Final Results 2012

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Computacenter plc

2012 Final Results

Computacenter plc, the independent provider of IT infrastructure services and solutions, announces final results for the twelve months ended 31 December 2012.

"Excellent UK performance, early signs of recovery in Germany"

FINANCIAL HIGHLIGHTS

Underlying performance

· Group revenues increased 2.2 per cent to £2.91 billion (2011: £2.85 billion) and up 6.5 per cent in constant currency

· Adjusted* profit before tax decreased 4.0 per cent to £71.3 million (2011: £74.2 million) and broadly flat in constant currency

· Adjusted* diluted earnings per share ('EPS') decreased 3.5 per cent to 36.1 pence (2011: 37.4 pence), with 14.3 per cent compound EPS growth over the past five years

· Net funds prior to customer specific financing (CSF) was £147.3 million (2011: £136.8 million)

Statutory Performance

· Profit before tax decreased 10.1 per cent to £64.8 million (2011: £72.1 million)

· Diluted EPS decreased by 17.6 per cent to 32.4 pence (2011: 39.3 pence)

· Net funds after CSF of £128.6 million (2011: £113.6 million)

· Total dividend for 2012 of 15.5 pence per share up 3.3 per cent (2011: 15.0 pence)

RETURN OF CAPITAL

· During the course of 2013, the Board intends to return up to £75 million to shareholders, in addition to the normal dividend

OPERATING HIGHLIGHTS

· Group annual Services contract base grew 11.0 per cent in constant currency to a record £615.0 million (2011: £554.0 million)

· Excellent performance in the UK with adjusted* operating profit increasing 40.2 per cent to £52.2 million driven by strong contribution from new Services contracts

· German Services business adversely impacted by additional resourcing costs associated with simultaneous contract wins, however there are early signs of improvement in performance

· Significant investment in France including head office relocation and new logistics facility

· Group-wide ERP system delivering operational benefits in the UK and Germany with France on track to go live in H1 2013

· Group operating model implemented in the UK and Germany since the start of 2013

Mike Norris, Chief Executive of Computacenter plc, commented:

"We expect 2013 to be a year of progress for Computacenter.While the Group financial outcome for 2013 will be dependent on the in-year performance of Germany and the speed at which we recover from our problem contracts, which is unpredictable, we are confident that these contracts will improve. More importantly, winning, contracting and taking on new contracts successfully, is more fundamental to the long-term growth of the business and its strategic development. This will be underpinned by our new Group operating model, which has taken effect in the UK and Germany, since the start of 2013.

Our pipeline for new business in the UK is significant, bringing growth prospects for 2014 and beyond, whilst the pipeline is beginning to grow in France and again in Germany. We therefore look forward with confidence.

The cash generative nature of Computacenter's business has resulted in a net cash balance in excess of our current needs. While we intend to continue to maintain a robust and prudent balance sheet, the Board believes that it is now appropriate to consider a return of capital to shareholders, in addition to the normal dividend. As soon as practicable in 2013, the Board intends to return up to £75 million to shareholders and we are exploring options as to the best mechanism to effect this return to all shareholders."

*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.

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Chairman's statement

2012 was a year in which we stumbled in Germany, invested significantly in France and reaped the reward of three years of building and investing in the UK. We were disappointed with our underestimations of the resource demands and associated costs of starting a significant number of contracts simultaneously in Germany. Taken together with our out-performance in the UK, the impact upon our potential earnings was approximately £7.5 million. Our potential earnings reduced by a further circa £2.5 million due to currency movement. There is however a silver lining to this cloud. We acted vigorously to ensure that the established relationships with our customers and the long term value of the contracts involved remained protected. In addition, it prompted a comprehensive review of and alteration to, our bid and sales processes in Germany and our overall operating model.

As a result, we have decided to accelerate our plans to structure the Group on a Europe-wide basis. Our UK and Germany propositions, bidding and contract management functions, are now becoming aligned and our support functions of HR, Finance and Commercial Operations are integrating across all countries. We are able to move swiftly because of the successful ERP implementation in Germany and the UK. At the same time, we shall deliver our ERP system in France during the first half of 2013, allowing us to expand and complete the new structure across the whole Group, during 2014.

We are confident that our actions will address our growing pains of 2012. Our focus remains on improving our Services margins and revenues faster than our other business lines, and on managing our working capital and cash.

In this report you will see the details of our performance for the year, with a splendid result in the UK and overall revenue growth of 6.5 per cent in constant currency, to just short of £3 billion. Profit was broadly flat in constant currency and our cash balance, excluding customer specific finance, improved by circa 8 per cent.

The Company's cash generation over a number of years has resulted in a cash position that will enable us to, over and above the regular dividend, return up to £75 million to our shareholders in 2013.

Once our Annual Report is published, please read the Directors' Remuneration Report and judge for yourselves our determination to ensure that our Executive Directors are paid commensurate with our disappointing profit result. As the custodian of governance within Computacenter, I also urge you to read the Corporate Governance Report, which summarises our work in this regard.

I thank our employees for their efforts and results, our customers for their faith in us and our partners for their continued support. Above all, I thank you, our shareholders, for your endorsement and support of our actions and strategy. Your Company enters 2013 a little humbler but in good heart.

Greg Lock

Chairman

11 March 2013

CEO - Operating review - 2012

Group Overview

Overall Group revenue in 2012 increased by 2.2 per cent to £2.91 billion (2011: £2.85 billion) and in constant currency, Group revenue increased by 6.5 per cent. It was particularly pleasing that the revenue growth was largely driven by our Services business. It includes the impact of our 2011 acquisitions, which was minimal at a Group level.

At a Group level and in absolute terms, our Supply Chain business revenue declined marginally by 0.5 per cent, but in constant currency, it grew by 3.9 per cent to £2.01 billion. The gross margin percentage in our Supply Chain business reduced, mainly due to a higher mix of lower margin desktop and laptop products in 2012, driven by the Windows 7 roll-out programme. Given the impending deadline to complete the refresh of Windows 7 before the official support termination date for Windows XP in April 2014, it is likely that the impact from this mix will continue part-way through 2013, but should then revert to a more usual mix.

Group Services revenue increased by 8.6 per cent on an as reported basis and by a strong 12.7 per cent in constant currency. This significant growth reflects our continued drive to increase the proportion of our total Group revenue that is generated from our Contractual Services offerings, thereby improving the visibility and predictability of that revenue. This year, above all others, has confirmed the fundamental importance of successful contract take-on and execution in generating significant Services margin. The encouraging increase of approximately 6.3 per cent in gross profit, delivered by Group Services in constant currency, was largely reflective of our ability to provide very high levels of Services execution throughout the year, in the UK.

We are extremely pleased with the performance and achievements of the UK Services business, which are significant and have ultimately proved to be the cornerstone of the Group's achievements in 2012. While we believe it is unrealistic to anticipate the same extent of Contractual Services growth in the UK in 2013, we are fully aware of the need to maintain these levels of execution and we are confident that the UK Services margin generated in 2012 is sustainable.

The Group's adjusted* profit before tax fell by 4.0 per cent to £71.3 million (2011: £74.2 million). The impact of currency exchange rate fluctuation on the Group's profit levels was significant and, in constant currency, the Group's adjusted operating profit

remained broadly flat on 2011 levels. The Group's adjusted diluted earnings per share ('EPS') fell by 3.5 per cent to 36.1 pence (2011: 37.4 pence). While we are disappointed that profitability levels have not increased in 2012, compound EPS growth over the past five years is still running at 14.3 per cent.

The Group incurred £3.9 million in exceptional items relating to one-off costs of relocations for RDC and in France, as well as cost reduction initiatives during the final quarter of 2012 in Germany. Therefore, on a statutory basis, taking account of these exceptional items and amortisation of acquired intangibles, Group profit before tax decreased by 10.1 per cent to £64.8 million (2011: £72.1 million) and diluted EPS decreased by 17.6 per cent to 32.4 pence (2011: 39.3 pence).

