Interim report

COMPUTACENTER PLC
Half year results to 30 June 2008

Our strategy

To ensure long-term earnings growth, Computacenter is focused on:

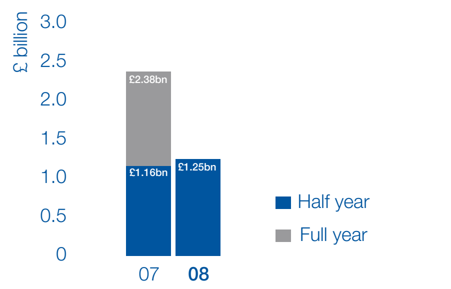
- Accelerating the growth of our contractual services business.
- Broadening the range and depth of our service activities.
- Extending our presence in those markets that offer the greatest growth opportunities and in particular the medium-sized business segment.
- Improving the efficiency of our operations by deploying shared services facilities across our customer base.
- Improving our competitiveness by reducing the cost of sale in our product supply business.

Group financial highlights

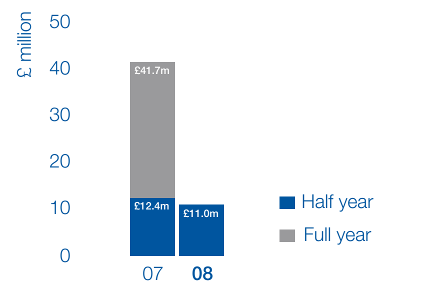
H1 2008

- Group revenues increased 7.8% to £1.25 billion (2007: £1.16 billion)
- Profit before tax declined 14.2% to £11.0 million (2007: £12.8 million)
- Diluted earnings per share increased 10.6% to 5.2p (2007: 4.7p), due to the impact of share repurchases and a reduced tax rate
- Interim dividend increased 8.0% to 2.7p per share (2007: 2.5p)
- Net debt before customer-specific financing ('CSF') of £29.7 million (2007: net debt of £16.5 million).
- Net debt after CSF of £95.9 million (2007: net debt of £53.4 million).

Group revenues



Group adjusted operating profit*



* Adjusted for exceptional items and amortisation of acquired intangibles, and stated after charging finance costs on customer-specific financing.

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Executive summary

Computacenter's sales performance in the first half of 2008 was encouraging, despite the more difficult economic climate.

MIKE NORRIS
CHIEF EXECUTIVE OFFICER

Computacenter's sales performance in the first half of 2008 was encouraging, despite the more difficult economic climate. Helped somewhat by the strength of the Euro, overall Group revenues grew 7.8% to £1.25 billion (2007: £1.16 billion), which represents an increase of 1.4% at constant currency. This continues the upward trend in revenues re-established in 2007 and reflects the strongest organic growth rate in the UK for a number of years.

As we anticipated, we saw a decline in Group profit before tax. The actual reduction was 14.2% to £11.0 million (2007: £12.8 million), due partly to a particularly difficult start to the year in the UK and also to an increase of £0.4 million in the interest charge resulting from £20.8 million expenditure on share repurchases since 1 July 2007. The decline was also attributable to the significant investments we continue to make, in line with our strategic priorities, to enhance our services capability and build our position in the mid-market. However, both UK and France profit performance improved in the second quarter, recording figures ahead of Q2 2007. German earnings were consistently above last year throughout the first half.

Despite the decline in first half profits, the Group is pleased to announce an increase in diluted earnings per share (EPS) of 10.6% to 5.2p (H1 2007: 4.7p), as a result of a reduced number of shares in issue and a lower tax charge.

The balance sheet remains strong, with net borrowings prior to customer-specific financing ('CSF') of £29.7 million (H1 2007: £16.5 million) at the period end. This was after the expenditure of £20.8 million since 1 July 2007 on the purchase of our own shares in the market. Good cash generation in the period meant that, excluding the buybacks and CSF our net debt position would have improved by £7.6 million.

We believe our investments of the last three years position us well in a more difficult economic climate.

We are pleased to announce the payment of an increased interim dividend of 2.7p per share (2007: 2.5p) to be paid on 16 October 2008 to shareholders on the register as at 19 September 2008. This is consistent with our policy of seeking to keep the interim dividend at a level equal to one-third of the preceding year's total dividend.

