System House

The monthly review of the financial performance of the UK software and computing services industry

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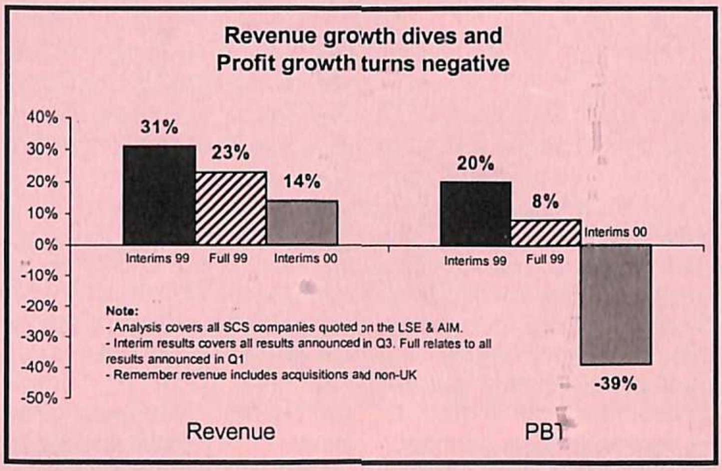
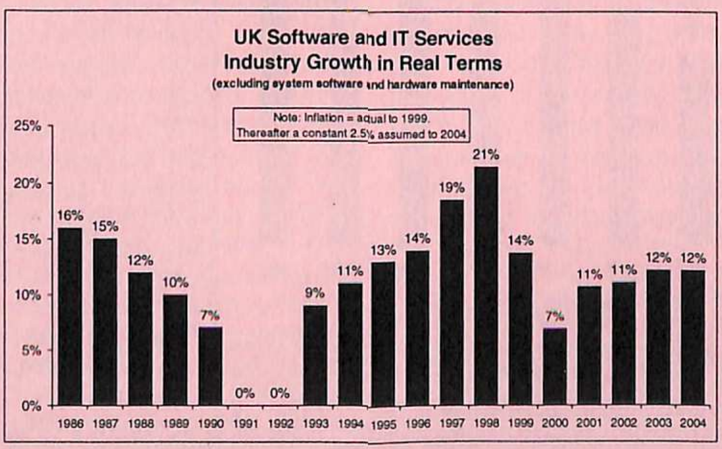
Y2K hangover takes toll on SCS Sector

There are many times when you really regret not sticking to your guns. As regular subscribers, you will recall our predictions made in the 1998 Holway Report that growth rates for the UK SCS market would halve - to 9% in real terms - in 2000. But at each and every meeting we had subsequent to that you told us that we were being far, far, too pessimistic. As we have always boasted that we actually get all our information from you anyway, we revised our forecasts upwards. Even so you still moaned that we were being doom-mongers! As it turned out we were all wrong. Our latest analysis of the results for FY00 announced so far shows UK revenue growth rates plunging by over 60%. We have therefore revised our forecast for UK SCS revenue growth for 2000 as a whole down from 14.2% (11.7% in real terms) to 9.4% (6.9% in real terms). This allows for some modest pick up in growth rates in H2.



Profits growth seems to have suffered even more. As the half yearly reporting season draws to a close, the SCS companies quoted on the LSE (incl. AIM) have shown a 39% decrease in PBT. That compares with a 20% increase for the same period in 1999. Revenue growth has also halved from 31% to 14%. Remember that this includes revenues resulting from acquisitions and from revenues earned outside the UK. Excluding those sources, revenue growth would have been under 7%. Although we expect some improvement in H2, our prediction that profits growth will be in *"negative territory"* in 2000 for a whole seems pretty much assured.



The growth reductions are pretty much across the board in the "traditional" type SCS operations. Even the mainstay IT outsourcing sector has seen growth rates reduce (to c12%) as there was a marked reduction (from £1,100m to £713m) in new outsourcing contracts signed in 1999. There is some evidence of the log jam being cleared (EDS and Rolls Royce, DSS, IBM and BoS) but these are unlikely to boost growth until 2001. Even Application Management has seen growth of just 9% as witnessed by the latest results from UK market leader FI Group.

