERP system is embedded, there is the potential that the full return on this investment is not realised. | The transition of the various systems have been phased over a period of circa three years, with the other countries providing back-up support to the transitioning country. Lessons learnt from the early 2011 transition in Germany will be deployed in the UK and France.<br><br>Return on investment plans have been developed and will be built into the internal governance structure, at all relevant levels and targets have already been added to senior management pay plans. |

Directors' responsibility statement

· The financial statements, prepared in accordance with International Financial Reporting Standards, as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit for the Company and undertakings included in the consolidation taken as a whole; and

· Pursuant to the Disclosure and Transparency Rules the Company's annual report and accounts include a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

On behalf of the Board

**Mike Norris** **Tony Conophy**

Chief Executive Finance Director

9March 2011

Consolidated income statement

For the year ended 31 December 2010

| | Note | 2010<br>£'000 | 2009<br>£'000 |
|---|---|---|---|
| **Revenue** | 3 | 2,676,495 | 2,503,198 |
| Cost of sales | | (2,310,682) | (2,153,395) |
| **Gross profit** | | 365,813 | 349,803 |

| | | | |
|---|---|---|---|
| Distribution costs | | (18,978) | (19,032) |
| Administrative expenses | | (280,288) | (272,876) |
| **Operating profit:** | | | |
| **Before amortisation of acquired intangibles and exceptional items** | | 66,547 | 57,895 |
| Amortisation of acquired intangibles | | (655) | (517) |
| Exceptional items | 4 | - | (5,299) |
| **Operating profit** | | 65,892 | 52,079 |
| Finance income | | 2,329 | 1,307 |
| Finance costs | | (2,823) | (4,977) |
| **Profit before tax:** | | | |
| **Before amortisation of acquired intangibles and exceptional items** | | 66,053 | 54,225 |
| Amortisation of acquired intangibles | | (655) | (517) |
| Exceptional items | | - | (5,299) |
| **Profit before tax** | | 65,398 | 48,409 |
| **Income tax expense:** | | | |
| Before exceptional items | | (15,078) | (12,113) |
| Tax on exceptional items | 4 | - | 1,415 |
| Income tax expense | 5 | (15,078) | (10,698) |
| **Profit for the year** | | 50,320 | 37,711 |
| **Attributable to:** | | | |
| Equity holders of the parent | 6 | 50,321 | 37,703 |

| | | | |
|---|---|---|---|
| Non-controlling interests | | (1) | 8 |
| | | 50,320 | 37,711 |
| Earnings per share | 6 | | |
| - basic | | 34.1p | 25.7p |
| - diluted | | 32.6p | 24.9p |

Consolidated statement
of comprehensive income

For the year ended 31 December 2010

| | 2010 £'000 | 2009 £'000 |
|---|---|---|
| Profit for the year | 50,320 | 37,711 |
| Exchange differences on translation of foreign operations | (4,076) | (10,173) |
| **Total comprehensive income for the period** | 46,244 | 27,538 |
| | | |
| Equity holders of the parent | 46,250 | 27,543 |
| Non-controlling interests | (6) | (5) |
| | 46,244 | 27,538 |

Consolidated balance sheet

As at 31 December 2010

| | Notes | 2010 £'000 | 2009 £'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | | 88,882 | 105,290 |

| | Note | | |
|---|---|---|---|
| Intangible assets | | 78,531 | 72,965 |
| Investment in associate | | 47 | 57 |
| Deferred income tax asset | | 15,577 | 16,444 |
| | | 183,037 | 194,756 |
| **Current assets** | | | |
| Inventories | | 81,569 | 67,086 |
| Trade and other receivables | | 471,133 | 475,646 |
| Prepayments | | 44,219 | 55,785 |
| Accrued income | | 39,971 | 29,538 |
| Forward currency contracts | | 562 | 726 |
| Cash and short-term deposits | 8 | 159,269 | 108,017 |
| | | 796,723 | 736,798 |
| **Total assets** | | 979,760 | 931,554 |
| **Current liabilities** | | | |
| Trade and other payables | | 440,790 | 378,929 |
| Deferred income | | 100,840 | 123,861 |
| Financial liabilities | | 37,936 | 48,647 |
| Income tax payable | | 5,941 | 3,815 |
| Provisions | | 2,644 | 2,202 |
| | | 588,151 | 557,454 |
| **Non-current liabilities** | | | |
| Financial liabilities | | 10,320 | 22,022 |
| Provisions | | 10,749 | 11,605 |
| Other non-current liabilities | | - | 227 |

