Computacenter
Enabling Users

Building a strong platform

Interim Report
Half year results to June 2014

Enabling Users

Interim highlights 2014

Financial Highlights

Financial Key Performance Indicators**

Group revenue (£m) +2.2%

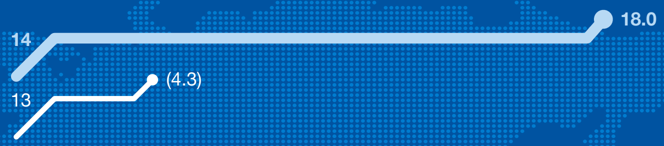
Adjusted* profit before tax (£m) +6.8%

Adjusted* diluted earnings per share (pence) +16.0%

Dividend (pence per share) +13.5%

Statutory Performance**

Statutory profit/(loss) before tax (£m)



Exceptional items (£m) -68.9%

Statutory basic earnings/(loss) per share (pence)

Statutory diluted earnings/(loss) per share (pence)

Revenue Performance by Sector**

	H1 2014 £m	H1 2013 £m	Change %
Group Services revenue	**488.5**	472.7	3.3
Group Supply Chain revenue	**969.8**	953.7	1.7

Reconciliation between the Group's Adjusted* and Statutory Performance in H1 2014

	H1 2014 £m
Adjusted* profit before tax (£million)	**28.0**
Exceptional Item: Estimated costs of restructuring in French business (£million)	**(9.1)**
Amortisation of acquired intangibles (£million)	**(0.9)**
Statutory Profit before tax (£million)	**18.0**

Operational Highlights

- Group Services revenue increased by 3.3% across the Group on an as reported basis
- UK business generates revenue and adjusted* operating profit growth of 14.1% and 24.4% respectively
- Early signs of progress in Services in Germany, but disappointing Supply Chain performance
- Trading performance for the three onerous contracts continues in line with expectations
- Revenue growth across the business in France, but margins remain challenging
- Charge of £9.1 million taken in respect of the comprehensive restructuring in France to improve competitiveness

* Adjusted profit before tax and adjusted diluted earnings per share is stated prior to exceptional items and amortisation of acquired intangibles. Adjusted operating profit is also stated after charging interest on customer specific financing.

** Figures provided are on an as reported basis.

Chairman's statement

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Greg Lock Chairman

The first half of 2014 marked a period of strength in our UK business, consolidation of our position in Germany and the start of a significant reconstruction in France for Computacenter.

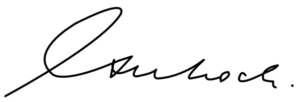
Our UK Managed Services revenues have grown significantly, and we have won new contracts which bode well for continued growth. We believe that we continue to increase our market share in Services as we pursue our strategic objectives. We are pleased with our product revenue growth in the UK where conditions for business have continued to improve.

In Germany, having stabilised our performance in 2013 following our contract challenges in 2011, we expect continuous improvement in margin and Services wins over the coming years. We do not expect a dramatic improvement in 2014, but we have put in place all elements of our Group Operating Model and are confident in our prospects for 2015 and beyond.

France is a different matter for us. We have announced a 'social plan' which will reduce our cost and expense base there, installed new leadership and made progress in the rigorous implementation of our Group Operating Model, although we do not expect to see the benefit of these changes in 2014.

We continue to manage our resources prudently. Our cash position has improved by £31.8 million over that seen at the end of the comparative period in 2013 (net of last year's Return of Value to shareholders) and we continue to focus on adding value for our customers by enabling their IT users, improving their productivity and ultimately saving them money.

We are on track to meet the Board's expectations for 2014, and we continue to invest to grow the business in future years. We will need relentless focus on execution. This is at the heart of the way the Company leadership operates and it must be. Competition is tough and our customers demand a lot from us – nothing can or should be taken for granted. I thank all of our employees whose continued passion and loyalty is marked. Above all, I thank our customers for their business and their confidence in us.



Greg Lock
Chairman
28 August 2014

Strategic progress

How we deliver value for our stakeholders

1. To lead with and grow our Services business

2. To improve our Services productivity and enhance our competitiveness

3. To retain and maximise the relationship with our customers over the long term

4. To innovate our Services offerings to build future growth opportunities

Computacenter has continued to focus on its four key Group strategic objectives and has made good progress against these during the first half of 2014.

1 To lead with and grow our Services business

What we have achieved so far in 2014

- Relevant Group Strategic Key Performance Indicator: Our Group total Services contract base finished the period at £638.8 million, an increase of 1.3% in constant currency from the Group total Services contract base at the end of 2013.
- Continued implementation of our Services-led strategy, with a 5.3% growth in total Services revenue in constant currency versus the same period last year.
- This was underpinned by a very strong performance by the UK business, which saw total Services revenue increase by 8.2% over the period. We have been encouraged by the number of contracts that have been renewed or widened in scope, and additionally our healthy win rate.
- Following the implementation of our Group Operating Model, the German Services business is beginning to show signs of progress reflected by the win of its largest Managed Services contract since December 2011.
- A number of important steps have been taken to refocus the French business, but completing its transition to become Services-led is a medium-term objective. We have commenced the on-boarding of a large French customer for Managed Services in France and internationally. Once fully operational, this contract will be the largest Managed Services contract in the Group.

Next steps

- We seek to continue the significant Services revenue and profitability growth seen in the UK during the period. Given the strength of our pipeline, this should be achievable. There are a small number of sizeable Services bids in which we are involved, for which we will know the outcome during the second half of 2014.
- In Germany we will continue to pursue Managed Services growth as a priority, as we aim to drive the utilisation of our central Services engines. Again the pipeline is strong and therefore our focus will be on identifying and executing successfully the most appropriate bid opportunities.
- Within our French business, we will take continued action to facilitate, and where appropriate, accelerate its transition to become Services-led.

2 To improve our Services productivity and enhance our competitiveness

What we have achieved so far in 2014

- Relevant Group Strategic key performance indicator: Revenue generated per Services head has grown from £84,000 per head at the end of H1 2013, to £86,000 per head at the end of reporting period which represents an increase of 2.4% in constant currency.
- We split Services productivity and competitiveness into two distinct areas. Firstly, the productivity of customer-facing staff, measured by way of gross margin. Secondly, we measure the utilisation rate of our industrialised Services engines, such as for our Service Desks, Remote Management capability and Project Management capability.
- Gross margin levels remain strong in the UK, and there has been a fifty basis points improvement in Germany compared to the same period in 2013. This has been helped by the fact that central Services engines utilisation rates have also been good in both countries, driven by strong performances in Professional Services which we expect to continue for the remainder of the year.

- Our French business lost a small number of important Services contracts in 2013, which have not been replaced. Therefore, whilst customer gross margins in the business remain reasonable, it has struggled with extremely low levels of utilisation of our central Services engines, which have in turn materially and negatively impacted overall Services margins. This has made it difficult for the French business to compete in its current structure.

Next steps
- Over the second half of the year, we expect the UK Services margin percentage to remain broadly unchanged against that achieved for H2 2013. To the extent that there is any scope for improvement, we do not expect this to be material.
- Our German Services margin still has scope for improvement, within customer-facing gross margins and the utilisation of our central Services engines. We expect to see some improvement in German business Service margin percentage during the second half of the year against the comparative period in 2013.
- Our issues in France are again more challenging in this area, given that they are more fundamentally related to its underlying structure. We will continue to take action to increase our capability to deliver our suite of Services offerings into appropriate large and medium-sized customers, and will redefine the scale of our resource. These are medium-term objectives, but fundamental to delivering a consistently profitable and sustainable business – an aim which Group Management remains wholly committed to.

3

To retain and maximise the relationship with our customers over the long-term

What we have achieved so far in 2014
- Relevant Group Strategic key performance indicator: The number of customer accounts which generate gross margin contribution of over £1 million across the Group on an annualised basis has increased from 81 at the end of H2 2013, to 92 as at 30 June 2014.
- The Group remains totally focused on providing its Service offerings to large and medium-sized enterprises and corporate entities which are headquartered in Western Europe, supporting their user's needs in local markets, and globally where appropriate.
- We have made particularly significant progress on this objective in the UK, where the recent performance of our Services business has enabled it to build trust and a significant track-record of high-quality Service deliverables over the long-term. In the short-term, we aspire to build this track-record in our German Services business. Our French Services business will clearly take longer to do so.

