"We have intensified our focus on services growth and are seeking to extend our penetration of the small and medium-size business sector. We are also focusing our efforts on further streamlining our sales processes. The recovery of our business in France and further growth in Germany remain core priorities."

UK

In 2004, we saw 16.6% growth in our Managed Services revenues as customers continued to look to Computacenter to help them improve the quality and reduce the cost of IT infrastructure management. This growth in Managed Services helped to mitigate the impact of intense price competition in the technology supply market. Consequently, whilst revenues in the UK declined slightly to £1.43 billion (2003: £1.46 billion), UK operating profit grew 4.2% to £64.4 million (2003: £61.8 million).

Our commitment to reduce costs and improve service helped persuade EDF Energy, in the second half of the year, to award us a major Managed Services contract. Under the terms of the agreement, Computacenter will manage in excess of 10,000 desktops and laptops, as well as printers and servers, at more than 100 sites across the UK. The contract is for three years, with an option to extend for a further two years.

Improved end-user service was the main focus of the award of a seven-year Managed Services contract, valued at £11 million, by South Lanarkshire Council. Computacenter will be responsible for the entire lifecycle of the council's 5,000 desktops, laptops and printers, from procurement and installation to maintenance and disposal.

Other Managed Services successes included a five-year contract with Channel 4 Television, valued at £7 million, for a full end-to-end Managed Service, and the award of additional business worth £1.2 million per year on our current five-year contract with BAA.

We also saw increased interest in our Infrastructure Integration services. Particularly notable was a large-scale roll-out for English Welsh and Scottish Railways, including server and desktop product supply and configuration, project management and installation. Also notable was a project for the UK Government's Prescription Pricing Authority, for which we deployed a consolidated enterprise storage, server and support solution.

Our Technology Sourcing business performed well during 2004. Revenues declined by 3.2%, although this is in the context of continued price erosion in the market in the order of 12-15%. Product margins overall were stable. However, as announced in November, the renegotiation of terms with HP, our principal trading partner, is likely to have an adverse effect on UK profits in 2005 in the order of £10 million.

Substantial new Technology Sourcing business in 2004 included an additional £19 million of product supply for BT Retail, arising out of our BT Managed Services contract, and a three-year contract with Geest, covering vendor management and supply, with order placement via our Computacenter Connect webshop.

Revenues of CCD, our trade distribution division, declined slightly as a direct result of changes to HP's reseller end-user pricing model. This affected all similar distributors, but did not impact either our leading position with the vendor nor our overall profitability.

RDC, our recycling and remarketing arm, saw a 25% growth in throughput over the full year and recorded its best ever half-year profit performance in H1 2004. This performance is partly attributable to organisations looking to improve their waste management to conform to European Waste Electrical and Electronic Equipment (WEEE) directives.

Germany

Despite continuing price pressure we saw increased demand for outsourcing services in the second half of the year. As a result, and following a slightly disappointing first half, we recorded 7.7% growth in German H2 revenues compared to the same period in 2003, resulting in full year revenue growth of 3.2%. In local currency this growth was 10.1% in H2 and 5.2% for the year. Full year profits showed a modest increase of 3.1% to £9.0 million (2003: £8.7 million).

In June, and consistent with our determination to share senior management expertise across the Group, we appointed Colin Brown as CEO of Computacenter Germany (formerly CC CompuNet). Colin previously ran the highly successful UK Government business.

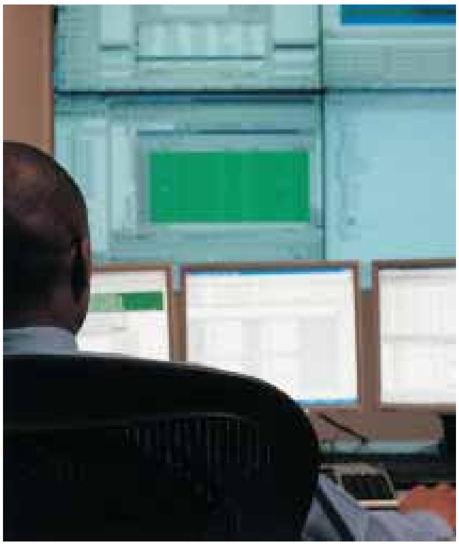
Growing our services business and improving our ability to respond quickly

+16.6%

Managed Services revenues grew 16.6%, as customers continued to look to Computacenter to help them improve the quality and reduce the cost of IT infrastructure management.

Growing operational effectiveness
In Germany, we restructured our sales organisation and centralised our project management and consulting resources.

Reducing customer downtime
Managed Services contracts often include a requirement to monitor remotely and resolve our customers' IT systems problems from our Hatfield Service Operations Centre.



Leading waste management
Customer concern over meeting legislative requirements on electrical equipment waste gave RDC, our recycling and re-marketing arm, its best ever half-year profit performance.

to changing customer requirements have been key priorities in Computacenter Germany. This has led to a restructuring of our sales organisation to align it more closely with the market, and the centralisation of our project management and consulting resources. These initiatives are similar to changes that have proved successful in the UK.

To reduce operational overheads and streamline our branch network, we consolidated our premises in Essen and Cologne, creating a new sales headquarters in Ratingen, near Dusseldorf.

There were a number of substantial Managed Services contract wins and extensions in 2004, which helped to grow Computacenter Germany's Managed Services contract base by 28.0% to £82.9 million. These included the award of a five-year Managed Services contract by FinanzIT Servicegesellschaft, a major IT supplier to the German Savings Banks Organisation, covering 4,500 users and valued at approximately €12 million.