On 1 July 2008 Greg Lock was appointed as Non-Executive Chairman, following the resignation of Ron Sandler in February. Greg has been the Chairman at Kofax plc, the intelligence capture and exchange solution provider, previously Dicom Group plc, since March 2007. He is a Non-Executive Director of private technology companies Liberata plc and Target Group and has more than 38 years' experience in the software and computer services industry.

We are encouraged by the Group's improved performance in the second quarter. Although there is much uncertainty in the marketplace, there is a continuing need for customers to invest in information technology to improve their competitiveness. To answer that need, Computacenter has made significant investments in the past three years in solutions and processes designed specifically to improve the cost-effectiveness and efficiency of our customers' IT infrastructures. We believe these investments, together with our continuing investment in the medium-sized business sector, position us well in a more difficult economic climate.

While much remains to be done, management is confident of achieving its current expectations assuming no material deterioration in market conditions.

Interim management report

Operating review

The success of our integration and consulting services was again a strong feature of UK performance.

UK

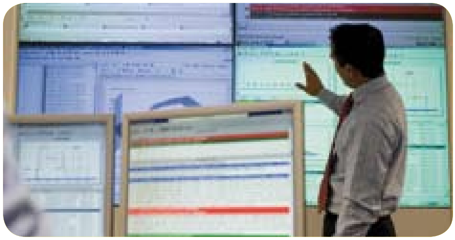
UK performance recovered after a challenging first six weeks to deliver a revenue increase of 5.5% to £708.1 million (H1 2007: £671.2 million), largely as a result of strong sales growth in our software and consulting/integration activities and in sales to the medium-sized business sector. Adjusted* operating profit declined 21.2% to £8.9 million (H1 2007: £11.3 million), mainly due to the poor start to the year, continued significant investment in our services capability and the resourcing of our sales operation targeting medium-sized businesses. In addition, the merging of our Managed Services and Digica operations, together with a number of smaller cost-cutting initiatives, resulted in an unusually high restructuring cost to the UK business, adversely affecting operating profit in H1 2008 by some £1.0 million.

The success of the integration and consulting services provided by our Technology Solutions business was again a strong feature of UK performance. Growth was particularly strong in the datacentre and storage marketplace, especially for the delivery of technology efficiency projects that help clients reduce operating costs (such as power), improve environmental efficiency and reduce the time to deploy new business applications. As a result, professional services revenues increased by 19.4%. This also helped drive product volumes, as we were increasingly successful in attaching technology supply to these projects.

At the desktop we were successful in winning business with a number of organisations looking to standardise and unify their messaging and collaboration systems. The cost certainty and benefits of our standardised approach to large scale migration programmes, developed through our Shared Services Factory, were important factors in our recent win at the supermarket chain Morrisons. In addition, as Microsoft Office 2007 and Vista begin to build momentum among corporate clients, a major pharmaceutical customer chose us to implement one of the first significant deployments of Microsoft's Vista in the UK.

UK performance also benefited from the continuing success of our software business, which helps customers reduce cost and complexity through better licence management. Software revenues increased 34.8% and Computacenter continued to grow its share of the Microsoft licensing market, with our UK market share increasing from 8% to 11% in the 12 month period to June 2008. Significant software wins include Cadbury plc, for which we are providing Microsoft licensing services to help the company reduce costs following the recent demerger of its US drinks arm. For the

We continued to grow our share of the Microsoft licensing market, with our UK market share increasing from 8% to 11% in the twelve month period to June 2008.



future, we are making progress in developing a lighter touch sales model for our software business, which we believe will enable us to target smaller businesses more effectively.

A key objective of Computacenter is to extend our presence in those sectors that represent the greatest opportunities for market share growth. To that end, we continued to build momentum in the mid-market business sector, achieving 12.0% year on year revenue growth. Whilst the trend is encouraging, this result falls below our plan for this business, which has yet to fully justify our investment.

We saw growing interest in our outsourcing offerings. This was the result of an increasing number of organisations looking to gain cost-efficiencies from their infrastructure through partial, rather than whole IT department, outsourcing. In order to lower costs, remove internal duplication and streamline our offerings we integrated the core operational activities of the Managed Services and Digica business units under a single management structure. This also enables the combined business to offer a stronger, broader set of managed services, covering the management of business critical applications and complete IT infrastructures.

A significant number of new outsourcing contracts were signed in H1, although these contracts are not expected to be fully revenue-generating until the second half of the year.