Group profitability levels in 2012 were materially affected by the difficulties we experienced within our German business. These have been well-documented and were, to a significant degree, an illustration of what happens when our contractual terms and conditions, take-on and execution processes do not adhere to the standards we expect across the Group. An unusually high rate of contract wins towards the end of 2011 in Germany, stretched contract take-on resources to the point where processes failed and exposed weaknesses within our internal governance procedures. As a result, significant incremental cost was incurred by us in order to endeavour to achieve appropriate customer satisfaction levels. While we are very disappointed that this has occurred, we are confident that the actions we have taken in Germany in response to these issues, which have included a thorough review and alteration of our governance processes, were correct to ensure both the long-term interests of the Group's customers and shareholders and to start releasing the earnings potential of these contracts over the remainder of their lifetime. We are pleased to report that the early signs of improved Services performance in Germany were noted in the last quarter of the year and, whilst

there remains much to be done, we anticipate further progress in the months ahead.

Our balance sheet position had strengthened significantly by the year-end. Net cash prior to customer specific financing at the end of 2012 was £147.3 million (2011: net cash of £136.8 million). Including CSF, net funds were £128.6 million (2011: £113.6 million). It should again be noted that these figures are flattered by approximately £34.0 million (2011: £45.0 million) from extended credit facility terms provided by one of our major suppliers. These terms, which have been in place for over three years, could be withdrawn at short notice.

The cash generative nature of Computacenter's business has resulted in a net cash balance in excess of our current needs. While we intend to continue to maintain a robust and prudent balance sheet, the Board believes that it is now appropriate to consider a return of capital to shareholders, in addition to the normal dividend. As soon as practicable in 2013, the Board intends to return up to £75 million to shareholders and we are exploring options as to the best mechanism to effect this return to all shareholders.

We are particularly pleased with our year-end cash position, given that further cash growth was achieved despite some significant capital investments during the year to further drive business growth. These investments included the delivery of efficiencies in our French logistics capability, by consolidating all of the previous facilities in Paris into a single function at Gonesse and investment into our French head-office relocation. In addition, we have increased our investment in the upcoming French ERP migration, which we expect will occur in May 2013. Our strategic shift towards the provision of Services and Solutions has continued apace and we continue to invest materially in further developing our capabilities in this area. In particular, we are continuing to invest in additional Service Desk capacity and industry leading tools to assist in automating remote infrastructure management.

The Board has decided to propose a final dividend of 10.5 pence, bringing the total dividend paid for 2012 to 15.5 pence, representing a 3.3 per cent increase on the 2011 total dividend paid of 15.0 pence. This regular 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 on 17 May 2013, the proposed dividend will be paid on 14 June 2013 to shareholders on the register as at 15 May 2013.

We made one small acquisition towards the very end of the year, with the addition of a Belgian company NEWIS SA and its subsidiary Informatic Services IS SA, to the Group. We focused on consolidating those acquisitions that had been made in 2011, with Top Info in France now fully integrated into the French business, allowing us to maximise the opportunity of cross-selling our Service offerings to an expanded customer base. We continue to be pleased with the integration of, and ongoing contribution from, our Swiss business, originally named Damax, now Computacenter AG.

While acquisitions made by the Group during the past two years have helped us increase the scale of our offerings, we continue to focus on ensuring that we are well positioned to meet the demands of our customers and adjust our offerings to accommodate any changing demand trends within the IT market. For some time now, we have seen our larger customers outsourcing their IT Infrastructure needs, selectively, across the different IT disciplines and this continuing trend has helped to drive Computacenter's Contractual Services revenue growth. We benefit from this segmentation of the market which allows us to compete, both in terms of size and offerings, in those selected areas where we confidently believe we have competitive advantage and can deliver value for our customers.

We see our larger customers looking to us to deliver our Services on an expanding, and even global scale. In order to respond, we have made noteworthy additions to our Group Service Desk capacity, expanding our existing facilities in Berlin and Barcelona and investing into new facilities in Kuala Lumpur, Malaysia and Dallas, Texas. The last of these is a direct result of a material increase in the services we are providing in the US, as evidenced by a circa 80 per cent increase in volume through our US business compared to 2011.

It is important to note that a majority of our Contractual Services wins in recent times have been second, or greater, generation outsourcing contracts. This proves that the growth of Computacenter's Contractual Services revenue is neither necessarily related to, nor capped at, that level seen by the market generally.

In order to drive further Managed Services growth, we continue to focus on end-user support to our largest customers and invest into tools and processes that make our Services offerings both more productive and automated. This will allow us to grow the level of our Services business across the Group, without a pro rata increase in headcount, meaning that we are able to compete more effectively in the market and pass on greater cost savings and efficiencies to our customers, whilst retaining margin.

During 2012, we further developed the use of our ERP system, particularly in the UK, enabling us to adopt a new Group-wide operating model, implemented in the UK and Germany since the start of 2013. Given that the system is now fully operational in the largest components of our overall business, we are confident that the migration in France, due in May 2013, will be smooth and that we will see further enhancements to the drive to industrialise our business take-on processes, across the whole Group.

Outlook

The Board expects 2013 to be a year of progress for Computacenter. It is difficult at this early stage in the year, to work out by how much. Last year's performance in the UK presents us with a challenging comparison, particularly given the successful number of business take-ons, which will not be repeated in 2013. The solid UK Services margin position is likely to continue, albeit it will grow at a more modest pace. While the Group financial outcome for 2013 will be dependent on the in-year performance of Germany and the speed at which we recover from our problem contracts which is unpredictable, we are confident that these contracts will improve. More importantly, winning, contracting and taking on new contracts successfully, is more fundamental to the long term growth of the business and its strategic development. This will be underpinned by our new Group operating model, which has taken effect in the UK and Germany, since the start of 2013.

The performance of our Supply Chain business, with its reliance on customer capital expenditure, is less significant to the Group as a whole than it once was, but for our French business, it remains critical. As such, a fragile economic environment in France is a cause for some concern.

Our pipeline for new business in the UK is significant, bringing growth prospects for 2014 and beyond, whilst the pipeline is beginning to grow in France and again in Germany. We therefore look forward with confidence.

United Kingdom Operating Review 2012

2012 proved to be a very strong year for the UK business. Total revenue for the year increased by 8.5 per cent to £1,195.6 million (2011: £1,102.2 million) and adjusted* operating profit was up by 40.2 per cent to £52.2 million (2011: £37.3 million). This significant growth has been delivered despite the broadly flat performance of the UK economy during the period and the negative impact that this has had on IT spend, most notably within the Public and Investment Banking sectors.

Our performance in 2012 was principally driven by the increased success of our Services business, which saw revenue grow by 15.3 per cent to £431.4 million (2011: £374.1 million) and Services gross profit grow by around one third. We are extremely pleased that, for the first time in Computacenter UK's history, over 50 per cent of total gross profit generated was delivered by our Services business. Our aspiration to continue to grow our Services business is predicated on the fact that revenue resulting from our Contractual Services offerings generally enjoy greater visibility and longevity.

Over recent years, we have made significant investments into our contract bidding and associated governance processes. We go to considerable lengths to scrutinise all aspects that could prevent the delivery of a high standard of service to our customers, as soon as practical after business take-on. Although it has taken us some time to reach the standards of service delivery to which

we have for a long time aspired, both within the UK and as a Group, we have found that such standards are not easily achieved and maintained without appropriate planning, expertise and discipline. In 2012, within the UK business we reaped the benefit of our past efforts and investment in this area.

