



Annual Financial Report

March 13, 2012
RNS Number : 2048Z
Computacenter PLC
13 March 2012

Computacenter plc

Annual Financial Report

Computacenter plc, the European IT infrastructure services provider, today on 13 March 2012 at 7:00 am, announces final results for the twelve months ended 31 December 2011.

"The sixth year of double digit profit growth"

FINANCIAL HIGHLIGHTS

Underlying performance

- Group revenues increased 6.6 per cent to £2.85 billion (2010: £2.68 billion), and 2.2 per cent prior to acquisitions
- Adjusted* profit before tax increased 12.4 per cent to £74.2 million (2010: £66.1million)
- Adjusted* diluted earnings per share ('EPS') increased 13.3 per cent to 37.4 pence (2010: 33.0 pence)
- Net cash prior to customer specific financing (CSF) was £136.8 million (2010: £139.4 million)

Statutory Performance

- Profit before tax increased 10.3 per cent to £72.1 million to (2010: £65.4 million)
- Diluted EPS increased by 20.6 per cent to 39.3 pence (2010: 32.6 pence)
- Net cash after CSF of £113.6million (2010: £111.0 million)
- Total dividend for 2011 of 15.0 pence per share up 13.6 per cent (2010: 13.2 pence)

OPERATING HIGHLIGHTS

- Strong revenue and profit growth in Germany and France as customers continue to upgrade IT infrastructure offsetting weaker Supply Chain demand in UK
- Germany, France and Belgium now account for 49 per cent of group adjusted operating profit (2010:33 per cent)
- Group annual services contract base grew 6.0 per cent in constant currency to a record £563.6 million (2010: £531.9 million) with several major contracts secured towards the end of the year, and which are yet to contribute
- Group-wide ERP project remains on track. Germany and UK successfully migrated onto the new platform and France scheduled for 2013
- Acquisitions of Top Info, HSD and Damax, at a spend of £25 million, have consolidated and enhanced our geographic footprint, added new services capabilities and are performing in-line with our expectations

Mike Norris, Chief Executive of Computacenter plc, commented:

"While this outcome in itself represents a strong performance, it is worth noting that this is the sixth consecutive year that Computacenter has delivered double digit profit growth. The Group's adjusted* diluted earnings per share (EPS), increased by 13.3 per cent to 37.4 pence, largely as a result of the increased profitability. This takes the compound annual EPS growth over the last five years to 22.1 per cent.

We are delighted with the strong customer demand for our service offerings, which we confidently believe enable them to reduce their operating costs in the long term. Our new business pipeline for 2012 looks potentially as exciting, if not more so, than that which we achieved in 2011.

The Board believes that despite the current economic climate, there would need to be further deterioration in this environment for its expectations not

to be met this year and the Board is confident of achieving further progress during 2012.

The agenda we have set ourselves is ambitious and not without risk, but we believe that the combination of strong customer demand, our operational track record and the strength of our balance sheet, all bode well for Computacenter's aspiration of delivering sustainable EPS growth."

*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.

For further information, please contact:

Computacenter plc.

Mike Norris, Chief Executive 01707 631 601

Tessa Freeman, Investor Relations 01707 631 514

www.computacenter.com

Tulchan Communications 020 7353 4200

Christian Cowley

James Macey White

www.tulchangroup.com

Chairman's statement

2011 was a good year for our Company, more so given the extraordinary economic environment. Our German unit had an outstanding year, growing revenue at 21.8 per cent in the face of stiff competition. In the UK, our revenue declined by 12.9 per cent, but we preserved our overall UK margin percentage and grew our Services order book significantly, with six substantial contracts closed in the last quarter alone. In France, continuous improvement in operations, together with the acquisition of Top Info, led to revenue growth of 33.1 per cent as well as enhanced profitability. Our Belgian operation had its best year yet.

We continued to invest in our future, implementing our Group-wide ERP system in the UK and Germany and further improving our service delivery capabilities in all countries. We grew our international service support operations in Barcelona and South Africa and we acquired a significantly larger property in the UK for our recycling operation, RDC. In total, we invested over £40 million of capital in strategic projects during 2011. These investments, together with those made in the recent past, have helped our results with adjusted* profit before tax growing by 12.4 per cent to £74.2 million and our annualised services contract base growing by 6.0 per cent to £563.6 million.

We face 2012 with confidence, despite the unrelenting challenge of slow, or even no growth in GDP in Western Europe. We are focusing on those aspects we can control - customer support, margin growth and cash generation in the main. We remain dedicated to providing our customers with services that save them money and help them be more competitive, and continue to invest in our ability to support them.

In this report, you will find that we strive for clear and meaningful description of all our activities and decisions, as well as continue our commitment to uphold high standards of governance in line with the UK Corporate Governance Code.

We are far from satisfied with anything we do. The competition is fierce, the economic environment uncertain, but our employees and customers have demonstrated resilience and loyalty, for which I thank them whole heartedly. We shall work hard to earn that loyalty and in doing so, continue to deliver results that we can be pleased with.

Greg Lock

Chairman

12 March 2012

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

Group Overview

The Group's adjusted* profit before tax grew by 12.4 per cent to £74.2 million (2010: £66.1 million). While this outcome in itself represents a strong performance, it is worth noting that this is the sixth consecutive year that Computacenter has delivered double digit profit growth. The Group's adjusted* diluted earnings per share (EPS), increased by 13.3 per cent to 37.4 pence (2010: 33.0 pence), largely as a result of the increased profitability. This takes the compound annual EPS growth over the last five years to 22.1 per cent.

On a statutory basis, taking into account amortisation of acquired intangibles and exceptional items, Group profit before tax increased by 10.3 per cent to £72.1 million (2010: £65.4 million) and diluted EPS increased by 20.6 per cent to 39.3 pence (2010: 32.6 pence).

Group revenue, as reported, increased in 2011 by 6.6 per cent to £2.85 billion (2010: £2.68 billion). The impact of currency on the Group's revenue was not significant. Excluding acquisitions, growth on the previous year was 2.2 per cent. Group revenue growth was driven by the very strong volume improvements in France and particularly in Germany, which more than compensated for the 12.9 per cent revenue decline in the UK, due to the adverse economic climate.

Group Services revenue, as reported, increased by 6.2 per cent and by 4.9 per cent, excluding acquisitions. Once again, the drivers for this growth in Services revenue were our businesses in Germany, France and also Belgium. Services revenue in the UK declined by circa 2 per cent, although encouragingly, our Contractual Services revenues increased by 3.3 per cent.

The positive story of the year, for the Group as a whole, is that the annual Services contract base increased by 6.0 per cent in constant currency, compared to last year's figures, to £563.6 million. This growth does not yet take account of several contracts secured towards the end of the year, for which revenue generation is only due to commence in 2012. Contractual Services make a fundamental contribution to the long-term success of Computacenter, since it delivers better visibility of revenue. The growth experienced in 2011 bodes well for the future and leaves us confident that we are continuing to meet the IT needs of our customers.

Our Group operating expenses ('SG&A') increased by 9.6 per cent. This increase is due to a number of factors, including the impact of the acquisitions, additional depreciation and amortisation charges related to our ERP platform, together with some targeted investments, primarily in Germany, to support and maintain the growth in Services. In addition, there was an estimated increase of circa £7 million due to a reclassification of costs, from cost of sales to SG&A, following the migration in Germany and the UK, to our common ERP platform.

Our balance sheet has remained healthy. At the end of the year, net cash prior to customer specific financing (CSF) was £136.8 million (2010: net cash of £139.4 million). Including CSF, net funds were £113.6 million (2010: £111.0 million). The year-end cash position continues to benefit, by approximately £45 million (2010: £38 million), from the extended credit facility provided by one of the major suppliers. As stated before, the sustainability of these terms continues to remain uncertain.

Our net cash position is after a spend of £25 million on three acquisitions during the year, as well as the purchase of a large UK property for RDC, our recycling subsidiary, at a cost of £11 million.

The Board has decided to recommend a final dividend of 10.5 pence, bringing the total dividend paid for 2011 to 15.0 pence, representing a 13.6 per cent increase on the 2010 total dividend paid of 13.2 pence. The increase in dividend is consistent with our stated policy of maintaining dividend cover within our target range of 2 to 2.5 times. Subject to the approval of shareholders at the Annual General Meeting (AGM) on 18 May 2012, the proposed dividend will be paid on 15 June 2012 to shareholders on the register as at 18 May 2012.

We continue to invest for further growth and the increased acquisition activity in the year is in support of this objective. We added scale to the Supply Chain business through the Top Info acquisition in France, as well as a new customer base for cross selling our services. Our mobility offerings have been enhanced through the HSD acquisition in Germany, while Damax in Switzerland supports specific customers based within this region. While acquisitions have added scale and enhanced our services, in line with our goal of helping customers' competitiveness and saving them money, we will continue to invest organically in strengthening our existing offerings and improving our operational efficiency. For instance, our tools for automating computer based processes have been improved and advanced following a £10 million investment over three years into our BMC based customer toolsuite. Our various service desks were expanded significantly during 2011 to answer increased demand from our Managed Services wins. Capacity at our multi-lingual service desks in Barcelona have doubled to a total potential capacity of 650 operators across two facilities. Additionally, our service desk facilities in Erfurt, Berlin and Cape Town have all been extended to accommodate a further circa 400 operators.