Wins include the provision of a managed service, including desktop and datacentre support, to 3,000 users at Bentley Motors Limited and the renewal of our existing managed service agreement with Agility, which now includes global desktop support across the UK, Ireland and North America from our offshore facility in Cape Town. Similarly, we have extended our existing managed service with BAA, signing a five-year deal which provides a complete package of end-user services to 13,500 staff across 19 UK sites.

We also had success with support services such as maintenance, installations and disaster recovery. Our renewals in these areas remain high and we secured some important new contract revenue, with particular success in the mid-market. We saw significant contract extensions with Savvis, Speedy Hire and a substantial multi-year renewal with a major North American investment bank. We also secured a two-year contract with Hampshire Police, comprising product supply and refresh, together with support and maintenance of the entire IT estate and end-of-life disposals.

Operating review continued

The positive trend in German profit performance continued, with adjusted* operating profits improving 20.8% to £4.1 million.

Key product wins include a desktop and laptop refresh for a leading food producer, where we were able to deliver substantial savings to the organisation through our vendor relationships and approach to commercial management. A desire to deliver a more cost-effective service to users and, ultimately, local tax payers, was also a key criterion in Telford and Wrekin Council's decision to contract us for the management of its entire supply and logistics process, including asseting, configuration and disposals.

Our remarketing and recycling arm, RDC, continued to perform well, recording 27.8% revenue growth as customers increasingly sought to address their concerns over environmental disposal, recycling and data security for their end-of-life equipment.

Our UK trade distribution arm, CCD, continues to suffer from a challenging and highly price-competitive market and saw revenue reduce 11.7%.

Germany

After achieving 8.2% full-year sales growth in 2007, revenue for the first six months of 2008 increased by 11.5% to £379.8 million (H1 2007: £340.7 million). However this represents a 3.0% decline in local currency, attributable in part to the non-renewal of a large low-margin PC fulfilment contract. An increasingly competitive market impacted the products business in particular, which declined 7.7% in local currency. However this was partly offset by 6.1% sales growth in services, accelerating the change of business mix over the past few years towards higher-margin offerings.

Nevertheless the positive trend in profit performance continued, with adjusted* operating profits improving 5.0% in local currency, which translates to an increase of 20.8% to £4.1 million.

As in the UK, the continued services growth came largely from our datacentre and networking solutions business, which is benefiting from our ongoing investment in managed services and technology solutions. At the same time, our enhanced reputation in the outsourcing market is delivering a robust pipeline of managed service opportunities for this year and next, a number of which have closed positively since the end of the period.

Service margins again improved significantly as we continued to standardise service delivery and enhance our outsourcing capability. We expect this trend to continue for the rest of 2008. The product volume decline in H1 2008 was largely driven by a fall in expenditure on 'Wintel' servers by a significant, but small, number of our larger accounts. However large enterprise server and storage sales remained strong, as did sales of software.

In France, operating loss reduced by 8.6% to £1.9 million and, as with 2007, we saw margin improvement across the business.

Despite the slowdown in product volumes, overall product margin percentage levels were unchanged on the previous year, due to a continuing move towards higher-end, higher margin technology.

Significant wins in the period include a managed desktop services contract with SAP, covering 30,000 users across 31 sites and including the transfer of 28 employees to Computacenter. We also secured a network operations contract for Daimler Financial Services Germany, including technology supply and service provision, and a further two-year desktop services contract with the State Capital of Dusseldorf's local government, covering 12,500 IT seats across the region's administrative offices and schools.

France

We continued to see a steady improvement in the performance of our French business. Operating loss reduced by 8.6% to £1.9 million (H1 2007: loss of £2.1 million) after a better second quarter helped compensate for a slow start to the year. A product market that remains highly challenging contributed to a revenue decline of 5.3% in local currency, although this figure hides an increase in maintenance and managed services revenues of 26.6%. However, due to beneficial currency movements, reported revenue increased 8.8% to £147.2 million (H1 2007: £135.3 million).

As with 2007, the margin improvement was from across the business. Initiatives such as our more commercially selective approach to the provisioning of hardware, a new focus on regional business, and more effective sales incentives helped achieve further growth in product margins, while a similar selective approach to services and our continuing efforts towards improving customer satisfaction achieved the same result in services. The continuing success of our maintenance services also made a significant improvement to our revenue and profit performance.