We have leveraged our central shared services infrastructure and delivery model to engage and deploy our capability and resources efficiently. Three large new contracts, firstly with a global provider of systems and services to the civil and defence aerospaces, a global infrastructure and media company, and AstraZeneca, a global research and pharmaceutical company, have been successfully implemented in the UK during the course of the year. The full revenue benefit of these contracts will be seen throughout 2013 and beyond. However, we are fully aware that the level of margin that we are able to generate from such contracts depends, to a large degree, on our ability to sustain the levels of execution that we managed to deliver in 2012.

Customers still value their IT independence and prefer to outsource their IT requirements selectively. Our ability to advise on, as well as transition and transform, their IT infrastructure to respond to their business goals and competitive pressures, is ensuring that we continue to win a significant number of second, or greater, generation outsourcing contracts. This allows us not to be solely reliant on new market growth in this sector. We continue to focus on sustaining this trend, which mitigates our exposure to a lack of market growth in this area and ensures that we perform competitively against our peers. We believe this is borne out by the fact that, in a market where Gartner predicted no more than 2.8 per cent growth in IT services for 2012, our contract base over the course of year grew by 18.9 per cent to £291.0 million (2011: £244.8 million). However, much of this new contract base has come from contracts won towards the end of 2011, but which only started to deliver revenue in 2012.

Our continual focus on customer satisfaction is of paramount importance to us, not only in the commencement of new contracts, but also over the life of contracts, as is evidenced by the significant number of Contractual Services extensions and renewals secured in the year, as well as additional repeat engagements of our Professional Services. Our ability to deliver on customer satisfaction has been rewarded with the number one ranking within KPMG's UK Outsourcing Service Provider Performance and Satisfaction (SPSS) Survey for 2012. We additionally achieved top place for customer reference-ability and innovation within the same survey.

Supply Chain revenue was up by 5.0 per cent at £764.2 million (2011: £728.0 million), illustrating that it was the mix, as opposed to the volume of product being purchased by our customers that was the main contributing factor to a reduced profitability in this business. Our Supply Chain business can be impacted significantly by the short and medium term buying patterns of our customers, which are both difficult to forecast and reliant on external factors. The Supply Chain business was underpinned by demand for Windows 7 transformations, particularly within the Retail Banking, Industry and Retail sectors. These transformations additionally enabled our Professional Services business to grow revenues by 18.4 per cent, with significant engagements delivered into the same sectors.

Our IT redeployment and recycling subsidiary, RDC, successfully moved into their new and larger facility at Braintree, Essex at the start of the year and this has enabled further opportunities to deliver enhanced services to customers and improve earnings. Adjusted* operating profit at RDC grew by 13.9 per cent during the course of the year and we look forward to continuing this growth.

While our UK performance in 2012 was very encouraging, the same rate of Contractual Services growth is unlikely to continue in 2013, but if we continue to provide a high quality of service and our delivery and execution remain as in 2012, we are confident that we can sustain these healthy Services margins in 2013.

Germany Operating Review 2012

In 2012, total revenue for the German segment, in local currency, increased by 4.1 per cent to €1,473.1 million (2011: €1,415.3 million). A significant number of large Contractual Services wins towards the end of 2011 assisted in driving this growth and indeed, Services revenue in Germany increased by 8.7 per cent to €484.2 million (2011: €445.5 million). This growth came despite

a strong Services revenue performance in the comparative year of 2011.

This material increase in Contractual Services wins, largely concentrated within the same period of late 2011, presented our German business with a number of challenges. The situation was exacerbated by the fact that the overall structure and contract take-on processes proved inadequate and inappropriate for dealing with such a significant number of Contractual Services wins at the same time. It became clear that the German business did not have a sufficient number of experienced staff required to deal with these challenges. Our efforts to address this issue were also hampered by a shortage of project, business take-on and contracting management resource and skills in the overall German workforce. However, significant incremental direct investment was made where deemed to be necessary and appropriate to safeguard our customers.

The direct investment required in overcoming these challenges has had a material impact on our profitability. Overall, adjusted* operating profit for the year was reduced by 55.0 per cent to €14.4 million (2011: €31.9 million).

While we are disappointed that our Services margins reduced during 2012, we do believe that we took the correct approach in protecting our customer relationships, our reputation and the long-term interests of both the German business and the Group, as a whole. We believe that this is due to the fact that we have not suffered any customer attrition as a result of the issues outlined above. We further believe that we will derive benefit in Germany from the focused and robust review of our contract approval, take-on and governance processes.

The German contract take-on processes have now been directly aligned with those currently used in the UK, which have been developed and refined over many years. If one considers the UK's recent track record in this regard, we expect that this action should bring long-term protection to the business from the same issues being repeated in future.

We also believe that the action taken to date has already brought early signs of stabilisation around the troubled contracts, as evidenced by improved service levels and increasing Services gross margins. Additionally, our Services profit margin for the last quarter in the period increased by 2 per cent, compared to the weak performance in the third quarter of 2012.

We have implemented additional indirect cost-saving activities, which have been ongoing since the middle of the second quarter of 2012 and have resulted in indirect headcount reduction by close to 5 per cent from the position at the end of the first half of 2012. This has resulted in an exceptional charge of €1.8 million in 2012 and we expect that the resulting and ongoing efficiency gains and cost savings will reduce our cost base further in 2013, whilst incurring some exceptional charges.

We have reduced our focus on winning new Contractual Services business in Germany which has meant that we have been unable to take full advantage of the market opportunity arising from the growth in selective IT outsourcing. We believe that the action we have taken towards stabilising the troubled contracts deserved priority and that the revision of our take-on processes provides us with a more solid foundation, as well as the confidence to strengthen our pipeline and respond to

market demand at the appropriate time.

We were pleased with the significant recognition we received for our Professional Services offerings, both in the areas of consultancy and implementation. Pierre Audoin Consultants ranked us as 'Best in Class' in the PAC Radar 'Workplace Management & Transformation' category, as one of the three leading Services providers in Germany. Our Professional Service activities have included supporting a large complex Infrastructure Transformation Project for KPMG Germany.

Our Supply Chain business grew by 2.0 per cent in local currency. This was in spite of the particularly strong comparative performance in 2011.We are pleased with this performance, given that we are experiencing a general lack of economic confidence linked to the overall Eurozone uncertainty. Our Supply Chain business suffered from this slow-down, particularly during the second quarter of the year, but regained strength during the second half, to the extent where our Supply Chain revenue increased by 6.6 per cent in the second half, over the first half of the year.

The market in general has been fairly stable, but is not showing comparable growth rates to those experienced in 2011. Demand for Windows 7 and any 'desktop of the future' offerings remain high, as it does for all Services and infrastructure needs to access Cloud services and technology. In this area, we are pleased with an accolade from the Experton Group, which ranked us as 'Cloud Leader' in the Cloud Consulting and Cloud Integration arena.

France Operating Review 2012

In France, our overall revenue growth was 7.3 per cent, compared to 2011, which included nine months of Top Info, to €591.5 million (2011: €551.3 million). Supply Chain revenue grew by 5.4 per cent, to €500.3 million (2011: €474.5 million), although this was flat on a like-for-like basis.

Including the results for Top Info for the full year of 2012, we delivered an adjusted* operating profit of €5.3 million (2011: €6.9 million). Although a weaker performance than last year, we are encouraged by the acceleration in performance during the second half of 2012 since, at the half way mark of 2012, profitability of the business was already trailing €1.1 million behind the same period in 2011.

We believe there remains a significant opportunity to deploy Computacenter's Services offerings to Top Info clients, but to date, other operational and market challenges have been our primary focus. We are encouraged that our Services business revenue grew by 18.7 per cent to €91.2 million 2011: €76.8 million), which provides a positive outlook for our Services business during 2013 and beyond. As our focus can now turn to fully exploring our opportunity with Top Info customers, we have the prospect of enhancing our Services revenue mix even further.