Next steps
- The strength of pipeline in the UK and Germany provides us with a significant opportunity to improve the number of Group customers contributing more than £1 million of gross margin on an annualised basis. Whilst the recent strength of Sterling in 2014 is acting as a headwind to this achievement in our European operating geographies, we expect overall that this number will, in 2014, have grown at its fastest rate for a number of years.
- We will continue to increase the volume of our customers' users that we serve globally through the development of our international Services business and the use of our established partner network. Additionally, in accordance with our Group business model, we will ensure that our sales processes are refined further to make our customers aware of the value that the full range of our Services offerings can deliver for them.

4

To innovate our Services offerings to build future growth opportunities

What we have achieved so far in 2014
- Relevant Group Strategic key performance indicator: Following further analysis of our strategic objectives, the key performance indicator for this objective has been changed from 'The share of our overall Services revenue against the Group's total revenue' to 'The Group's total Services revenue'. The Group's total Services revenue has increased by 5.3% in constant currency to £488.5 million (H1 2013: £464.1 million).
- During the period, we have embarked on one of the most comprehensive investment phases of our Services-led organic growth strategy, which has principally taken place in three areas. Firstly, we are developing our Services tools, systems and processes for our Next Generation Service Desk (NGSD) offering, the innovation which we believe will materially enhance the user experience for our customers' users and deliver significant competitive advantage for our business. Secondly, we are growing our international footprint, transferring a number of our key clients to our new service desk location in Hungary and establishing a new service desk location in Montpellier, France. Thirdly, we are enhancing our capability to deliver a service offering which fulfils our customers' ever-increasing requirement for its workforce to be mobile, but does not detract from the IT consumer experience regardless of location.

Next steps
- The success we have experienced in transitioning the provision of Services for a number of our key clients to our newly-established Hungarian operation means that we will search for further capacity to be utilised in Hungary during the remainder of the year and into 2015. We also anticipate that a number of customers will 'go-live' at our new IT Services desk location in Montpellier, France towards the end of the year and in 2015.
- We expect to pilot our NGSD and Mobility Solutions internally during the third quarter of 2014, before doing the same with two external customers before the end of the year.
- We will continue to refine our governance processes to ensure that these keep pace with the development of our operational and technical capability, and that the Group acts at all times in accordance with the risk appetite as set by its Board of Directors.

Operating update

Mike Norris
Chief Executive Officer

Group

Turnover and Adjusted* Profitability
The first half of 2014 was a period of solid progress for the Group, in which it continued to pursue its strategy of delivering organic revenue and profitability growth through targeted investment in its Services business.

During the period, total Group revenues increased by 2.2% on an as reported basis to £1458.3 million (H1 2013: £1426.3 million), and by 4.3% in constant currency. Given the Group's strategy, we were especially encouraged to see an overall increase in Group Services revenue of 3.3 per cent on an as reported basis to £488.5 million (H1 2013: £472.7 million) and 5.3% in constant currency.

Whilst this performance was principally driven by another very strong performance from our UK Services business, we are now beginning to see early signs of progress from our Services business in Germany. This is starting to deliver some new contract wins, which are likely to increase its growth rate moving forward. Whilst French Services revenue also grew by 4.8% during the period in constant currency, this result is flattered somewhat by the take-on of one particularly large contract during the period. The French business remains in the early stages of its transition to become Services-led, and therefore more able to contribute towards the achievement of the Group's strategic objectives in the medium-term.

Group Supply Chain revenues were up by 1.7% on an as reported basis to £969.8 million (H1 2013: £953.7 million), and by 3.9% in constant currency. This was substantially underpinned by the Supply Chain performance in the UK, which was particularly strong in the first quarter of the year. The Group's French Supply Chain business also saw significant revenue growth, which we believe is testament to an improved customer experience in France. However, it should also be noted firstly that this performance was flattered by a comparatively quiet June 2013, during which time the business migrated across to the Group ERP system, and secondly that the majority of this revenue growth came from within the lowest margin-generating areas of our French business.

We were undoubtedly disappointed by our Supply Chain performance in Germany although, as we have previously announced, a significant proportion of the reduction that has taken place relates to one low margin software licence of circa £25 million, sold in the second quarter of 2013 and not repeated this year.

Group profitability was mixed within our operating units, with significant adjusted* profit before tax growth in the UK being substantially offset by a reduction in adjusted* profit before tax within our German business and the performance in France. The Group's adjusted* profit before tax has increased by 6.8% on an as reported basis to £28.0 million (H1 2013: £26.2 million) and by 7.5% in constant currency. The Company's adjusted* diluted earnings per share also increased by 16.0% to 14.5 pence per share (H1 2013: 12.5 pence). Due to the increased losses in France during the first half of 2014, this result has been impacted by a higher adjusted tax rate for the period of 28.7% (H1 2013: 27.8%).

During the period, total Group revenues increased by 2.2% on an as reported basis to £1458.3 million (H1 2013: £1426.3 million), and by 4.3% in constant currency.

Statutory Performance and Exceptional Items

During the period, the Group took an exceptional item of £9.1 million (H1 2013: £29.3 million) in relation to estimated costs of the restructuring exercise that the Group is currently preparing to undertake within its French business. Therefore, on a statutory basis, taking account of this provision and the amortisation of acquired intangibles, the Group made a statutory profit before tax of £18.0 million (H1 2013: statutory loss before tax of £4.3 million), which represented an increase of £22.3 million on an as reported basis. As a result, the Company's diluted earnings per share increased from a loss of 5.7 pence during the first half of 2013 to earnings of 7.4 pence during the first six months of 2014.

As we previously announced on 17 July 2014, our French business is uncompetitive, and in order to improve the long-term performance of the business, we need to reduce our cost base. The execution of a substantial restructuring exercise which aims to address this issue is currently being prepared. This exercise will enable a fundamental re-shaping of the business which we hope will give us a solid foundation for it to provide our core Group Services offerings to our target customer market.

Our three onerous contracts in Germany have continued to perform in line with our expectations. Therefore, the provision held at 30 June 2014 for the losses expected to be incurred on those contracts between 1 July 2014 and the end of their lifetimes remains adequate and appropriate.

Cash Position

Cash flow generation continued to remain strong throughout the period and Underlying Net Funds*** increased by £31.8 million, from £22.2 million at 30 June 2013 to £54.0 million at the period end. The 30 June 2013 figure of £22.2 million provided above is presented having been adjusted for the remittance of £43.6 million made in early July 2013 as part of the Return of Value to shareholders of approximately £75 million that took place in 2013, in order to show a like-for-like comparison against the cash position as at 30 June 2014.

The performance, particularly of the UK in the first half of 2014, has given us a lot of encouragement both in the period and for future prospects due to high utilisation, strong customer demand, renewals and new business wins.

As noted in the 2013 Annual Report and Accounts, working capital in France increased due to issues arising from the SAP implementation in June 2013. We have recently seen some improvement in this position, but further improvement is required to achieve the pre-SAP position.

We have taken the decision not to report the cash position exclusive of Customer Specific Financing ("CSF") in the interest of reducing the complexity of our financial reporting, as we expect CSF to remain broadly stable for future periods.

Dividend

We are pleased to announce an interim dividend of 5.9 pence per share (H1 2013: 5.2 pence). This is in line with our policy that the interim dividend will be approximately one-third of the previous year's full dividend. The interim dividend will be paid on 17 October 2014. The dividend record date is set on 19 September 2014, and the shares will be marked ex-dividend on 17 September 2014.

Outlook

In line with the Board's expectations, the company is heading for another year of record adjusted* pre-tax profits in 2014. Additionally, the company continues to make significant incremental organic investments through our income statement to sustain profit growth into the future.

The performance, particularly of the UK in the first half of 2014, has given us a lot of encouragement both in the period and for future prospects due to high utilisation, strong customer demand, renewals and new business wins. This is backed up by a significant new business pipeline. Services growth going forward in Germany is likely to increase due to new contracts already secured and easier comparatives. We also expect the German Supply Chain business to stabilise. Our French business is more difficult to predict. While we have a significant plan of action, and new management in place, much work needs to be done in the second half of 2014 and thereafter.

The investments we continue to make in our business and the market opportunities that are presenting themselves gives us confidence for the rest of the year and beyond.

Computacenter in the United Kingdom

Total revenue (£m)

£675.4m

+14.1%

Adjusted* operating profit (£m)

£24.9m

+24.4%

The UK business performed strongly in the six month period to 30 June 2014, accelerating the significant growth rates in both revenue and profitability that it achieved in the first half of 2013. Total revenue grew at over five times the rate seen in the comparative prior year period, increasing by 14.1% to £675.4 million on an as reported basis (H1 2013: £592.1 million), whilst adjusted* operating profit also increased by 24.4% to £24.9 million.

