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Chairman's Statement

I am pleased to report that Computacenter made further excellent progress during the first six months of 2003, with profit before tax growing by 31.2% to #32.0 million (2002: #24.4 million).

The Group's balance sheet remained strong, with net cash of #24.4 million at the period end. Reflecting Computacenter's confidence in the cash generative nature of its business, and bringing the payment profile of its dividends more closely into line with its peers, Computacenter has decided to pay an inaugural interim dividend of 2.0p per share on

10 October, 2003 to shareholders on the register as at 12 September, 2003. From now onwards, the Board intends to target declaring approximately one third of the total annual dividend at the interims.

The strong profit performance was achieved despite continuing weak markets for IT capital expenditure. This is reflected in a decline of 6.5% in Group revenues, excluding the impact of acquisitions, compared with the same period in 2002. Much of this decline can be attributed to price reductions for IT hardware. However, Computacenter once again demonstrated an ability to overcome revenue pressures through a strategy of building its higher-margin contracted services base and maintaining rigorous control over its costs.

We have maintained our focus on developing Computacenter as a leading multi-vendor IT infrastructure services provider, with continued investment in enhancing our Managed Services capabilities. Two major new Managed Services contracts in the first half of 2003, with Abbey National and HBOS, provide further evidence of the success of this strategy. Managed Services revenues in the UK grew by 12.3% over the previous year.

The second key thrust of Computacenter's strategy has been the building of leading positions in the major European markets. The acquisition in January of GE CompuNet, the market leader in Germany, was a significant step towards the achievement of this goal. The integration and repositioning of GE CompuNet, now renamed CC CompuNet, has been the subject of a comprehensive programme involving much of the senior management team of Computacenter. Whilst a great deal remains to be done, the early signs of progress are encouraging, and I am confident that CC CompuNet will deliver fully the benefits to the Group envisaged at the time of its acquisition.

The performance of Computacenter France has been disappointing, with an operating loss of #1.7 million (2002: #0.2 million profit) in the first half of the year. Steps are being taken to improve the operational efficiency of this business and by the year end I hope to report that progress has been made.

As regards the outlook for the remainder of the year, we anticipate that, in the absence of any change in market conditions, the performance achieved thus far by the Group should be sustainable.

Finally, it is the staff of Computacenter, with their skills and commitment to customer service, who are responsible for the continued success of the Group. I am delighted to acknowledge their contribution and thank all of them for what has been achieved.

Ron Sandler
Chairman

Review of Operations

UK

UK operating profit grew by 22.5%, from #25.7 million to #31.4 million, as we continued to see strong demand from the government sector in the UK and a substantial improvement in the telecommunications market. However, the financial services and general commercial markets remained weak.

Our Managed Services activities made good progress, with a growing number of customers looking to Computacenter to assist in reducing the costs and complexities of managing their IT infrastructures. We were awarded two significant new Managed Services contracts, by Abbey National and HBOS, in the first half of the year. Under the terms of the former contract, valued at #70 million over five years and covering all of Abbey National's 28,000 employees, Computacenter will assume responsibility for the design, implementation and management of the entire desktop infrastructure. At HBOS, the scope of Computacenter's existing Managed Services contract has been extended and from August 2003, we will manage 35,000 desktop PCs, nearly half of the HBOS estate, under a three-year agreement. Together, these two contracts will entail the transfer of some 300 staff to Computacenter under TUPE regulations, during H2 2003 and H1 2004.

We have a strong pipeline of Managed Services bid opportunities for the remainder of the year, which bodes well for further growth in our contracted services base in 2004.

Overall, we maintained the high levels of Professional Services utilisation achieved in 2002 and again delivered a number of major integration projects. These included the implementation of a standardised IT infrastructure for Places for People, a leading housing provider, which has led to an 18% reduction in calls to its helpdesk. We also deployed a fully supported in-room entertainment and business services system for London's Dorchester Hotel, to enhance service delivery to their customers, and project managed the testing of 135 application systems for Marks and Spencer plc.

Towards the end of the period we saw evidence of a developing demand for Microsoft Windows XP roll-outs, offering increased business opportunities in the months ahead.

The product resale market remained subdued, with corporate customers maintaining their cautious approach to IT capital expenditure. However product margins increased by almost 1% over the same period in 2002. This was mainly due to large-scale corporate and government roll-outs, at lower margins, representing a smaller proportion of UK revenues compared with the past two years.