Overall, we view the Top Info acquisition as a successful acquisition for our business in France. Top Info is now fully integrated, without the loss of any significant customers or important members of staff and without the need for material exceptional charges.

Our growth and earnings were challenged in the first half of 2012 by resource demand from the high number of Contractual Services take-ons from wins during late 2011 and a degree of under-utilisation following the natural end of very profitable warranty maintenance agreements.

The second half of 2012 saw us complete a relocation of our Head-office in the north of Paris, with a consolidation of some other office locations into a single building. This was followed by the fit-out of a newly designed logistics facility, into which a variety of other storage facilities were merged. The logistics consolidation and re-design will significantly improve the efficiency of our logistic functionality. There were no customers lost during this significant change period and even at this early stage, following the warehouse relocation, some of our larger customers, such as the French rail service, have commented positively on the service improvement delivered by our configuration and delivery functions.

These material changes to our offices and logistic facilities, together with a full 12 months of Top Info costs, were the primary contributors to the 3.2 per cent increase in SG&A in our business; cost which we view as investment into the overall efficiency and productivity of the business.

The strong Services revenue growth was driven, as anticipated, by the healthy Contractual Services base growth in 2011 of 23.9 per cent. We predicted that 2012 would not bring material expansion to our Contractual Services base, for the reasons already set-out, but also due to the renewal demands we knew the year would present. We are delighted that our long standing customer, a world leader in gases for industry, health and the environment, present in 80 countries and with 46,200 employees, has recently awarded us a renewed three year contract, with the option to renew for a further two years. This contract will not only utilise both our Managed Services and Supply Chain offerings, but together with the customer, we aim to further develop and expand our

current Service Desk capability, ultimately benefitting the Group as a whole.

2013 will also bring challenges, the most significant of which is our migration to the Group ERP system, anticipated to be completed by the end of the first half of 2013. We expect that the change programme arising from the migration will be demanding, as will some large contract renewals due this year. However, with the major steps we have taken in strengthening our facilities and the increased credibility in the market, we are confidently planning Contractual Services growth in the second half of the year, which should deliver benefit from 2014 and beyond.

Belgium Operating Review 2012

Our Belgium operation has again delivered a very strong performance, building further onto its outstanding year in 2011, with adjusted* operating profit increased by 29.8 per cent to €2.3 million (2011: €1.8 million).

Overall revenue in the year increased by 13.4 per cent to €56.1 million (2011: €49.5 million), with our Supply Chain business growing by 9.6 per cent to €42.6 million (2011: €38.9 million) and the Services business growing by a very pleasing 27.2 per cent to €13.5 million (2011: €10.6 million).

Although we experienced growth in both our Professional and Contractual Services businesses, the growth in the latter business was particularly healthy at 22.8 per cent. This improves the quality of our revenue significantly, providing us with longer term performance visibility. As an example, Baloise Insurance, part of the Swiss based Baloise Group, awarded Computacenter Belgium a three year desktop Managed Services contract.

We also continue to experience an increasing degree of trust in our capability to deliver innovation across more diverse geographies. A global leader in the cosmetics industry has awarded us a contract to supply, build and support interactive, in-store, skin-health diagnostic kiosks across a large number of their European retail sites, using Apple equipment.

Despite the growth in the year in our Supply Chain business, this growth trend weakened over the last quarter, largely due to a challenging comparison from an exceptional performance in the fourth quarter of 2011. In part, however, and as previously mentioned, the rate of growth we have experienced over the last years is not likely to be sustained and our current efforts

are directed at stabilising our revenue base.

Whilst our improved quality of revenue will assist us in slowing market conditions, we are very encouraged by our recent acquisition of NEWIS SA, and its subsidiary Informatic Services IS SA, both based in Louvain-la- Neuve, Belgium. This acquisition is too recent to have made any contribution to our 2012 performance, but it bodes well for the future, with strong synergy between their customers and those of Computacenter, as well as bringing fresh Managed Services offerings to align to our current portfolio.

Mike Norris

Chief Executive

11 March 2013

Finance Director's review 2012

Turnover and profitability

In 2012, Computacenter Group delivered further turnover growth, although our record of profitability growth was interrupted by the difficulties we experienced in our German business.

At a headline level, turnover grew by 2.2 per cent to £2.91 billion, although on a constant currency basis turnover growth was 6.5 per cent. Adjusted profit before tax reduced by 4.0 per cent from £74.2 million to £71.3 million, albeit the impact of exchange rates accounts for the vast majority of this reduction.

After taking account of exceptional items and increased amortisation of acquired intangibles following our acquisitions in the year, statutory profit before tax decreased by 10.1 per cent from £72.1 million to £64.8 million.

The Group profitability performance was mixed across our main geographies. The UK experienced a 40.2 per cent increase in adjusted* operating profit, which was offset by a 58.0 per cent reduction in our German business due to difficulties in business take on, and a 28.8 per cent reduction in France, which experienced difficult market conditions, in particular in the first half of 2012.

Adjusted operating profit

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.

United Kingdom

UK revenues grew in 2012 by 8.5 per cent, increasing to £1,195.6 million. Supply Chain revenues increased by 5.0 per cent, driven by the demand for workplace and Windows 7 roll outs, which in turn generated 18.4 per cent growth in Professional Services revenues. Contractual Services revenue growth of 14.4 per cent was achieved following a number of significant contract wins in Q4 2011 that were successfully taken on in 2012. Overall, therefore, Services Revenues grew by 15.3 per cent.

Whilst there was a lower margin in the Supply Chain business from a greater mix of workplace product sales, the improved service margin mix in the UK resulted in an adjusted gross profit increase from 15.2 per cent to 15.4 per cent of sales. Adjusted operating expenses ("SG&A") rose by 1.3 per cent, significantly less than our gross margin improvement.

Overall this has resulted in a 40.2 per cent increase in adjusted operating profit from £37.3 million to £52.2 million.

[Δ]*Unless specifically stated, comments on growth rates in overseas segments are stated in local/constant currency*

Germany[Δ]

The pace of growth in our German business reduced in 2012. Revenue, as reported, contracted in 2012 by 2.8 per cent to £1,193.8 million (2011: £1,228.6 million), albeit in local currency revenue increased by 4.1 per cent.

Following two very strong years of growth, Supply Chain revenues consolidated in 2012, increasing by a modest 2.0 per cent, with the majority of the growth in German revenues generated in Services, which grew by 8.7 per cent.

However, during the year, losses in excess of €12 million were generated during the take on phase of a number of contracts. Our main focus during 2012 has been to stabilise these contracts, and performance has started to improve in the fourth quarter of 2012 as a result.

As a consequence, the gross margin return of the business reduced significantly by 1.3 per cent points to 11.5 per cent. SG&A had increased through 2011 and the first quarter of 2012. However following a period of stabilisation in the middle of the year, there was a reduction in SG&A headcount and expenses in the latter part of 2012, and accordingly a €1.8 million charge for redundancy expense was incurred, which has been disclosed as an exceptional item.

Overall, the German segment operating profit reduced by 58.0 per cent from £27.7 million to £11.6 million as reported, a reduction of 55.0 per cent in local currency.

France[Δ]

The revenue in the French segment increased by 7.3 per cent in the year. Supply Chain revenue increased by 5.4 per cent, although the majority of this growth was due to the full year impact of the acquisition of Top Info SAS in 2011. Following a series of Contractual Services wins in 2011, Services revenue grew by 18.7 per cent.

The gross profit return in 2012 has been impacted by the scale of Contractual Services take-ons and lower margins from service delivery arrangements supporting customers on behalf of other parts of the Group, reducing from 10.6 per cent to 9.9 per cent. In absolute terms, gross profit is in line with 2012.

