SOFTCAT plc

("Softcat", the "Company")

Interim Results for the six months to 31 January 2016

Softcat plc (LSE: SCT.L), a leading UK provider of IT infrastructure products and services, today publishes its first set of interim results to 31 January 2016, following successful completion of its Initial Public Offering ('IPO') on 18 November 2015. The results demonstrate strong gross and operating profit performance during this period.

Financial Summary	Six months ended 31 January 2016 £'000	Six months ended 31 January 2015 £'000	%
Revenue	293,591	265,820	10.4
Gross profit	53,675	46,639	15.1
Adjusted operating profit*	19,527	17,292	12.9
Operating profit	15,328	17,233	(11.1)
Net cash	54,881	37,407	46.7
Interim dividend (p)	1.70p	n/a	n/a
Diluted earnings per share (p)	6.07p	6.99p	(13.2)
Adjusted diluted earnings per share** (p)	8.18p	7.02p	16.5

*Adjusted operating profit is defined as operating profit before exceptional items and share-based payment charges. See page 8.
**Adjusted diluted earnings per share is defined as profit after tax before exceptional items and share based payment charges divided by the weighted average number of shares including the dilutive effect of share options. See page 16.

Highlights for the six months to 31 January 2016

- Gross profit up 15.1% to £53.7m (H1 2015: £46.6m)
- Gross profit margin up 0.8% pts to 18.3% (H1 2015: 17.5%)
- Adjusted operating profit up 12.9% to £19.5m (H1 2015: £17.3m)
- Cash conversion was strong at 142% (defined as cash flow from operations before tax but after capital expenditure, as a percentage of operating profit)
- The Company remains debt free with a cash balance of £54.9m
- Customer numbers up 6.7% on H1 FY15
- Continued investment in future growth – front line account managers up to 397 from 316 at the end of the same period in the prior year
- Glasgow operation launched
- Adjusted diluted earnings per share up 16.5% from 7.02p to 8.18p
- Maiden interim dividend of 1.70p per share to be paid on 29 April 2016

Martin Hellawell, Softcat CEO, commented

"We are very pleased to report strong results for our first half year as a public company. The first half included the significant event of our IPO at the end of November but despite all the work and distraction involved with that, I am delighted that the Company has continued to make good progress and deliver growth.

The second half has started well and we remain confident in meeting the Board's profit expectations for the full year.

I'd like to take this opportunity to thank all of the Softcat employees who have produced another set of excellent figures for the Company and shareholders".

Analyst meeting

A results presentation will be held for investors and analysts at etc.venues, St Paul's, 1st Floor, 200 Aldersgate, Aldersgate Street, London, EC1A 4HD on 17 March 2016 commencing at 9.30am. Materials from this presentation will be available online at www.softcat.com from 9.00am. A copy of this announcement will also be available online from 7.00am.

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Forward-looking statements

This announcement includes statements that are, or may be deemed to be, "forward-looking statements". By their nature, such statements involve risk and uncertainty since they relate to future events and circumstances. Actual results may, and often do, differ materially from any forward-looking statements.

Any forward-looking statements in this announcement reflect management's view with respect to future events as at the date of this announcement. Save as required by law or by the Listing Rules of the UK Listing Authority, the Company undertakes no obligation to publicly revise any forward-looking statements in this announcement following any change in its expectations or to reflect subsequent events or circumstances following the date of this announcement.

Chief Executive Officer's Review

The Company's performance over the first half has been strong with the two key measures of success, namely gross profit and adjusted operating profit, both ahead of our expectations and encouragingly showing even stronger growth in Q2 than Q1. During the period, and particularly in Q2, the Company capitalised on strong demand for higher margin, solution-oriented deals and consequently focussed on this business rather than higher revenue, lower margin business.

This reflects a number of factors:

- buoyant demand and successful conversion of that demand into orders from the Company's customer base for more complex solutions;
- slower demand in the high revenue, low margin areas and particularly in the PC category;
- a number of large commodity deals were tendered in the market which were won at very low or negative margins. The Company is not chasing unprofitable revenue and therefore did not compete at the levels required to win these deals, instead choosing to focus attention on areas in which our customer service and advice is most needed.