| | | |
|---|---|---|
| Deferred income tax liabilities | 978 | 1,674 |
| | 22,047 | 35,528 |
| **Total liabilities** | 610,198 | 592,982 |
| **Net assets** | 369,562 | 338,572 |
| **Capital and reserves** | | |
| Issued capital | 9,233 | 9,186 |
| Share premium | 3,697 | 2,929 |
| Capital redemption reserve | 74,957 | 74,950 |
| Own shares held | (10,146) | (9,657) |
| Foreign currency translation reserve | 12,137 | 16,208 |
| Retained earnings | 279,674 | 244,940 |
| **Shareholders' equity** | 369,552 | 338,556 |
| Non-controlling interests | 10 | 16 |
| **Total equity** | 369,562 | 338,572 |

Approved by the Board on 9 March 2011

| | |
|---|---|
| **MJ Norris** | **FA Conophy** |
| Chief Executive | Finance Director |

Consolidated statement of changes in equity

For the year ended 31 December 2010

| | Attributable to equity holders of the parent | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Issued capital £'000 | Share premium £'000 | Capital redemption reserve £'000 | Own shares held £'000 | Foreign currency translation reserve £'000 | Retained earnings £'000 | Total £'000 | Non-controlling interests £'000 | Total equity £'000 |
| **At 1 January 2010** | 9,186 | 2,929 | 74,950 | (9,657) | 16,208 | 244,940 | 338,556 | 16 | 338,572 |
| Profit for the year | - | - | - | - | - | 50,321 | 50,321 | (1) | 50,320 |
| Other comprehensive income | - | - | - | - | (4,071) | - | (4,071) | (5) | (4,076) |
| Total comprehensive income | - | - | - | - | (4,071) | 50,321 | 46,250 | (6) | 46,244 |
| Cost of share-based payments | - | - | - | - | - | 2,620 | 2,620 | - | 2,620 |
| Deferred tax on share-based payment transactions | - | - | - | - | - | 789 | 789 | - | 789 |
| Exercise of options | 46 | 264 | - | 1,563 | - | (1,563) | 310 | - | 310 |
| Issue of share capital | 8 | 504 | - | - | - | - | 512 | - | 512 |
| Purchase of own shares | - | - | - | (2,501) | - | - | (2,501) | - | (2,501) |
| Cancellation of own shares | (7) | - | 7 | 449 | - | (449) | - | - | -- |
| Equity dividends | - | - | - | - | - | (16,984) | (16,984) | - | (16,984) |
| **At 31 December 2010** | 9,233 | 3,697 | 74,957 | (10,146) | 12,137 | 279,674 | 369,552 | 10 | 369,562 |
| | | | | | | | | | |
| **At 1 January 2009** | 9,181 | 2,890 | 74,950 | (11,169) | 26,368 | 218,970 | 321,190 | 21 | 321,211 |
| Profit for the year | - | - | - | - | - | 37,703 | 37,703 | 8 | 37,711 |
| Other comprehensive income | - | - | - | - | (10,160) | - | (10,160) | (13) | (10,173) |
| Total comprehensive income | - | - | - | - | (10,160) | 37,703 | 27,543 | (5) | 27,538 |
| Cost of share-based payments | - | - | - | - | - | 2,555 | 2,555 | - | 2,555 |
| Deferred tax on share-based payment transactions | - | - | - | - | - | 298 | 298 | - | 298 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Exercise of options | 5 | 39 | - | 2,072 | - | (2,072) | 44 | - | 44 |
| Purchase of own shares | - | - | - | (560) | - | - | (560) | - | (560) |
| Equity dividends | - | - | - | - | - | (12,514) | (12,514) | - | (12,514) |
| **At 31 December 2009** | 9,186 | 2,929 | 74,950 | (9,657) | 16,208 | 244,940 | 338,556 | 16 | 338,572 |