Although we were already well placed in the managed services market, these investments will optimise our ability to respond to the latest trends in IT outsourcing. There is a growing appetite for selective outsourcing, rather than single provider outsourcing deals. We are increasingly being trusted and selected by customers with existing experience of outsourcing relationships and as such, many of our contracts are second generation, or even more mature outsourcing agreements. Our European head-quartered customers are more frequently requiring us to deliver IT services on a global basis, which means we must have a reliable and efficient global network of delivery partners. Our native language, multi-lingual service desk facility in Barcelona has been a critical resource in support of this trend.

Similarly, our datacenter facilities also enhance our Managed Services offerings and customer relevance. In 2011, we deployed approximately 900 new servers, storage and network devices primarily at our Tier IV secure facility in Romford, UK. We will continue to expand and upgrade these offerings to meet ongoing customer demand.

In 2011, our new ERP system was deployed in both Germany and the UK. We anticipate that France will migrate during 2013, following the completion of both an office and warehouse relocation during 2012. While much has been achieved, we are now in a 'bedding-in' phase. As with all ERP deployments of this scale and given the huge level of business change, there is still a significant volume of work to be undertaken. We are however encouraged that the experience we have gained from these two deployments will help simplify the French migration.

In a particularly challenging market in the UK, total revenue reduced by 12.9 per cent in 2011, to £1.10 billion (2010: £1.27 billion). While both our Supply Chain and Services revenues were lower, the decline, at 17.7 per cent in the Supply Chain business, to £728.0 million (2010: £884.9 million) was the primary driver for the overall revenue reduction in the UK. Our Services revenue decreased only marginally by 1.7 per cent, to £374.1 million (2010: £380.5 million).

Encouragingly, adjusted* operating profit margin in the UK was broadly maintained, with profit down by 14.0 per cent to £37.3 million (2010: £43.3 million). This is largely due to certain higher volume one-off Supply Chain deals with low contribution levels in the previous year. Profitability in the UK was further protected from a greater decline by a 3.1 per cent reduction in SG&A, as a result of lower commissions and bonuses.

The slight drop in UK Services revenue was primarily due to fewer and smaller cabling projects and, following the normal trend, the material decline in Supply Chain sales also led to a reduction in Professional Services requirements.

The most encouraging development this year in the UK was the 3.3 per cent growth in Contractual Services revenue, coupled with further contract wins in the latter part of the year. The level of reported growth in the Services contract base of 1.6 per cent to £244.8 million (2010: £241.0 million), does not reflect all the contracts concluded during the latter part of the year, as billing on a large portion of these deals will not commence until 2012. This provides an early bolster for 2012 and improved predictability in the years to come. The trend to conclude deals towards the end of the year means it is too early to predict the potential for further base growth in 2012, but the pipeline remains healthy.

The new Contractual Services wins demonstrate customer confidence in our business model. In this challenging economy, our Contractual Services offerings continue to succeed in attracting customers who are looking for innovative and pragmatic ways to reduce their IT cost and increase operational efficiency. While our transactional Supply Chain and even Professional Services businesses tend to mirror economic conditions, we achieved more long-term revenue predictability during 2011. We secured a number of significant deals, including a datacenter managed service with a global manufacturer of fuels, lubricants and additives, which will be delivered from our Tier IV facility in Romford. We also won a managed service with a leading pharmacy-led high street health and beauty chain, covering 29,000 desktops and 1,600 servers. This contract, includes a Windows 7 transformation and started in September 2011.

At an underlying level, the Supply Chain business was not entirely disappointing, with improved margins preventing gross margin decline and delivering a flat gross margin percentage performance on 2010.

Although this improvement in contribution was partly due to the absence of the previously mentioned high- volume, low-margin deals seen in 2010, it was also influenced by an improvement in Solution sales and the optimised terms that we have negotiated with our major vendors. Vendor terms are not guaranteed and they must be frequently renegotiated, so such benefits cannot be relied upon.

Windows 7 and other new Microsoft offerings, continue to drive IT transformation projects among our customer base and at an increasing rate. We are well placed to meet this demand, which provides us with comfort even in an economy where difficulties remain. Customer desire to modernise their workplace and Microsoft's operating system support changes, are expected to help the Supply Chain and Professional Services businesses in 2012. John Jester, General Manager of UK Enterprise and Partner Group at Microsoft explains this encouraging opportunity:

"Microsoft Windows 7 is the world's fastest growing operating system in history yet many enterprise customers' desktop PCs still run on Windows XP - an eleven-year old operating system that is approaching end-of-life in only two years. To encourage corporate customers to upgrade their systems to a modern platform that will reduce costs, improve productivity and enable future growth, Microsoft is working closely with Computacenter, a key strategic partner that has the expertise and capabilities to deliver great value to our joint customers."

Customers increasingly wish to engage with Computacenter to streamline their supply chain. For example, we were successful in securing a multi-million pound per annum supplier consolidation contract with a large broadcaster in the UK. We will help the broadcaster reduce the time spent managing procurement, which will improve the quality of service and enable cost savings.

The UK business has also experienced an increase in demand from its customers to expand the delivery of IT services to global locations - a trend we are seeing across the Group. This was evidenced by a number of wins during 2011, including a managed service with an American multinational conglomerate for 75,000 end-users in 36 countries. Astra Zeneca was another large new international win last year and we will be providing service desk and deskside support to their users in nine countries.

Our subsidiary RDC, which provides customers with secure and environmentally appropriate solutions for their end-of-life IT equipment, once again delivered strong performance, with revenue growth of 18.4 per cent over 2010. While their profit margins remained resilient in 2011, RDC's relocation in early 2012 to a recently acquired larger and better single location in Braintree, Essex, should improve efficiency and generate further performance improvements in 2012 and beyond.

Germany Operating Review 2011

In the German segment, including acquisitions, overall adjusted* operating profit for the year grew by a significant 39.2 per cent to €31.9 million (2010: €22.9 million). Excluding the results of acquisitions, HSD in Germany and Damax AG in Switzerland, adjusted* operating profit grew by 26.1 per cent to €28.9 million (2010: €22.9 million).

In contrast to the weak start experienced in 2010, 2011 began buoyantly following a strong end to 2010 and we continued to largely sustain this encouraging performance throughout 2011. Total revenue in the year, for the segment as a whole, increased by 20.3 per cent to €1,415.3 million (2010: €1,176.7 million) and excluding acquisitions, the revenue growth was 17.8 per cent. Much of this growth was delivered by the Supply Chain business, with workplace and networking equipment sales driving a large portion of the volume increase. Supply Chain revenue, for the segment as a whole, increased by a noteworthy 24.3 per cent and excluding acquisitions, on a like-for-like basis, Supply Chain revenue for the year grew by 21.4 per cent.

While encouraging in itself, this growth also stimulated our Services business. Not only did a major supplier of electronic components to the automotive industry award Computacenter Germany a three-year workplace equipment supply contract, but the relationship has evolved to include additional consultancy and related support services.

Services revenue, overall, grew by a healthy 12.3 per cent to €445.5 million (2010: €396.7 million) and excluding acquisitions, growth in Services revenue was 10.6 per cent. Applying the same exclusions, our Services contract base grew by 6.2 per cent to €308.0 million (2010: €290.0 million). However, this contract base growth hides the materiality of the Services wins concluded within the second half of the year, as most of these contracts will only generate revenue from 2012 onwards. The total lifetime contract value of all the Contractual Services wins awarded in 2011 amounted to approximately €250 million. This exceptional and sudden volume increase presented us with some resource and business take-on challenges. Although this caused some erosion to our Services margins, we started 2012 with an unhindered opportunity to optimise this growth.

The material wins achieved in 2011 represent the investments we made to enhance our Managed Services portfolio and deliver more capability. These wins also reflect growing demand from our existing customers for IT service delivery across a broader range of geographies and our ability to respond to these requirements.

These market drivers resulted in our largest value, service desk contract win ever awarded by a global manufacturer within the aerospace sector. This five year contract has an annual contract value of €13 million and will draw on all the Group's core capabilities across all its European operations. Additionally, a large German re-insurance provider awarded Computacenter Germany a four-year service desk contract, which will be supported internationally from our expanded Berlin service desk.

Both these customers have extensive prior experience of outsourcing critical IT functions to external providers and we believe their decision to partner with Computacenter demonstrates growing market confidence in the quality and maturity of our Services.

This is further supported by independent market analysis undertaken by Experton, which rated our offerings for managed workplace services, as the most outstanding amongst our 13 primary competitors.