The Softcat IPO was a major event for the Company during the first half of the financial year culminating in admission to the London Stock Exchange on 18 November 2015. The Company is pleased to report that it will enter the FTSE 250 from 21 March 2016. The IPO went very much to plan (the Company recently won 'best IPO of the year' at the GlobalCapital awards in the under $300m raised category) and Softcat is adjusting well to life as a public company.

During the IPO the Company laid out its very simple strategy for growth, and the first half of the financial year saw strong progress across each of these areas:

<u>Sell more to existing customers</u>

Softcat continued to work more with its existing customers and was pleased to capitalise on strong demand from customers for solutions-oriented elements of its portfolio, notably in Security and Networking as well as full Data Centre Infrastructure solutions, including demand for both on-premise and cloud-based solutions.

The Company is delighted to be recently ranked #3 in the CRN Top 100 VARs list, named Cisco UK Commercial Partner of the Year, Tableau's Rising Star, and VMware's European Solution Provider of the Year.

<u>Win new customers</u>

The Company traded with approximately 600 more customers compared to the same period last year. This is slightly ahead of previous trend and was fuelled by the large and continued investment in new junior account managers as well as the new business efforts of Softcat's established sales teams. A strong number of new customer acquisitions were made in all areas of the Company's developing business including SMB, enterprise, local and central government customers.

<u>Continue to expand the platform for future growth</u>

Softcat continued to invest heavily in its platform for future growth with recruitment across all areas of the Company. As a result of a strong recruitment drive, the Company enjoyed a particularly large increase in the number of junior account managers, contributing to a significant increase in the total number of account managers to 397, up from 316 at 31 January 2015. To further support the Company's recruitment efforts and to drive increased local market share, Softcat was delighted to launch its Glasgow operation in January 2016.

Chief Financial Officer's Review

Financial Summary	**H1 FY16**	**H1 FY15**	**Growth**
Revenue	£293.6m	£265.8m	10.4%
Revenue split			
Software	£139.3m	£124.9m	11.6%
Hardware	£110.3m	£105.8m	4.2%
Services	£44.0m	£35.1m	25.3%
Gross profit	£53.7m	£46.6m	15.1%
Gross profit margin	18.3%	17.5%	0.8% pts
Adjusted operating profit	£19.5m	£17.3m	12.9%
Adj OP:GP margin	36.4%	37.1%	(0.7% pts)
Operating profit	£15.3m	£17.2m	(11.1%)
Cash conversion	141.8%	70.6%	71.2% pts

Revenue and gross profit

Gross profit, Softcat's primary indicator of performance, for the first half of the financial year increased to £53.7m, up 15.1% on the previous year.

Non-recurring procurement benefits contributed c.£1m gross profit benefit in H1. This had the effect of increasing gross margin by an estimated 0.4% pts. These procurement benefits are expected to continue to the end of March but not beyond. A much smaller impact in H2 is therefore expected.

Gross profit margin was very strong at 18.3% against a comparative of 17.5%, partially reflecting the procurement benefit described above but also driven by a solutions-rich mix of business. Software and services revenue in aggregate increased by 14.6%, while hardware revenue was up by a comparatively modest 4.2%. The latter was held back by a year-on-year decline in PC and laptop sales. Growth in networking and security products and services was particularly strong as the Company deployed its expertise in this area to good effect.

Revenue growth of 10.4% was therefore below gross profit growth reflecting this shift in product mix.

Customer Metrics	**H1 FY16**	**H1 FY15**	**Growth**
Customer numbers	9.2k	8.6k	6.7%
Revenue per customer (mean average)	£31.8k	£30.8k	3.2%
GP per customer	£5.85k	£5.42k	7.9%

Customer numbers were 600 up on last year reflecting the Company's continuing ability to win new accounts and displace competitors through superior customer service. GP per customer was up 7.9% while revenue per customer showed more modest growth of 2.3% reflecting the shift in product mix.

Adjusted operating profit

Adjusted operating profit increased by 12.9% to £19.5m, reflecting the growth in gross profit together with continued investment in new capabilities and capacity.

The Company's focus on the ratio between operating profit and gross profit reflects tight control of the cost base with reference to product and service margins, and is slightly down from 37.1% to 36.4%. This is in line with the Company's expectations and primarily reflects the cost of new account managers, specialist sales staff and office space (specifically the Leeds sales floor, opened in February 2015, and the expansion of the Marlow Head Office). Recruitment has been especially strong over the past 12 months and front-line account managers are up 25.6% year-on-year.

