"2004 was a year of further good progress for Computacenter. In particular, our Managed Services revenues in the UK grew by 16.6% and we began to see clear evidence of success in our efforts to transfer our Managed Services best practices to Computacenter Germany."

2004 was a year of further good progress for Computacenter. Whilst revenues for the Group were broadly unchanged at £2.46 billion (2003: £2.48 billion), this represents a considerable achievement in markets where core product prices continued to decline in the order of 12% – 15%. Profit before tax rose 3.2% to £67.3 million (2003: £65.2 million), excluding non-operating exceptional charges relating to the disposal of the Austrian business and the dilution of our interest in Biomni. Diluted earnings per share increased by 2.0% to 25.1p (2003: 24.6p). Including the exceptional charges, profit before tax was £64.6 million and diluted earnings per share was 23.7p. Cash generation from operations was extremely strong, and the Group ended the year with net funds of £80.0 million (2003: £49.9 million).

I am pleased to recommend a final dividend of 5.2p per share, bringing the total dividend for the year to 7.5p (2003: 7.0p), an increase of 7.1%. The final dividend will be paid on 31 May 2005 to shareholders on the register as at 6 May 2005.

There are many encouraging features of Computacenter's performance in 2004. In particular, our Managed Services revenues in the UK grew by 16.6% and we secured a number of significant new contracts, in addition to extending the scope of many existing engagements. Our Managed Services performance contributed to an increase in UK operating profit of 4.2% to £64.4 million.

> A sound platform has now been created for future growth in our German business.

> Cash generation from operations was extremely strong, and the Group ended the year with net funds of £80.0 million (2003: £49.9 million).

We also began to see clear evidence of success in our efforts to transfer our Managed Services best practices to Computacenter Germany. We now have an annualised Managed Services contract base in excess of £82 million in Germany, and are confident that this will continue to grow strongly in the years ahead.

More generally, we are pleased with the overall progress made in integrating and building our German business. Although operating profit in Computacenter Germany rose only modestly to £9.0 million (2003: £8.7 million), this does not fully reflect the achievements of the integration programme since the acquisition in early 2003. The changes made to the management, organisation and working practices have been considerable, and a sound platform has now been created for future growth.

Early in 2005, we announced our decision to dispose of our loss-making Austrian operation, which we acquired as a condition of the acquisition of our German business in 2003. Computacenter Austria is to be acquired by S&T System Integration & Technology Distribution AG, which will also become Computacenter's international partner for service delivery in Austria and other countries across Central and Eastern Europe. The disposal is expected to complete in March 2005.

The performance of Computacenter France continued to disappoint, with operating losses deepening to £6.2 million (2003: loss of £2.7 million). Whilst this partly reflects the substantial investment we made during the year on various business improvement initiatives, the benefits of which have yet to be realised, this is clearly an unacceptable financial performance. A leading presence in the French market remains a core part of our strategy, and we are determined to restore Computacenter France to financial and competitive health. The management team in this business has now been substantially re-constituted, and Chris Webb, one of our most senior executives and previously responsible for our UK sales and services delivery, has been placed in charge of the French business from the start of 2005.

More encouragingly, growth in our BeLux business was strong, particularly in Managed Services, and for the first time, the Belgium operation showed a profit.

In November, we announced that the outcome of the annual renegotiation of terms with HP, our principal trading partner, would have a material adverse impact on Computacenter's profits in 2005. This outcome reflects the intensity of competition in the IT infrastructure market, which is unlikely to moderate in the foreseeable future.

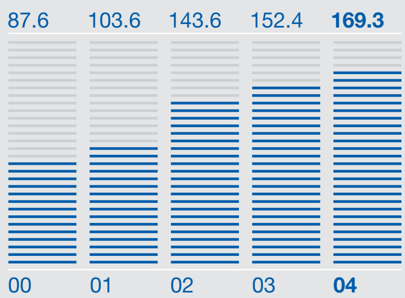
Trading in the first two months of 2005 has been subdued and below anticipated levels. However, given Computacenter's seasonal sales patterns, it is too early to know whether this will have any impact on the overall result for the year.

Looking ahead, and in response to market developments, we have intensified our efforts to accelerate the growth of the services side of our business and to broaden the range of our services activities. We are also determined to extend the penetration of our product sales into the small and medium-sized business segment. In addition, we have stepped up our investments in new technology to improve the efficiency of our core product sales processes. These developments, taken together with the prospects of growth in our German operations and the potential for recovery in France, give me confidence that the Group is well positioned to deliver attractive levels of earnings growth in the years ahead.

Computacenter has a long history of successfully adapting its business model to meet changing market conditions. This has been possible due to the staff of Computacenter, who have continued to demonstrate a deep commitment to the Group and an enthusiasm to deliver ever higher levels of performance, and to whom I offer my wholehearted thanks.

Ron Sandler
Chairman

UK Managed Services contract base, year-end 2000 to 2004 £million



Germany Managed Services contract base, year-end 2002 to 2004 £million

+11.1%

2003 to 2004 UK contract base growth

+28.0%

2003 to 2004 Germany contract base growth