The outlook is encouraging due to a number of significant wins. These include managed services and technology solutions contracts with EDF, involving the roll-out of a Windows Vista environment to 75,000 users. We also won the supply of 28,000 PCs and peripherals to the Ministère de l'Economie et des Finances and a two-year supply chain services contract with one of France's leading banks, including server supply, integration and installation. For a Company in the retail sector we have been contracted to replace a Windows server infrastructure across 116 stores, including a virtualisation solution. It is important to note that future performance will be contingent to some extent on our success in securing the renewal of our contract with the French Army, our largest French customer, which expires at the end of Q1 2009.

Interim management report

Operating review continued

In addition, H1 2008 saw us renew supply contracts with France Télécom and Brico Dépôt and we extended the scope of our managed service with Sanofi Pasteur in Lyon.

We continue to invest for sales growth while carefully managing costs. We believe that this approach, together with our focus on new opportunities arising from a sustained new business generation programme and increased sales investment, leaves us well placed to continue the positive trend in business performance through the rest of this year.

Benelux

Our Belgium and Netherlands business showed a small profit of £69,000 (H1 2007: loss of £16,000) on the back of broadly unchanged revenues. Key wins include a procurement contract at UCB, an IP Telephony project at Truvo Corporate and an Enterprise Storage solution implementation at Spadel.

Our small Luxembourg operation showed a slightly increased loss of £137,000 (H1 2007: £95,000), despite improved revenues of £2.1 million (H1 2007: £1.5 million). Key wins include a unified IP Communications project at Luxpet, and a System Monitoring projectat Namsa.

Group risk statement

The principal risks to our business for the next six months remain as set out on page 20 of our 2007 Report and Accounts. The Group is addressing these principal strategic risks and, more specifically, mitigating the risks of potential further economic slowdown and further product price erosion. It does this through a combination of helping clients remove cost and risk from their IT expenditure, a continuing focus on those sectors that offer the greatest opportunities for market share growth, and strengthened internal cost control. In addition, we are addressing the market trend towards shorter term engagements and quantified cost savings by enhancing our ability to deliver higher margin, higher value service offerings to a widening customer base. We continue to address the risk of deteriorating vendor terms through our ongoing focus on expanding our vendor independent product portfolio.

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
27 August 2008

FA Conophy
Finance Director
27 August 2008

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 2008 which comprises the Consolidated Income Statement, Consolidated Balance Sheet, Consolidated Cash Flow Statement, Consolidated Statement of Changes in Equity, and the related notes 1 to 10. 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 ISRE 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 Services Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRS' as adopted by the European Union. The condensed set of financial statements included in this half-yearly 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 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 report for the six months ended 30 June 2008 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 Services Authority.

Ernst & Young LLP.

Ernst & Young LLP
Registered auditor
Luton
27 August 2008

Consolidated income statement
For the six months ended 30 June 2008

	Unaudited six months ended 30 June 2008 £'000	Unaudited six months ended 30 June 2007 £'000	Year ended 31 Dec 2007 £'000
Revenue	**1,250,260**	1,160,333	2,379,141
Cost of sales	**(1,080,722)**	(1,006,183)	(2,053,333)
Gross profit	**169,538**	154,150	325,808
Distribution costs	**(10,578)**	(9,267)	(18,344)
Administrative expenses	**(146,258)**	(131,819)	(263,750)
Operating profit:			
Before amortisation of acquired intangibles	**12,702**	13,064	43,714
Amortisation of acquired intangibles	**(268)**	(240)	(613)
Operating profit	**12,434**	12,824	43,101
Finance revenue	**1,502**	2,157	3,910
Finance costs	**(2,946)**	(2,166)	(4,952)
Profit before tax:			
Before amortisation of acquired intangibles	**11,258**	13,055	42,672
Amortisation of acquired intangibles	**(268)**	(240)	(613)
Profit before tax	**10,990**	12,815	42,059
Income tax expense	**(3,068)**	(5,319)	(13,161)
Profit for the period	**7,922**	7,496	28,898
Attributable to:			
Equity holders of the parent	**7,922**	7,496	28,888
Minority interests	**–**	–	10
	7,922	7,496	28,898
Earnings per share			
– basic for profit for the period	**5.3p**	4.8p	18.5p
– diluted for profit for the period	**5.2p**	4.7p	18.2p