Consolidated cash flow statement

For the year ended 31 December 2010

| | Notes | 2010 £'000 | 2009 £'000 |
|---|---|---|---|

**Operating activities**

| | | | |
|---|---|---|---|
| Profit before taxation | | 65,398 | 48,409 |
| Net finance costs | | 494 | 3,670 |
| Depreciation | | 31,722 | 35,326 |
| Amortisation | | 6,550 | 4,631 |
| Share-based payments | | 2,620 | 2,555 |
| Loss on disposal of property, plant and equipment | | 815 | 23 |
| Profit on disposal of business | 4 | - | (1,879) |
| (Increase)/decrease in inventories | | (16,400) | 34,126 |
| (Increase)/decrease in trade and other receivables | | (3,660) | 52,348 |
| Increase in trade and other payables | | 46,435 | 10,960 |
| Other adjustments | | (49) | 283 |
| Cash generated from operations | | 133,925 | 190,452 |
| Income taxes paid | | (11,281) | (17,500) |
| **Net cash flow from operating activities** | | 122,644 | 172,952 |
| **Investing activities** | | | |
| Interest received | | 2,284 | 1,717 |
| Acquisition of subsidiaries, net of cash acquired | | - | (9,742) |
| Proceeds from sale of business | 4 | - | 2,982 |
| Proceeds from sale of property, plant and equipment | | 372 | 7 |
| Purchases of property, plant and equipment | | (12,856) | (9,511) |
| Purchases of intangible assets | | (12,774) | (11,790) |
| **Net cash flow from investing activities** | | (22,974) | (26,337) |
| **Financing activities** | | | |

| | | | |
|---|---|---|---|
| Interest paid | | (3,200) | (4,540) |
| Dividends paid to equity shareholders of the parent | 7 | (16,984) | (12,514) |
| Proceeds from share issues | | 822 | 44 |
| Purchase of own shares | | (2,501) | (560) |
| Repayment of capital element of finance leases | | (20,641) | (20,956) |
| Repayment of loans | | (12,622) | (40,248) |
| New borrowings | | 5,957 | 16,357 |
| Increase/(decrease) in factor financing | | 1,568 | (25,600) |
| **Net cash flow from financing activities** | | (47,601) | (88,017) |
| **Increase in cash and cash equivalents** | | 52,069 | 58,598 |
| Effect of exchange rates on cash and cash equivalents | | (1,090) | (533) |
| Cash and cash equivalents at the beginning of the year | 8 | 104,954 | 46,889 |
| **Cash and cash equivalents at the year-end** | 8 | 155,933 | 104,954 |

Notes to the consolidated financial statements

For the year ended 31 December 2010

1 Authorisation of financial statements and statement of compliance with IFRS

The consolidated financial statements of Computacenter plc for the year ended 31 December 2010 were authorised for issue in accordance with a resolution of the Directors on 9 March 2011. 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 2010 and applied in accordance with the Companies Act 2006.

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 on consolidation translating 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 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.

Non-controlling 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.

## Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Group has adopted the following new and amended IFRS and IFRIC interpretations during the year. Except as noted below, adoption of these standards did not have any effect on the financial performance or position of the Group. They did however give rise to additional disclosures. The other pronouncements which came into force during the year were not relevant to the Group:

### IFRS 3 (revised) Business Combinations

IFRS 3 (Revised) introduces significant changes in the accounting for business combinations. It requires that all acquisition related costs are expensed in the period incurred rather than included in the cost of the investment, that changes to the contingent consideration following a business combination are shown in the statement of comprehensive income instead of adjusting goodwill and that changes to deferred tax assets relating to business combinations are only reflected within goodwill if they occur within the measurement period. The Group has applied IFRS 3 (Revised) with effect from 1 January 2010. During the period the Group recognised the benefit of tax losses of £1.7 million attributable to an acquisition completed in a previous period. The impact is included within current income tax expense. Had the standard not been adopted, an adjustment to goodwill would have been required.