The need to meet growing customer demand and fulfil a sudden increase in Services business take-on requirements, while migrating onto the ERP platform, unsurprisingly resulted in a rise of SG&A.

However, more than half of the SG&A increase is due to a combination of the reclassifications between cost of sales and SG&A, the impact of acquisitions and expenses relating to amortisation of our new ERP platform. Excluding these impacts and at an underlying level, the SG&A in Germany grew by approximately 7 per cent. We will continue to invest in improving the efficiency of our take-on process, as well as our general technical resources, to enable our future growth aspirations.

The HSD acquisition in April 2011 has enabled us to establish our mobility and "bring-your-own" device offerings, resulting in very positive responses from our existing customers, as well as the wider market. This business has now been fully integrated into the German business.

From January 2011, the activities of Computacenter Luxembourg have been reported as part of the German business. Towards the end of July 2011, Computacenter acquired a majority stake in Damax AG in Switzerland and it was similarly considered appropriate to report this business performance as part of Computacenter Germany. Both of these businesses are already showing encouraging contributions to our German reporting sector.

France Operating Review 2011

Computacenter France, including Top Info's contribution for three quarters of 2011, delivered an adjusted* operating profit of €6.9million (2010: €1.2million). More than half of this profit improvement was delivered organically, which represents an encouraging performance for both the pre and post-acquisition business.

We achieved another year of good revenue growth with revenue in our existing French business increasing by 6.5 per cent, again outperforming the French market convincingly. Total reported revenue, including the three quarters of Top Info, increased by 31.4 per cent to €551.3 million (2010:€419.4 million).

Including the Top Info acquisition, for three quarters of the year, Supply Chain revenue increased significantly by 35.5 per cent, with an increase of 7.1 per cent to the Supply Chain revenue of the business, excluding Top Info. Services grew by 11.1 per cent and without Top Info, Services revenue increased by 3.9 per cent.

The significant opportunity of deploying Computacenter's Services offerings to Top Info clients is only just beginning, which bodes well for our Services business during 2012 and beyond. Full exploration of this opportunity should improve the 13.9 per cent (2010: 16.5 per cent) Services revenue mix.

The shift in business mix during 2011 is attributable to the strong Supply Chain nature of Top Info. The material revenue growth in the Supply Chain business came largely from improved sales of software and enterprise equipment and to a lesser extent from workplace Supply Chain sales. Supply Chain activity with the primary national procurement agencies for the French public sector has been encouraging and we feel very well placed to gain from future government refresh initiatives.

We have increased the cross selling Services to our traditional Supply Chain customers. For example, at the end of 2010, we announced that we had been awarded a three year global software licensing contract with a major energy utilities company. In 2011, we went on to win a separate three-year Services contract, extendable to eight years, for the delivery of a full managed service.

This evolution is also occurring within the private sector as evidenced by a three year contract win with a major corporate and investment bank within the French financial sector. We will be providing desk and desk-side support to their users.

Our annual Contractual Services base has grown to €58.4 million (2010: €47.1 million). However, a large proportion of recent Managed Services wins will only commence revenue generation during 2012 which, going forward will help boost the Services business further and have not been included in the 2011 Contractual Services base.

As can be expected with strong revenue growth, commission earnings during the year were higher. This was the primary contributor for the 3.6 per cent increase in the SG&A of the existing business' SG&A, while the SG&A of the post acquisition business increased by 28.8 per cent. We have also continued to invest in strengthening our salesforce during the year, with returns anticipated from 2012 onwards.

The sales functions of Top Info and the original Computacenter France have now been combined into a single operation and the businesses were

merged on 30 December 2011. This has completed the integration of Top Info, which went smoothly, retaining all current major customers.

Belgium Operating Review 2011

Our Belgium operation delivered an outstanding adjusted* operating profit improvement of 264 per cent, recording an operating profit of €1.8 million (2010: €0.5 million). After taking into account certain unusual items in 2011, at an underlying level, the operational profit improvement on last year was approximately €1 million.

This result is particularly pleasing, as we maintained overall revenues of €49.5 million (2010: €49.6 million). Our 2010 revenues were influenced to a significant extent, by a one-off Supply Chain sale, at a low margin. Generally, the quality of the revenue earned in the year improved.

Supply Chain revenue reduced by 2.9 per cent to €38.8 million (2010: €40.0 million). However, on the upside, our Services business grew by 10.3 per cent to €10.6 million (2010: €9.7 million), due to growth in both Professional and Managed Services. Pleasingly, Professional Services revenue did not, as would be the anticipated trend, follow the Supply Chain revenue. The Professional Services revenue growth came from projects delivered to new customers, while our Managed Services contract base grew by more than 30 per cent. We also successfully extended our contract with SWIFT for a further three years, based on our existing 10-year relationship.

We are increasingly delivering a wider suite of services and solutions to our customers. This expanding portfolio is demonstrated by a turnkey project with the city of Wavre, which includes virtualisation, storage, networking and IP telephony services as well as Supply Chain.

As with the rest of the Group, we are experiencing growing demand for our services to be delivered across a wider geographic scale, as evidenced by a contract recently agreed with a multinational biopharmaceutical manufacturer, headquartered in Brussels. As part of the €3 million deal, we will be providing the customer with workplace services across its European locations.

Outlook Statement

The Board believes that despite the current economic climate, there would need to be further deterioration in this environment for its expectations not to be met this year and the Board is confident about gaining further progress during 2012. The Group enters 2012 buoyed by the recent contract wins, an improving position in the UK and continuing growth rates in France and Germany.

The high level of activity across the Group means that the operational challenges facing us this year, should not be underestimated. In the UK, we are incorporating last year's record Managed Services wins. In France, we are centralising all our logistics facilities into a single operation centre, relocating the whole head office and sales functions, as well as preparing to migrate the French operation to the Group ERP platform during 2013. In Germany, the growth we experienced in 2011 and which has continued in the early part of 2012 requires our facilities and technical resources to expand. At a Group-level, customer demand remains to drive the rapid expansion of our Group Service Desk, at both existing and new locations.

We continue to invest to improve the services we offer customers and maximise Computacenter's long-term growth potential. We are delighted with the strong customer demand for our service offerings, which we confidently believe enable them to reduce their operating costs, in the long term. Our new business pipeline for 2012 looks potentially as exciting, if not more so, than that which we achieved in 2011. The agenda we have set ourselves is ambitious and not without risk, but we believe that the combination of strong customer demand, our operational track record and the strength of our balance sheet, all bode well for Computacenter's aspiration of delivering sustainable EPS growth.

Mike Norris

Chief Executive

12 March 2012

**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.*

Finance Director's review 2011

Turnover and profitability

In 2011, Computacenter Group delivered turnover growth and the sixth successive year of profit growth.

At a headline level, turnover grew by 6.6 per cent to £2.85 billion, although on a like-for-like basis (excluding acquisitions), turnover growth was 2.2 per cent.

The overall Group performance resulted from a mixed performance across our main geographies. Our German business was the main growth driver with a buoyant market and share gains driving revenue growth in all business lines, however weak infrastructure spending in the UK drove a contraction in the UK supply chain and professional services revenues.

Adjusted profit before tax improved by 12.4 per cent from £66.1 million to £74.2 million. This increase was achieved despite additional depreciation and amortisation charges of approximately £3.4 million following the go-live of our German and UK businesses onto our new ERP platform and related infrastructure.

After taking account of exceptional items and increased amortisation of acquired intangibles following our acquisitions in the year, statutory profit before tax increased by 10.3 per cent from £65.4 million to £72.1 million.

Adjusted operating profit

Statutory operating profit increased from £65.9 million to £71.9 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 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. For the purposes of this statement, all subsequent references are to adjusted measures.

Restatement and classification of costs

In the prior year financial statements, distribution costs were shown below gross profit, however, management monitor the performance of the business by including such costs within gross profit. As a result, these costs have been included in cost of sales in 2011, and 2010 has been restated accordingly.

From 1 January 2011, the management of Computacenter Luxembourg has been transferred from Belgium to Germany. As a consequence, CC Luxembourg is reported as part of the German segment. The comparative segmental information in 2010 has been restated to reflect this change.

United Kingdom

Due to weak demand for infrastructure spending, particularly from Financial Services and Government customers, UK revenues contracted in 2011 by 12.9 per cent, reducing to £1,102.2 million. Supply chain sales decreased by 17.7 per cent, although the rate of decline slowed progressively in each quarter of the year. A similar contraction in professional services revenues resulted in a reduction in overall services revenues, by 1.7 per cent. The growth in support and managed services revenues of 3.3 per cent does not fully reflect the progress made in 2011, with a number of significant contracts won in Q4 that will not contribute to our revenues and contract base until 2012.