Consolidated balance sheet
As at 30 June 2008

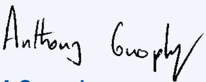
	Unaudited six months ended 30 June 2008 £'000	Unaudited six months ended 30 June 2007 £'000	Year ended 31 Dec 2007 £'000
Non-current assets			
Property, plant and equipment	**114,407**	102,116	116,444
Intangible assets	**46,156**	44,762	45,185
Deferred income tax asset	**8,577**	8,238	8,190
	169,140	155,116	169,819
Current assets			
Inventories	**94,665**	92,011	110,535
Trade and other receivables	**477,082**	410,222	454,155
Prepayments	**51,648**	41,369	27,936
Accrued income	**44,028**	24,764	33,445
Forward currency contracts	**–**	167	–
Cash and short-term deposits	**37,113**	47,352	29,211
	704,536	615,885	655,282
Total assets	**873,676**	771,001	825,101
Current liabilities			
Trade and other payables	**350,867**	306,919	336,971
Deferred income	**92,713**	71,428	74,686
Financial liabilities	**87,355**	81,189	74,363
Forward currency contracts	**59**	–	369
Income tax payable	**5,521**	7,278	7,899
Provisions	**2,133**	2,166	2,180
	538,648	468,980	496,468
Non-current liabilities			
Financial liabilities	**45,699**	20,511	34,652
Provisions	**12,143**	11,653	12,225
Other non-current liabilities	**1,355**	731	1,685
Deferred income tax liabilities	**1,818**	2,486	1,875
	61,015	35,381	50,437
Total liabilities	**599,663**	504,361	546,905
Net assets	**274,013**	266,640	278,196

Consolidated balance sheet continued
As at 30 June 2008

	Unaudited six months ended 30 June 2008 £'000	Unaudited six months ended 30 June 2007 £'000	Year ended 31 Dec 2007 £'000
Capital and reserves			
Issued capital	**9,181**	9,585	9,504
Share premium	**2,890**	2,776	2,890
Capital redemption reserve	**74,950**	74,542	74,627
Own shares held	**(11,273)**	(2,503)	(11,380)
Foreign currency translation reserve	**5,393**	(2,381)	1,507
Retained earnings	**192,859**	184,594	201,035
Shareholders' equity	**274,000**	266,613	278,183
Minority interest	**13**	27	13
Total equity	**274,013**	266,640	278,196

Approved by the Board on 27 August 2008

MJ Norris
Chief Executive



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 2007	**9,571**	**2,247**	**74,542**	**(2,503)**	**(2,455)**	**183,700**	**265,102**	**27**	**265,129**
Exchange differences on retranslation of foreign operations	–	–	–	–	74	–	74	–	74
Net income recognised directly in equity	–	–	–	–	74	–	74	–	74
Profit for the period	–	–	–	–	–	7,496	7,496	–	7,496
Total recognised income for the period	–	–	–	–	74	7,496	7,570	–	7,570
Cost of share-based payment	–	–	–	–	–	1,269	1,269	–	1,269
Exercise of options	14	529	–	–	–	–	543	–	543
Equity dividends	–	–	–	–	–	(7,871)	(7,871)	–	(7,871)
	14	529	–	–	74	894	1,511	–	1,511
At 30 June 2007	**9,585**	**2,776**	**74,542**	**(2,503)**	**(2,381)**	**184,594**	**266,613**	**27**	**266,640**
Exchange differences on retranslation of foreign operations	–	–	–	–	3,888	–	3,888	–	3,888
Net income recognised directly in equity	–	–	–	–	3,888	–	3,888	–	3,888
Profit for the period	–	–	–	–	–	21,392	21,392	10	21,402
Total recognised income for the period	–	–	–	–	3,888	21,392	25,280	10	25,290
Cost of share-based payment	–	–	–	–	–	1,390	1,390	–	1,390
Exercise of options	4	114	–	49	–	–	167	–	167
Purchase of own shares	–	–	–	(11,332)	–	–	(11,332)	–	(11,332)
Cancellation of own shares	(85)	–	85	2,406	–	(2,406)	–	–	–
Equity dividends	–	–	–	–	–	(3,935)	(3,935)	–	(3,935)
Acquisition of minority interests	–	–	–	–	–	–	–	(24)	(24)
	(81)	114	85	(8,877)	3,888	16,441	11,570	(14)	11,556
At 1 January 2008	**9,504**	**2,890**	**74,627**	**(11,380)**	**1,507**	**201,035**	**278,183**	**13**	**278,196**
Exchange differences on retranslation of foreign operations	–	–	–	–	3,886	–	3,886	–	3,886
Net income recognised directly in equity	–	–	–	–	3,886	–	3,886	–	3,886
Profit for the period	–	–	–	–	–	7,922	7,922	–	7,922
Total recognised income for the period	–	–	–	–	3,886	7,922	11,808	–	11,808
Cost of share-based payment	–	–	–	–	–	1,573	1,573	–	1,573
Purchase of own shares	–	–	–	(9,501)	–	(9,501)	(9,501)	–	(9,501)
Cancellation of own shares	(323)	–	323	9,608	–	(9,608)	–	–	–
Equity dividends	–	–	–	–	–	(8,063)	(8,063)	–	(8,063)
	(323)	–	323	107	3,886	(8,176)	(4,183)	–	(4,183)
At 30 June 2008	**9,181**	**2,890**	**74,950**	**(11,273)**	**5,393**	**192,859**	**274,000**	**13**	**274,013**