### IAS 27 (amended) Consolidated and Separate Financial Statements

The amended standard requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners and these transactions will no longer give rise to goodwill or gains and losses. The standard also specifies the accounting when control is lost and any retained interest is remeasured to fair value with gains or losses recognised in profit or loss.

3 Segmental analysis

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

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

Management monitor the operating results of its geographical segments separately for the purposes of making decisions about

resource allocation and performance assessment. Segment performance is evaluated based on adjusted operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements. At a Group level however management measure performance on adjusted profit before tax. Adjusted operating profit or loss takes account of the interest paid on customer-specific financing ('CSF') which management consider to be a cost of sale for management reporting purposes. Excluded from adjusted operating profit is the amortisation of acquired intangibles, exceptional items and the transfer of internal ERP implementation costs as management do not consider these items when reviewing the underlying performance of a segment.

Segmental performance for the years ended 31 December 2010 and 2009 was as follows:

| | UK £'000 | Germany £'000 | France £'000 | Benelux £'000 | Total £'000 |
|---|---|---|---|---|---|
| **For the year ended 31 December 2010** | | | | | |
| **Results** | | | | | |
| Revenue | 1,265,431 | 1,005,812 | 359,611 | 45,641 | 2,676,495 |
| Adjusted gross profit | 189,614 | 131,511 | 37,815 | 4,753 | 363,693 |
| Adjusted net operating expenses | (146,277) | (111,014) | (36,825) | (5,150) | (299,266) |
| Adjusted segment operating profit/(loss) | 43,337 | 20,497 | 990 | (397) | 64,427 |
| Adjusted net interest | | | | | 1,626 |
| Adjusted profit before tax | | | | | 66,053 |
| **Other segment information** | | | | | |
| Capital expenditure: | | | | | |
| Property, plant and equipment | 10,552 | 5,967 | 491 | 108 | 17,118 |
| Intangible fixed assets | 11,935 | 701 | 138 | - | 12,774 |
| Depreciation | 21,142 | 9,971 | 491 | 118 | 31,722 |
| Amortisation | 4,073 | 2,339 | 138 | - | 6,550 |
| Share-based payments | 1,918 | 489 | 213 | - | 2,620 |

| | UK £'000 | Germany £'000 | France £'000 | Benelux £'000 | Total £'000 |
|---|---|---|---|---|---|

## For the year ended 31 December 2009

## Results

| | | | | | |
|---|---|---|---|---|---|
| Revenue | 1,226,917 | 930,673 | 319,384 | 26,224 | 2,503,198 |
| Adjusted gross profit | 181,149 | 124,395 | 37,448 | 2,838 | 345,830 |
| Adjusted net operating expenses | (143,310) | (104,831) | (40,169) | (3,597) | (291,907) |
| Adjusted segment operating profit/(loss) | 37,839 | 19,564 | (2,721) | (759) | 53,923 |
| Adjusted net interest | | | | | 302 |
| Adjusted profit before tax | | | | | 54,225 |

## Other segment information

| | | | | | |
|---|---|---|---|---|---|
| Capital expenditure: | | | | | |
| Property, plant and equipment | 11,042 | 8,107 | 783 | 118 | 20,050 |
| Intangible fixed assets | 11,891 | 15,301 | 71 | - | 27,263 |
| Depreciation | 24,015 | 10,064 | 1,118 | 129 | 35,326 |
| Amortisation | 3,302 | 1,209 | 120 | - | 4,631 |
| Share-based payments | 1,893 | 357 | 305 | - | 2,555 |