The ongoing delivery of new Managed Services wins in the UK has enabled excellent Supply Chain revenue growth. The UK Supply Chain business grew by 17.6% over the period to £434.0 million (H1 2013: £369.1 million) and was particularly strong in the first quarter of the year. It was in itself supported by the excellent relationships we have with our vendors, which continue to go from strength to strength due to the added value that we deliver through our Professional Services business, in which we deploy and maximise customer benefit from our vendor's technologies.

Our Supply Chain business also continues to be assisted by the ongoing macro-economic recovery in the UK, and we were encouraged by the fact that our gross Supply Chain margins remained stable, notwithstanding the significant increase in sales volumes during the period. However, whilst we were pleased with this performance which has made a material contribution to the UK business over the period, as we have consistently re-iterated, our Supply Chain business continues to be impacted by the short and medium-term buying patterns of our customers.

Therefore, our strategic focus has been to develop our capability and capacity to enable our customers' users principally through our Services business. Through this aspiration, we aim to deliver value that is predictable and sustainable through the continued growth of our Managed Services business. Additionally, we look to deliver high-quality, innovative Professional Services solutions that deliver a comparatively higher rate of return on capital. In light of this focus, we are pleased to report that, despite significant Services growth in 2013, the UK's Services business still grew by 8.2% to £241.3 million (H1 2013: £223.1 million), increasing the rate of growth by over a third against that seen in the first half of 2013. This increase in Services revenue has helped to ensure that utilisation levels within the Group's central operations engines have remained high and Services margins have been maintained.

The high utilisation of our Services staff has been especially prevalent within our Professional Services business during the first half of the year, as anticipated. This continued to be dominated by projects focused on the modernisation of our customers' user workspace. We see nothing at present to indicate that this demand for our Professional Services offerings will abate in the short-term, as we continue to see large numbers of our customers modernise their user environments through Windows 7/8 and Office 2010 upgrades.

In the medium-term, we believe that our customers will continue to enable their users' productivity and effectiveness. As such, in order to sustain our rate of Professional Services growth, we are very focused on further accelerating our Professional Services through related Datacenter and Networking upgrade and transformation activity. We also believe that significant Professional Services demand will be based around 'mobility', and given the significant investment that the Group is making to develop its capability in this area, we are optimistic that the UK business will be in a position to capitalise on this.

The high utilisation of our Services staff has been especially prevalent within our Professional Services business during the first half of the year, as anticipated.

We remain optimistic that the growth of our Managed Services business will remain strong in the medium term, as the business continues to invest in developing our portfolio of Services offerings to enable our customers' users.

Our UK Managed Services business has made good progress during the first half of the year, which has seen a number of successful renewals, with one particularly significant renewal of a major customer contract. The Group's investment in its IT Services geographic footprint is also yielding positive outcomes as evidenced by the renewal of a UK customer contract based on the transfer of its Service desk to our Hungarian location, which has now been completed successfully and in accordance with plan.

The UK business has also recently signed a Managed Services agreement with a delivery and logistics company for an initial three-year term, with four two-year extensions available. We believe that this reflects the ability of our experienced sales management to select bidding opportunities where we have a competitive advantage. This win also illustrated the material contribution that reference-ability from existing Services customers can make towards the successful outcome on any new bid, confirming the importance of delivering long term customer value as a priority, as set out in the Group's business model in its 2013 Annual Report and Accounts.

The UK Services business has also signed a contract with Network Rail to deliver workplace support, which will help improve its end user experience and employee productivity. Under the five-year contract, Computacenter will deliver a major workplace transformation programme incorporating the deployment of new desktop hardware including thin client devices and Microsoft Windows 7. The contract covers more than 27,000 end user devices such as desktops, laptops and thin clients at 1,777 sites across the UK. Computacenter's industrialised approach and best practice processes will enable it to deliver consistent support services across all these locations which will include signal boxes, train stations and Network Rail offices.

We remain optimistic that the growth of our Managed Services business will remain strong in the medium term, as the business continues to invest in developing our portfolio of Services offerings to enable our customers' users. Our Managed Services pipeline for the second half of the year is strong, and we are confident that we will be able to take advantage of these opportunities. However, as we try to sustain our revenue growth, our established governance processes will remain absolutely central to our ability to maintain appropriate Services margins, particularly as some new contracts may involve technology transformation and as our global service reach extends further afield. We continue to invest in and update these processes to ensure that they keep pace with the development of our Services offerings.

Following a year of consolidation at our IT redeployment and recycling subsidiary, RDC, the business was able to make good progress with its new ERP system implementation now firmly behind it. It is now reaping the benefit of having a stable IT system in place, the roll-out of greater levels of automation within its sales and reporting processes and re-location to new, larger premises in Braintree, Essex in 2012. Total adjusted* operating profit at RDC during the reporting period was up by 28.7% on an as reported basis against the comparative period from the prior year.

We are very encouraged by the performance of the UK business during the first half of the year, and we move forward into the second half of 2014 with confidence that we can sustain our growth of revenue and profitability.

Computacenter in Germany

Total revenue (€m)

€640.8m

-9.6%

Adjusted* operating profit (€m)

€9.5m

-16.3%

Total revenue reduced by 9.6% in constant currency to €640.8 million (H1 2013: €709.0 million), primarily as a result of a significant revenue reduction in our Supply Chain business. Adjusted* operating profit for the German segment, which excludes the three onerous contracts, reduced by 16.3% in constant currency to €9.5 million (H1 2013: €11.4 million).

Supply Chain revenue reduced by 15.4% in constant currency to €397.8 million (H1 2013: €470.0 million). Whilst we are particularly disappointed with this performance, it should be noted that just over 40 percent of this reduction relates to a single low margin software licence of circa €30 million sold in the second quarter of 2013 and not repeated this year. The Supply Chain business was also materially impacted by the loss of one significant customer contract during the second quarter of 2013 and a weaker performance by our datacenter business. However, whilst volumes have been significantly reduced, it is important to note that margins with our Supply Chain business have remained stable.

More significantly in terms of the Group's overall Services-led strategy, we are beginning to see some positive progress with our Managed Services business in Germany. Services revenue grew by 1.7% in constant currency to €243.0 million (H1 2013: €239.0 million), with the business beginning to deliver some new contract wins which are likely to increase its growth rate going forward. These have all been negotiated and designed in accordance with our industrialised Group bidding and contracting processes, which were implemented into the business through our Group Operating Model during 2013.

We are particularly encouraged by the recent win of an IT help-desk deal for a large German automobile manufacturer which represents, in revenue terms, the largest Managed Services contract that the German business has won since the issues arising from the three onerous contracts entered into at the end of 2011. Our business has agreed to provide support for the Company's 150,000 users. Computacenter has won a four-year workplace outsourcing deal with the German insurance company, Talanx. Under the new contract, we will provide centralised support services for 12,000 Talanx employees from our shared operations centers in Erfurt and Kerpen and shared datacenter in Frankfurt.

We are confident that with the implementation of our Group Operating Model and the restructuring and realignment of our sales force having taken place, we have a solid foundation on which to aggressively pursue Managed Services opportunities in Germany. The prospect pipeline looks strong for the second half of the year, and our primary focus will be on delivering further and increased Managed Services growth during that time.

As our industrialised bidding and contracting processes continue to take effect, we are seeing an ongoing gradual increase in our Services margins on existing business. We believe that there is scope for a further increase of margins during the second half of the year, as these processes are further refined and utilised more efficiently and our German workforce becomes increasingly familiar with them. Additional Services contract wins that materially utilise the central Services engines in the second half of the year would assist in improving Services margins further.

We have been pleased with the performance of our Professional Services business, which continues to benefit from significant demand for workplace offerings, especially ongoing Windows migrations. Our strong consulting capability is also assisting our growth in this area and we anticipate that the strength of this performance will continue for the remainder of 2014.

During the period, the business carried out a project for our long-standing customer, a chemical production company, to migrate its existing unified communications and collaborations solution to a virtualised platform. During the project, Computacenter migrated 30,000 users in 20 countries over five consecutive weekends. With the new consistent and consolidated unified communications and collaboration environment, the customer has reduced its operating costs and created the basis for the use of an up-to-date and future-oriented solution.

Our three onerous contracts in Germany have continued to perform in line with our expectations. Therefore, the provision held at 30 June 2014 for the losses expected to be incurred on these contracts between 1 July 2014 and the end of their lifetimes remains adequate and appropriate. Given that service levels have been acceptable for some time on these contracts, we are not aware of any reason why this position should change during their remaining lifetimes. It should be noted that we have many other contracts with these customers and they continue to make a significant contribution to the Group's overall profitability.