Consolidated cash flow statement
For the six months ended 30 June 2008

	Unaudited six months ended 30 June 2008 £'000	Unaudited six months ended 30 June 2007 £'000	Year ended 31 Dec 2007 £'000
Operating activities			
Operating profit	**12,434**	12,824	43,101
Adjustments to reconcile Group operating profit to net cash inflows from operating activities			
Depreciation	**17,514**	11,124	27,130
Amortisation	**2,145**	1,648	3,633
Share-based payment	**1,573**	1,269	2,659
Loss on disposal of property, plant and equipment	**273**	60	190
(Profit)/loss on disposal of intangible assets	**(23)**	36	–
Decrease/(increase) in inventories	**19,954**	4,897	(8,724)
(Increase)/decrease in trade and other receivables	**(42,235)**	16,234	(1,470)
Increase/(decrease) in trade and other payables	**16,447**	(36,273)	(19,976)
Currency and other adjustments	**2,090**	(72)	(218)
Cash generated from operations	**30,172**	11,787	46,325
Income taxes paid	**(5,527)**	(6,345)	(13,853)
Net cash flow from operating activities	**24,645**	5,442	32,472
Investing activities			
Interest received	**1,871**	1,988	3,885
Acquisition of subsidiaries, net of cash acquired	**–**	(32,596)	(32,600)
Sale of property, plant and equipment	**11**	306	336
Purchases of property, plant and equipment	**(2,471)**	(6,173)	(8,620)
Purchases of intangible assets	**(2,922)**	(2,934)	(5,619)
Acquisition of minority interests	**–**	–	(30)
Net cash flow from investing activities	**(3,510)**	(39,409)	(42,648)
Financing activities			
Interest paid	**(3,536)**	(2,069)	(5,333
Dividends paid to equity shareholders of the parent	**(8,063)**	(7,871)	(11,806)
Proceeds from issue of shares	**–**	543	661
Purchase of own shares	**(9,501)**	–	(11,332)
Repayment of capital element of finance leases	**(10,281)**	(2,061)	(12,195)
Repayment of loans	**(7,265)**	(6,742)	(11,103)
New borrowings	**7,509**	6,203	19,832
Increase/(decrease) in factor financing	**18,818**	(8,381)	(8,743)
Net cash flows from financing activities	**(12,319)**	(20,378)	(40,019)
Increase/(decrease) in cash and cash equivalents	**8,816**	(54,346)	(50,195)
Effect of exchange rates on cash and cash equivalents	**(1,477)**	1	(1,521)
Cash and cash equivalents at beginning of period	**7,266**	58,982	58,982
Cash and cash equivalents at end of period	**14,605**	4,637	7,266

Consolidated cash flow statement continued
For the six months ended 30 June 2008

Analysis of net funds

	Unaudited six months ended 30 June 2008 £'000	Unaudited six months ended 30 June 2007 £'000	Year ended 31 Dec 2007 £'000
Cash and cash equivalents	**14,605**	4,637	7,266
Factor financing	**(44,324)**	(21,148)	(23,453)
Net debt prior to customer-specific financing	**(29,719)**	(16,511)	(16,187)
Finance leases	**(50,004)**	(30,218)	(47,642)
Other loans	**(16,218)**	(6,707)	(15,975)
Net debt	**(95,941)**	(53,436)	(79,804)

Notes to the accounts

1 Accounting policies

Basis of preparation

The unaudited interim financial statements have been prepared on the basis of the accounting policies set out in the Group's statutory accounts for the year ended 31 December 2007, and in accordance with International Accounting Standard 34 'Interim Financial Reporting', as adopted by the European Union. The taxation charge is calculated by applying the Directors' best estimate of the annual tax rate to the profit for the period. Other expenses are accrued in accordance with the same principles used in the preparation of the annual accounts.