**Reconciliation of adjusted results**

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

| | 2010<br>£'000 | 2009<br>£'000 |
|---|---|---|
| Adjusted profit before tax | 66,053 | 54,225 |
| Amortisation of acquired intangibles | (655) | (517) |

| | | |
|---|---|---|
| Exceptional items | - | (5,299) |
| Profit before tax | 65,398 | 48,409 |

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

| | UK £'000 | Germany £'000 | France £'000 | Benelux £'000 | Total £'000 |
|---|---|---|---|---|---|
| For theyear ended 31 December 2010 | | | | | |
| Adjusted segment operating profit/(loss) | 43,337 | 20,497 | 990 | (397) | 64,427 |
| Add back interest on CSF | 1,442 | 678 | - | - | 2,120 |
| Amortisation of acquired intangibles | (519) | (136) | - | - | (655) |
| ERP implementation costs | (4,250) | 4,250 | - | - | - |
| Segment operating profit/(loss) | 40,010 | 25,289 | 990 | (397) | 65,892 |
| For theyear ended 31 December 2009 | | | | | |
| Adjusted segment operating profit/(loss) | 37,839 | 19,564 | (2,721) | (759) | 53,923 |
| Add back interest on CSF | 2,921 | 1,051 | - | - | 3,972 |
| Amortisation of acquired intangibles | (481) | (36) | - | - | (517) |
| Exceptional items | (3,155) | (291) | (1,613) | (240) | (5,299) |
| ERP implementation costs | (2,728) | 2,728 | - | - | - |
| Segment operating profit/(loss) | 34,396 | 23,016 | (4,334) | (999) | 52,079 |

**Sources of revenue**

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

Revenue performance is reported to the Chief Operating Decision Maker excluding the UK Trade Distribution business, which was disposed of on 27 November 2009. The table below reflects revenue performance before and after the impact of the sold business.

| | 2010<br>£'000 | 2009<br>£'000 |
|---|---|---|
| **Sources of revenue** | | |
| **Product revenue** | | |
| Ongoing operations | 1,888,362 | 1,678,613 |
| Trade distribution | - | 84,589 |
| Total product revenue | 1,888,362 | 1,763,202 |
| **Services revenue** | | |
| Professional services | 192,448 | 175,364 |
| Support and managed services | 595,685 | 564,632 |
| Total services revenue | 788,133 | 739,996 |
| **Total revenue** | 2,676,495 | 2,503,198 |

**Information about major customers**

Included in revenues arising from the UK segment are revenues of approximately £311 million (2009: £397 million) which arose from sales to the Group's largest customer. For the purposes of this disclosure a single customer is considered to be a group of entities known to be under common control. This customer consists of entities under control of the UK Government, and includes the Group's revenues with central government, local government and certain government controlled banking institutions.

4 Exceptional items

| | 2010<br>£'000 | 2009<br>£'000 |
|---|---|---|
| **Operating profit** | | |
| Profit on disposal of business, net of goodwill | - | 1,879 |
| Restructuring costs | - | (7,178) |

| | | |
|---|---|---|
| | - | (5,299) |
| **Income tax** | | |
| Tax on exceptional items included in operating profit | - | 1,415 |

The profit on disposal of business of £1,879,000 arose from the Group disposing of its Trade Distribution division to Ingram Micro in November 2009. The disposal did not match the criteria of IFRS 5 'Non-current assets held-for-sale and discontinued operations' as the disposal did not represent a separate major line of business or geographical area of operations and hence was not treated as a discontinued operation. The Group received consideration of £2,982,000 in cash and cash equivalents, net of costs incurred in relation to the sale. This was offset by the disposal of goodwill associated with the business of £1,002,000. The directly attributable goodwill associated with the Trade Distribution business originally arose from the acquisition of Metrologie UK in 1999. Separately, related inventories of £8,574,000 were sold to Ingram Micro at cost.