Baan, System Union, Coda, SAP etc. are witness to the slowdown in revenues from application software. But it is in the area of solutions for SME that the major damage seems to be being wrought. **Microscope** reported a host of VARs/resellers etc. which have called in the receivers/liquidators in the last few months. These include One Stop Computer Solutions (a 30 branch/£30m revenue PC chain), 2020 Group, Nugen Media Distribution, Protek Europe, Debug, Camelot, Sight&Sound and others.

Microscope contained many quotes like *"Everyone is praying that the last quarter will be really good....a lot is riding on Q4"*. Prayer might indeed be required.

Finally, last month's front page article highlighted the continued problems faced by the ITSAs. But the main project houses (Cap Gemini, IBM etc.) have also seen their traditional T&M development work (what some refer to as "passing trade" type business) hit hard times with growth of just 4.6%.

But it's not all bad news. Those companies that have embraced e-services (compare and contrast Axon's results (p13) with FI/ Druid) and/or telecoms (particularly mobile like Logica) have seen high growth in those areas more than compensate for a slowdown in other parts of their business.

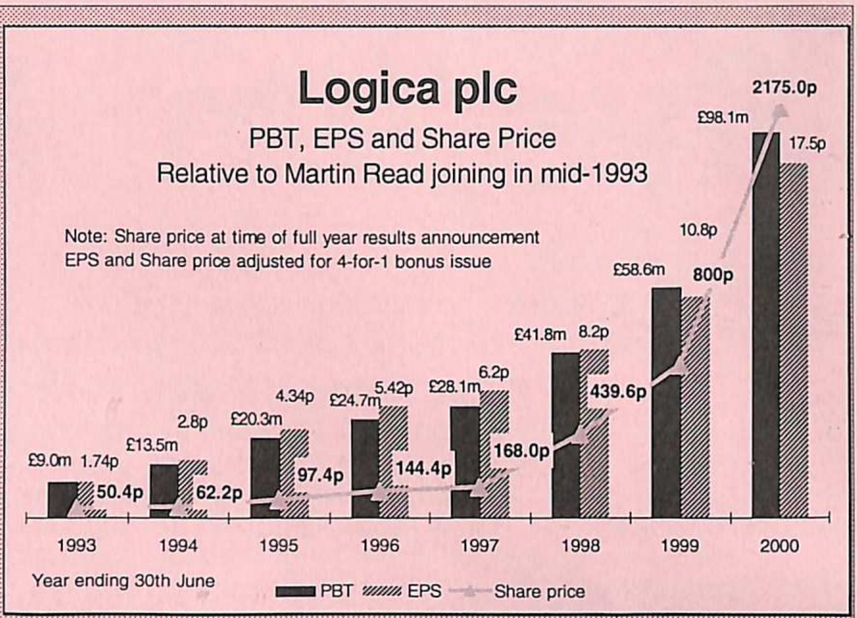
But even near 100% growth rates in e-services cannot make up for the shortfall in the far larger "traditional" side. Indeed without these new e-services, SCS growth would not be 9.4% (6.9% in real terms) but a much lower 7% (4.5% in real terms).

The future?.. here were are sticking to our guns. 2001 will see a revival of fortunes for the sector. But, of course, that's from a more depressed 2000 base. Even so, consistent 10%+ growth through to 2004 at least is a pretty healthy outlook for any industry.

But the really controversial message is that we believe that growth in the traditional parts of the market is over...forever. Stop kidding yourself that it will ever improve...it will not. The trick now will be to ensure that your company is a player in the highest growth e-services sector and that the new young upstarts - Razorfish and the like - do not come and take your long established customers away from you. But that means a significant change in approach. And change is something that most traditional IT services companies have historically found hard.