Computacenter in France

Total revenue (€m)

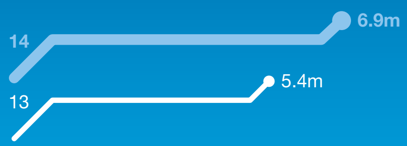
€281.0m

+15.1%

Adjusted* operating loss (€m)

€6.9m

increased loss of €1.5m



During the first six months of 2014, total revenue increased by 15.1% in constant currency, to €281.0 million (H1 2013: €244.1 million). The majority of this increase was attributable to the Supply Chain business, which increased by 17.4% over the period to €234.9 million (H1 2013: €200.2 million). However, margins across the business remain challenging, with the adjusted* operating loss increasing in constant currency from €5.4 million at the end of H1 2013, to €6.9 million at the end of the period.

We are encouraged by this Supply Chain revenue performance, which we believe is testament to the delivery of an improved customer experience. It also illustrates that our systems issues, which caused operational problems in the business in 2013, affecting its ability to manage the delivery of product and parts through its logistics operation, are now behind us and have not resulted in the loss of any of our material Supply Chain customers.

However, we are also aware that this growth has been flattered by a very weak comparator from June 2013, during which the French business migrated across to the Group ERP system, and has additionally been generated by the lowest-margin areas of the business, predominately in workplace product sales and software. We are therefore aware of the need to build our sales of Datacenter and Networking related products to ensure that we create a balanced portfolio from our customer set.

Computacenter in France continues its journey to become a Services-led business, with its business model more aligned with those seen in the Group's UK and German subsidiaries, having an ability to deliver on the Group's strategic objectives and being more resilient to the impact of negative external economic conditions.

This process is still in its very early stages, and although we can report that Services revenue was up by 4.8% in constant currency to €46.1 million (H1 2013: €43.9 million), this was due to the ongoing take-on of one very large Managed Services contract during the period. Without this new contract, Services revenue was down by 5.8% in constant currency against that achieved in the first half of 2013, which has materially impacted Services margins. We remain focused on developing a business that is consistently able to design, sell and deliver high-quality IT Services and Solutions that enable the users of our target customers throughout the Group. A number of actions have taken place to facilitate, and where possible, accelerate this process during the period.

Firstly, we are aligning our structure so that it better serves our large customers in the private and public sector, to ensure that we are best placed to offer the full portfolio of Computacenter Product and Services offerings. We have reviewed our customer base in detail to ensure that the customers we do serve fit the size and profile that enable us to deliver IT value for them, and appropriate financial returns for the Group.

We are also investing to support our customers in the area of Managed Services. As part of this, we are developing our IT Services desk French language capability through the establishment of an additional location in Montpellier, France prior to the end of 2014. Our journey towards establishing growth and improved governance procedures within our Services business has been assisted by the implementation of the Group Operating Model during the period. We are already seeing much improved customer service levels, as the French business begins to benefit from having the experience and expertise of

We remain focused on developing a business that is consistently able to design, sell and deliver high-quality IT Services and Solutions that enable the users of our target customers throughout the Group.

Computacenter in France continued

Group Management at its disposal. We are confident that the implementation of the Group ERP system, which has now bedded down, will also provide a solid foundation to improve the financial performance of the business and the quality of our back-office processes moving forward.

As detailed above, gross margins remain challenging across the business, particularly within Services. The loss of a small number of important Services deals during 2013 has impacted Services margin, principally due to the resulting poor utilisation of staff, especially within our Professional Services and Maintenance businesses.

We remain uncompetitive and in order to improve the long-term profitability of our French business, we are taking steps to address our cost base. We have previously announced that, as a result of the action we are taking to increase the ability of the business to compete, we have taken an exceptional restructuring charge of £9.1 million as at 30 June 2014. In line with the Group's accounting policy, the charge has been classed as 'exceptional' due to the materiality, infrequency and nature of the restructuring plan, and it represents the estimated costs of completing the exercise currently being prepared for implementation. The plan for the exercise is well advanced and has been comprehensively communicated to the affected parties and appropriate authorities, and we expect it to be completed during the second half of 2014.

The French business has also seen a change of Management during the period in order to drive the significant change action that is taking place there. Ms Isabelle Roux-Buisson has been appointed as its new Country Unit Leader and will oversee the implementation of its strategic re-positioning to be Services-led. Isabelle comes with more than 25 years of experience in the IT industry and has held a number of general management positions for strategic business units or large regions of leading international firms. Isabelle has spent much of her career with Hewlett-Packard, occupying multiple functions in various groups in EMEA and the USA.

Whilst the significant and wide-ranging action that we are taking in France is yet to positively impact the financial achievement of the business, we are confident that it is necessary to ensure the establishment of a profitable and sustainable entity in the medium-term.

Computacenter in France is also investing to support our customers in the area of Managed Services. As part of this, we are developing our IT Services desk French language capability through the establishment of an additional location in Montpellier, France.

Computacenter in Belgium

Total revenue (€m)

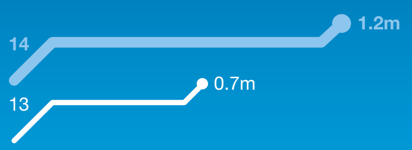
€31.0m

+14.8%

Adjusted* operating profit (€m)

€1.2m

+63.1%



The Group's Belgian business performed strongly over the first half of the year, achieving significant levels of growth in both revenue and profitability across the business. Total revenue for the reporting period increased by 14.8% in constant currency to €31.0 million (H1 2013: €27.0 million), whilst adjusted* operating profit also increased by approximately 63.1% in constant currency to €1.2 million.

Total Supply Chain revenue, in constant currency, increased by 15.5% to €19.3 million (H1 2013: €16.7 million). Whilst this performance was slightly flattered by a drop in demand for our Supply Chain offerings during the first half of 2013, and therefore a weaker comparative performance, it was a pleasing achievement which has been driven principally by the ongoing improvement of economic market conditions in Belgium, and our ability to win a number of international procurement contracts during the first half of 2014. This included an international workplace contract with Elia, the Belgian high-voltage transmission system operator. This contract was won with the assistance of Computacenter in Germany, which is covering Elia's German subsidiary.

Overall, Services revenue has also increased significantly over the period by almost 13.7% in constant currency to €11.7 million (H1 2013: €10.3 million). This has been assisted by a number of successful Managed Services contract renewals, and on a number of these, we have seen the customer increase the scope of Services that it receives from us. We believe this is testament to the high levels of Services execution which we are delivering to our existing customers.

Our Services performance has also been assisted by the contribution of Informatic Services IS ("IS"), the business we acquired in December 2012, which has continued to perform in line with our forecasts. The process to integrate IS, which has now been ongoing for over a year, continues to make good progress and as a result we are now starting to utilise combined capabilities across both businesses. We anticipate that the integration process will have been completed by the end of the year.

We remain confident that the business will continue to make good progress during the second half of the year. However, given the comparatively strong performance by the business in H2 2013, we expect that rates of growth will reduce from those seen so far during 2014. A continued economic recovery in Belgium, which clearly remains outside of our control, will be important in achieving continued Supply Chain growth, whilst in Services, we have a number of upcoming renewal opportunities during H2 2014 which we will need to execute successfully in order to sustain our revenue growth in that area.

Mike Norris
Chief Executive Officer
28 August 2014

Overall, Services revenue has also increased significantly over the period by almost 13.7% in constant currency to €11.7 million (H1 2013: €10.3 million).

Risk

Our Risk Management Approach and the principal risks to our business remain as set out on pages 12 to 15 of our 2013 Annual Report and Accounts.