Restructuring costs arose in 2009 from the change programme to reduce costs. They included expenses from headcount reductions of £5,309,000 and vacant premises costs of £1,869,000.

5 Income tax

**a) Tax on profit on ordinary activities**

| | 2010<br>£'000 | 2009<br>£'000 |
|---|---|---|
| **Tax charged in the income statement** | | |
| **Current income tax** | | |
| UK corporation tax | 12,917 | 11,181 |
| Foreign tax | 3,306 | 1,394 |
| Adjustments in respect of prior periods | (1,682) | (853) |
| Total current income tax | 14,541 | 11,722 |
| **Deferred tax** | | |
| Origination and reversal of temporary differences | (1,239) | (2,284) |
| Losses utilised | 5,535 | 4,803 |
| Changes in recoverable amounts of deferred tax assets | (6,608) | (3,691) |
| Adjustments in respect of prior periods | 2,849 | 148 |

| | | |
|---|---|---|
| Total deferred tax | 537 | (1,024) |
| **Tax charge in the income statement** | 15,078 | 10,698 |

**b) Reconciliation of the total tax charge**

| | 2010 £'000 | 2009 £'000 |
|---|---|---|
| Accounting profit before income tax | 65,398 | 48,409 |
| At the UK standard rate of corporation tax of 28.0 per cent (2009: 28.0 per cent) | 18,311 | 13,555 |
| Expenses not deductible for tax purposes | 1,446 | 803 |
| Non-deductible element of share-based payment charge | 490 | 715 |
| Relief on share option gains | (607) | (364) |
| Adjustments in respect of current income tax of previous periods | 1,167 | (705) |
| Higher tax on overseas earnings | 110 | 69 |
| Other differences | 781 | (457) |
| Effect of changes in tax rate | 197 | - |
| Current year profits offset against brought forward losses | (438) | - |
| Capital gain relieved by unrecognised losses brought forward | - | (835) |
| Changes in recoverable amounts of deferred tax assets | (6,608) | (3,691) |
| Losses of overseas undertakings not available for relief | 229 | 1,609 |
| At effective income tax rate of 23.1 per cent (2009: 22.1 per cent) | 15,078 | 10,698 |

## c) Tax losses

Deferred tax assets of £11.3 million (2009: £11.4 million) have been recognised in respect of losses carried forward. In addition, at 31 December 2010, there were unused tax losses across the Group of £171.2 million (2009: £188.1 million) for which no deferred tax asset has been recognised. Of these losses, £99.4 million (2009: £111.1 million) arise in Germany, albeit a significant proportion have been generated in statutory entities that no longer have significant levels of trade. The remaining unrecognised tax losses relate to other loss-making overseas subsidiaries.

## d) Impact of rate change

The Finance (No 2) Act 2010 reduced the main rate of UK Corporation Tax from 28 per cent to 27 per cent with effect from 1 April 2011. The impact of the new rate is to reduce the UK deferred tax asset by £0.2 million. Additional changes to the main rate of UK Corporation Tax to reduce the rate by 1 per cent per annum to 24 per cent by 1 April 2014 have been proposed. These changes have not been substantively enacted at the balance sheet date and consequently are not included in these financial statements. The effect of these proposals would be to reduce the UK net deferred tax asset by £0.2 million.

## 6 Earnings per ordinary share

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

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

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

| | 2010<br>£'000 | 2009<br>£'000 |
|---|---|---|
| Profit attributable to equity holders of the parent | 50,321 | 37,703 |
| Amortisation of acquired intangibles | 655 | 517 |
| Tax on amortisation of acquired intangibles | (187) | (145) |
| Exceptional items within operating profit | - | 5,299 |
| Tax on exceptional items included in profit before tax | - | (1,415) |
| Profit before amortisation of acquired intangibles and exceptional items | 50,789 | 41,959 |

| | 2010<br>000's | 2009<br>000's |
|---|---|---|
| Basic weighted average number of shares (excluding own shares held) | 147,752 | 146,918 |
| Effect of dilution: | | |
| Share options | 6,370 | 4,671 |
| Diluted weighted average number of shares | 154,122 | 151,589 |

| | 2010 pence | 2009 pence |
|---|---|---|
| Basic earnings per share | 34.1 | 25.7 |
| Diluted earnings per share | 32.6 | 24.9 |
| Adjusted basic earnings per share | 34.4 | 28.6 |
| Adjusted diluted earnings per share | 33.0 | 27.7 |