Despite the reduction in revenues, gross margins remained robust, with our adjusted gross profit margin increasing from 14.0 per cent to 15.2 per cent mainly due to a higher mix of services sales and an improved supply chain margin rate due to the absence of some large, low margin deals, particularly in software. Robust management of our adjusted operating expenses ("SG&A") led to a reduction of 3.1 per cent in 2011. This, together with our focus on margin return, has ensured that overall adjusted operating profit reduced broadly in line with revenue, by 14.0 per cent from £43.3 million to £37.3 million.

Germany

The pace of growth in our German business increased in 2011. Revenue, as reported, grew in 2011 by 21.8 per cent to £1,228.6 million (2010: £1,008.9 million). The revenue impact of acquisitions (HSD in Germany and Damax in Switzerland) and currency movements were not significant.

Overall, supply chain revenues increased by 25.9 per cent including acquisitions, with services revenues growing by 13.7 per cent. Whilst the market in Germany was particularly buoyant in 2011, our share of the market has also increased. The gross margin return of the business reduced, partly due to the increased mix of supply chain revenues, and partly due to margin erosion in services, where the pace of growth impacted our efficiency of business take-on resources.

SG&A increased by £20.3 million to £129.6 million (2010: £109.3 million). Approximately £7 million of this increase is due to reclassifications between cost of sales and SG&A from alignment arising from our ERP project. Approximately £5 million arises from the impact of acquisitions and expenses relating to amortisation of the new ERP platform. The underlying growth in the German SG&A cost base of £8 million relates to investments in the pre-sales and business take on teams to support the growth in the services business. Overall, the German segment operating profit increased by 40.9 per cent from £19.7 million to £27.7 million, with the organic growth in our German business augmented by the profit generated by our acquisitions (HSD in Germany and Damax in Switzerland).

France

The revenue in the French segment increased by 33.1 per cent in the year. In April 2011, the Group acquired Top Info SAS, which contributed revenues of £90.7 million in the year. Encouragingly, like-for-like revenues from our existing French business grew by 7.9 per cent. Supply chain revenue increased by 8.4 per cent prior to acquisitions, mainly due to growth in software and enterprise product sales. Services revenue grew by a more modest 5.2 per cent consolidating the gains made in 2010.

Following a reduction in 2010, the gross profit return in France recovered in 2011 to 10.6 per cent, due largely to a focus on margin management in services together with the improved mix of enterprise product sales. SG&A grew in France principally due to the Top Info acquisition, with SG&A in our existing French business increasing by 4.9 per cent, mainly due to increased commission payments linked to the improvement in gross margin. The operating profit of the combined business increased from £1.0 million to £6.0 million, with the contribution from Top Info largely matching the organic growth in profits in the existing Computacenter France business.

As a result of the improved profitability of the business, and an improvement in management's view of the future performance of the combined entity, a deferred tax asset of £2.0 million in respect of losses has been recognised, and disclosed as an exceptional gain.

At the end of 2011, the Computacenter and Top Info businesses were merged, and no longer generate independent cash flows. The goodwill arising from the Top Info purchase has therefore been assessed on the combined cash flows of the enlarged Computacenter France business.

During 2011, the French business committed to move to a new warehouse and office premises and the combined business is expected to move during the first half of 2012.

Belgium

Reported revenue increased by 0.9 per cent to £43.0 million. (2010: £42.6 million). It is pleasing that the mix of revenue in 2011 generated healthy gross margin (2010 included a very large low margin supply chain deal with a single customer).

Gross margin return on sales for Belgium overall improved from 7.6 per cent to 10.7 per cent. SG&A, however, increased by 7.8 per cent mainly due to increased commission costs on the increased gross margin performance.

Overall therefore operating profit improved from £0.4 million in 2010 to £1.6 million in 2011. Although approximately £0.3 million of this profit growth was due to factors that are not expected to recur, the majority of the growth represents underlying improvement in the business.

Exceptional items

In line with the requirements of IFRS3 Revised, acquisition-related costs are expensed in the period in which they are incurred. The group has recorded £1.0 million acquisition-related costs for both successful and aborted acquisitions within exceptional items.

Due to circumstances arising after the acquisition date, the performance criteria required to trigger deferred consideration of €1.0 million that were previously expected to be achieved, were not met. As a result, the deferred consideration liability recognised has been reversed and the £0.9 million gain in the income statement has been recorded as an exceptional item.

Additionally, the statutory tax charge benefits from two items of an exceptional nature. Firstly, the deferred tax asset in respect of losses in Germany was re-assessed in line with management's view of the entity's future performance. Where the reassessment exceeds the losses utilised in the year, the change in recoverable amount of the deferred tax asset is shown as an exceptional item. Secondly, the improved profitability in France, together with an improved outlook for the combined French entity's future performance has resulted in the initial recognition of a deferred tax asset in respect of losses. The combined impact in the income statement is shown as an exceptional item.

Finance income and costs

Net finance income of £0.2 million was earned on a statutory basis in 2011 (2010: net finance costs of £0.5 million). This takes account of finance costs on CSF of £1.5 million (2010: £2.1 million). On an adjusted basis, prior to the interest on CSF, net finance income increased from £1.6 million in 2010 to £1.7 million in 2011.

Taxation

The effective adjusted tax rate for 2011 was 21.7 per cent (2010: 23.1 per cent). The Group's tax rate continues to benefit from losses utilised on earnings in Germany and this year in France and further benefits from the reducing corporation tax rate in the UK.

Deferred tax assets that have been recognised in respect of losses carried forward increased to £15.4 million (2010: £11.3 million). In addition, at 31 December 2011, there were unused tax losses across the Group of £125.6 million (2010: £171.2 million) for which no deferred tax asset has been recognised. Of these losses, £68.5 million (2010: £99.4 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 13.3 per cent from 33.0 pence in 2010 to 37.4 pence in 2011. The statutory diluted earnings per share growth of 20.6 per cent was greater due to exceptional tax items in 2011.

The Board is recommending a final dividend of 10.5 pence per share, bringing the total dividend for the year to 15.0 pence (2010: 13.2 pence). Subject to the approval of shareholders at the Annual General Meeting (AGM) on 18 May 2012, the proposed dividend will be paid on 15 June 2012 to shareholders on the register as at 18 May 2012.

Acquisitions

During 2011, the Group acquired three subsidiaries. On 1 April 2011, the Group acquired 100 per cent of Top Info SAS in France. The Top Info business was merged with our Computacenter France business on 30 December 2011, and as a consequence no longer has its own separable cash flows. Accordingly the goodwill arising on the acquisition has been tested against the combined Computacenter France cash generating unit ("CGU").

On 11 April the Group acquired 100 per cent of HSD Consult GmbH, which has been combined in the year within the Computacenter Germany CGU.

On 21 July 2011, the Group acquired 80 per cent of Damax AG in Switzerland, and agreed to purchase the remaining 20 per cent by mid 2015 for a consideration dependent upon the achievement of agreed performance criteria over the next three and a half years. Due to the nature of the transaction, the Group has present access to the benefits associated with the remaining 20 per cent of Damax. The Group has recorded this acquisition as a linked transaction, and has accordingly consolidated 100 per cent of the results of Damax since the acquisition date and estimated the fair value deferred consideration payable.

Cash flow

The Group's trading net funds position takes account of factor financing and current asset investments but excludes customer specific financing. There is an adjusted cash flow statement provided in note 10 that restates the statutory cash flow to take account of this definition.

Net funds excluding CSF reduced marginally from £139.4 million to £136.8 million by the end of the year. The Group continued to deliver strong cash generation from its operations in 2011, with adjusted operating cash flow of £95.5 million (2010: £108.2 million). In the year our outflow of cash included over £40 million on specific strategic cash investments, such as the remaining expenditure on our ERP implementation, the purchase of a new freehold facility for our RDC recycling business for approximately £11 million, and net cash outflow on acquisitions of £25.3 million.

When taking these investments into account together with tax and dividends, our net funds excluding CSF reduced marginally in the year.

Whilst the cash position remains robust, the Group continued to benefit from the extension of a temporary improvement in credit terms with a significant vendor, equivalent to £45 million at 31 December 2011, an increase of approximately £7 million from December 2010.

CSF reduced in the year from £28.4 million to £23.1 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 £113.6 million, compared to £111.0 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 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, cash and short-term deposits, bank borrowings 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.

Liquidity risk

The Group's policy is to ensure that it has sufficient funding and facilities in place to meet any foreseeable peak in borrowing requirements. The Group's positive net funds position was maintained throughout 2011, and at the year-end was £136.8 million excluding CSF, and £113.6 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 2011, but has implemented a cash pooling arrangement for the majority of Group entities.

At 31 December 2011, the Group had available uncommitted overdraft of £15.9 million (2010 uncommitted overdraft and factoring facilities of £15.5 million). The Group's committed facility expired in May 2011, and was not 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.

Customer specific financing facilities are committed.

Foreign currency risk

The Group operates primarily in the UK, Germany, France, and with smaller operations in Belgium, Switzerland, Spain and South Africa. The Group uses a cash pooling facility to ensure that its operations outside of the UK are adequately funded, 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 majority of sales and purchases are denominated in Sterling and any material trading exposures are eliminated through forward currency contracts.