SG&A expenses have increased by 3.2 per cent, although the 2011 comparative includes only three quarters from our Top Info acquisition, and there are some additional costs from the projects undertaken to integrate Top Info, relocate the warehouse and office facilities in Paris, and implement our Group ERP system in France.

Overall, adjusted operating profit in France has therefore reduced by 23.7 per cent in local currency, equating to a reduction of 28.8 per cent as reported from £6.0 million to £4.3 million in 2012.

Belgium[Δ]

Reported revenue increased by 5.8 per cent to £45.5 million (2011: £43.0 million) equating to an increase of 13.4 per cent in local

currency. Whilst Supply Chain revenue increased by 9.6 per cent, Services revenue growth was a pleasing 27.2 per cent.

Due to the increasing service mix of the business, gross profit return on sales for Belgium overall improved from 10.7 per cent to 11.0 per cent. However, SG&A increased by 8.6 per cent, albeit at a lower rate than our overall gross profit, mainly due to increased commission costs from the improvement in gross margin. Therefore, operating profit improved from £1.6 million in 2011 to £1.9 million in 2012. In addition, on 28 December 2012, Computacenter purchased NEWIS SA, and its subsidiary Informatic Services IS SA, both based in Louvain-la-Neuve, Belgium, albeit this acquisition did not contribute to the result of the Group in 2012.

Exceptional items

During the year, Computacenter France consolidated its operations in a new office and began the move to a new warehouse. In January 2012, RDC located to new premises in Braintree. The one-off costs in relation to the relocation of these premises of £2.4 million that have been disclosed as exceptional items relate principally to:

- operating lease rental expense charged on new properties during the fit out period and prior to occupation;

- redundancy expenses paid as a result of the integration and relocation activities; and

- rental expense related to legacy properties after they had been vacated.

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

Finance income and costs

Net finance income of £0.2 million was earned on a statutory basis in 2012 (2011: net finance income of £0.2 million). This takes account of finance costs on CSF of £1.1 million (2011: £1.5 million). On an adjusted basis, prior to the interest on CSF, net finance income decreased from £1.7 million in 2011 to £1.3 million in 2012.

Taxation

The effective adjusted tax rate for 2012 was 23.3 per cent (2011: 21.7 per cent). The deterioration was due to a lower mix of overseas earnings in 2012 compared to 2011. However, 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 of £15.7 million (2011: £15.4 million) have been recognised in respect of losses carried forward. In addition, at 31 December 2012, there were unused tax losses across the Group of £115.5 million (2011: £125.6 million) for which no deferred tax asset has been recognised. Of these losses, £61.6 million (2011: £68.5 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 reduced in line with profit performance by 3.5 per cent from 37.4 pence in 2011 to 36.1 pence in 2012. Due to the impact of exceptional charges in 2012, and exceptional tax credit in 2011, the statutory diluted earnings per share has reduced from 39.3 pence in 2011 to 32.4 pence in 2012.

The Board is recommending a final dividend of 10.5 pence per share, bringing the total dividend for the year to 15.5 pence (2011: 15.0 pence). Subject to the approval of shareholders at the Annual General Meeting (AGM) on 17 May 2013, the proposed dividend will be paid on 14 June 2013 to shareholders on the register as at 15 May 2013.

Acquisitions

On 28 December 2012, the Group acquired 100 per cent of the voting shares of NEWIS SA and its subsidiary Informatic Services IS SA (together "IS") for an initial consideration of €2.3 million and a contingent consideration of €0.6 million dependant on future performance. The net book value of the assets acquired included €0.1 million of net cash and bank loans. The costs of acquisition amounted to €0.1 million and are included in the income statement. IS is based in Belgium and is a provider of infrastructure services including end user support and system administration.

During the first half of 2011, the Group acquired Top Info SAS and HSD Consult GmbH and during the second half of 2011, the Group acquired Damax AG. For each of these acquisitions, the book and provisional fair values of the net assets acquired that were disclosed in note 16 of the 31 December 2011 Annual Report and Accounts are now final and are unchanged.

Cash flow

The Group's trading net funds position takes account of current asset investments and factor financing when the Group entered into such facilities, but excludes customer specific financing. There is an adjusted cash flow statement provided in note 9 that restates the statutory cash flow to take account of this definition.

Net funds excluding CSF increased from £136.8 million to £147.3 million by the end of the year. The Group continued to deliver strong cash generation from its operations in 2012, with adjusted operating cash flow of £85.2 million (2011: £95.5 million). In the year we spent over £30 million on capital expenditure, such as the relocation of our French warehouse and offices in Paris, and further investments in the tools and systems that support our services business, and underpin that growth.

This warehouse relocation and the integration of Top Info in France, together with a general increase in accrued income associated with significant contract take-on activity, resulted in a working capital deterioration during the year. However, these issues were resolved by the year end and as a consequence, the net funds position at the end of the year was strong.

Whilst the cash position remains robust, the Group continued to benefit from the extension of an improvement in credit terms with a significant vendor, equivalent to £34.0 million at 31 December 2012, a decrease of £11.0 million from December 2011.

CSF reduced in the year from £23.1 million to £18.7 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 £128.6 million, compared to £113.6 million at the start of the year.

Return of capital

The cash generative nature of Computacenter's business has resulted in a net cash balance in excess of our current needs. While we intend to continue to maintain a robust and prudent balance sheet, the Board believes that it is appropriate to consider a return of capital to shareholders. During the course of 2013, the Board intends to return up to £75 million to shareholders and we are exploring options as to the best mechanism to effect this return for shareholders.

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.

The Group does not expect a material increase in the level of CSF financing facilities, partly as the Group applies a higher cost of finance to these transactions than customers' marginal cost of finance. In addition, some of these requirements have been satisfied through utilising a sale of receivables process.

Capital Management

Details of the Group's capital management policies will be 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. When long-term borrowings are utilised, the Group's policy is to maintain these borrowings at fixed rates to limit the Group's exposure to interest rate fluctuations.

Liquidity risk

The Group's policy is to ensure that it has sufficient funding and facilities in place to meet any foreseeable peak in borrowing requirements. The Group's positive net funds position was maintained throughout 2012, and at the year-end was £147.3 million excluding CSF, and £128.6 million including CSF.

Due to strong cash generation over the past three years, the Group is currently in a position where it can finance its requirements from its cash balance, and the Group operates a cash pooling arrangement for the majority of Group entities.

At 31 December 2012, the Group had available uncommitted overdraft facilities of £20.3 million (2011: £15.9 million). Should it be necessary, the Group will seek to enter into committed facilities.

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, Luxembourg, 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 Eurozone, 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 minimise 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 2012, the Group recognised a gain of £0.5 million (2011: 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.

There are no significant concentrations of credit risk within the Group. The Group's major customer, disclosed in note 3, 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 will be disclosed in the Directors' Report, when published in the 2012 Annual Report and Accounts, the Directors have, after due consideration and investigation, and having taken account of the intended cash return, a reasonable expectation that the Group has sufficient cash resources and available facilities to meet its financial obligations for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the consolidated financial statements.

Tony Conophy

Finance Director

11 March 2013

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

Risk management

Our Group Risk Committee (GRC) convenes quarterly and within the revised structure, will be chaired by the new Group Chief Operating Officer. The GRC is a sub-committee of the Group Executive Committee and the minutes of all of the GRC meetings are included within the information packs distributed to the Group Audit Committee members.

The GRC is responsible for compiling, monitoring and evolving the Strategic Risk Log (SRL). In this regard, the Committee receives guidance from external advisors and the results of the annual Business Risk Assessment (BRA), which is executed by all the business leaders across the Group.

Ownership of the risks within the SRL is shared across the GRC members and mitigation of those risks is monitored at the quarterly meetings. A Key Risk Indicator 'dashboard' is in the process of development with the aim being to provide 'at a glance' information on the effectiveness of both mitigation measures and any variation in risk size. The SRL also serves as a material driver in determining the priority allotted within the Internal Audit Plan. The Group Internal Auditor provides the Group Audit Committee with feedback on the risk control measures being monitored and that the assessment of risk is made at a senior level.