Logica

Logica's results for the year to 30th Jun. 00, were, in our view, truly excellent. Headline figures showed revenues up 28% at £847.4m (21% organic), PBT up 68% at £98.1m (the headline will probably show a lower 54% growth before goodwill and exceptionals to £97.4m), and diluted EPS up 62% at 17.5p. When Martin Read joined as CEO in mid-1993, Logica was a sick animal with PBT of £9.0m. It made c7% of its revenue from telecomms. Then Logica had a PBT margin of just 4.2%. We well remember our first lunch with Read when he vowed to produce 10% margins at Logica. Whichever figures you take, Read has reason to celebrate with a PBT margin of 11.6% this year...the first year it has exceeded 10%. Telecomms now represent c40% of revenues. *"Revenues in telecomms increased by 69% and now accounts for 40% of the group total"*. Indeed, revenues from mobile networks grew by 115% (at constant exchange rates). UK revenues increased by 35% to £382.9m with margins of 11.6%. In the UK it was Energy & Utilities which had the strongest growth with the new contract with Transco worth £60m and NETA (New Electricity Trading Arrangements) worth £50m.



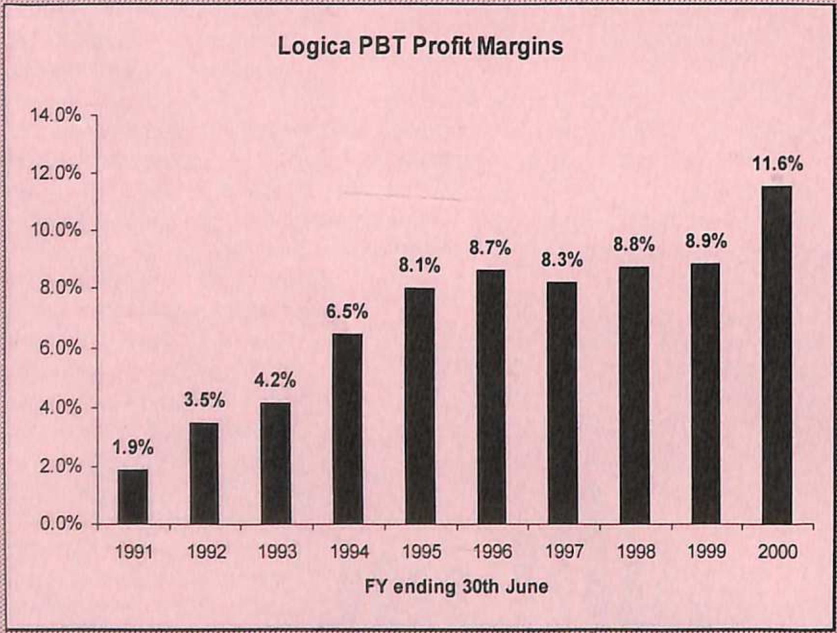
A few years back we were widely quoted saying that *"Logica was like a car which only ever got 5 of its 6 cylinders firing at the same time"*. This year at least three cylinders were duff:-

- In **Continental Europe** revenues (in constant terms) were down 1% and operating profits fell by 7%.. *"in France it is taking time to increase the value-added content of (Logica's) business"*.

- In the **USA** (where we have had to write so much "bad news" on Logica in the past that we really hoped the misery had come to an end) revenues declined by 17% to £56.6m and operating profit was down 20% at £3.3m.

- Logica's revenues from **Financial Services** declined by 21% to £119.8m. Indeed this gave rise to a 2% reduction in headcount in Logica overall (how many other majors can report this?) to 8,115.

Conversely, revenues from **Asia/Pacific** doubled to £38.1m.



Comment – The overall results – particularly the >10% profit margins – are great. Indeed Read thinks that margins can be *"even higher"*. He is so right. If all the cylinders were firing in unison they could be 14%+. But (and perhaps we are now getting old), Martin, you will never see this happening! But, don't be upset. The glory of the Logica that Read has built is that it now has many cylinders. The fact it can produce these kind of results even when a few of its cylinders are not "firing" correctly gives Logica a robustness that few (if any) have. That's why Logica is now **THE QUALITY ACT on the UK SCS scene.**

We gladly gave a magnum of champagne last year to Logica when they entered the FTSE100. They are now ranked number 38 and, indeed, are THE most highly valued SCS company on the London market. It's a remarkable achievement and one for which Read (and his whole team) should be duly proud. We would like to think we had played our (small) part too in the publicly aired advice which we have given (and Logica has largely taken on board) over these many years.