The value of contracts where service is provided in multiple countries has increased. The Group aims to minimize this exposure by invoicing the customer in the same currency in which the costs are incurred. For certain contracts, the Group's committed contract costs are not denominated in the same currency as its sales. In such circumstances, for example where contract costs are denominated in South African Rand, the Group eliminates currency exposure for a foreseeable future period on these future cash flows through forward currency contracts. In 2011, the Group recognised a charge of £0.5 million through other comprehensive income in relation to the changes in fair value of related forward currency contracts, where the cash flow hedges relating to firm commitments were assessed to be highly effective.

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.

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

12 March 2012

Risk management

The ongoing identification and monitoring of risks are undertaken by our Group Risk Committee ('GRC'), the members of which include: the Group Chief Executive, Group Finance Director, Managing Director UK Sales, Managing Director UK Operations, Company Secretary and Group Risk Manager, Chief Executive of Germany, Director General of France and the Group Internal Auditor.

The GRC is responsible for compiling the Strategic Risk Log ('SRL') annually, a 'top down' list of unwanted situations which could prevent the strategic objectives, as established by the Board, from reaching the desired outcome. These risks also include the possibility for failure in maximising upside potential. The SRL is compiled by the Committee with facilitated guidance from an external risk consultancy, every two years, as well as the 'bottom up' Business Risk Assessment ('BRA'), as delivered by all the business leaders across the Group. Ownership for the top 20 strategic risks is allocated across the GRC and monitored at quarterly scheduled meetings.

The agenda of items considered at a GRC meeting also includes: Health and Safety, Insurance and Liabilities, Business Continuity and IT Disaster Recovery, Corporate Sustainable Development and Internal Audit reports. The Group Internal Auditor aims to provide the Group Audit Committee with feedback on the risk control measures being monitored and assurance that the assessment of risk remains active, at a senior level. The Group Internal Auditor additionally reports on findings, following internal audits of areas impacted by risks captured on the risk logs.

Assessing risk is not only about what is foreseeable. An exercise was undertaken this year by the Committee to consider the unthinkable risks, or 'black swans' and to contemplate their impact on business objectives and how best to mitigate. The disaster recovery plans have undergone review following this study, as further opportunity of minimising post-disaster chaos have, in certain instances, been identified.

The Committee this year benchmarked the SRL against an external Global Risk Management Survey and of the top 10 external findings; the SRL had captured eight, which provides some comfort that our identification process is aligned to that being undertaken in other organisations. Those generic risks more widely identified and also listed on our SRL include: business continuity risks associated with IT operational failures; our obligations under regulatory and compliance legislation; data protection exposures; and the consequences of expanding the delivery of our offerings to our customers, globally. Certain risks on the SRL have been identified as posing potential threat to our strategic objectives and some of these are detailed below:

Strategic objectives	Accelerating the growth of our contractual services business	Reducing cost through increased efficiency and industrialisation of our service operations	Maximising the return on working capital and freeing working capital where not optimally used	Growing our profit margin through increased services and high-end product sales	Ensuring the successful implementation of the Group-wide ERP system
Principal risks	<ul style="list-style-type: none"> Our offerings may transpire to be uncompetitive within the market or an unforeseen technology shift occurs where the market develops appetite for different equipment and solutions to those offered. We potentially do not dedicate correct levels of resource to satisfy our customers' varying needs for innovation. Our growth aspirations are impacted by the 	<ul style="list-style-type: none"> There may be an absence of appropriate investment into automated tools and other efficiency measures, which effectively fails to reduce the need for manual intervention activity and thus could impact upon our competitive position or a suitable return on these investments is not achieved. 	<ul style="list-style-type: none"> Following significant progress over the years in reducing working capital through the disposal of the distribution business, as well as other working capital optimisation initiatives, a material increase in working capital demand could harm further progress in this regard. 	<ul style="list-style-type: none"> Resource demands could arise when transitioning multiple new service business opportunities at or around the same time. Our sales teams could lose focus on our defined propositions and target market resulting in the 'over promising' on the scope of services making non-standard offerings during the life of a contract. This could result in margin erosion, customer dissatisfaction or delays in the initial phases of the contract. 	<ul style="list-style-type: none"> With a project of this scale there is the potential that during early transition operational issues could occur which impact on customer service levels and ultimately, overall financial performance of the Company. After the ERP system is fully embedded there is the potential that the full return on this investment is not realised.

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.

- Our vendor partners compete in the high-end sales environment and approach our customers directly.

Principal mitigations	<ul style="list-style-type: none"> • We formally review all lost bids and most won bids to ensure that we keep abreast of customer expectation from their IT services and solutions provider. We formally review our internal service providers against price points and benchmarked service quality standards. • We launched a Customer Value Scorecard to identify our larger customers' innovation needs and we are currently implementing the 'continual improvement framework' to detect where innovation needs are arising. • 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 looking to reduce costs. 	<ul style="list-style-type: none"> • The industrialisation and investment review board convenes monthly and monitors the return on investment as well as the planned KPI improvements and considers future investments taking account of feedback from multiple sources within the business. 	<ul style="list-style-type: none"> • There is continued focus on working capital controls in each country at all levels, supplemented by rigorous target based incentivisation system. 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. 	<ul style="list-style-type: none"> • We have an established transition and transformational activity programme with access to additional resources as necessary utilising our Master Vendor relationship which caters for bridging any capability and capacity concerns that may arise. • Governance boards and a tool, through which all relevant parties have to engage, 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. • Senior management work very closely with our leading partners and customers in order to continually promote and protect the value we bring to the customer. Computacenter's customers demand optimisation of their IT infrastructures and to this end, vendor independent solutions are imperative. 	<ul style="list-style-type: none"> • 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 2011 transitions in Germany and the UK will be deployed in future countries. • 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 included in 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

Chief Executive

12 March 2012

Tony Conophy

Finance Director

Consolidated income statement

For the year ended 31 December 2011

		Restated	
	2011	2010	
	Notes	£'000	£'000
Revenue	3	2,852,303	2,676,495
Cost of sales		(2,470,932)	(2,329,660)
Gross profit		381,371	346,835
Administrative expenses		(307,377)	(280,288)
Operating profit:			
Before amortisation of acquired intangibles and exceptional items		73,994	66,547
Amortisation of acquired intangibles		(1,986)	(655)
Exceptional items		(131)	-
Operating profit		71,877	65,892
Finance income		2,361	2,329
Finance costs		(2,136)	(2,823)
Profit before tax:			
Before amortisation of acquired intangibles and exceptional items		74,219	66,053
Amortisation of acquired intangibles		(1,986)	(655)
Exceptional items	4	(131)	-
Profit before tax		72,102	65,398
Income tax expense:			
Before amortisation of acquired intangibles and exceptional items		(16,125)	(15,265)
Tax on amortisation of acquired intangibles		433	187
Tax on exceptional items	4	174	-
Exceptional tax items	4	4,427	-
Income tax expense	5	(11,091)	(15,078)

Profit for the year	61,011	50,320
Attributable to:		
Equity holders of the parent	61,013	50,321
Non-controlling interests	(2)	(1)
	61,011	50,320
Earnings per share		
- basic	6	41.0p
- diluted	6	39.3p

Consolidated statement of comprehensive income

For the year ended 31 December 2011

	2011	2010
	£'000	£'000
Profit for the year	61,011	50,320
Loss arising on cash flow hedge	(464)	-
Income tax effect	116	-
Exchange differences on translation of foreign operations	(4,495)	(4,076)
Total comprehensive income for the period	56,168	46,244
Equity holders of the parent	56,166	46,250
Non-controlling interests	2	(6)
	56,168	46,244

Consolidated balance sheet

As at 31 December 2011

	2011	2010
	Notes	£'000
	£'000	£'000
Non-current assets		
Property, plant and equipment	98,261	88,882

Intangible assets		104,242	78,531
Investment in associates		497	47
Deferred income tax asset	5	15,928	15,577
		218,928	183,037
Current assets			
Inventories		97,440	81,569
Trade and other receivables		548,968	471,133
Prepayments		43,042	44,219
Accrued income		47,019	39,971
Forward currency contracts		296	562
Current asset investment	9	10,000	-
Cash and short-term deposits	9	128,437	159,269
		875,202	796,723
Total assets		1,094,130	979,760
Current liabilities			
Trade and other payables		530,953	440,790
Deferred income		115,350	100,840
Financial liabilities		12,247	37,936
Forward currency contracts		464	-
Income tax payable		4,700	5,941
Provisions		2,689	2,644
		666,403	588,151
Non-current liabilities			
Financial liabilities		12,554	10,320
Provisions		9,059	10,749
Other non-current liabilities		831	-
Deferred income tax liabilities	5	1,536	978
		23,980	22,047