Going forward, the Board has agreed to scrutinise the management of the risks contained on the SRL, by engaging in discussion on five specific risks on the log per Board meeting from May 2013 onwards. Such scrutiny will assist the executive team in prioritising the various risk mitigation strategies. To date, the Board has actively participated in assessing risks and suggesting suitable mitigation for implementation by the executive team. For example, the Board has dedicated much effort into overseeing the implementation of enhanced succession and talent development plans over the last two years, as it has recognised that a lack of management reserve with ability would be detrimental to the continuity of the organisation's growth aspirations.

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.

Some of the risks contained on the SRL are detailed below, aligned to the strategic objectives they could potentially impact most:

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 supply chain sales	Ensuring the successful implementation of the Group-wide ERP system
Principal risks	• Our offerings may transpire to be uncompetitive within the market or an unforeseen or sudden technology shift occurs where the market develops appetite for different equipment and solutions to those offered. Conversely, we could be motivated into investing significantly into an offering which transpires to amount to no more than hype. • Our growth aspirations are impacted by the economic climate and with a certain level of uncertainty about a full	• Failure to utilise established and repeatable processes, specifically designed for increased efficiency, can result in poor service delivery and threatened reputation. Margin erosion and significant cost increases need to be incurred to recover stability. The comprehensively reported contract take-on challenges in Germany during 2012 was an unfortunate manifestation of this threat. • Driving culture change from being a fragmented country specific focused organisation to becoming a	• 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.	• Resource demands could arise when transitioning multiple new service business opportunities at or around the same time. Conversely, resource surplus could result where a contract reaches end of term and is not renewed. • Our vendor partners compete in the high-end sales environment and approach our customers directly. A challenged economy does tend to impact supply chain activity adversely.	• 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.

	return to economic stability in the short term; there is the potential for reduced capital expenditure from customers.	single Group, could prove challenging and time consuming to embed.			
Principal mitigations	• 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 tend to invest selectively into new offerings and only when they will be complementary to our overall Services suite of offerings. • We believe that our offerings are targeted specifically towards being beneficial to our customers who	• We have established a task force to stabilise the challenged contracts in Germany. Progress of this work is monitored by the Board at each meeting. At the same time, a significant level of focus is applied to ensuring that the same service operation processes are available and applied, across the whole Group. • Organisational change where only the sales and customer facing functions remain in country and all operational and business support activities are driven from central Group functions, should facilitate	• 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.	• 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. End of contract term exposures are reviewed well in advance and planning for the redeployment of resource is prioritised. • Senior management work very closely with our leading partners and customers in order to continually promote and protect the value	• 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.

are looking to reduce costs and an uncertain economic climate therefore tends to favour our Contractual Services aspirations. We operate within different economies that are affected differently, at different times and our balance sheet remains healthy.

and expedite the culture change required.

we bring to the customer. Computacenter's customers demand optimisation of their IT infrastructures and to this end, vendor independent solutions are imperative.

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

Tony Conophy — Finance Director

11 March 2013

Consolidated income statement

For the year ended 31 December 2012

	Notes	2012 £'000	2011 £'000
Revenue	3	2,914,214	2,852,303
Cost of sales		(2,539,955)	(2,470,932)
Gross profit		374,259	381,371
Administrative expenses		(303,172)	(307,377)
Operating profit:			
Before amortisation of acquired intangibles and exceptional items		71,087	73,994
Amortisation of acquired intangibles		(2,608)	(1,986)
Exceptional items	4	(3,874)	(131)
Operating profit		64,605	71,877
Finance income		1,971	2,361
Finance costs		(1,778)	(2,136)
Profit before tax:			
Before amortisation of acquired intangibles and exceptional items		71,280	74,219
Amortisation of acquired intangibles		(2,608)	(1,986)
Exceptional items		(3,874)	(131)
Profit before tax		64,798	72,102
Income tax expense:			

Before amortisation of acquired intangibles and exceptional items		(16,578)	(16,125)
Tax on amortisation of acquired intangibles		538	433
Tax on exceptional items	4	362	174
Exceptional tax items	4	-	4,427
Income tax expense	5	(15,678)	(11,091)
Profit for the year		49,120	61,011
Attributable to:			
Equity holders of the parent		49,121	61,013
Non-controlling interests		(1)	(2)
		49,120	61,011
Earnings per share			
- basic	6	32.9p	41.0p
- diluted	6	32.4p	39.3p

Consolidated statement of comprehensive income

For the year ended 31 December 2012

	2012 £'000	2011 £'000
Profit for the year	49,120	61,011
Items that may be reclassified to profit or loss:		
Gain/(loss) arising on cash flow hedge	494	(464)
Income tax effect	(120)	116

	374	(348)
Exchange differences on translation of foreign operations	(5,311)	(4,495)
Other comprehensive loss for the year, net of tax	(4,937)	(4,843)
Total comprehensive income for the period	44,183	56,168
Attributable to:		
Equity holders of the parent	44,182	56,166
Non-controlling interests	1	2
	44,183	56,168

Consolidated balance sheet

As at 31 December 2012

	Notes	2012 £'000	2011 £'000
Non-current assets			
Property, plant and equipment		100,696	98,261
Intangible assets		104,612	104,242
Investment in associate		575	497
Deferred income tax asset	5	14,385	15,928
		220,268	218,928
Current assets			
Inventories		67,782	97,440
Trade and other receivables		573,661	548,968
Prepayments		46,250	43,042
Accrued income		58,029	47,019

Forward currency contracts		30	296
Current asset investment	8	10,000	10,000
Cash and short-term deposits	8	138,149	128,437
		893,901	875,202
Total assets		1,114,169	1,094,130
Current liabilities			
Trade and other payables		527,539	530,953
Deferred income		128,540	115,350
Financial liabilities		9,117	12,247
Forward currency contracts		584	464
Income tax payable		3,778	4,700
Provisions		4,373	2,689
		673,931	666,403
Non-current liabilities			
Financial liabilities		10,406	12,554
Provisions		6,455	9,059
Other non-current liabilities		-	831
Deferred income tax liabilities	5	1,034	1,536
		17,895	23,980
Total liabilities		691,826	690,383
Net assets		422,343	403,747
Capital and reserves			
Issued capital		9,234	9,233
Share premium		3,769	3,717

Capital redemption reserve	74,957	74,957
Own shares held	(13,848)	(10,962)
Foreign currency translation reserve	2,325	7,638
Retained earnings	345,893	319,152
Shareholders' equity	422,330	403,735
Non-controlling interests	13	12
Total equity	422,343	403,747

Approved by the Board on 11 March 2013

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

Consolidated statement of changes in equity

For the year ended 31 December 2012

	Attributable to equity holders of the parent								
	Issued capital £'000	Share premium £'000	Capital redemption reserve £'000	Own shares held £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Total £'000	Non-controlling interests £'000	Total equity £'000
At 1 January 2012	9,233	3,717	74,957	(10,962)	7,638	319,152	403,735	12	403,747
Profit for the year	-	-	-	-	-	49,121	49,121	(1)	49,120
Other comprehensive income	-	-	-	-	(5,313)	374	(4,939)	2	(4,937)

Total comprehensive income	-	-	-	-	(5,313)	49,495	44,182	1	44,183
Cost of share-based payments	-	-	-	-	-	2,176	2,176	-	2,176
Tax on share-based payment transactions	-	-	-	-	-	216	216	-	216
Exercise of options	1	52	-	1,933	-	(1,933)	53	-	53
Purchase of own shares	-	-	-	(4,819)	-	-	(4,819)	-	(4,819)
Equity dividends	-	-	-	-	-	(23,213)	(23,213)	-	(23,213)
At 31 December 2012	9,234	3,769	74,957	(13,848)	2,325	345,893	422,330	13	422,343
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