Demand from small and medium-sized businesses has been stronger, which has benefited CCD, our trade distribution division that supplies the second tier resellers who service these customers. In the first half of 2003, CCD grew its revenues by 14.8% and extended its leading market share with HP, its main vendor. In May CCD was appointed as an authorised distributor for HP printers. We now offer a single source for all HP trade distribution, from desktop PCs to high-end enterprise servers.

Our recycling and re-marketing arm, RDC, saw profits grow 61.7% over the same period in 2002, to #0.9 million. A move into new premises and the introduction of a shift system enabled RDC to increase its throughput to over 50,000 units per month.

We maintained our focus on reducing our cost base and making the most effective use of our resources. As a result, over the first half of 2003, we achieved a 3.6% reduction in sales, general and administration costs within the UK business compared to the first half of 2002.

Germany

The acquisition of GE CompuNet, subsequently renamed CC CompuNet, was completed in early January 2003.

An extensive integration programme was initiated immediately following the acquisition, focused upon sharing best practices around the Group and leveraging central resources to improve the scope, quality and cost-effectiveness of CC CompuNet's offerings. This has resulted in a major reorganisation of the German business. Whilst the programme is still in its early phases, I am pleased with the progress that has already been made, and with the enthusiasm and commitment of the German management team.

CC CompuNet made an operating profit of #3.2 million in the first six months of the year. Due to the continuing weakness of the German economy, revenues were down 10.7% on H1 2002.

CC CompuNet worked with other Computacenter companies to secure the award of a four-year international Managed Services contract with Deutsche Borse AG, Frankfurt, servicing 4,500 employees across Germany, Luxembourg and the UK.

Other successes included a five-year contract for a Linux migration awarded by the Deutscher Bundestag (the lower house of the German parliament).

France

Difficult market conditions had an adverse impact on the performance of Computacenter France, which made an operating loss of #1.7 million for the first six months of the year. The cost base of the French business remains too high, partly due to the difficulties encountered in integrating the GECITS acquisition in 2002. Utilisation of professional services staff in France was particularly disappointing and significantly affected operating performance.

Measures to address these issues, including steps to increase utilisation in professional services and reduce sales, general and administration expenses, led to restructuring costs of #1.2 million in the first half, which are included in the operating result. I am confident that these measures will lead to a material improvement in performance.

Despite the weak market, Computacenter France continued to attract significant new customers. New contract wins in France during the first half of this year include Paris City Hall and the General Council of Paris, for whom we will supply desktops, laptops and networking technology. We were also successful in winning contract extensions with UNEDIC Assurance Chomage, Conseil Regional de Haute Normandie and Gendarmerie Nationale. Computacenter France also designed, installed, integrated and supported the IT infrastructure for the G8 summit in Evian.

Other countries

Results in our Belgium and Luxembourg operation were encouraging, showing a 55.2% reduction in operating loss over H1 2002 to #0.2 million. A major technology refresh project was delivered for the BP/Solvay joint venture company and we won a two-year extension to our SWIFT desktop outsourcing contract.

In January 2003 we acquired GECITS Austria, which has been renamed Computacenter Austria. Despite showing improved profitability over the figures reported by GECITS for the second half of 2002, performance of this business was somewhat disappointing, with an operating loss of #0.3 million for the first half. Encouraging developments over this period included a contract for the hardware maintenance of the entire desktop estate of BAWAG-PSK, a leading Austrian bank and a systems roll-out for PriceWaterhouseCoopers Austria.

Summary

I am pleased with overall Group performance in the first half. We will continue to take advantage of the many opportunities we see in the market whilst maintaining a rigorous control over our cost base.

Mike Norris
Chief Executive

Group profit and loss account For the six months ended 30 June 2003

	Unaudited six months ended 30 June 2003 # '000	Unaudited six months ended 30 June 2002 # '000	Audited year ended 31 Dec 2002 # '000
Turnover: Group and share of joint venture's turnover	1,255,599	976,958	1,930,135
Less: share of joint venture's turnover	(937)	(1,936)	(3,398)
Continuing operations:			
Ongoing	911,291	975,022	1,926,737
Acquisitions	343,371	-	-
Group Turnover	1,254,662	975,022	1,926,737
Operating Costs	(1,222,211)	(949,618)	(1,870,570)
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Operating Profit