Total liabilities	690,383	610,198
Net assets	403,747	369,562
Capital and reserves		
Issued capital	9,233	9,233
Share premium	3,717	3,697
Capital redemption reserve	74,957	74,957
Own shares held	(10,962)	(10,146)
Foreign currency translation reserve	7,638	12,137
Retained earnings	319,152	279,674
Shareholders' equity	403,735	369,552
Non-controlling interests	12	10
Total equity	403,747	369,562

Approved by the Board on 12 March 2012

MJ Norris	FA Conophy
Chief Executive	Finance Director

Consolidated statement of changes in equity

For the year ended 31 December 2011

Attributable to equity holders of the parent

	Issued capital	Share premium	Capital redemption reserve	Own shares held	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2011	9,233	3,697	74,957	(10,146)	12,137	279,674	369,552	10	369,562
Profit for the year	-	-	-	-	-	61,013	61,013	(2)	61,011
Other comprehensive income	-	-	-	-	(4,499)	(348)	(4,847)	4	(4,843)
Total comprehensive income	-	-	-	-	(4,499)	60,665	56,166	2	56,168
Cost of share-based payments	-	-	-	-	-	2,476	2,476	-	2,476

Tax on share-based payment transactions	-	-	-	-	-	296	296	-	296
Exercise of options	-	20	-	2,790	-	(2,790)	20	-	20
Purchase of own shares	-	-	-	(3,606)	-	-	(3,606)	-	(3,606)
Equity dividends	-	-	-	-	-	(21,169)	(21,169)	-	(21,169)
At 31 December 2011	9,233	3,717	74,957	(10,962)	7,638	319,152	403,735	12	403,747
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

Consolidated cash flow statement

For the year ended 31 December 2011

	2011 Notes £'000	2010 £'000
Operating activities		
Profit before taxation	72,102	65,398
Net finance (income)/costs	(225)	494
Depreciation	27,417	31,722

Amortisation		7,844	6,550
Impairment reversal		(398)	-
Share-based payments		2,476	2,620
Loss on disposal of property, plant and equipment		545	815
Loss on disposal of intangibles		33	-
Increase in inventories		(13,698)	(16,400)
Increase in trade and other receivables		(67,372)	(3,660)
Increase in trade and other payables		87,687	46,435
Other adjustments		(3)	(49)
Cash generated from operations		116,408	133,925
Income taxes paid		(14,384)	(11,281)
Net cash flow from operating activities		102,024	122,644
Investing activities			
Interest received		2,316	2,284
Increase in current asset investment		(10,000)	-
Acquisition of subsidiaries, net of cash acquired	8	(24,840)	-
Acquisition of associate		(500)	-
Proceeds from sale of property, plant and equipment		1,449	372
Purchases of property, plant and equipment		(24,181)	(12,856)
Purchases of intangible assets		(10,487)	(12,774)
Net cash flow from investing activities		(66,243)	(22,974)
Financing activities			
Interest paid		(2,513)	(3,200)
Dividends paid to equity shareholders of the parent	7	(21,169)	(16,984)
Proceeds from share issues		20	822
Purchase of own shares		(3,606)	(2,501)
Repayment of capital element of finance leases		(17,415)	(20,641)
Repayment of loans		(1,971)	(12,622)

New borrowings	-	5,957
(Decrease)/increase in factor financing	(16,500)	1,568
Net cash flow from financing activities	(63,154)	(47,601)
(Decrease)/increase in cash and cash equivalents	(27,373)	52,069
Effect of exchange rates on cash and cash equivalents	(1,776)	(1,090)
Cash and cash equivalents at the beginning of the year ⁹	155,933	104,954
Cash and cash equivalents at the year-end	9	126,784
		155,933

Notes to the consolidated financial statements

For the year ended 31 December 2011

1 Authorisation of financial statements and statement of compliance with IFRS

The consolidated financial statements of Computacenter plc for the year ended 31 December 2011 were authorised for issue in accordance with a resolution of the Directors on 12 March 2012. 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 2011 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 where noted below, adoption of these standards did not have any effect on the financial performance or position of the Group.

IAS 24 Related Party Transactions (Amendment)

The IASB has issued an amendment to IAS 24 that clarifies the definitions of a related party. The new definitions emphasise a symmetrical view of related party relationships as well as clarifying in which circumstances persons and key management personnel affect related party relationships of an entity. Secondly, the amendment introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have any impact on the financial position or performance of the Group.

IAS 32 Financial Instruments: Presentation (Amendment)

The IASB issued an amendment that alters the definition of a financial liability in IAS 32 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendment has had no effect on the financial position or performance of the Group because the Group does not have these type of instruments.

IFRIC 14 Prepayments of a Minimum Funding Requirement (Amendment)

The amendment removes an unintended consequence when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover such requirements. The amendment permits a prepayment of future service cost by the entity to be recognised as a pension asset. The Group is not subject to minimum funding requirements in Euroland, therefore the amendment of the interpretation has no effect on the financial position nor performance of the Group.

Improvements to IFRS

In May 2010, the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies, but no impact on the financial position or performance of the Group.

IAS 1 Presentation of Financial Statements: The amendment clarifies that an entity may present an analysis of each component of other comprehensive income maybe either in the statement of changes in equity or in the notes to the financial statements.

Other amendments resulting from improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or performance of the Group:

IFRS 3 Business Combinations: The measurement options available for non-controlling interest (NCI)

IFRS 3 Business Combinations (Contingent consideration arising from business combination prior to adoption of IFRS 3 (as revised in 2008))

IFRS 3 Business Combinations (Un-replaced and voluntarily replaced share-based payment awards)

IFRS 7 Financial Instruments - Disclosures

IAS 27 Consolidated and Separate Financial Statements

IAS 34 Interim Financial Statements

The following interpretation and amendments to interpretations did not have any impact on the accounting policies, financial position or performance of the Group:

IFRIC 13 Customer Loyalty Programmes(determining the fair value of award credits)

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

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

Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Group's financial statements that the Group reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date are listed below. The Group intends to adopt these standards when they become effective.

IAS 1 Financial Statement Presentation - Presentation of Items of Other Comprehensive income

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 10 Consolidated Financial Statements

IFRS 12 Disclosure of Involvement with Other Entities

IFRS 13 Fair Value Measurement

3 Segmental analysis

For management purposes, the Group is organised into geographical segments and the management thereof. The Group's business in each geography is managed separately and can constitute several 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 and exceptional items as management do not consider these items when reviewing the underlying performance of a segment.

Restatement and classification of costs

In the prior year consolidated financial statements, distribution costs were shown below gross profit, however, management monitor the performance of the business by including such costs within gross profit, and reports accordingly to the Chief Operating Decision Maker. As a result, these costs have been included in cost of sales in 2011, and 2010 has been restated accordingly.

From 1 January 2011, the management of Computacenter Luxembourg has been transferred from Belgium to Germany. As a consequence, CC Luxembourg is reported as part of the German segment. The comparative segmental information has been restated to reflect this change. An adjusted operating loss of £820,343 has been reclassified from the Belgium segment to the Germany segment in the 2010 comparative information.

Following our ERP implementation in the UK and Germany, the Group has been able to further align its structure and therefore how it classifies departmental costs between cost of sales and administrative expenses. The Group estimates that the net impact of these changes, principally related to pre-sales costs in Germany, has resulted in approximately £7m costs being reported in administrative expenses in 2011 that were previously reported in cost of sales in 2010. This represents the Group's best estimate of the impact of the changes made in the 2011 reported results. 2010 has not been restated to reflect this change.

Segmental performance for the years ended 31 December 2011 and 2010 was as follows:

	UK	Germany	France	Belgium	Total
	£'000	£'000	£'000	£'000	£'000
For the year ended 31 December 2011					
Revenue	1,102,184	1,228,574	478,583	42,962	2,852,303
Results					
Adjusted gross profit	167,305	157,355	50,636	4,610	379,906
Adjusted net operating expenses	(130,040)	(129,633)	(44,651)	(3,053)	(307,377)
Adjusted segment operating profit	37,265	27,722	5,985	1,557	72,529
Adjusted net interest					1,690
Adjusted profit before tax					74,219
Other segment information					
Capital expenditure:					
Property, plant and equipment	18,403	19,034	1,136	136	38,709
Goodwill and acquired intangible assets	-	10,074	14,629	-	24,703
Software	8,951	1,428	108	-	10,487
Depreciation	15,783	11,153	410	71	27,417
Amortisation of software	2,886	2,879	93	-	5,858
Amortisation of acquired intangible assets	481	765	740	-	1,986
Impairment reversal	-	-	(398)	-	(398)
Share-based payments	1,842	471	163	-	2,476