Operating profit

Operating profit of £15.3m (H1 FY15: £17.2m) is down on the prior period due to the impact of exceptional IPO costs of £3.7m (H1 FY15: £0.1m), and share-based payment charges of £0.5m (H1 FY15: £0.0m).

Corporation tax charge

The interim tax charge of £3.5m reflects an effective tax rate of 22.7% (2015: 21.8%). The higher effective tax rate compared to last year is the result of disallowable IPO-related expenses, partly offset by a fall in the applicable standard corporation tax rate from 20.67% to 20.00% in the period. The effective tax rate is above the statutory rate in both periods due to the impact of non-deductible expenses.

Cash flow and cash conversion

The Company entered the year with a cash balance of £74.6m and paid a pre-IPO dividend of £40.1m on 5 October 2015. Operating cash flow after capital expenditure was strong during the reporting period at £21.7m, representing a conversion rate of 141.8% of operating profit. This is partly due to the bulk of IPO expenses remaining payable after H1. Excluding these items from costs reduces the conversion rate to 114.3%. As a result the cash balance at the end of the period was £54.9m. The Company remains debt-free.

IPO cost accounts will be settled in the second half of the year and the Company therefore anticipates full year conversion to be in line with the Board's expectations of c.90.0%.

Working capital

The net movement in working capital for H1 FY16 created a cash inflow of £6.2m. The bulk of this reflects a reduction in debtors due to differences in trading seasonality between year-end and half year-end. Working capital has been reduced relative to H1 FY15 by ever greater focus on management of supplier payment terms, while still continuing to take advantage of early settlement discounts.

Capital investment

The Company's immediate requirements for capital investment remain low. Net capex of £1.0m in the period relates mainly to 'run rate' computer equipment and fixtures & fittings additions. Expenditure is expected to rise somewhat in the second half of the year primarily due to the expansion into the new Glasgow office.

Dividend

The Board is pleased to declare an interim dividend of 1.70p per share, amounting in total to £3.33m. The interim dividend will be payable on 29 April 2016 to shareholders whose names are on the register at the close of 1 April 2016. Shares in the Company will be quoted ex dividend on 31 March 2016. For this first year the dividend payments will be pro rata for the portion of the financial year the Company has been listed.

Outlook

Softcat has continued to see strong demand from customers during the first six weeks of the third quarter and the Company's outlook for the second half is further supported by a strong pipeline of orders received but not fulfilled at the end of the first half. The temporary first half procurement benefit will only continue for a portion of Q3 and the Company is mindful of the risks posed to business confidence by general global economic uncertainty, as well as potential political distractions within the UK during the coming months.

In summary, Softcat remains confident of meeting the Board's profit expectations for the full year.

Principal Risks and Uncertainties

The principal risks and uncertainties set out in the last annual report and the prospectus remain valid at the date of this report and will remain relevant for the next six months. In summary, these include:

- a failure to attract, recruit and retain talent required to support growth;
- loss of the Company's culture;
- changing customer demands and preferences;
- increased competition;
- a decrease or loss of incentive income;
- a failure to grow customer, vendor partner and distributor relationships;
- a loss of members of its senior management team;
- solutions being offered outside of the IT channel;
- a failure, disruption, natural disaster, accident or other adverse occurrence at one of its data centres; and
- exposure to significant liabilities and/or reputational damage due to breaches in security or legal claims.

The Company is required to value share based payments, financial instruments and apply judgment to revenue recognition and deferred tax. A more detailed description of these estimates and uncertainties are included in the prospectus and 2015 annual report, which can be obtained from the Company's registered office or from www.softcat.com.

Going Concern

As stated in note 2 to the Condensed Financial Statements, the Directors are satisfied that the Company has sufficient resources to continue in operation for the foreseeable future, a period of at least 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the Condensed Financial Statements.

Cautionary Statement

This report has been prepared solely to provide additional information to shareholders to assess the Company's strategies and the potential for those strategies to succeed. The Interim Management Report should not be relied on by any other party or for any other purpose.

In making this report, the Company is not seeking to encourage any investor to either buy or sell shares in the Company. Any investor in any doubt about what action to take is recommended to seek financial advice from an independent financial advisor authorised by the Financial Services and Markets Act 2000.