But what now? We would like to see some further, larger acquisitions. Only in that way will Logica secure its place at the international top table in the IT services rankings. When Read joined, the Logica share price was c50p...Logica's share price is currently 2130p. ***A standing ovation at the next AGM?***

iomart

Strength needed to survive upheaval

Iomart, the AIM-listed telecomms and internet services business, results for the six months ended 30th Jun. 00 showed turnover up more than fivefold (but still only £1.5m), LBT of £1.6m, down from £2.2m, and Loss Per Share of 4.1p (was LPS 2.8p). Commenting on the outlook Angus MacSween, CEO, said: *"Our marketplace has experienced considerable change and upheaval over the past few months and we expect this to continue for the foreseeable future. Against this background, we are confident that Iomart has the strength and flexibility to grow rapidly, particularly in our range of services to business customers. Iomart is totally committed to taking advantage of the significant opportunities in our chosen markets"*.

KSS - Global opportunities for intelligent pricing

Knowledge Support Systems, which "*develops and markets software systems which enable organisations to make profitable decisions through the setting of prices in competitive markets*", has announced its maiden interim results for the six months to 30th Jun. 00. Turnover down 27% to £896K (the sale of marketing rights to Alcatel worth £800K has not been recognised in this period, £400K of which has already been received), a PBT of £318K turned into a LBT of £426K and EPS of 0.6p dropped to Loss Per Share of 0.6p. Commenting on the results, Professor Madan Singh, Chief Executive, said: "*We have a strong management team, significant cash reserves and are well placed to exploit the significant global market opportunities for KSS's intelligent pricing decision support products. We face the next half year with confidence*". Share price was down 12.85% this month to end on 485p.

Orchestream

Maiden results encouraging

Orchestream, a "*developer of software for activating services on and enhancing the performance of IP networks*", has announced its maiden set of interim results since listing on the main market in June. Turnover for the 6 months to 30th Jun. 00 was £576K, LBT deepened from £2.3m to £5.4m as did Loss Per Share from 4.9p to 6.5p. Ashley Ward, Chief Executive commented: "*Whilst we are still at an early stage in our revenue development, we are very encouraged by the response we are receiving from customers to our software.....With the funds in place from our successful flotation, we now have the resources to enable us to build on our market position and to accelerate the process of transforming Orchestream from a start-up development company into a fully fledged software business.*" Orchestream also announced new contracts with FirstMark, Siemens Network Systems (for British Airways) and Interoute Telecommunications. Orchestream's share price finished the month up 6.54% at 677p.

Results galore this month...the best of the rest!...

Brainspark's maiden interim results to 30th Jun.00 reveal cash reserves of £14m and net asset value of £31.3m, up from £7.4m. Strategy has shifted from B2B to B2C. LBT is £561K....**Primar-e** (to be renamed Glow Comms) has acquired PTL for £2.1m and has announced interim results to 31st May 00. Rev down c30% at £3.4m, LBT improving at £237K (compared to £611K) and LPS at 0.89p (compared to 0.21p)....**e-capital investment's** results for year to 30th Jun.00 shows net assets reported of £38.8m compared to £3.0m in 1999. Profits on diposal of investments was £946K....**Moneyextra,** previously Xchange Holdings, has announced half year results. Revenue increased a modest 10% to £9.7m, but with an LBT of £17.9m, compared to £7.8m last time. Loss per share reported as 8.4p, a decrease of 6.65p.....**Clipserver.com**'s revenues for the six months to 30th Jun.00 have increased 15% to £1.7m and the previously reported LBT of £112K has been turned into profit of £38K.....**Interregnum** has announced year end results with revenue of £1.49m up 46%, an LBT has been converted into PBT of £145k and EPS is 0.19p.....**Internet Indirect**'s PBT for six months to 30th Jun.00 is £1.27m with EPS of 0.24p. The company has invested in three companies for the period amounting to £1.025m....**IBNet** (floated in Mar.00) reveals revenues of £14K for four months to 30th Jun.00, LBT is £549K and Loss per share of 1.5p....**Service Power** has announced maiden interim results with revenue down 38% to £1.15m. LBT more than doubled to £2.7m and loss per share deepened from 0.7p to 3.92p.....**iTouch** who IPOed on 2nd Aug.00, has announced results for the period from 18th Jan.00 to 30th Jun.00. Revenue is £1.02m (entirely acquisitions), LBT is £3.14m....**Overnet Data**'s interim results to 30th Jun.00 reveal revenue of £3K and LBT deepened from £27K to £425K...**Myratech.net** has announced revenue of £853K, up 26.2%, and LBT of £455K (a loss in 99), for the six months to 30th Jun.00....**Magic Moments** reporting for the same period has revenue of £1.08m, LBT of £789K and Loss per share of 0.39p.