Restated Restated Restated Restated Restated
UK Germany France Belgium Total

	£'000	£'000	£'000	£'000	£'000
For the year ended 31 December 2010					
Revenue	1,265,431	1,008,889	359,611	42,564	2,676,495
Results					
Adjusted gross profit	177,545	128,949	35,238	3,256	344,988
Adjusted net operating expenses	(134,208)	(109,272)	(34,248)	(2,833)	(280,561)
Adjusted segment operating profit	43,337	19,677	990	423	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
Software	11,935	701	138	-	12,774
Depreciation	21,142	9,971	491	118	31,722
Amortisation of software	3,591	2,072	138	-	5,801
Amortisation of acquired intangible assets	482	267	-	-	749
Share-based payments	1,918	489	213	-	2,620

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:

	2011 £'000	2010 £'000
Adjusted profit before tax	74,219	66,053
Amortisation of acquired intangibles	(1,986)	(655)
Exceptional items	(131)	-
Profit before tax	72,102	65,398

Management also review 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 Germany France Belgium Total

£'000 £'000 £'000 £'000 £'000

For the year ended 31 December 2011

Adjusted segment operating profit	37,265	27,722	5,985	1,557	72,529
Add back interest on CSF	585	880	-	-	1,465
Amortisation of acquired intangibles	(481)	(764)	(741)	-	(1,986)
Exceptional items	(656)	(82)	607	-	(131)
Segment operating profit	36,713	27,756	5,851	1,557	71,877

For the year ended 31 December 2010

Adjusted segment operating profit	43,337	19,677	990	423	64,427
Add back interest on CSF	1,442	678	-	-	2,120
Amortisation of acquired intangibles	(519)	(136)	-	-	(655)
Segment operating profit	44,260	20,219	990	423	65,892

Sources of revenue

Within each geographical segment the Group has three sources of revenue, which are aggregated and shown in the table below. The sale of goods is recorded within Supply chain revenues and the rendering of services is split into Professional and Support and Managed Services.

2011 2010
£'000 £'000

Sources of revenue

Total supply chain revenue 2,015,582 1,888,362

Services revenue

Professional services 216,906 192,448

Support and managed services 619,815 595,685

Total services revenue 836,721 788,133

Total revenue 2,852,303 2,676,495

Information about major customers

Included in revenues arising from the UK segment are revenues of approximately £254 million (2010: £311 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

	2011	2010
	£'000	£'000
Operating profit		
Acquisition related costs	(999)	-
Deferred consideration reversed	868	-
	(131)	-
Income tax		
Exceptional tax items	4,427	-
Tax on exceptional items included in operating profit ¹⁷⁴	-	-
	4,601	-
Exceptional items after taxation	4,470	-

Included within the current year are:

- acquisition related costs of £1.0 million (2010: £nil), incurred in the period for both successful and aborted acquisitions. This cost comprised of consultancy, legal and professional and tax fees regarding the acquisitions; and
- due to circumstances arising after the acquisition date, the performance criteria required to trigger deferred consideration of €1.0 million that were previously expected to be achieved, were not met. As a result, the deferred consideration liability recognised has been reversed, with the gain in the income statement disclosed as an exceptional item.

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

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

The income statement impact of both items has been shown as an exceptional tax item.

5 Income tax

a) Tax on profit on ordinary activities

	2011	2010
	£'000	£'000
Tax charged in the income statement		
Current income tax		
UK corporation tax	10,484	12,917
Foreign tax	5,122	3,306
Adjustments in respect of prior periods	(1,425)	(1,682)
Total current income tax	14,181	14,541

Deferred tax

Origination and reversal of temporary differences	294	(2,312)
Exceptional changes in recoverable amounts of deferred tax assets(4,427)-		
Adjustments in respect of prior periods	1,043	2,849
Total deferred tax	(3,090)	537
Tax charge in the income statement	11,091	15,078

b) Reconciliation of the total tax charge

	2011	2010
	£'000	£'000
Accounting profit before income tax	72,102	65,398
At the UK standard rate of corporation tax of 26.5 per cent (2010: 28.0 per cent)	19,107	18,311
Expenses not deductible for tax purposes	869	537
Non-deductible element of share-based payment charge	168	490
Relief on share option gains	(20)	(607)
Adjustments in respect of current income tax of previous periods	(382)	1,167
Higher tax on overseas earnings	284	110
Other differences	697	1,010
Effect of changes in tax rate	270	197
Utilisation of previously unrecognised deferred tax assets	(6,834)	(7,046)
Exceptional changes in recoverable amounts of deferred tax assets	(4,427)	-
Overseas tax not based on earnings	1,359	909
At effective income tax rate of 15.4 per cent (2010: 23.1 per cent)	11,091	15,078

There are no income tax consequences attaching to the payment of dividends by the Group to its shareholders.

c) Tax losses

Deferred tax assets of £15.4 million (2010: £11.3 million) have been recognised in respect of losses carried forward.

In addition, at 31 December 2011, there were unused tax losses across the Group of £125.6 million (2010: £171.2 million) for which no deferred tax asset has been recognised. Of these losses, £68.5 million (2010: £99.4 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) Deferred tax

Deferred income tax at 31 December relates to the following:

	Consolidated balance sheet		Consolidated income statement	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Deferred income tax liabilities				
Accelerated capital allowances	653	922	(269)	(752)
Revaluations of foreign exchange contracts to fair value	74	56	18	56
Effect of changes in tax rate on opening liability	-	-	(234)	(45)
Arising on acquisition	2,581	-	(244)	-
Gross deferred income tax liabilities	3,308	978		
Deferred income tax assets				
Relief on share option gains	1,465	2,266	207	(568)
Other temporary differences	699	2,049	1,504	1,478
Effect of changes in tax rate on opening asset	-	-	153	234
Revaluations of foreign exchange contracts to fair value	116	-	-	(27)
Losses available for offset against future taxable income	15,420	11,262	(4,225)	161
Gross deferred income tax assets	17,700	15,577		
Deferred income tax charge			(3,090)	537
Net deferred income tax asset	14,392	14,599		
Disclosed on the balance sheet				
Deferred income tax asset	15,928	15,577		
Deferred income tax liability	(1,536)	(978)		
Net deferred income tax asset	14,392	14,599		

At 31 December 2011, there was no recognised or unrecognised deferred income tax liability (2010: £nil) for taxes that would be payable on the unremitted earnings of the Group's subsidiaries as the Group expects that future remittances of earnings from its overseas subsidiaries will be covered by the UK dividend exemption.

e) Impact of rate change

The main rate of UK Corporation tax was reduced to 26 per cent from 1 April 2011. Finance Act 2011 further reduced the main rate of UK Corporation tax to 25 per cent from 1 April 2012. Deferred tax has been restated accordingly in these financial statements.

Additional changes to the main rate of UK Corporation Tax are proposed, to reduce the rate by 1 per cent per annum to 23 per cent by 1 April 2014. These changes had not been substantively enacted at the balance sheet date and consequently are not included in these financial statements. The

effect of these proposed reductions would be to reduce the UK net deferred tax asset by £0.1m.

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.

	2011	2010
	£'000	£'000
Profit attributable to equity holders of the parent	61,013	50,321
Amortisation of acquired intangibles	1,986	655
Tax on amortisation of acquired intangibles	(433)	(187)
Exceptional items within operating profit	131	-
Tax on exceptional items included in operating profit	(174)	-
Exceptional tax items	(4,427)	-
Profit before amortisation of acquired intangibles and exceptional items	58,096	50,789

	2011	2010
	000's	000's
Basic weighted average number of shares (excluding own shares held)	148,793	147,752
Effect of dilution:		
Share options	6,639	6,370
Diluted weighted average number of shares	155,432	154,122

	2011	2010
	pence	pence
Basic earnings per share	41.0	34.1
Diluted earnings per share	39.3	32.6
Adjusted basic earnings per share	39.0	34.4
Adjusted diluted earnings per share	37.4	33.0

7 Dividends paid and proposed

£'000 £'000

Declared and paid during the year:

Equity dividends on Ordinary Shares:

Final dividend for 2010: 9.7 pence (2009: nil pence)	14,460-
Interim dividend for 2011: 4.5 pence (2010: 3.5 pence)	6,709 5,173
Additional interim dividend for 2010: nil pence (2009: 8.0 pence)-	11,811
	21,16916,984

Proposed (not recognised as a liability as at 31 December)

Equity dividends on Ordinary Shares:

Final dividend for 2011: 10.5 pence (2010: 9.7 pence)	16,15714,926
-------------------------------------------------------	--------------

8 Business combinations

Top Info SAS ('Top Info')

On 1 April 2011 the Group acquired 100 per cent of the voting shares of Top Info SAS for an initial consideration of €37.7 million and a maximum deferred consideration of €1.0 million dependant on performance in 2011, on a debt free basis. The net book value of the assets acquired included €18.7 million of net cash and short-term deposits. The costs of acquisition amounted to €301,000 and are included in the income statement as an exceptional item. Top Info SAS is based in France and is an information technology reseller of hardware, software and services. The acquisition has been accounted for using the purchase method of accounting. The 2011 consolidated financial statements include the results of Top Info for the period from the acquisition date.