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

Principal risks	Potential impacts	Primary mitigations
A Failure(s) leading to unacceptably long outages or regular short outages of our customer-facing systems.	• Customer dissatisfaction • Financial penalties • Contract cancellations • Reputational damage	• All centrally-hosted systems are built and operated on High Availability infrastructure. • Enhanced Group IS support models, with key Operations and Applications staff on call 24x7 to respond quickly in the event of failures or issues.
B Not recruiting and retaining the right calibre of staff across any of our customer facing functions.	• Customer dissatisfaction • Financial penalties • Contract cancellations • Reputational damage	• We perform regular remuneration benchmarking to ensure we remain competitive. • We invest in management development programmes. • There is an annual staff survey to understand employee views. • We have implemented a series of staff retention initiatives.
C We fail to implement appropriate designs and pricing structures for Managed Services or outcome based project management contracts.	• Reduced margin • Loss-making contracts • Customer dissatisfaction • Financial penalties • Contract cancellations • Reputational damage	• The Group Operating Model is in place in the UK, Germany and France. This incorporates mandatory gateway governance products and processes, as well as the Group signing policy. • There is Board oversight of significant bids.
D Inadequate succession planning and not enough management depth within key senior management areas of the business.	• Lack of leadership	• Board consideration of succession plans. • Management development programmes to develop talent.
E Letting our direct costs run out of control and not taking advantage of productivity and cost reduction opportunities.	• Reduced margin	• We employ a range of metrics on a monthly and quarterly basis to ensure that we properly manage our direct costs and monitor productivity. • We have a programme of activities to deliver cost reduction opportunities, through the reduction of manual effort.
F Technology change dramatically reduces customer need and demand for our Service offerings.	• Reduced margin • Excess operational staff • Contracts not renewed	• We mitigate this through a range of measures including win/loss reviews, senior management forums and strategy reviews where we consider our offerings alongside where the market is going.
G Failure to deliver and manage effectively our international business strategies. By association the risk around take-on and management of our international partners.	• Reduced margin • Customer dissatisfaction • Financial penalties • Contract cancellations • Reputational damage	• Annual senior management review of our International business and team. • In relation to our partner network we have upgraded our contracts and have increased the level of monitoring activity.
H Failure to develop a Group culture.	• Loss of synergies • Loss of brand identity	• Deployment of Group Operating Model resulting in consistent ways of working. • Initiatives to reduce in-country barriers.

Principal risks	Potential impacts	Primary mitigations
I Letting our inventory and/or receivables get out of control.	• Financial impact through obsolete stock and/or bad debt.	• We mitigate these risks through a range of measures including: monthly and quarterly metrics, credit scoring and credit limits for customers, and utilisation of direct delivery where possible.
J A security hacking or virus problem at a customer that is due to Computacenter's negligence, mismanagement or employee rogue behaviour leading to a breach and/or loss of data.	• Customer dissatisfaction • Financial penalties • Contract cancellations • Reputational damage	• We have well-communicated Group policies for information security and virus prevention. • There is specific induction and training for staff working on customer sites/systems, as well as specific policies and procedures for anyone working behind a customer firewall.
K Not fully understanding employment terms and conditions and the obligations on Computacenter resulting from transferring staff into the Company	• Reduced margin	• Our Group Legal team review all bids that involve staff transfer. • We build the effects of transferring staff into our cost and pricing models, and seek to build commercial terms into new contracts to minimise the impact.
L Failure to deliver against contract during transformation and committed Service productivity improvements and Service levels in contract life leading to penalty clauses or financial underachievement and a lack of Service or technical innovation.	• Customer dissatisfaction • Financial penalties • Contract cancellations • Reputational damage • Reduced margin	• The Group Operating Model is in place in the UK, Germany and France. This incorporates mandatory gateway governance products and processes, as well as the Group signing policy and Service management best practice. • We have an increasingly mature root cause analysis and lessons learnt process for complex transformations. • We perform regular commercial and contract 'deep dives' to manage Service productivity improvements.
M Not investing appropriately or over investing in the wrong automation, self-service and remote tools when compared to our competition.	• Reduced margin • Win less new business • Contracts not renewed	• This is linked to Risk F – we mitigate this through a range of measures including win/loss reviews, senior management forums and strategy reviews where we consider our offerings alongside our competitors and where the market is going.

Responsibility statement

The Directors confirm that to the best of their knowledge:

- This financial information has been prepared in accordance with IAS 34;
- This interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- This interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

MJ Norris
Chief Executive
28 August 2014

FA Conophy
Finance Director
28 August 2014

On behalf of the Board

Independent review report to Computacenter plc

Introduction
We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2014 which comprises of the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and the related explanatory notes that have been reviewed. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Directors’ Responsibilities
The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom’s Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting”, as adopted by the European Union.

Our Responsibility
Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2014 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom’s Financial Conduct Authority.

Ernst + Young LLP

Ernst & Young LLP
London
28 August 2014

Consolidated income statement
For the six months ended 30 June 2014

	Note	**Unaudited H1 2014 £'000**	Unaudited H1 2013 £'000	Audited Year 2013 £'000
Revenue	4	**1,458,284**	1,426,346	3,072,075
Cost of sales		**(1,268,013)**	(1,241,158)	(2,668,814)
Gross profit		**190,271**	185,188	403,261
Administrative expenses		**(161,830)**	(159,003)	(321,096)
Operating profit:				
Before amortisation of intangibles and exceptional items		**28,441**	26,185	82,165
Amortisation of acquired intangibles		**(884)**	(1,296)	(2,375)
Onerous contracts		**–**	(15,780)	(15,739)
Non-cash impairment		**–**	(12,195)	(12,195)
Other exceptional items		**(9,100)**	(1,324)	(830)
Total exceptional items	6	**(9,100)**	(29,299)	(28,764)
Operating profit/(loss)		**18,457**	(4,410)	51,026
Finance revenue		**771**	1,001	1,351
Finance costs		**(1,194)**	(941)	(1,852)
Profit before tax:				
Before amortisation of intangibles and exceptional items	4	**28,018**	26,245	81,664
Amortisation of acquired intangibles		**(884)**	(1,296)	(2,375)
Onerous contracts		**–**	(15,780)	(15,739)
Non-cash impairment		**–**	(12,195)	(12,195)
Other exceptional items		**(9,100)**	(1,324)	(830)
Total exceptional items	6	**(9,100)**	(29,299)	(28,764)
Profit/(loss) before tax	4	**18,034**	(4,350)	50,525
Income tax expense:				
Before amortisation of intangibles and exceptional items		**(8,036)**	(7,304)	(19,325)
Tax on amortisation of intangibles		**117**	122	244
Tax on onerous contracts		**–**	1,894	1,889
Tax on non-cash impairment		**–**	1,014	1,014
Tax on other exceptional items		**–**	146	(700)
Tax on exceptional items		**–**	3,054	2,203
Exceptional tax items	6	**–**	–	(489)
Income tax expense	7	**(7,919)**	(4,128)	(17,367)
Profit/(loss) for the period		**10,115**	(8,478)	33,158
Attributable to:				
Equity holders of the parent		**10,115**	(8,478)	33,160
Non-controlling interest		**–**	–	(2)
Profit/(loss) for the period		**10,115**	(8,478)	33,158
Earnings per share				
– basic for profit /(loss) for the period	8	**7.4p**	(5.7)p	23.2p
– diluted for profit /(loss)for the period	8	**7.4p**	(5.7)p	23.0p

Consolidated statement of comprehensive income

For the six months ended 30 June 2014

	Unaudited H1 2014 £'000	Unaudited H1 2013 £'000	Audited Year 2013 £'000
Profit/(loss) for the period	**10,115**	(8,478)	33,158
Items that may be reclassified to profit or loss:			
Loss arising on cash flow hedge	**(376)**	(639)	(1,403)
Income tax effect	**81**	149	326
	(295)	(490)	(1,077)
Exchange differences on translation of foreign operations	**(5,811)**	10,308	4,326
	(6,106)	9,818	3,249
Total comprehensive income for the period	**4,009**	1,340	36,407
Attributable to:			
Equity holders of the parent	**4,009**	1,341	36,407
Non-controlling interest	**–**	(1)	–
	4,009	1,340	36,407

Consolidated balance sheet
As at 30 June 2014

	Note	Unaudited H1 2014 £'000	Unaudited H1 2013 £'000	Audited Year 2013 £'000
Non-current assets				
Property, plant and equipment		**82,891**	95,344	89,044
Intangible assets		**95,710**	94,393	98,870
Investment in associates		**43**	620	45
Deferred income tax asset		**14,977**	17,139	15,172
		193,621	207,496	203,131
Current assets				
Inventories		**71,840**	69,549	58,618
Trade and other receivables		**532,520**	521,307	667,722
Prepayments		**56,745**	54,892	61,579
Accrued income		**69,180**	68,161	53,140
Forward currency contracts		**164**	83	–
Financial asset		**–**	31,412	–
Current asset investment	13	**–**	10,000	–
Cash and short-term deposits		**70,982**	76,336	91,098
		801,431	831,740	932,157
Total assets		**995,052**	1,039,236	1,135,288
Current liabilities				
Trade and other payables		**482,414**	474,528	604,945
Deferred income		**109,060**	107,860	115,986
Return of value		**–**	74,965	–
Financial liabilities		**11,614**	11,650	8,147
Forward currency contracts		**700**	548	2,360
Income tax payable		**9,118**	4,144	10,239
Provisions	11	**10,442**	8,203	6,005
		623,348	681,898	747,682
Non-current liabilities				
Financial liabilities		**5,350**	8,974	11,540
Provisions	11	**11,491**	12,384	10,449
Deferred income tax liabilities		**829**	1,012	947
		17,670	22,370	22,936
Total liabilities		**641,018**	704,268	770,618
Net assets		**354,034**	334,968	364,670
Capital and reserves				
Issued capital		**9,276**	9,250	9,271
Share premium		**4,597**	3,654	4,362
Capital redemption reserve		**74,963**	74,957	74,963
Own shares held		**(11,655)**	(12,942)	(11,976)
Foreign currency translation reserve		**838**	12,633	6,649
Retained earnings		**276,002**	247,404	281,388
Shareholders' equity		**354,021**	334,956	364,657
Non-controlling interest		**13**	12	13
Total equity		**354,034**	334,968	364,670