2 Segment information

The Group's primary reporting format is geographical segments and its secondary format is business segments. The Group's geographical segments are determined by the location of the Group's assets and operations. The Group's business in each geography is managed separately and held in separate statutory entities.

Revenues are usually expected to be higher in the second half of the year than in the first six months. This is principally driven by customer buying behaviours 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.

Segmental performance for the period to 30 June 2008 was as follows:

	Unaudited six months ended 30 June 2008 £'000	Unaudited six months ended 30 June 2007 £'000	Year ended 31 Dec 2007 £'000
Revenue by geographic market			
UK	**708,099**	671,154	1,357,305
Germany	**379,777**	340,680	708,581
France	**147,211**	135,309	285,698
Benelux	**15,174**	13,190	27,557
Total	**1,250,260**	1,160,333	2,379,141
Gross profit by geographic market			
UK	**98,924**	95,324	197,185
Germany	**51,959**	43,339	94,202
France	**16,961**	14,178	31,501
Benelux	**1,694**	1,309	2,920
Total	**169,538**	154,150	325,808
Operating profit/(loss) by geographic market			
UK	**10,112**	11,267	33,957
Germany	**4,320**	3,779	10,942
France	**(1,930)**	(2,111)	(1,754)
Benelux	**(68)**	(111)	(44)
Total	**12,434**	12,824	43,101
Revenue by business segment			
Product	**923,193**	873,628	1,774,164
Professional services	**83,993**	71,088	158,488
Support and managed services	**243,074**	215,617	446,489
Total	**1,250,260**	1,160,333	2,379,141

Notes to the accounts continued

3 Finance costs

	Unaudited six months ended 30 June 2008 £'000	Unaudited six months ended 30 June 2007 £'000	Year ended 31 Dec 2007 £'000
Bank loan and overdrafts	**1,220**	1,537	2,624
Finance charges payable on customer-specific financing	**1,726**	629	2,025
Other interest	**–**	–	303
	2,946	2,166	4,952

4 Income tax

The charge based on the profit for the period comprises:

	Unaudited six months ended 30 June 2008 £'000	Unaudited six months ended 30 June 2007 £'000	Year ended 31 Dec 2007 £'000
UK corporation tax	**4,087**	5,388	13,420
Foreign tax	**101**	38	113
Adjustments in respect of prior periods	**(651)**	–	(385)
Deferred tax	**(469)**	(107)	13
	3,068	5,319	13,161

5 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.

	Unaudited six months ended 30 June 2008 £'000	Unaudited six months ended 30 June 2007 £'000	Year ended 31 Dec 2007 £'000
Profit attributable to equity holders of the parent	**7,922**	7,496	28,888
Amortisation of acquired intangibles attributable to equity holders of the parent	**268**	240	613
Tax on amortisation of acquired intangibles	**(67)**	–	(184)
Profit before amortisation of acquired intangibles attributable to equity holders of the parent	**8,123**	7,736	29,317

	No '000	No '000	No '000
Basic weighted average number of shares (excluding own shares held)	**150,850**	157,272	156,117
Effect of dilution:			
Share options	**2,769**	2,616	2,202
Diluted weighted average number of shares	**153,619**	159,888	158,319

	Unaudited six months ended 30 June 2008 pence	Unaudited six months ended 30 June 2007 pence	Year ended 31 Dec 2007 pence
Basic earnings per share	**5.3**	4.8	18.5
Diluted earnings per share	**5.2**	4.7	18.2
Adjusted basic earnings per share	**5.4**	4.9	18.8
Adjusted diluted earnings per share	**5.3**	4.8	18.5

6 Dividends paid and proposed

The proposed final dividend for 2007 of 5.5p per ordinary share was approved at the AGM in May 2008 and was paid on 12 June 2008. An interim dividend in respect of 2008 of 2.7p per ordinary share, amounting to a total dividend of £3,960,000, was declared by the Directors at their meeting on 27 August 2008. This interim report does not reflect this dividend payable.