Directors' Responsibility Statement

The Directors confirm that, to the best of their knowledge:

- the Condensed Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting;
- the 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
- the Interim Management Report includes a fair review of the information required by DTR 4.2.8R (disclosure of relates parties' transactions and changes therein).

Martin Hellawell	Graham Charlton
Chief Executive Officer	Chief Financial Officer
17 March 2016	17 March 2016

Condensed Statement of profit or loss and other comprehensive income
For the six months ended 31 January 2016

	Note	Six months ended 31 January 2016 Unaudited £'000	Six months ended 31 January 2015 Unaudited £'000	Year ended 31 July 2015 Audited £'000
Revenue	3	**293,591**	**265,820**	**596,084**
Cost of sales		(239,916)	(219,181)	(493,309)
Gross profit		**53,675**	**46,639**	**102,775**
Administrative expenses		(38,347)	(29,406)	(63,193)
Operating profit		**15,328**	**17,233**	**39,582**
Adjusted operating profit		**19,527**	**17,292**	**40,586**
Exceptional costs	4	(3,693)	(58)	(999)
Share – based payments charge		(506)	(1)	(5)
Finance income		106	81	195
Profit before taxation		**15,434**	**17,314**	**39,777**
Income tax expense	5	(3,501)	(3,766)	(8,660)
Profit for the year attributable to owners of the Company		**11,933**	**13,548**	**31,117**
Total comprehensive income for the year attributable to owners of the Company		**11,933**	**13,548**	**31,117**
Basic earnings per Ordinary Share (pence)	9	6.09p	7.12p	16.25p
Diluted earnings per Ordinary Share (pence)	9	6.07p	6.99p	15.98p
Adjusted basic earnings per Ordinary Share (pence)	9	8.21p	7.14p	16.74p
Adjusted diluted earnings per Ordinary Share (pence)	9	8.18p	7.02p	16.46p

All results are derived from continuing operations.

Condensed Statement of Financial Position
As at 31 January 2016

	Note	31 January 2016 Unaudited £'000	31 January 2015 Unaudited £'000	31 July 2015 Audited £'000
Assets				
Non-current assets				
Property, plant and equipment		6,763	6,967	6,997
Intangible assets		632	468	458
Deferred tax assets		522	596	678
Total non-current assets		**7,917**	**8,031**	**8,133**
Current assets				
Inventories		3,922	2,238	2,652
Trade and other receivables	*7*	113,473	112,038	121,952
Cash and cash equivalents		54,881	37,407	74,642
Total current assets		**172,276**	**151,683**	**199,246**
Total assets		**180,193**	**159,714**	**207,379**
Liabilities				
Current liabilities				
Trade and other payables	*8*	(108,778)	(79,543)	(108,053)
Income tax payable		(2,456)	(2,585)	(3,510)
Total current liabilities		**(111,234)**	**(82,128)**	**(111,563)**
Net assets		**68,959**	**77,586**	**95,816**
Equity				
Issued share capital		99	98	98
Share premium account		4,455	3,942	3,942
Other reserves		(3,530)	(4,019)	(3,994)
Retained earnings		67,935	77,565	95,770
Total equity		**68,959**	**77,586**	**95,816**

Condensed Statement of Changes in Equity

	Share capital	Share premium	Reserve for own shares	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000
Balance at 1 August 2015	**98**	**3,942**	**(3,994)**	**95,770**	**95,816**
Total comprehensive income for the period	-	-	-	11,933	11,933
Share-based payment transactions	-	-	-	189	189
Dividends paid	-	-	-	(40,098)	(40,098)
Shares issued in period	1	513	-	-	514
Tax adjustments	-	-	-	141	141
Own share movement during the period	-	-	464	-	464
Balance at 31 January 2016	**99**	**4,455**	**(3,530)**	**67,935**	**68,959**
Balance at 1 August 2014	**95**	**2,865**	**(1,469)**	**70,808**	**72,299**
Total comprehensive income for the period	-	-	-	13,548	13,548
Share-based payment transactions	-	-	-	1	1
Dividends paid	-	-	-	(7,329)	(7,329)
Shares issued in period	3	1,077	-	-	1,080
Tax adjustments	-	-	-	537	537
Own share movement during the period	-	-	(2,550)	-	(2,550)
Balance at 31 January 2015	**98**	**3,942**	**(4,019)**	**77,565**	**77,586**
Balance at 1 August 2014	**95**	**2,865**	**(1,469)**	**70,808**	**72,299**
Total comprehensive income for the year	-	-	-	31,117	31,117
Share-based payment transactions	-	-	-	5	5
Dividends paid	-	-	-	(7,298)	(7,298)
Shares issued in year	3	1,077	-	-	1,080
Tax adjustments	-	-	-	1,234	1,234
Own share movement during the year	-	-	(2,525)	(96)	(2,621)
Balance at 31 July 2015	**98**	**3,942**	**(3,994)**	**95,770**	**95,816**