Continuing operations:			
Ongoing	29,530	25,404	56,167
Acquisitions	2,921	-	-

Group Operating Profit	32,451	25,404	56,167
Share of operating loss in joint venture	(69)	(187)	(1,272)
Share of operating profit/(loss) in associate	163	13	(13)
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Total operating profit: Group and share of associate and joint venture	32,545	25,230	54,882
Release of provisions relating to termination of operations	-	-	863
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Profit on ordinary activities before interest and taxation	32,545	25,230	55,745
Interest receivable and similar income	1,569	2,843	7,367
Interest payable and similar charges	(2,094)	(3,668)	(8,031)
	-----	-----	-----
Profit on ordinary activities before taxation	32,020	24,405	55,081
Tax on profit on ordinary activities	(10,377)	(8,174)	(18,074)
	-----	-----	-----
Profit on ordinary activities after taxation	21,643	16,231	37,007
Minority interests	20	5	25
	-----	-----	-----
Profit attributable to members of the parent company	21,663	16,236	37,032
Dividends - ordinary dividends on equity shares	(3,775)	-	(10,657)
	-----	-----	-----
Retained profit for the period	17,888	16,236	26,375
	=====	=====	=====
Earnings per share			
- Basic	11.8p	8.9p	20.4p
- Diluted	11.6p	8.6p	19.8p
Dividends per ordinary share	2.0p	-	5.8p

Group statement of total recognised gains and losses
For the six months ended 30 June 2003

	Unaudited six months ended 30 June 2003 # '000	Unaudited six months ended 30 June 2002 # '000	Audited year ended 31 Dec 2002 # '000
Profit for the financial year excluding share of joint venture and associate	21,581	16,354	37,978
Share of joint venture's loss for the year	(48)	(131)	(933)
Share of associates' profit/(loss) for the year	130	13	(13)
	-----	-----	-----
Profit attributable to members of the parent company for the financial year	21,663	16,236	37,032
Exchange differences on retranslation of net assets of associated and subsidiary undertakings	1,271	1,336	1,238
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Total recognised gains for the year	22,934	17,572	38,270
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Group balance sheet

At 30 June 2003

	Unaudited six months ended 30 June 2003 #'000	Unaudited six months ended 30 June 2002 #'000	Audited year ended 31 Dec 2002 #'000
Fixed assets			
Intangible assets			
Goodwill	4,899	8,358	5,039
Negative goodwill	(2,663)	(7,070)	(4,793)
	-----	-----	-----
	2,236	1,288	246
	-----	-----	-----
Tangible assets	106,237	102,286	96,733
Investments	12,815	14,259	12,366
	-----	-----	-----
	121,288	117,833	109,345
	-----	-----	-----
Current assets			
Stocks	117,616	102,238	95,742
Debtors	422,652	277,554	286,882
Cash at bank and in hand	65,834	118,012	92,072
	-----	-----	-----
	606,102	497,804	474,696
Creditors: amounts falling due within one year	(429,299)	(363,160)	(320,569)
	-----	-----	-----
Net current assets	176,803	134,644	154,127
	-----	-----	-----
Total assets less current liabilities	298,091	252,477	263,472
Creditors: amounts falling due after more than one year	(326)	(852)	(1,613)
	-----	-----	-----
Provision for joint venture deficit			
Share of gross assets	725	4,159	943
Share of gross liabilities	(7,685)	(8,280)	(7,834)
	-----	-----	-----
	(6,960)	(4,121)	(6,891)
Provision for liabilities and charges	(22,190)	(7,818)	(9,696)
	-----	-----	-----
Total assets less liabilities	268,615	239,686	245,272
	=====	=====	=====
Capital and reserves			
Called up share capital	9,400	9,335	9,237
Share premium account	69,781	68,941	69,004
Capital redemption reserve	100	-	100
Profit and loss account	189,215	161,397	166,792
	-----	-----	-----
Shareholders' funds - equity	268,496	239,673	245,133
Minority interests - equity	119	13	139
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	268,615	239,686	245,272

Approved by the Board on 01 September 2003

MJ Norris, Chief Executive
FA Conophy, Finance Director

Group statement of cash flows

For the six months ended 30 June 2003

	Unaudited six months ended 30 June 2003 # '000	Unaudited six months ended 30 June 2002 # '000	Audited year ended 31 Dec 2002 # '000
Cash inflow from operating activities	10,553	24,988	60,614
Returns on investments and servicing of finance	(608)	(718)	(468)
Taxation			
Corporation tax paid	(10,253)	(5,605)	(17,485)
Capital expenditure and financial investment	(10,866)	(8,181)	(9,097)
Acquisitions and disposals	(37,821)	7,643	7,559
Equity dividends paid	(10,731)	(5,324)	(5,324)
	-----	-----	-----
Cash (outflow)/inflow before financing	(59,726)	12,803	35,799
Financing			
Issue of shares	940	285	350
Repurchase of own shares	-	-	(4,646)
Net Net repayment of capital element of finance leases	(240)	-	(474)
Decrease in debt	-	-	(38,313)
	-----	-----	-----
(Decrease)/increase in cash in the period	(59,026)	13,088	(7,284)
	=====	=====	=====