Other successes included the award of a three-year Managed Services contract by DaimlerChrysler Services, and a contract for Managed Services and Technology Sourcing with leading German insurance company R+V Versicherung. We were also awarded a three-year Managed Services extension on our contract with BMW Group.

France

Our French business traded poorly throughout 2004 and was subject to some extensive re-engineering, particularly in the second half. France recorded an operating loss of £6.2 million (2003: £2.7 million) on revenues of £300.4 million (2003: £324.5 million). Excluding amortisation of negative goodwill, the losses were broadly similar to those of the previous year.

These results reflect a substantial investment in a major transformation project, the full benefits of which are still to be realised. Nevertheless, this level of performance is clearly unsatisfactory and significant changes were made during the year to improve the business and the effectiveness of the management team. New managers were recruited to run our maintenance, finance and logistics functions, and in January 2005 we appointed Chris Webb, formerly responsible for UK sales and services delivery, as Managing Director of Computacenter France.

We continue to focus on the three core activities of product logistics, implementation and maintenance. In these areas we are seeking to improve service levels and delivery times, developing our capability for large project roll-outs and investing in training to ensure we have the right mix of skills to support future growth.

Significant improvements in operational performance in logistics are already taking place. For example, a record 97% of shipments to customers were made from our Roissy operations centre on the same day as the orders were received by us. The efficiency of the operations centre has benefited from a design reconfiguration and introduction of a new stock location management system. To give us greater logistics flexibility and capacity we also opened a new 3,000m^2 warehouse with its own Goods-In and Goods-Out facility. We see the improved performance of our maintenance services as critical to financial recovery in Computacenter France. This has led us to redesign our maintenance organisation, which now reports directly to the Managing Director. We have also successfully introduced into France our UK parts management system, which has been a key contributor to the improved commercial performance of the UK's maintenance business in recent years.

At the same time, we have substantially improved our financial management and control disciplines. By the year-end, we succeeded in reducing accounts receivable days by 33%.

Computacenter France continued to win significant new business. A new customer, DIM, awarded us a Managed Services contract, covering help desk, asset management, desktop support and management of moves and changes. We also won an extension on our Managed Services contract with Elior, covering an off-site help desk, maintenance and network and server administration. Other notable wins included Infrastructure Integration consultancy and storage solutions for the French government's Agence Centrale des Organismes de Sécurité Sociale, and a major Technology Sourcing agreement with Biomérieux.

Encouraging personal empowerment
We continued to focus on empowering our people, with decisions made as close as possible to the customer.

Lowering customer risk
An increasing number of customers are testing their IT solutions prior to deployment in the risk-free environment offered by our Solutions Centre.

Streamlining sales processes
A new web-based sales administration system was developed and will be introduced in 2005.

Belgium and Luxembourg

In 2004 our 'BeLux' operation became profitable for the first time, on the strength of a 21.4% revenue growth to £21.0 million.

Managed Services activities made a strong and growing contribution, led by ongoing contracts with SWIFT and Group Deutsche Boerse/Clearstream, as well as significant technology refresh projects with customers such as Banksys, Eli Lilly, and the King Baudouin Foundation.

New customer wins included server deployment projects for BT Global Services and Campbell Foods. Significant services projects were undertaken for the National Research Fund and the NATO Maintenance and Supply Agency.

We continue to look at opportunities for expanding our BeLux business. In Luxembourg, following new legislation introduced for the financial sector, we were licensed by the Ministry of Finance in March 2005 as a specialised IT operator for banks and investment funds, where we see significant opportunities for growth.

Disposals

Following a disappointing performance in 2004, we reached agreement in early January 2005 to sell our Austrian subsidiary, Computacenter GmbH, to S&T System Integration & Technology Distribution AG. S&T is a Central and Eastern European regional market leader in IT, with revenues of approximately €230 million. The company employs 1,300 people and is listed on the Austrian stock market.

We believe S&T's local scale and depth of resource will offer the best prospects for our staff and our customers in Austria. S&T will also become Computacenter's International Partner for service delivery in Austria and other countries across Central and Eastern Europe, allowing Computacenter to offer an improved service to our international customers in these geographies. The disposal is expected to complete in March 2005.

During the year, we took the decision to invest no further funds in Biomni, our e-commerce joint venture. At the year-end, our ownership interest in Biomni had fallen to 41.7%, and subsequent to year-end reduced further, producing a non-operating exceptional net charge of £0.3 million.

Business development

In the expectation of further pressure on our product margins, we have intensified our focus on services growth. We are also seeking to extend our penetration of the small and medium-size business sector. We are confident that the competitive advantage we enjoy from our investment in high-quality logistics presents a significant opportunity for extending our product supply leadership in the corporate and public sector markets to smaller organisations.

The Group continues to invest in systems and processes to support business growth. The next version of our integrated Services Management Tool Suite (SMTS v3.0) will begin to be deployed with UK Managed Services customers in H1 2005 and will ultimately be made available across the Group. SMTS v3.0 will significantly enhance our Managed Services offering, improving our ability to audit and manage our customers' technology assets on their behalf.

We are also focusing our efforts on further streamlining our sales processes, aided by the introduction of a new web-enabled sales administration system in the UK, to be implemented in H1 2005, and a major revision of our Computacenter Connect web-shop. These new e-commerce systems will begin to be implemented across the rest of the Group towards the end of 2005.

In addition, it remains our strategy to establish leading positions in each of the major European markets for IT products and services. To that end, the recovery of our business in France and further growth in Germany remain core priorities.

Mike Norris
Chief Executive Officer

Focusing on recovery in France
We improved our financial management and control disciplines in France, reducing accounts receivable days by 33%.

Leveraging high quality logistics
Our investment presents us with opportunities for product supply penetration of the small and medium-sized business sector.