Condensed Statement of Cash Flows
For the six months ended 31 January 2016

	Note	Six months ended 31 January 2016 Unaudited £'000	Six months ended 31 January 2015 Unaudited £'000	Year ended 31 July 2015 Audited £'000
Net cash generated from operating activities	*10*	**18,497**	**9,555**	**47,411**
Cash flows from investing activities				
Finance income		106	81	195
Purchase of property, plant and equipment		(686)	(1,251)	(2,217)
Purchase of intangible assets		(335)	(108)	(288)
Proceeds from asset disposals		6	-	4
Net cash used in investing activities		**(909)**	**(1,278)**	**(2,306)**
Cash flows from financing activities				
Issue of share capital		513	977	977
Deferred purchase share proceeds		1,772	312	676
Dividends paid	*6*	(40,098)	(7,329)	(7,311)
Own share transactions related to treasury shares		464	(2,550)	(2,525)
Net cash generated used in financing activities		**(37,349)**	**(8,590)**	**(8,183)**
Net (decrease)/increase in cash and cash equivalents		**(19,761)**	**(313)**	**36,922**
Cash and cash equivalents at beginning of period		74,642	37,720	37,720
Cash and cash equivalents at end of period		**54,881**	**37,407**	**74,642**

Notes to the Financial Information

1. General information

The Directors of Softcat plc (the "Company") present their Interim Report and the unaudited Condensed Financial Statements for the six months ended 31 January 2016 ("Interim Financial Statements").

The Company is a public limited company, incorporated and domiciled in the UK. Its registered address is Fieldhouse Lane, Marlow, Buckinghamshire, SL7 1LW.

The Interim Financial Statements have been reviewed, but not audited, by Ernst & Young LLP and were approved by the Board of Directors on 17 March 2016. The financial information contained in this report does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The Interim Financial Statements should be read in conjunction with the Annual Report and Financial Statements, for the year ended 31 July 2015, which were prepared in accordance with European Union endorsed International Financial Reporting Standards ("IFRS") and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Annual Report and Financial Statements for the year ended 31 July 2015 were approved by the Board of Directors on 19 October 2015 and delivered to the Registrar of Companies. The auditor's report on those financial statements was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498(2) or (3) of the Companies Act 2006.

2. Accounting policies

2.1 Basis of preparation

These Interim Financial Statements have been prepared in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

The Interim Financial Statements are presented in Pounds Sterling, rounded to the nearest £thousand, unless otherwise stated. They were prepared under the historical cost convention.

Going concern

The Directors are satisfied that the Company has sufficient resources to continue in operation for the foreseeable future, a period of at least 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the Interim Financial statements.

Changes to accounting standards

There have been no changes to accounting standards during the period which have had or are expected to have any significant impact on the Company.

Accounting policies

The accounting policies adopted in the preparation of the Interim Financial Statements are consistent with those applied in the preparation of the Company's interim financial statements for the year ended 31 July 2015.

Exceptional items

Items which are material either because of their size or their nature, or which are non-recurring, are presented within administrative expenses on the face of the statement of comprehensive income. These costs related to the Company's Listing on the premium main market of the London Stock Exchange in November 2015.

Share based payment charges

The share based payment charge includes a fair value charge of £188,792 (H1 2015: £1,190) and an accrual for employers national insurance contributions of £317,020 (H1 2015: £nil), which become payable on exercise of share options and long term incentive awards.

Adjusted operating profit

In arriving at adjusted operating profit, both exceptional items and share based payment charges are removed in order to help present a more accurate picture of the Company's underlying performance.