Reconciliation of net cash flow to movement in net funds
For the six months ended 30 June 2003

	Unaudited six months ended 30 June 2003 # '000	Unaudited six months ended 30 June 2002 # '000	Audited year ended 31 Dec 2002 # '000
Net funds at 1 January 2003	83,430	53,288	53,287
	-----	-----	-----
(Decrease)/increase in cash in the year	(58,786)	13,088	(7,284)
Cash outflow from repayment of debt and lease finance	(240)	-	38,787
	-----	-----	-----
Change in net cash resulting from cash flows	(59,026)	13,088	31,503
New finance leases	-	-	(1,164)

Amortisation of debt issue costs	-	(107)	(196)
	-----	-----	-----
Net funds at 30 June 2003	24,404	66,269	83,430
	=====	=====	=====

Analysis of changes in net funds

	At 1 January 2003 # '000	Cash flows in year # '000	At 30 June 2003 # '000
Cash at bank and in hand	92,072	(26,238)	65,834
Bank overdrafts	(7,626)	(33,028)	(40,654)
Finance leases	(690)	240	(450)
Debt due after one year	(326)	-	(326)
	-----	-----	-----
Total	83,430	(59,026)	24,404
	=====	=====	=====

NOTES TO THE ACCOUNTS

1 Accounting Policies

Basis of preparation

The unaudited interim financial information has been prepared on the basis of the accounting policies set out in the Group's statutory accounts for the year ended 31 December 2002. Certain comparative balance sheet information has been reclassified so that property related liabilities are shown as provisions. 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 Turnover and Segmental Analysis

The Group operates in one principal activity, that of the provision of information technology and related services. Turnover represents the amounts derived from the provision of goods and services which fall within the Group's ordinary activities, stated net of VAT.

An analysis of turnover, gross profit and operating profit by origin is given below:

Turnover by Origin	Unaudited six months ended 30 June 2003 # '000	Unaudited six months ended 30 June 2002 # '000	Audited year ended 31 Dec 2002 # '000
UK	755,785	828,874	1,597,344
Germany - acquisition	316,008	-	-
France	148,097	140,103	316,773
Austria - acquisition	27,362	-	-
Belgium & Luxembourg	7,410	6,045	12,620
	-----	-----	-----
Total	1,254,662	975,022	1,926,737
	=====	=====	=====

Turnover by destination is not materially different to turnover by origin and has, therefore, not been disclosed.

Gross Profit	Unaudited six months ended 30 June 2003 # '000	Unaudited six months ended 30 June 2002 # '000	Audited year ended 31 Dec 2002 # '000
UK	98,809	95,624	196,820
Germany - acquisition	46,439	-	-

France	16,995	15,523	34,932
Austria - acquisition	3,245	-	-
Belgium & Luxembourg	841	455	1,053
	-----	-----	-----
Total	166,329	111,602	232,805
	=====	=====	-----

Operating Profit	Unaudited six months ended 30 June 2003 # '000	Unaudited six months ended 30 June 2002 # '000	Audited year ended 31 Dec 2002 # '000
UK	31,434	25,657	57,642
Germany - acquisition	3,228	-	-
France	(1,689)	225	2,389
Austria - acquisition	(308)	-	-
Belgium & Luxembourg	(214)	(478)	(3,864)
	-----	-----	-----
Total group excluding associate & joint venture undertakings	32,451	25,404	56,167
Share of operating result of associates and joint venture	94	(174)	(1,285)
	-----	-----	-----
Total operating profit	32,545	25,230	54,882
	=====	=====	=====

3 Operating Costs

	Unaudited six months ended 30 June 2003 # '000	Unaudited six months ended 30 June 2002 # '000	Audited year ended 31 Dec 2002 # '000
Decrease /(increase) in stocks of finished goods	12,243	(6,853)	(357)
Goods for resale and consumables	879,521	765,976	1,484,202
Staff costs	201,009	124,427	227,175
Depreciation and other amounts written off tangible and intangible assets	10,020	8,737	16,758
Other operating charges	119,418	57,331	142,792
	-----	-----	-----
	1,222,211	949,618	1,870,570
	=====	=====	=====