The book and provisional fair values of the net assets at date of acquisition were as follows:

	2011	2011
	Provisional	to Group
	fair value	Book value
		£'000

Intangible assets

Comprising:

Existing customer relationships	-	5,019
Total intangible assets	-	5,019
Property, plant and equipment	125	125
Inventories	1,203	3,125
Trade and other receivables	22,146	19,564
Prepayments	324	324
Cash and short-term deposits	16,511	16,511

Trade and other payables	(18,031)	(18,044)
Deferred income	(328)	(328)
Deferred tax liability	-	(1,706)
Net assets	21,950	24,590
Goodwill arising on acquisition		9,610
		34,200
Discharged by:		
Cash paid		33,317
Deferred consideration		883
		34,200
Cash and cash equivalents acquired		
Cash and short-term deposits		(16,511)
Cash outflow on acquisition		17,689

From the date of acquisition to 31 December 2011, Top Info contributed £ 90,659,300 to the Group's revenue and £1,975,294 to the Group's profit after tax.

The provisional fair values include adjustments to the book values to recognise differences in accounting policies between Top Info and the Group principally relating to revenue recognition, the principal effect of which is a reclassification from trade receivables to inventory.

Included in the £9,610,000 of goodwill that arose on acquisition are certain intangible assets that cannot be individually separated and reliably measured from the acquiree due to their nature. These items include the expected value of synergies and an assembled workforce.

Deferred consideration

Due to circumstances arising after the acquisition date, the performance criteria required to trigger deferred consideration of €1.0 million that were previously expected to be achieved, were not met. As a result, the deferred consideration liability recognised has been reversed, with the gain in the income statement disclosed as an exceptional item.

HSD Consult GmbH ('HSD')

On 11 April 2011 the Group acquired 100 per cent of the voting shares of HSD Consult GmbH for an initial consideration of €4.9 million and a deferred consideration of €0.5 million dependant on certain performance conditions in 2011. The costs of acquisition amounted to €94,000 and are included in the income statement as an exceptional item. HSD is based in Germany and is an Apple Integrator. The acquisition has been accounted for using the purchase method of accounting. The 2011 consolidated financial statements include the results of HSD for the period from the acquisition date.

The book and provisional fair values of the net assets acquired were as follows:

	2011	2011 Provisional fair value to Group
Book value	£'000	£'000

Intangible assets

Comprising:

Existing customer relationships	36	402
---------------------------------	----	-----

Other intangibles	46	46
Total intangible assets	82	448
Property, plant and equipment	146	146
Inventories	940	940
Trade and other receivables	2,140	2,140
Cash and short-term deposits	190	190
Trade and other payables	(2,726)	(2,726)
Deferred tax liabilities	-	(110)
Net assets	772	1,028
Goodwill arising on acquisition		3,738
		4,766
Discharged by:		
Cash paid		4,325
Deferred consideration		441
		4,766
Cash and cash equivalents acquired		
Cash and short-term deposits		(190)
Cash outflow on acquisition		4,576

From the date of acquisition to 31 December 2011, HSD contributed £ 21,649,488 to the Group's revenue and £251,826 to the Group's profit after tax.

There were no differences between the provisional fair values and the book values at acquisition other than the recognition of intangible assets at acquisition and the related deferred tax liabilities.

Included in the £3,738,000 of goodwill that arose on acquisition are certain intangible assets that cannot be individually separated and reliably measured from the acquiree due to their nature. These items include the expected value of synergies and an assembled workforce.

Deferred consideration

The criteria required to trigger the further payment for the HSD business have been met. Accordingly, the full deferred consideration was recognised as at 31 December 2011 in the provisional fair value to the Group.

Damax AG ("Damax")

On 21 July 2011, the Group acquired 80 per cent of Damax AG in Switzerland for an initial consideration of 7.2 million CHF, and agreed to purchase the remaining 20 per cent by mid 2015 for a maximum consideration of 3.2 million CHF dependent upon the achievement of agreed performance criteria over the next three and a half years. Due to the nature of the transaction, that the Group has present access to the benefits associated with the remaining 20 per cent of Damax, the Group has recorded this acquisition as a linked transaction, and has accordingly consolidated 100 per cent of the results of Damax since the acquisition date and estimated the fair value of the deferred consideration payable. The costs of acquisition amounted to £221,000 and are included in the income statement as an exceptional item. Damax is based in Switzerland and is a Swiss IT service provider. The acquisition has been accounted for using the purchase method of accounting.

The book and provisional fair values of the net assets acquired were as follows:

	2011 Book value £'000	2011 Provisional fair value to Group £'000
Intangible assets		
Comprising:		
Existing customer relationships	-	4,974
Total intangible assets	-	4,974
Property, plant and equipment	49	49
Inventories	26	26
Trade and other receivables	4,303	4,303
Cash at bank	1,491	1,491
Trade and other payables	(3,824)	(3,824)
Deferred tax liabilities	-	(1,045)
Net assets	2,045	5,974
Goodwill arising on acquisition		996
		6,970
Discharged by:		
Cash		5,390
Deferred consideration		1,580
		6,970
Cash and cash equivalents acquired		
Cash and short-term deposits		(1,491)
Cash outflow on acquisition		5,479

From the date of acquisition to 31 December 2011, Damax contributed £3,825,496 to the Group's revenue and £1,729,624 to the Group's profit after tax.

There were no differences between the provisional fair values and the book values at acquisition other than the recognition of intangible assets at acquisition and the related deferred tax liabilities.

Included in the £996,000 of goodwill that arose on acquisition are certain intangible assets that cannot be individually separated and reliably measured from the acquiree due to their nature. These items include the expected value of synergies and an assembled workforce.

Deferred consideration

Based on the performance of the business in 2011 and the forecasted performance for the next 3 years, management's assessment is that it is highly probable that the maximum deferred consideration will become payable and accordingly it has been included in the provisional fair value to the Group.

If the acquisition of Top Info, HSD and Damax had taken place at the beginning of 2011, Group revenues for the period ended 31 December 2011

would have been £ 2,895,960,399 and profit after tax would have been £62,976,417.

9 Analysis of changes in net funds

	At 1 January £'000	Cash flows 2011 in year £'000	Non-cash flow £'000	Exchange differences £'000	At 31 December 2011 £'000
Cash and short-term deposits	159,269	(29,014)	-	(1,818)	128,437
Bank overdraft	(3,336)	1,641	-	42	(1,653)
Cash and cash equivalents	155,933	(27,373)	-	(1,776)	126,784
Current asset investment	-	10,000	-	-	10,000
Factor financing	(16,494)	16,500	-	(6)	-
Net funds excluding customer specific financing	139,439	(873)	-	(1,782)	136,784
Customer specific finance leases	(24,894)	17,415	(14,528)	383	(21,624)
Customer specific other loans	(3,532)	1,971	-	37	(1,524)
Total customer specific financing	(28,426)	19,386	(14,528)	420	(23,148)
Net funds	111,013	18,513	(14,528)	(1,362)	113,636

	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

10 Adjusted management cash flow statement

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

- 1) Factor financing and current asset investment, where cash is placed on deposit but is not available on demand, is not included within the statutory definition of cash and cash equivalents, but operationally is managed within the total net funds/borrowings of the businesses; and
- 2) Items relating to customer specific financing 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.
- 3) Net funds excluding CSF is stated inclusive of current asset investments. Current asset investments consists of a deposit held for a term of greater than 3 months from the date of deposit which is available to the Group with 30 days notice. The fair value of the current asset investment as at 31 December 2011 is not materially different to the carrying value.

	2011	2010
	£'000	£'000
Adjusted profit before taxation	74,219	66,053
Net finance income	(1,690)	(1,626)
Depreciation and amortisation	20,596	19,506
Share-based payment	2,476	2,620
Working capital movements	281	21,358
Other adjustments	(358)	293
Adjusted operating cash inflow	95,524	108,204
Net interest received	1,268	1,204
Income taxes paid	(14,384)	(11,281)
Capital expenditure and disposals	(33,186)	(25,258)
Acquisitions and disposals	(25,340)	-
Equity dividends paid	(21,169)	(16,984)
Cash inflow before financing	2,713	55,885
Financing		
Proceeds from issue of shares	20	822
Purchase of own shares	(3,606)	(2,501)
(Decrease)/increase in net funds excluding CSF in the period	(873)	54,206
(Decrease)/increase in net funds excluding CSF	(873)	54,206

Effect of exchange rates on net funds excluding CSF	(1,782) (1,170)
Net funds excluding CSF at beginning of period	139,439,86,403
Net funds excluding CSF at end of period	136,784 139,439

11 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	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
	£'000	£'000	£'000	£'000
Biomni Limited 24	519	-	-	5

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.

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 2011 but is derived from those accounts and the accompanying Directors' report. Statutory accounts for the year ended 31 December 2011 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 2011 were authorised for issue by the Board of Directors on 12 March 2012 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 2010. 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.

This information is provided by RNS
The company news service from the London Stock Exchange

END

FR BIGDXDSBBGDD