3. **Segmental information**

The information reported to the Company's Chief Executive Officer, who is considered to be the chief operating decision maker for the purposes of resource allocation and assessment of performance, is based wholly on the overall activities of the Company. The Company has therefore determined that it has only one reportable segment under IFRS 8, which is that of "value-added IT reseller and IT infrastructure solutions provider". The Company's revenue and results and assets for this one reportable segment can be determined by reference to the statement of comprehensive income and statement of financial position. An analysis of revenues by product, which form one reportable segment, is set out below:

Revenue by type	**Six months ended 31 January**		**Year ended 31 July**
	2016	**2015**	**2015**
	£'000	**£'000**	**£'000**
Software	139,271	124,903	287,469
Hardware	110,327	105,835	223,845
Services	43,993	35,082	84,770
	293,591	265,820	596,084

The total revenue for the Company has been derived from its principal activity as an IT reseller. Substantially all of this revenue relates to trading undertaken in the United Kingdom.

4. **Exceptional items**

Operating profit for the year has been arrived at after charging:

	Six months ended 31 January		**Year ended 31 July**
	2016	**2015**	**2015**
	£'000	**£'000**	**£'000**
IPO costs	3,693	58	999

All IPO costs incurred relate to the Company's listing on the London Stock Exchange in November 2015.

5. **Taxation**

	Six months ended 31 January 2016 £'000	2015 £'000	Year ended 31 July 2015 £'000
Current Tax			
Current period	3,451	3,904	8,970
Adjustment for prior years	-	(6)	(6)
Deferred Tax			
Temporary timing differences	50	(132)	(304)
Total tax charge for the period	**3,501**	**3,766**	**8,660**

The income tax expense was recognised based on management's best estimate of the annual income tax rate expected for the full financial year, applied to the profit before tax for the half year ended 31 January 2016.

6. **Ordinary Dividends**

	Six months ended 31 January 2016 £'000	2015 £'000	Year ended 31 July 2015 £'000
Declared and paid during the period:			
Ordinary dividend on ordinary shares *(Pre-IPO)*	36,765	6,641	6,622
Ordinary dividend on 'MR' shares *(Pre-IPO)*	864	240	240
Ordinary dividend on 'A' ordinary shares *(Pre-IPO)*	2,469	448	449
Adjustment in respect of prior period	-	-	(13)
	40,098	**7,329**	**7,298**

The dividends paid in the six months ended 31 January 2016 were paid prior to the reorganisation of share capital, see note 11, and therefore are shown as dividends split between the pre reorganisation share classes.

An interim dividend of 1.70p per share, amounting to a total dividend of £3.33m was declared post period end and is to be paid on 29 April 2016 to those on the share register on 1 April 2016.

7. **Trade and other receivables**

	Six months ended 31 January 2016 £'000	2015 £'000	Year ended 31 July 2015 £'000
Trade and other receivables	107,471	105,011	112,943
Allowance for doubtful debts	(853)	(1,588)	(1,008)
Net trade receivables	**106,618**	**103,423**	**111,935**
Called up share capital not paid	-	2,242	1,783
Other debtors	41	59	49
Prepayments	3,125	2,980	3,785
Accrued Income	3,689	3,334	4,400
	113,473	**112,038**	**121,952**

8. Trade and other payables

	Six months ended 31 January 2016	2015	Year ended 31 July 2015
	£'000	£'000	£'000
Trade payables	72,552	47,720	71,213
Other taxes and social security	8,939	7,536	9,209
Accruals	22,874	20,025	23,361
Deferred Income	4,413	4,262	4,270
	108,778	**79,543**	**108,053**

9. Earnings per share

	Six months ended 31 January 2016	2015	Year ended 31 July 2015
	Pence	Pence	Pence
Earnings per share			
Basic	6.09	7.12	16.25
Diluted	6.07	6.99	15.98
Adjusted earnings per share			
Basic	8.21	7.14	16.74
Diluted	8.18	7.02	16.46

The calculation of the basic and adjusted earnings per share and diluted earnings per share is based on the following data:

	Six months ended 31 January 2016	2015	Year ended 31 July 2015
	£'000	£'000	£'000
Earnings			
Earnings for the purposes of earnings per share being profit for the period	11,933	13,548	31,117
Adjusted Earnings			
Profit for the period	11,933	13,548	31,117
Exceptional costs	3,693	58	999
Share based payment charge	506	1	5
Tax effect of adjusting items	(46)	(13)	(57)
Earnings for the purposes of adjusted earnings per share	16,086	13,594	32,064