Significant revenue in the not-too-distant 'Future'

Future Internet Technologies, has announced preliminary results for the 25 weeks ended 30th Jun. 00. Whilst the holding company was incorporated in Jan. 00, the first operational activities of Future Internet Technologies (formerly Griff-Tech.com) commenced in June 2000 therefore they are yet to show any turnover. LBT is £182K and Loss per share is 0.2p.

Dr Geoff Bristow (amazing how these people crop up again and again in SCS history!) commented on the results in saying, "*Whilst we are not expecting significant sales in the immediate future, each of the companies we bring on board will have either distribution agreements in place or an established customer base, the combination of which the Board considers will be capable of delivering significant revenue in the medium term.*" Future Internet's share price is up 27% to 7p this month.

Rage

High risk strategy

Rage Software, the computer games publisher and developer, has announced results for the year ending 30th Jun 00. Revenue is reported to be £4.2m, a decrease of 52.3% on the £8.85m turnover reported in 99, PBT of £3.12m for 99 has been converted into a loss of £2.64m, and Loss per Share is 0.94p compared to an EPS of 1.03p in 99. Commenting on the results, John Roberts, Chairman, said, "*We have the expertise to be able to work with the more sophisticated new systems and the flexibility both of technique and infrastructure to be able to adapt to the flow of changes that are an everyday part of life.*"

Comment - When we were writing the Year 2000 Holway Report, we did not share Rage's confidence that it was moving towards a more predictable royalty revenue stream and higher margin business. Looking at the results, it seems that so far our fears were well-founded. The move into Game Development was high risk due to the high operational gearing of the industry and the rapid advance of new hardware. John Roberts claims that the company has spent the last six months ensuring that they are "*well positioned to capitalise on the many opportunities presented by new technologies and methods of delivery*", We shall have to continue to monitor Rage's progress to see if they can in fact prosper with the high risk strategy that they have chosen to pursue. Share price is down 16.67% at 23p.

Relationship with CAD has a bright future...

VI Group, designers, developers and suppliers of CAD/CAM software, announced impressive interim results. Turnover for the six months to 30th Jun. 00 was £2.7m, an increase of 22.6% on the same period last year, PBT increased by 89% to £259K, and EPS by 84% to 0.68p. Chairman, Stephen Palframan said, "*...we are optimistic about the Company's future prospects. Investment in product development, further enhanced by the impact of the Tecnocam acquisition and the new features included in Release 8.0 of VISI-Series, should ensure continuing organic growth...VI will continue to assess additional acquisitions with a view to accelerating the growth of our business, both geographically and with additional complementary product offerings.*" Shares in VI Group finished the month at 38p, a rise of 8.57%.

Guardian angel helps through busy times...

Guardian IT, the international business continuity and disaster recovery specialist, has announced interim results to 30th Jun. 00. They have achieved a 69.4% increase in turnover to £33.3m compared to the same six months in 99, and an increase in EPS to 5.3p, up 10.6%. However, they have reported a decrease in PBT of 21.9% to £2.8m.

Commenting on the results, Chairman, Richard Raworth, said "*It has been a busy six months for Guardian but we believe that the important moves we have taken during the period will ensure the continuation of our leadership in the disaster recovery market in the UK and our high level of penetration in Europe.*" The important moves spoken about include the acquisition of the disaster recovery business of Catalyst Solutions, and the acquisition of Safety Net Group, as well as entry into the Web Hosting market through new iXguardian subsidiary.

Also this month The Times reported that Guardian iT has built up £55m to spend on European acquisitions to take over IBM's position as leader in the disaster recovery market. The company is currently number one in the UK market, and number two in continental Europe. The acquisitions will increase their spread across the continent. Guardian's share price is down 24.23% at 1235p.