4 Interest receivable and similar income

	Unaudited six months ended 30 June 2003 # '000	Unaudited six months ended 30 June 2002 # '000	Audited year ended 31 Dec 2002 # '000
Bank interest	1,284	2,843	5,802
Other interest receivable	285	-	1,565
	-----	-----	-----
	1,569	2,843	7,367
	-----	-----	-----

5 Interest payable and similar charges

	Unaudited six months ended 30 June 2003 # '000	Unaudited six months ended 30 June 2002 # '000	Audited year ended 31 Dec 2002 # '000
Bank loans and overdraft	704	5	3,256
Other loans	1,390	3,663	4,775

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2,094	3,668	8,031
=====	=====	=====

6 Tax on profit on ordinary activities

The charge based on the profit for the year comprises:

	Unaudited six months ended 30 June 2003 # '000	Unaudited six months ended 30 June 2002 # '000	Audited year ended 31 Dec 2002 # '000
UK Corporation tax			
Current	10,083	8,230	18,824
Deferred tax	-	-	(446)
Foreign tax	315	-	35
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	10,398	8,230	18,413
Share of joint venture's tax	(21)	(56)	(339)
	-----	-----	-----
	10,377	8,174	18,074
	=====	=====	=====

7 Earnings per share

The calculation of earnings per ordinary share is based on profit attributable to members of the holding Company of #21,663,000 (2002: #16,236,000) and on 183,396,000 (2002: 183,160,000) ordinary shares, being the weighted average number of ordinary shares in issue during the period after excluding the shares owned by the Computacenter Employee Share Trust, Computacenter Trustees Limited and the Computacenter Quest.

The diluted earnings per share is based on the same earnings figure of #21,663,000 (2002: #16,236,000) and on 186,743,000 (2002: 188,368,000) ordinary shares, calculated as the basic average number of ordinary shares, plus 3,347,000 (2002: 5,208,000) dilutive share options.

8 Investments

On 2 January 2003, Computacenter plc acquired GE CompuNet in Germany and GECITS in Austria for an initial consideration of #37,153,000. As part of the on going net asset valuation process, Computacenter plc anticipates receiving #34,436,000 from GE Capital, the vendors, resulting in a net consideration for the acquisition of #2,717,000.

The assets of each of these companies have been included in the Group's balance sheet at their provisional fair values at the date of acquisition. Further consideration may be payable contingent on the results of the acquired businesses dependent upon future profit performance.

Analysis of the acquisition of GE CompuNet and GECITS (Austria):

Net assets at date of acquisition:

	Book value # '000	Adjustments # '000	Provisional fair value to group # '000
Tangible fixed assets	15,828	(5,547)	10,281
Current assets	138,029	(1,210)	136,819
Current liabilities	(132,704)	-	(132,704)
Provisions	-	(11,679)	(11,679)
	-----	-----	-----
Net assets	21,153	(18,436)	2,717
Fair value of net consideration			2,717
Goodwill arising on acquisition			-

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Adjustments relate to the adoption of Computacenter's group accounting policies and recognition of property provisions.

9 Reconciliation of operating profit to operating cash flows

	Unaudited six months ended 30 June 2003 # '000	Unaudited six months ended 30 June 2002 # '000	Audited year ended 31 Dec 2002 # '000
Operating profit	32,545	25,404	56,167
Depreciation	12,008	8,737	17,138
Impairment of listed investment	-	-	1,865
Amortisation of positive goodwill	142	224	449
Impairment of positive goodwill	-	-	2,899
Amortisation of negative goodwill	(2,130)	(1,631)	(3,728)
Loss on disposal of fixed assets	(1,143)	-	110
(Increase)/decrease in debtors	(28,938)	18,283	8,955
Decrease/(increase) in stocks	13,176	(6,897)	(282)
Decrease in creditors	(15,994)	(20,219)	(23,708)
Currency and other adjustments	887	1,087	749
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Net cash flow from operating activities	10,553	24,988	60,614
	=====	=====	=====

10 Publication of non-statutory accounts

The financial information contained in this interim statement does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The financial information for the full preceding year is based on the statutory accounts for the financial year ended 31 December 2002. Those accounts, upon which the auditors issued an unqualified opinion, have been delivered to the Registrar of Companies.

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