The weighted average number of shares is given below:

	Six months ended 31 January 2016	2015	Year ended 31 July 2015
	000's	000's	000's
Number of shares used for basic earnings per share	195,935	190,376	191,540
Number of shares deemed to be issued at nil consideration following exercise of share options	696	3,344	3,228
Number of shares used for diluted earnings per share	**196,631**	**193,720**	**194,768**

10. **Notes to the cash flow statement**

	Six months ended 31 January 2016	2015	Year ended 31 July 2015
	£'000	**£'000**	**£'000**
Cash flow from operating activities			
Operating profit	15,328	17,233	39,582
Depreciation of property, plant and equipment	920	890	1,794
Amortisation of intangibles	161	163	353
(Profit)/loss on disposal of fixed assets	(6)	-	28
Cost of equity settled employee share schemes	189	1	5
Operating cash flow before movements in working capital	**16,592**	**18,287**	**41,762**
(Increase)/decrease in inventories	(1,270)	2,244	1,830
Decrease/(increase) in trade and other receivables	6,706	(12,051)	(22,425)
Increase in trade and other payables	725	5,039	33,563
	6,161	(4,768)	12,968
Cash generated from operations	**22,753**	**13,519**	**54,730**
Income taxes paid	(4,256)	(3,964)	(7,319)
Net cash generated from operating activities	**18,497**	**9,555**	**47,411**

11. **Share capital**

	Six months ended 31 January 2016	2015	Year ended 31 July 2015
	£'000	**£'000**	**£'000**
Authorised			
Pre reorganisation			
Ordinary shares of 1p each	112	112	112
'MR' shares of 1p each	2	2	2
'A' ordinary shares of 1p each	6	6	6
	120	**120**	**120**
Post reorganisation			
Ordinary shares of 0.05p each	120	120	120
Deferred shares* of 0.01p each	-	-	-
	120	**120**	**120**
Allotted and called up			
Pre reorganisation			
Ordinary shares of 1p each	91	90	90
'MR' shares of 1p each	2	2	2
'A' ordinary shares of 1p each	6	6	6
	99	**98**	**98**
Post reorganisation			
Ordinary shares of 0.05p each	99	98	98
Deferred shares* of 0.01p each	-	-	-
	99	**98**	**98**

*At 31 January 2016 the deferred shares had an aggregate nominal value of £189.33

On 12 November 2015, by special resolution of the Company, it was resolved that:

- 188,500 'MR' shares of £0.01 each be redesignated as ordinary shares of £0.01 each and their rights varied accordingly;
- 588,322 'A' ordinary shares of £0.01 each be redesignated as ordinary shares of £0.01 each and their rights varied accordingly;
- 18,933 'A' ordinary shares of £0.01 each be redesignated as deferred shares of £0.01 each; and
- each ordinary share of £0.01 be sub-divided into 20 ordinary shares of £0.0005 each.

12. Related party transactions

Dividends to Directors

The following Directors, who served as Directors for either the whole or part of the year, were paid the following dividends:

	Six months ended 31 January 2016	Six months ended 31 January 2015	Year ended 31 July 2015
	£'000	£'000	£'000
P D J Kelly	21,065	3,899	3,899
M J Hellawell	4,868	886	886
B Wallace	175	11	11
C Brown	407	74	74
	26,515	4,870	4,870

With the exception of the above, there were no other significant related party transactions.

13. Post balance sheet events

Dividend

An interim dividend of 1.70p per share, amounting to a total dividend of £3.33m was declared post period end and is to be paid on 29 April 2016 to those on the share register on 1 April 2016.

14. Seasonality of operations

Historically, revenues have been marginally 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. This increased revenue weighting in the second half of the year has traditionally resulted in higher operating profit in the second half.

Independent review report to Softcat plc

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 January 31, 2016, which comprise the interim statement of financial position as at January 31, 2016 and the related interim statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended and explanatory notes. 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 the 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 notes 1 and 2, the annual financial statements of the Company 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 endorsed by and adopted for use in 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 the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, 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 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 31 January 2016 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
London
17 March 2016

Corporate Information

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.

Directors
G L Charlton
L Ginsberg
M J Hellawell
V Murria
P Ventress
B Wallace

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