Consolidated cash flow statement

For the year ended 31 December 2012

	Notes	2012 £'000	2011 £'000
Operating activities			
Profit before taxation		64,798	72,102
Net finance income		(193)	(225)
Depreciation		24,337	27,417
Amortisation		9,573	7,844
Impairment reversal		-	(398)
Share-based payments		2,176	2,476
Loss on disposal of property, plant and equipment		363	545
Loss on disposal of intangibles		184	33
Decrease/ (increase) in inventories		27,477	(13,698)
Increase in trade and other receivables		(49,061)	(67,372)
Increase in trade and other payables		16,755	87,687
Other adjustments		74	(3)
Cash generated from operations		96,483	116,408
Income taxes paid		(13,111)	(14,384)
Net cash flow from operating activities		83,372	102,024
Investing activities			
Interest received		1,926	2,316
Increase in current asset investment		-	(10,000)
Acquisition of subsidiaries, net of cash acquired		(1,754)	(24,840)
Increase investment in associate		(100)	(500)
Proceeds from sale of property, plant and equipment		1,074	1,449
Purchases of property, plant and equipment		(22,906)	(24,181)

Purchases of intangible assets		(8,981)	(10,487)
Net cash flow from investing activities		(30,741)	(66,243)
Financing activities			
Interest paid		(1,929)	(2,513)
Dividends paid to equity shareholders of the parent	7	(23,213)	(21,169)
Proceeds from share issues		53	20
Purchase of own shares		(4,819)	(3,606)
Repayment of capital element of finance leases		(9,201)	(17,415)
Repayment of loans		(2,353)	(1,971)
New borrowings		1,577	-
Decrease in factor financing		-	(16,500)
Net cash flow from financing activities		(39,885)	(63,154)
Increase in cash and cash equivalents		12,746	(27,373)
Effect of exchange rates on cash and cash equivalents		(2,059)	(1,776)
Cash and cash equivalents at the beginning of the year		126,784	155,933
Cash and cash equivalents at the year-end	8	137,471	126,784

Notes to the consolidated financial statements

For the year ended 31 December 2012

1 Authorisation of financial statements and statement of compliance with IFRS

The consolidated financial statements of Computacenter plc for the year ended 31 December 2012 were authorised for issue in accordance with a resolution of the Directors on 11 March 2013. 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 2012 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 for differences that may exist between the respective local GAAPs and IFRS.

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

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

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

Changes in accounting policy and disclosures

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

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

IAS 12 Income Taxes (Amendment) - Deferred Taxes: Recovery of Underlying Assets

The amendment clarified the determination of deferred tax on investment property measured at fair value and introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. It includes the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 should always be measured on a sale basis. The amendment is effective for annual periods beginning on or after 1 January 2012 and has been no effect on the Group's financial position, performance or its disclosures.

IFRS 7 Financial Instruments: Disclosures - Enhanced Derecognition Disclosure Requirements

The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about the entity's continuing involvement in derecognised assets to enable the users to evaluate the nature of, and risks associated with, such involvement. The amendment is effective for annual periods beginning on or after 1 July 2011. The Group does not have any assets with these characteristics so there has been no effect on the presentation of its financial statements.

Improvements to IFRS

In May 2012 the IASB issued its second omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. These improvements are effective for annual periods beginning on or after 1 January 2013. The adoption of the amendments are not expected to have any impact on the financial position or performance of the Group.

IAS 1 Presentation of Financial Statements

This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period.

IAS 16 Property Plant and Equipment

This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

IAS 32 Financial Instruments, Presentation

This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.

IAS 34 Interim Financial Reporting

The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IAS 1 Presentation of Items of Other Comprehensive Income - Amendments to IAS

IAS 19 Employee Benefits (Revised)

IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)

IAS 32 Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32

IFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements

IFRS 11 Joint Arrangements

IFRS 12 Disclosure of Interests in Other Entities

IFRS 13 Fair Value Measurement

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

The adoption of the standards is not expected to have any impact on the financial position or performance of the Group.

3 Segmental analysis

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

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

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

Restatement and classification of costs

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, has resulted in approximately £2.9 million of costs being reported in cost of sales in 2012 that were reported in administrative expenses previously. This represents the Group's best estimate of the impact of the changes made in the 2012 reported results. The results for 2011 have not been restated to reflect this change.

Segmental performance for the years ended 31 December 2012 and 2011 was as follows:

	UK	Germany	France	Belgium	Total
	£'000	£'000	£'000	£'000	£'000

For the year ended 31 December 2012					
Revenue	1,195,647	1,193,796	479,306	45,465	2,914,214
Results					
Adjusted gross profit	183,914	136,992	47,297	4,984	373,187
Adjusted net operating expenses	(131,686)	(125,356)	(43,033)	(3,097)	(303,172)
Adjusted segment operating profit	52,228	11,636	4,264	1,887	70,015
Adjusted net interest					1,265
Adjusted profit before tax					71,280
Other segment information					
Capital expenditure:					
Property, plant and equipment	11,311	6,992	10,622	12	28,937
Goodwill and acquired intangible assets	-	-	-	1,930	1,930
Software	7,803	1,022	156	-	8,981
Depreciation	14,258	8,601	1,418	60	24,337
Amortisation of software	5,838	1,024	103	-	6,965
Amortisation of acquired intangibles	481	1,183	944	-	2,608
Share-based payments	1,613	522	41	-	2,176

	UK £'000	Germany £'000	France £'000	Belgium £'000	Total £'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 intangibles	481	765	740	-	1,986
Impairment reversal	-	-	(398)	-	(398)
Share-based payments	1,842	471	163	-	2,476

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:

	2012 £'000	2011 £'000
Adjusted profit before tax	71,280	74,219
Amortisation of acquired intangibles	(2,608)	(1,986)
Exceptional items	(3,874)	(131)

Profit before tax	64,798	72,102

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 £'000	Germany £'000	France £'000	Belgium £'000	Total £'000
For theyear ended 31 December 2012					
Adjusted segment operating profit	52,228	11,636	4,264	1,887	70,015
Add back interest on CSF	226	846	-	-	1,072
Amortisation of acquired intangibles	(481)	(1,194)	(933)	-	(2,608)
Exceptional items	(364)	(1,484)	(2,026)	-	(3,874)
Segment operating profit	51,609	9,804	1,305	1,887	64,605
For theyear 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

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 and the rendering of services is split into Professional and Contractual Services.

	2012 £'000	2011 £'000
Sources of revenue		
Total Supply Chain revenue	2,005,584	2,015,582
Services revenue		

Professional Services	220,254	216,906
Contractual Services	688,376	619,815
Total Services revenue	908,630	836,721
Total revenue	2,914,214	2,852,303

Information about major customers

Included in revenues arising from the UK segment are revenues of approximately £251 million (2011: £254 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

	2012 £'000	2011 £'000
Operating profit		
Acquisition-related costs	-	(999)
Costs in relation to relocation of premises	(2,390)	-
Redundancy costs	(1,484)	-
Deferred consideration reversed	-	868
	(3,874)	(131)
Income tax		
Exceptional tax items	-	4,427
Tax on exceptional items included in operating profit	362	174
	362	4,601
Exceptional items after taxation	(3,512)	4,470

Included within the current year are the following exceptional items:

During the year Computacenter France consolidated its operations in a new office and began the move to a new warehouse. In January 2012, RDC located to new premises in Braintree. The one-off costs in relation to the relocation of these premises of £2.4 million that have been disclosed as an exceptional item relate principally to:

- operating lease rental expense charged on new properties during the fit out period and prior to occupation,
- redundancy costs paid as a result of the relocation, and
- rental expense related to legacy properties once they had been vacated.