7 Dividends paid and proposed

| | 2010 £'000 | 2009 £'000 |
|---|---|---|
| **Declared and paid during the year:** | | |
| Equity dividends on ordinary shares: | | |
| Final dividend for 2009: nil (2008: 5.5 pence) | - | 8,097 |
| Interim dividend for 2010: 3.5 pence (2009: 3.0 pence) | 5,173 | 4,417 |
| Additional interim dividend for 2009: 8.0 pence (2008: nil) | 11,811 | - |
| | 16,984 | 12,514 |
| **Proposed (not recognised as a liability as at 31 December)** | | |
| Equity dividends on ordinary shares: | | |
| Final dividend for 2010: 9.7 pence (2009: nil) | 14,926 | - |
| Additional interim dividend for 2009: 8.0 pence (2008: nil) | - | 11,863 |

8. Analysis of changes in net funds

| | At 1 January 2010 £'000 | Cash flows in year £'000 | Non-cash flow £'000 | Exchange differences £'000 | At 31 December 2010 £'000 |
|---|---|---|---|---|---|
| Cash and short-term deposits | 108,017 | 52,452 | - | (1,200) | 159,269 |

| | | | | | |
|---|---|---|---|---|---|
| Bank overdraft | (3,063) | (383) | - | 110 | (3,336) |
| Cash and cash equivalents | 104,954 | 52,069 | - | (1,090) | 155,933 |
| Other loans and leases non-CSF | (3,705) | 3,705 | - | - | - |
| Factor financing | (14,846) | (1,568) | - | (80) | (16,494) |
| **Net funds excluding customer-specific financing** | 86,403 | 54,206 | - | (1,170) | 139,439 |
| Customer-specific finance leases | (42,567) | 20,641 | (3,468) | 500 | (24,894) |
| Customer-specific other loans | (6,488) | 2,960 | - | (4) | (3,532) |
| **Total customer-specific financing** | (49,055) | 23,601 | (3,468) | 496 | (28,426) |
| **Net funds** | 37,348 | 77,807 | (3,468) | (674) | 111,013 |

| | At 1 January 2009 £'000 | Cash flows in year £'000 | Non-cash flow £'000 | Exchange differences £'000 | At 31 December 2009 £'000 |
|---|---|---|---|---|---|
| Cash and short-term deposits | 53,372 | 55,698 | - | (1,052) | 108,017 |
| Bank overdraft | (6,483) | 2,901 | - | 519 | (3,063) |
| Cash and cash equivalents | 46,889 | 58,598 | - | (533) | 104,954 |
| Other loans and leases non-CSF | - | (3,705) | - | - | (3,705) |
| Factor financing | (42,280) | 25,600 | - | 1,834 | (14,846) |
| **Net funds excluding customer-specific financing** | 4,609 | 80,493 | - | 1,301 | 86,403 |
| Customer-specific finance leases | (55,191) | 21,056 | (10,163) | 1,731 | (42,567) |
| Customer-specific other loans | (34,009) | 27,496 | - | 25 | (6,488) |
| **Total customer-specific financing** | (89,200) | 48,552 | (10,163) | 1,756 | (49,055) |
| **Net (debt)/funds** | (84,591) | 129,045 | (10,163) | 3,057 | 37,348 |

9 Adjusted management cash flow statement

The adjusted management cash flow has been provided to explain how management view the cash performance of the business.