7 Financial liabilites

Factor financing

On 13 May 2008, the Group entered into a £60 million Sterling and Euro Receivables Financing Agreement with a bank. Under the terms of the arrangement certain trade debts are sold to the bank who in turn advances cash payments in relation to these debts. Interest is charged on a daily basis at a rate of ECB base rate + 65 basis points. The facility is committed for a minimum period of three years. At the end of the period 25% of the facility was drawn down.

Notes to the accounts continued

8 Adjusted operating profit

Reconciliation of adjusted operating profit

Management measure the Group's operating performance using adjusted operating profit which is stated prior to amortisation of acquired intangibles and after charging finance costs on customer-specific financing for which the Group receives regular rental income.

	Unaudited six months ended 30 June 2008 £'000	Unaudited six months ended 30 June 2007 £'000	Year ended 31 Dec 2007 £'000
Operating profit	**12,434**	12,824	43,101
Add back			
Amortisation of acquired intangibles	**268**	240	613
After charging			
Finance costs on customer-specific financing	**(1,726)**	(629)	(2,025)
Adjusted operating profit	**10,976**	12,435	41,689

Adjusted operating profit/(loss) by geographic market

	Unaudited six months ended 30 June 2008 £'000	Unaudited six months ended 30 June 2007 £'000	Year ended 31 Dec 2007 £'000
UK	**8,874**	11,263	33,099
Germany	**4,100**	3,394	10,388
France	**(1,930)**	(2,111)	(1,754)
Benelux	**(68)**	(111)	(44)
Total	**10,976**	12,435	41,689

9 Adjusted cash flow statement

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

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

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

   a. Interest paid on customer-specific financing is reclassified from interest paid to adjusted operating profit;
   b. Assets held under finance leases, which are matched by amounts receivable under customer operating lease rentals, are netted off against each other. This impacts the depreciation of leased assets, the repayment of capital element of finance leases and net working capital; and
   c. Assets financed by loans, which are matched by amounts receivable under customer operating lease rentals, are netted off against each other. This impacts the movement on loans within financing activities and also net working capital.

Adjusted cash flow statement for the six months ended 30 June 2008

	Unaudited six months ended 30 June 2008 £'000	Unaudited six months ended 30 June 2007 £'000	Year ended 31 Dec 2007 £'000
Adjusted operating profit	**10,976**	12,435	41,689
Adjustments to reconcile Group adjusted operating profit to adjusted operating cash flow			
Depreciation and amortisation	**8,976**	8,589	16,603
Share-based payment	**1,573**	1,269	2,659
Working capital movements	**(5,456)**	(13,759)	(20,089)
Currency and other adjustments	**(1,190)**	43	(4,196)
Adjusted operating cash flow	**14,879**	8,577	36,666
Income taxes paid	**(5,527)**	(6,345)	(13,853)
Net interest received	**62**	549	577
Capital expenditure and investments	**(5,382)**	(8,801)	(13,933)
Acquisitions and disposals	**–**	(32,596)	(32,600)
Equity dividends paid	**(8,063)**	(7,871)	(11,806)
Cash outflow before financing	**(4,031)**	(46,487)	(34,949)
Financing			
Proceeds from issue of shares	**–**	543	661
Purchase of own shares	**(9,501)**	–	(11,332)
Decrease in net debt pre CSF in the period	**(13,532)**	(45,944)	(45,620)
Net debt pre CSF at beginning of period	**(16,187)**	29,433	29,433
Net debt pre CSF at end of period	**(29,719)**	(16,511)	(16,187)

10 Publication of non-statutory accounts

The financial information contained in the interim statement does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The auditors have issued an unqualified opinion on the Group's statutory financial statements under International Accounting Standards for the year ended 31 December 2007. Those accounts have been delivered to the Registrar of Companies.

Corporate information

Board of Directors
Greg Lock
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Mike Norris (Chief Executive)
Tony Conophy (Finance Director)
Cliff Preddy
(Senior Independent Director)
Philip Hulme
(Non-Executive Director)
Ian Lewis (Non-Executive Director)
Peter Ogden
(Non-Executive Director)
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