Approved by the Board on 28 August 2014

MJ Norris
Chief Executive

Anthony Conophy

FA Conophy
Finance Director

Consolidated statement of changes in equity

	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	Minority interest £'000	Total equity £'000
At 1 January 2013	**9,234**	**3,769**	**74,957**	**(13,848)**	**2,325**	**345,893**	**422,330**	**13**	**422,343**
Profit for the period	–	–	–	–	–	(8,478)	(8,478)	–	(8,478)
Other comprehensive income	–	–	–	–	10,308	(490)	9,818	(1)	9,817
Total comprehensive income	**–**	**–**	**–**	**–**	**10,308**	**(8,968)**	**1,340**	**(1)**	**1,339**
Cost of share-based payment	–	–	–	–	–	527	527	–	527
Tax on share-based payment transactions	–	–	–	–	–	(268)	(268)	–	(268)
Exercise of options	1	57	–	906	–	(906)	58	–	58
Bonus issue	15	(15)	–	–	–	–	–	–	–
Expenses on bonus issue	–	(157)	–	–	–	–	(157)	–	(157)
Return of value	–	–	–	–	–	(73,115)	(73,115)	–	(73,115)
Equity dividends	–	–	–	–	–	(15,759)	(15,759)	–	(15,759)
At 30 June 2013	**9,250**	**3,654**	**74,957**	**(12,942)**	**12,633**	**247,404**	**334,956**	**12**	**334,968**
Profit for the period	–	–	–	–	–	41,638	41,638	(2)	41,636
Other comprehensive income	–	–	–	–	(5,984)	(587)	(6,571)	3	(6,568)
Total comprehensive income	**–**	**–**	**–**	**–**	**(5,984)**	**41,051**	**35,067**	**1**	**35,068**
Cost of share-based payment	–	–	–	–	–	543	543	–	543
Tax on share-based payment transactions	–	–	–	–	–	394	394	–	394
Exercise of options	27	1,137	–	966	–	(966)	1,164	–	1,164
Expenses on bonus issue	–	(429)	–	–	–	–	(429)	–	(429)
Redemption of shares	(6)	–	6	–	–	–	–	–	–
Equity dividends	–	–	–	–	–	(7,038)	(7,038)	–	(7,038)
At 31 December 2013	**9,271**	**4,362**	**74,963**	**(11,976)**	**6,649**	**281,388**	**364,657**	**13**	**364,670**
Profit for the period	–	–	–	–	–	10,115	10,115	–	10,115
Other comprehensive income	–	–	–	–	(5,811)	(295)	(6,106)	–	(6,106)
Total comprehensive income	**–**	**–**	**–**	**–**	**(5,811)**	**9,820**	**4,009**	**–**	**4,009**
Cost of share-based payment	–	–	–	–	–	1,724	1,724	–	1,724
Tax on share-based payment transactions	–	–	–	–	–	27	27	–	27
Exercise of options	5	235	–	321	–	(321)	240	–	240
Equity dividends	–	–	–	–	–	(16,636)	(16,636)	–	(16,636)
At 30 June 2014	**9,276**	**4,597**	**74,963**	**(11,655)**	**838**	**276,002**	**354,021**	**13**	**354,034**

Consolidated cash flow statement

For the six months ended 30 June 2014

	Note	Unaudited H1 2014 £'000	Unaudited H1 2013 £'000	Audited Year 2013 £'000
Operating activities				
Profit/(loss) before tax		**18,034**	(4,350)	50,525
Net finance expense/(income)		**423**	(60)	501
Depreciation		**10,263**	11,705	22,735
Amortisation		**6,056**	4,269	9,676
Impairment of intangible assets		**–**	12,195	12,195
Share-based payments		**1,724**	527	1,070
Loss/(profit) on disposal of property, plant and equipment		**106**	(442)	(215)
Loss on disposal of intangibles		**133**	103	642
(Increase)/decrease in inventories		**(15,167)**	1,047	10,596
Decrease/(increase) in trade and other receivables		**107,200**	59,274	(94,982)
(Decrease)/increase in trade and other payables		**(108,140)**	(96,482)	52,997
(Decrease)/increase in customer contract provisions		**(2,375)**	10,745	7,443
Other adjustments		**623**	267	(456)
Cash generated from/(used in) operations		**18,880**	(1,202)	72,727
Income taxes paid		**(8,592)**	(8,582)	(9,624)
Net cash flow from operating activities		**10,288**	(9,784)	63,103
Investing activities				
Interest received		**1,197**	956	1,741
Decrease in current asset investment		**–**	–	10,000
Acquisition of subsidiaries, net of cash acquired	10	**(465)**	–	–
Sale of property, plant and equipment		**31**	51	921
Purchases of property, plant and equipment		**(5,216)**	(4,245)	(9,609)
Purchases of intangible assets		**(3,638)**	(3,095)	(15,544)
Net cash flow from investing activities		**(8,091)**	(6,333)	(12,491)
Financing activities				
Interest paid		**(1,783)**	(830)	(2,663)
Dividends paid to equity shareholders of the parent		**(16,636)**	(15,759)	(22,797)
Return of Value		**–**	–	(73,115)
Expenses on Return of Value		**–**	–	(586)
Proceeds from issue of shares		**240**	58	1,222
Increase in other financial assets		**–**	(31,412)	–
Repayment of capital element of finance leases		**(3,410)**	(4,090)	(8,066)
Repayment of loans		**(2,378)**	(651)	(2,766)
New borrowings		**2,363**	–	9,267
Net cash flow from financing activities		**(21,604)**	(52,684)	(99,504)
Decrease in cash and cash equivalents		**(19,407)**	(68,801)	(48,892)
Effect of exchange rates on cash and cash equivalents		**(1,363)**	3,579	1,755
Cash and cash equivalents at the beginning of the period		**90,334**	137,471	137,471
Cash and cash equivalents at the end of the period		**69,564**	72,249	90,334

Notes to the accounts

1 Corporate information

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2014 were authorised for issue in accordance with a resolution of the Directors on 28 August 2014.

Computacenter plc is a limited company incorporated and domiciled in England whose shares are publicly traded.

2 Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2014 have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting', as adopted by the European Union. They do not include all of the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2013 which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The Group has maintained its positive cash position in the period. In order to ensure that the Group can maintain its strong liquidity position it has a £40 million committed facility, which remained unutilised at the reporting date. The Group's forecast and projections, which allow for reasonably possible variations, show that the Group will continue to maintain its strong liquidity position, and therefore supports the Directors' view that the Group has sufficient funds available to meet its foreseeable requirements. The Directors have concluded therefore that the going concern basis remains appropriate.

3 Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2013, except for the adoption of new standards and interpretations as of 1 January 2014, which did not have any impact on the accounting policies, financial position or performance of the Group, as noted below:

- IAS 32 amendments – Offsetting financial assets and financial liabilities
- IAS 39 amendments – Novation of derivatives and continuation of hedge accounting
- IAS 36 amendments – Recoverable Amount Disclosures for Non-Financial Assets

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

4 Segment information

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

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

Management monitors 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. 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. Excluded from adjusted operating profit are the amortisation of acquired intangibles and exceptional items as management do not consider these items when reviewing the underlying performance of a segment.