There are two primary differences to this presentation compared to the statutory cash flow statement, as follows:

1) Factor financing is not included within the statutory definition of cash and cash equivalents, but operationally is managed within the total net funds/borrowings of the businesses; and

2) Items relating to customer-specific financing are adjusted for as follows:

a. Interest paid on customer-specific financing is reclassified from interest paid to adjusted operating profit; and

b. Where customer-specific assets are financed by finance leases and the liabilities are matched by future amounts receivable under customer operating lease rentals, the depreciation of leased assets and the repayment of the capital element of finance leases are offset within net working capital; and

c. Where assets are financed by loans and the liabilities are matched by amounts receivable under customer operating lease rentals, the movement on loans within financing activities is offset within working capital.

| | 2010<br>£'000 | 2009<br>£'000 |
|---|---|---|
| Adjusted profit before taxation | 66,053 | 54,225 |
| Net finance income | (1,626) | (302) |
| Depreciation and amortisation | 19,506 | 17,695 |
| Share-based payment | 2,620 | 2,555 |
| Working capital movements | 21,358 | 65,337 |
| Other adjustments | 293 | (1,567) |
| **Adjusted operating cash inflow** | 108,204 | 137,943 |
| Net interest received | 1,204 | 1,149 |
| Income taxes paid | (11,281) | (17,500) |
| Capital expenditure and disposals | (25,258) | (21,294) |
| Acquisitions and disposals | - | (6,775) |
| Equity dividends paid | (16,984) | (12,514) |
| **Cash inflow before financing** | 55,885 | 81,009 |
| **Financing** | | |
| Proceeds from issue of shares | 822 | 44 |

| | | |
|---|---|---|
| Purchase of own shares | (2,501) | (560) |
| **Increase in net funds excluding CSF in the period** | 54,206 | 80,493 |
| Increase in net funds excluding CSF | 54,206 | 80,493 |
| Effect of exchange rates on net funds excluding CSF | (1,170) | 1,301 |
| Net funds excluding CSF at beginning of period | 86,403 | 4,609 |
| **Net funds excluding CSF at end of period** | 139,439 | 86,403 |

10 Related party transactions

During the year the Group entered into transactions, in the ordinary course of business, with related parties. Transactions entered into are as described below:

Biomni provides the Computacenter e-procurement system used by many of Computacenter's major customers. An annual fee has been agreed on a commercial basis for use of the software for each installation. Both PJ Ogden and PW Hulme are Directors of and have a material interest in Biomni Limited.

The table below provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

| | Sales to related parties £'000 | Purchases from related parties £'000 | Amounts owed by related parties £'000 | Amounts owed to related parties £'000 |
|---|---|---|---|---|
| Biomni Limited | 12 | 31 | 2 | - |

## Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables. The Group has not recognised any provision for doubtful debts relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

11. Events after the reporting period

On 15 February 2011, the Group announced its agreement to acquire TOP Info SAS and its subsidiaries ('Top Info'), an information technology reseller of hardware, software and services based in Paris, France. The acquisition is still subject to competition clearance in France, with the closing date not expected before the end of March 2011. The expected consideration totals €21 million payable on the closing date with an additional €1 million dependant upon the performance of Top Info in the period to 31 December 2011. The management and exercise of control over Top Info will not pass to Computacenter until the closing date.

12. Publication of non-statutory accounts

The financial information in the preliminary statement of results does not constitute the Group's statutory accounts for the year ended 31 December 2010 but is derived from those accounts and the accompanying Directors' report. Statutory accounts for the year ended 31 December 2010 will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The auditors have reported on those accounts; their report was unqualified and did not contain statements under Section 498 (2) or Section 498 (3) of the Companies Act 2006.

The financial statements, and this preliminary statement, of the Group for the year ended 31 December 2010 were authorised for issue by the Board of Directors on 9 March 2011 and the balance sheet was signed on behalf of the Board by MJ Norris and FA Conophy.

The statutory accounts have been delivered to the Registrar of Companies in respect of the year ended 31 December 2009. The report of the auditors was unqualified and did not contain statements under Section 498 (2) or Section 498 (3) of the Companies Act 2006.

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