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

Included within the prior year are:

- acquisition related costs of £1.0 million incurred 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 million that were previously expected to be achieved, were not met. As a result, deferred consideration recognised had been reversed, with the gain in the income statement disclosed as an exceptional item.

The exceptional income tax credit for the prior year comprises two items which, due to their size were 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 exceeded 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 were shown as an exceptional tax item in 2011.

5 Income tax

a) Tax on profit on ordinary activities

	2012 £'000	2011 £'000
Tax charged in the income statement		
Current income tax		
UK corporation tax	14,820	10,484
Foreign tax	3,337	5,122
Adjustments in respect of prior periods	(2,952)	(1,425)
Total current income tax	15,205	14,181
Deferred tax		

Origination and reversal of temporary differences	(1,698)	294
Exceptional changes in recoverable amounts of deferred tax assets	-	(4,427)
Adjustments in respect of prior periods	2,171	1,043
Total deferred tax	473	(3,090)
Tax charge in the income statement	15,678	11,091

b) Reconciliation of the total tax charge

	2012 £'000	2011 £'000
Accounting profit before income tax	64,798	72,102
At the UK standard rate of corporation tax of 24.5 per cent (2011: 26.5 per cent)	15,876	19,107
Expenses not deductible for tax purposes	1,885	869
Non-deductible element of share-based payment charge	211	168
Adjustments in respect of current income tax of previous periods	(1,274)	(382)
Higher tax on overseas earnings	276	284
Other differences	(549)	677
Effect of changes in tax rate	(140)	270
Utilisation of previously unrecognised deferred tax assets	(2,098)	(6,834)
Exceptional changes in recoverable amounts of deferred tax assets	-	(4,427)
Overseas tax not based on earnings	1,491	1,359
At effective income tax rate of 24.2 per cent (2011: 15.4 per cent)	15,678	11,091

c) Tax losses

Deferred tax assets of £15.7 million (2011: £15.4 million) have been recognised in respect of losses carried forward.

In addition, at 31 December 2012, there were unused tax losses across the Group of £115.5 million (2011: £125.6 million) for which no deferred tax asset has been recognised. Of these losses, £61.6 million (2011: £68.5 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	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Deferred income tax liabilities				
Accelerated capital allowances	2,486	653	(680)	(269)
Revaluations of foreign exchange contracts to fair value	-	74	-	18
Effect of changes in tax rate on opening liability	-	-	(219)	(234)
Amortisation of intangibles	2,334	-	(440)	-
Arising on acquisition	255	2,581	-	(244)
Gross deferred income tax liabilities	5,075	3,308		
Deferred income tax assets				
Relief on share option gains	1,100	1,465	(42)	207
Other temporary differences	1,605	699	1,911	1,504
Effect of changes in tax rate on opening liability	-	-	-	153
Revaluations of foreign exchange contracts to fair value	6	116	59	-
Losses available for offset against future taxable income	15,715	15,420	(116)	(4,225)
Gross deferred income tax assets	18,426	17,700		
Deferred income tax charge			473	(3,090)
Net deferred income tax asset	13,351	14,392		
Disclosed on the balance sheet				
Deferred income tax asset	14,385	15,928		
Deferred income tax liability	(1,034)	(1,536)		
Net deferred income tax asset	13,351	14,392		

At 31 December 2012, there was no recognised or unrecognised deferred income tax liability (2011: £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 24 per cent from 1 April 2012. Finance Act 2011 further reduced the main rate of UK Corporation tax to 23 per cent from 1 April 2013. 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 21 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 £0.1 million.

6 Earnings per ordinary share

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

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

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

	2012 £'000	2011 £'000
Profit attributable to equity holders of the parent	49,121	61,013
Amortisation of acquired intangibles	2,608	1,986
Tax on amortisation of acquired intangibles	(538)	(433)
Exceptional items within operating profit	3,874	131
Tax on exceptional items included in operating profit	(362)	(174)
Exceptional tax items	-	(4,427)
Profit before amortisation of acquired intangibles and exceptional items	54,703	58,096

	2012 000's	2011 000's
Basic weighted average number of shares (excluding own shares held)	149,387	148,793
Effect of dilution:		
Share options	2,179	6,639

	2012	2011
Diluted weighted average number of shares	151,566	155,432

	2012 pence	2011 pence
Basic earnings per share	32.9	41.0
Diluted earnings per share	32.4	39.3
Adjusted basic earnings per share	36.6	39.0
Adjusted diluted earnings per share	36.1	37.4

7 Dividends paid and proposed

	2012 £'000	2011 £'000
Declared and paid during the year:		
Equity dividends on Ordinary Shares:		
Final dividend for 2011: 10.5 pence (2010: 9.7 pence)	15,725	14,460
Interim dividend for 2012: 5.0 pence (2011: 4.5 pence)	7,488	6,709
	23,213	21,169
Proposed (not recognised as a liability as at 31 December)		
Equity dividends on Ordinary Shares:		
Final dividend for 2012: 10.5 pence (2011: 10.5 pence)	15,589	16,157

8 Analysis of changes in net funds

	At 1 January 2012 £'000	Cash flows in year £'000	Non-cash flow £'000	Exchange differences £'000	At 31 December 2012 £'000
Cash and short-term deposits	128,437	11,806	-	(2,094)	138,149

Bank overdraft	(1,653)	940	-	35	(678)
Cash and cash equivalents	126,784	12,746	-	(2,059)	137,471
Current asset investment	10,000	-	-	-	10,000
Bank loans	-	(144)	-	-	(144)
Net funds excluding customer specific financing	136,784	12,602	-	(2,059)	147,327
Customer specific finance leases	(21,624)	9,201	(6,031)	455	(17,999)
Customer specific other loans	(1,524)	776	-	46	(702)
Total customer specific financing	(23,148)	9,977	(6,031)	501	(18,701)
Net funds	113,636	22,579	(6,031)	(1,558)	128,626

	At 1 January 2011 £'000	Cash flows 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

9 Adjusted management cash flow statement

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

1) Factor financing is not included within the statutory definition of cash and cash equivalents but, when the Group has had factor facilities, operationally they have been 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 2012 is not materially different to the carrying value.

	2012 £'000	2011 £'000
Adjusted profit before taxation	71,280	74,219
Net finance income	(1,265)	(1,690)
Depreciation and amortisation	24,384	20,596
Share-based payment	2,176	2,476
Working capital movements	(11,711)	281
Other adjustments	377	(358)
Adjusted operating cash inflow	85,241	95,524
Net interest received	1,118	1,268
Income taxes paid	(13,111)	(14,384)
Capital expenditure and disposals	(30,813)	(33,186)
Acquisitions and disposals	(1,854)	(25,340)
Equity dividends paid	(23,213)	(21,169)
Cash inflow before financing	17,368	2,713
Financing		
Proceeds from issue of shares	53	20
Purchase of own shares	(4,819)	(3,606)

Increase/(decrease) in net funds excluding CSF in the period	12,602	(873)
Increase/(decrease) in net funds excluding CSF	12,602	(873)
Effect of exchange rates on net funds excluding CSF	(2,059)	(1,782)
Net funds excluding CSF at beginning of period	136,784	139,439
Net funds excluding CSF at end of period	147,327	136,784

10 Related party transactions

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

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

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

	Sales to related parties £'000	Purchases from related parties £'000	Amounts owed by related parties £'000	Amounts owed to related parties £'000
Biomni Limited	18	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.

11 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 2012 but is derived from those accounts and the accompanying Directors' report. Statutory accounts for the year ended 31 December 2012 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 2012 were authorised for issue by the Board of Directors on 11 March 2013 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 2011. The

report of the auditors was unqualified and did not contain statements under Section 498 (2) or Section 498 (3) of the Companies Act 2006.

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