4 Segment information continued

Segmental performance for the periods to H1 2014, H1 2013 and Full Year 2013 were as follows:

Six months ended 30 June 2014 (unaudited)

	UK £'000	Germany £'000	France £'000	Belgium £'000	Total £'000
Revenue					
Supply Chain revenue	**434,042**	**326,830**	**193,037**	**15,862**	**969,771**
Services revenue					
Professional Services	59,768	55,446	10,316	1,473	127,003
Contractual Services	181,570	144,246	27,525	8,169	361,510
Total Services revenue	241,338	199,692	37,841	9,642	488,513
Total revenue	**675,380**	**526,522**	**230,878**	**25,504**	**1,458,284**

	UK £'000	Germany £'000	France £'000	Belgium £'000	Total £'000
Results					
Adjusted gross profit	102,291	69,648	14,734	3,256	189,929
Administrative expenses	(77,342)	(61,807)	(20,406)	(2,275)	(161,830)
Adjusted operating profit/(loss)	**24,949**	**7,841**	**(5,672)**	**981**	**28,099**
Adjusted net interest	387	326	(738)	(56)	(81)
Adjusted profit/(loss) before tax	**25,336**	**8,167**	**(6,410)**	**925**	**28,018**
Exceptional costs	–	–	(9,100)	–	(9,100)
Amortisation of acquired intangibles	(240)	(600)	–	(44)	(884)
Statutory profit/(loss) before tax	**25,096**	**7,567**	**(15,510)**	**881**	**18,034**

	UK £'000	Germany £'000	France £'000	Belgium £'000	Total £'000
Other segment information					
Share-based payments	1,373	178	173	–	1,724

4 Segment information continued
Six months ended 30 June 2013 (unaudited)

	UK £'000	Germany £'000	France £'000	Belgium £'000	Total £'000
Revenue					
Supply Chain revenue	369,054	400,016	170,356	14,227	953,653
Services revenue					
Professional Services	52,798	47,736	10,690	1,230	112,454
Contractual Services	170,297	155,676	26,711	7,555	360,239
Total Services revenue	223,095	203,412	37,401	8,785	472,693
Total revenue	592,149	603,428	207,757	23,012	1,426,346

	UK £'000	Germany £'000	France £'000	Belgium £'000	Total £'000
Results					
Adjusted gross profit	90,528	73,308	18,198	2,714	184,748
Administrative expenses	(70,475)	(63,605)	(22,832)	(2,091)	(159,003)
Adjusted operating profit/(loss)	20,053	9,703	(4,634)	623	25,745
Adjusted net interest	625	144	(207)	(62)	500
Adjusted profit/(loss) before tax	20,678	9,847	(4,841)	561	26,245
Exceptional items:					
– onerous contracts	–	(15,780)	–	–	(15,780)
– impairment of intangibles	–	–	(12,195)	–	(12,195)
– exceptional costs	–	(1,324)	–	–	(1,324)
	–	(17,104)	(12,195)	–	(29,299)
Amortisation of acquired intangibles	(396)	(613)	(242)	(45)	(1,296)
Statutory profit/(loss) before tax	20,282	(7,870)	(17,278)	516	(4,350)

	UK £'000	Germany £'000	France £'000	Belgium £'000	Total £'000
Other segment information					
Share-based payments	378	64	85	–	527

4 Segment information continued
Year ended 31 December 2013 (audited)

	UK £'000	Germany £'000	France £'000	Belgium £'000	Total £'000
Revenue					
Supply Chain revenue	828,097	859,404	389,517	29,195	2,106,213
Services revenue					
Professional Services	113,102	104,446	20,794	3,716	242,058
Contractual Services	344,930	307,592	56,008	15,274	723,804
Total Services revenue	458,032	412,038	76,802	18,990	965,862
Total revenue	1,286,129	1,271,442	466,319	48,185	3,072,075

	UK £'000	Germany £'000	France £'000	Belgium £'000	Total £'000
Results					
Adjusted gross profit	200,097	158,051	38,320	6,006	402,474
Administrative expenses	(143,926)	(127,403)	(45,603)	(4,164)	(321,096)
Adjusted operating profit/(loss)	56,171	30,648	(7,283)	1,842	81,378
Adjusted net interest	791	173	(561)	(117)	286
Adjusted profit/(loss) before tax	56,962	30,821	(7,844)	1,725	81,664
Exceptional items:					
– onerous contracts	–	(15,739)	–	–	(15,739)
– impairment of intangibles	–	–	(12,195)	–	(12,195)
– exceptional costs	3,466	(3,105)	(1,191)	–	(830)
	3,466	(18,844)	(13,386)	–	(28,764)
Amortisation of acquired intangibles	(792)	(1,225)	(242)	(116)	(2,375)
Statutory profit/(loss) before tax	59,636	10,752	(21,472)	1,609	50,525

	UK £'000	Germany £'000	France £'000	Belgium £'000	Total £'000
Other segment information					
Share-based payments	838	(2)	234	–	1,070

5 Seasonality of operations
Historically revenues have been higher in the second half of the year than in the first six months. This is principally driven by customer buying behaviour in the markets in which we operate. Typically this leads to a more pronounced effect on operating profit. In addition, the effect is compounded further by the tendency for the holiday entitlements of our employees to accrue during the first half of the year and to be utilised in the second half.

6 Exceptional items

	Unaudited H1 2014 £'000	Unaudited H1 2013 £'000	Audited Year 2013 £'000
Operating profit			
Onerous contracts	**–**	(15,780)	(15,739)
Impairment of acquired intangible assets	**–**	(12,195)	(12,195)
Redundancy and other restructuring costs	**(9,100)**	(1,324)	(4,291)
Impairment of investment in associate	**–**	–	(539)
Services contracts re-evaluation	**–**	–	4,000
	(9,100)	(29,299)	(28,764)
Income tax			
Tax on onerous contracts included in operating profit	**–**	1,894	1,889
Tax on impairment of acquired intangible assets	**–**	1,014	1,014
Tax on exceptional items included in operating profit	**–**	146	(700)
Total tax on exceptional items	**–**	3,054	2,203
Exceptional tax items			
– Deferred tax asset in respect of France	**–**	–	(2,184)
– Tax credit in relation to prior year R&D claim	**–**	–	1,695
	–	3,054	1,714
Exceptional items after taxation	**(9,100)**	(26,245)	(27,050)

2014
Computacenter France has incurred an exceptional charge of £9.1 million relating to the estimated costs of a comprehensive restructuring plan within the Group's French business that has been provided for at 30 June 2014.

The substantial restructuring exercise currently underway aims to reduce the cost base, improve the competitiveness and therefore improve the profitability of the Group's French business.

In line with our accounting policy, management has elected under IAS1 to report this provision under the heading of "Exceptional Items" due to the materiality, infrequency and nature of the restructuring plan. This election provides the best guidance to users of our external reporting as to the underlying profitability trends within the Group and to present the results of the Group in a way that is fair, balanced and understandable. Excluding the costs related to the restructuring plan is consistent with treatments of similar costs in prior periods and presents the Adjusted Profit Before tax in a way that enables users to better assess the quality of the Groups underlying profitability.

Further details of the treatment of the restructuring costs are disclosed in note 11.

2013
In Germany three managed service contracts were identified as onerous. A £2.1 million provision was made in December 2012 for these contracts. A further provision for estimated future losses of £7.5 million was held as at December 2013. This further provision was classified as an exceptional item due to its size and nature and the 2012 result was restated to be consistent.

Included within the German segment results in 2012 and 2013 were losses incurred in relation to these onerous contracts. In order to provide a clearer understanding of the performance of the remainder of the business, losses previously recognised within the German operating result for these contracts were reclassified within exceptional items. In 2012 trading losses of £5.9 million were incurred on revenues of £15.4 million. In 2013 trading losses of £8.2 million were incurred on turnover of £23.0 million.

The deterioration in the performance of Computacenter France led to an assessment of their non-current assets. It was concluded that the forecasted cash flows for the French cash generating unit did not fully support the value of non-current assets in the business. This resulted in an impairment of £12.2 million of intangible assets in the French cash generating unit.

During 2013 Computacenter Germany continued its programme, from late 2012, to reduce its net operating expenses. As a result, redundancy costs of £3.1 million were incurred during the year, which due to their size and nature were included within exceptional items.

Similarly, Computacenter France began a programme to also reduce its SG&A and restructure its business and senior management in line with the Group Operating Model. Redundancy related expenses of £1.2 million were included in the 2013 result.

Due to the continued adverse performance of our equity accounted associate, ICS Solutions Limited, we decided to fully impair the £0.5 million recorded value of our investment.

Overview

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6 Exceptional items continued

As part of our normal processes, we carried out a detailed evaluation of other long-term Services contracts across the Group. As a result of this on-going evaluation, management calculated that a positive change in certain estimates resulted in a one-off gain of £4.0 million. Due to the nature of the change in the estimates, and the size of the gain, it was decided to highlight this as an exceptional item. This is consistent with the treatment of the previously identified onerous contracts and will provide a fairer and more balanced understanding of our underlying growth in profitability.

During the year a deferred tax asset relating to losses carried forward in France was written off for £2.2 million.

Tax relief from prior period Research and Development project spend on the Group ERP platforms resulted in a prior year adjustment credited in the statutory tax charge for year. Due to the timing, materiality and one-off nature of this relief, it was decided to classify it as an exceptional tax item.

7 Income tax

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

The charge based on the profit/(loss) for the period comprises:

	Unaudited H1 2014 £'000	Unaudited H1 2013 £'000	Audited Year 2013 £'000
UK corporation tax			
– operating result	**6,653**	5,329	14,395
– exceptional items	**–**	–	(891)
Total UK corporation tax	**6,653**	5,329	13,504
Foreign tax			
– operating result	**2,159**	2,196	5,031
– exceptional items	**–**	(613)	(1,994)
Total foreign tax	**2,159**	1,583	3,037
Adjustments in respect of prior periods	**(103)**	–	(509)
Deferred tax			
– operating result	**(790)**	(489)	139
– adjustments in respect of prior periods	**–**	–	25
Exceptional items	**–**	(2,295)	1,171
Total deferred tax	**(790)**	(2,784)	1,335
	7,919	4,128	17,367

The main rate of corporation tax will be reduced to 20% from 1 April 2015, as enacted in the July 2013 Finance Act. The new rates will be applied, as appropriate, in the year-end accounts.

8 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 the amortisation of acquired intangibles and exceptional items.

8 Earnings per ordinary share continued

	Unaudited H1 2014 £'000	Unaudited H1 2013 £'000	Audited Year 2013 £'000
Profit/(loss) attributable to equity holders of the parent	**10,115**	(8,478)	33,160
Amortisation of acquired intangibles attributable to equity holders of the parent	**884**	1,296	2,375
Tax on amortisation of acquired intangibles	**(117)**	(122)	(244)
Exceptional items within operating profit	**9,100**	29,299	28,764
Tax on exceptional items included in operating profit	**–**	(3,054)	(2,203)
Exceptional tax items	**–**	–	489
Adjusted profit after tax	**19,982**	18,941	62,341

	No. '000	No. '000	No. '000
Basic weighted average number of shares (excluding own shares held)	135,961	149,512	142,665
Effect of dilution:			
Share options	1,423	1,416	1,428
Diluted weighted average number of shares	137,384	150,928	144,093

	H1 2014 pence	H1 2013 pence	Year 2013 pence
Basic earnings per share	**7.4**	(5.7)	23.2
Diluted earnings per share	**7.4**	(5.7)	23.0
Adjusted basic earnings per share	**14.7**	12.7	43.7
Adjusted diluted earnings per share	**14.5**	12.5	43.3

9 Dividends paid and proposed

A final dividend for 2013 of 12.3p per ordinary share was paid on 20 June 2014. An interim dividend in respect of 2014 of 5.9p per ordinary share, amounting to a total dividend of £8,030,000, was declared by the Directors at their meeting on 28 August 2014. This interim report does not reflect this dividend payable.

10 Business combinations

Update on acquisitions made in 2012

On 28 December 2012 the Group acquired 100 per cent of the voting shares of NEWIS SA and its subsidiary, Informatic Services IS SA for a cash consideration of €2.3million. Additional consideration of €0.6million (£0.5million, translated as at the date of the payment of February 2013) was paid, based on the terms of the Purchase Agreement. Details of the book and fair values of the net assets acquired are disclosed in note 16 of the December 2012 Annual Report and Accounts.

11 Provisions

	Customer contract provisions £'000	Restructuring provisions £'000	Property provisions £'000	Total provisions £'000
At 1 January 2013	**2,108**	**–**	**8,720**	**10,828**
Arising during the period	10,672	–	–	10,672
Utilised	–	–	(1,015)	(1,015)
Amounts unused reversed	–	–	(281)	(281)
Exchange adjustment	193	–	190	383
At 30 June 2013	**12,973**	**–**	**7,614**	**20,587**
Arising during the period	–	–	130	130
Utilised	(3,107)	–	(181)	(3,288)
Amounts unused reversed	–	–	(451)	(451)
Exchange adjustment	(315)	–	(209)	(524)
At 31 December 2013	**9,551**	**–**	**6,903**	**16,454**
Arising during the period	–	9,000	65	9,065
Utilised	(2,375)	–	(588)	(2,963)
Exchange adjustment	(299)	(231)	(93)	(623)
At 30 June 2014	**6,877**	**8,769**	**6,287**	**21,933**
Current June 2014	3,791	3,044	3,607	10,442
Non-current June 2014	3,086	5,725	2,680	11,491
Current June 2013	6,282	–	1,921	8,203
Non-current June 2013	6,691	–	5,693	12,384
Current December 2013	4,268	–	1,737	6,005
Non-current December 2013	5,283	–	5,166	10,449

Customer contract provisions are based on the Directors' best estimate of the amount of future losses to completion on certain contractual services contracts in Germany.

Management have a detailed formal plan for the French restructuring that is sufficiently well advanced and which has been comprehensively communicated to the affected parties and appropriate authorities such that a constructive obligation on the Group has been created. At 30 June 2014 costs related to the restructuring to satisfy the obligation in France for £9,000,000 have been provided for.

Initial operational changes have been implemented which, along with the communication noted above, have raised a valid expectation within all affected parties that the Group will carry out the notified action, as programmed, in the second half of the year. Management have used the detailed plan itself to reliably estimate the total cost of the obligation, and the outflow of resources from the Group which will result, given the information currently available.

Only those costs directly related to the restructuring, and specifically the termination costs and benefits accruing to the affected employees, have been provided for.

Further details of the treatment of the restructuring costs are disclosed in note 6.

Assumptions used to calculate the property provisions are based on the market value of the rental charges plus any contractual dilapidation expenses on empty properties and the Directors' best estimates of the likely time before the relevant leases can be reassigned or sublet, which ranges between one and nine years. The provision in relation to the UK properties are discounted at a rate based upon the Bank of England base rate. Those in respect of the European operations are discounted at a rate based on Euribor.

12 Fair value measurements recognised in the consolidated balance sheet
Financial instruments which are recognised at fair value subsequent to initial recognition are grouped into Levels 1 to 3 based on the degree to which the fair value is observable. The three levels are defined as follows:

1. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
2. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
3. Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At 30 June 2014 the Group had a current asset investment, which was measured at Level 2 fair value subsequent to initial recognition, to the value of £nil million (30 June 2013: £10.0 million and 31 December 2013: £nil).

At 30 June 2014 the Group had forward currency contracts, which were measured at Level 2 fair value subsequent to initial recognition, to the value of a net liability of £536,000 (30 June 2013: £465,000, 31 December 2013: £2,360,000).

The realised gains from forward currency contracts in the period to 30 June 2014 of £1,824,000 (30 June 2013: £89,000 gain, 31 December 2013: £1,806,000 loss), are offset by broadly equivalent realised losses/gains on the related underlying transactions.

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

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

13 Analysis of net funds

	Unaudited H1 2014 £'000	Unaudited H1 2013 £'000	Audited Year 2013 £'000
Cash and short term deposits	**70,982**	76,336	91,098
Bank overdraft	**(1,418)**	(4,087)	(764)
Cash and cash equivalents	**69,564**	72,249	90,334
Current asset investment	**–**	10,000	–
Bank loans	**(146)**	(107)	(63)
Net funds excluding CSF	**69,418**	82,142	90,271
Finance leases	**(8,134)**	(16,329)	(11,577)
Other loans	**(7,266)**	(53)	(7,280)
Total CSF	**(15,400)**	(16,382)	(18,857)
Net funds	**54,018**	65,760	71,414

14 Publication of non-statutory accounts
The financial information contained in the interim statement does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. The auditors have issued an unqualified opinion on the Group's statutory financial statements under International Accounting Standards for the year ended 31 December 2013 and did not include a statement under section 498(2) or (3) of the Companies Act 2006. Those accounts have been delivered to the Registrar of Companies.

Corporate information

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Greg Lock
(Non-Executive Chairman)
Mike Norris
(Chief Executive)
Tony Conophy
(Finance Director)
Brian McBride
(Senior Independent Director)
Philip Hulme
(Non-Executive Director)
Peter Ogden
(Non-Executive Director)
John Ormerod
(Non-Executive Director)
Regine Stachelhaus
(Non-Executive Director)

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