Staffware In a "pivotal position"...

Staffware, a provider of business process automation, has announced interim results for the six month period ended 30th Jun. 00. Highlights include: turnover up 52% to £17.05m as compared to the six months to 30th Jun. 99, PBT more than doubled to £1.47m as did EPS from 3.5p to 7.3p. Commenting on the results, John O'Connell, Chairman and Chief Executive Officer, said "*In the light of an outstanding first half and prospects standing at record levels, we look forward to the future with confidence. Despite only being seven months into our eProcess initiative we are already in a pivotal position with many major organisations as they settle on their strategy for eBusiness and related technologies.*"

Comment: To prove the point that its eProcess technology is *"in a pivotal position"* Staffware announced that it has been adopted by Virgincars.com amongst others, with sales of eProcess generating £1.1m in the first half. The development programme is estimated to cost £20m over a three year period, with £2.3m invested in this half year. Staffware's shares are down 14.79% to 2738p this month.

Loss deepens but future faced with *"confidence"*

Sopheon (nee PolyDoc), the international knowledge management software, services and content group, has announced results for the six months to 30 Jun. 00. Turnover was £3.10m, compared to £506K for the same period last year; a massive 512% increase. LBT was £3.39m compared to a loss of £657K for the same period in 1999, and Loss Per Share has deepened from 6.5p to 9.9p.

On outlook, Chairman, Barry Mence, said, "*During the last ten months we have brought together three companies and raised working capital to support the development of Sopheon's business in North America, the UK and continental Europe. We recognise the challenges ahead for Sopheon and firmly believe that the Group is well-positioned and equipped to meet them. We view the future with confidence and optimism.*" Share price was 408p at the end of the month; a 25.23% decrease.

KMS - qualifications and experience high on agenda

Knowledge Management Software, a software developer in the high growth knowledge management market, reported sales of £2.09m in the 18 months to 30th Jun. 00, with operating loss of £3.25m *"below budget"*.

Commenting on the outlook, the company stated, "*The Board is confident that the strategy for growth outlined in the Company's Prospectus published in May 2000 is beginning to produce the results expected. High priority has been given to assembling a highly qualified and experienced team to implement our business strategy and the Group is well positioned to take advantage of the opportunities available in the high growth knowledge management market*".

The company also announced a strategic business partnership with **CWB Systems Services**, a leading financial services consultancy, to provide knowledge management systems to financial services organisations worldwide. Commenting on the partnership David Rosalski, Chief Operations Officer of KMS said, "*Both KMS and CWB share a flexible approach and business culture that will enable us to integrate well and work together to provide the highest levels of service to our mutual customers.*" KMS's share price has moved down 13.47% and was at 190p at the end of month.

Policy Master - Customer Orders Secured

Policy Master, a developer of software for the insurance industry, results for the six months to 30th Jun. 00 showed turnover increased 5% to £8.1m compared to the same six months last year, but PBT plummeted from £500K to £29K, and EPS also fell to just 0.1p. Commenting on the outlook John Kimberley, Chairman, said: "*The Board is confident of the Group's business opportunities and trading performance in the second half of the year*".

Comment: Policy Master has made good progress with recurring revenues of £2.9m during the period (36% of H1 turnover). It also grew its solutions business by 37% to £1.8m. In July 00 Policy Master issued a statement saying that a delay in the launch of the application for UK brokers had led "*to a deferral of a level of sales into the second half of the year*". However since the product launch in August, PM has secured customer orders "*in excess of £1.3m.....along with a significant level of letters of intent*". PM is also optimistic about the opportunities it sees in the US market, following its acquisition in Nov. 99 of IBS. Shares ended September up 13.4% at 550p.

BT must decide future of SCS operations

There has been much discussion - coupled with not a little criticism - this month on the possibility of "spin-outs" from **BT** as a means of bolstering their flagging share price and raising some much needed cash. Although the mobile phone bit is the favoured candidate for an IPO, there is also press speculation that BT's **Ignite** – the bit that includes **Syntegra** and **Syncordia** - (Q1 revenue = £1.02b) and **AT&T Business Services** (Q2 revenue = £5.1b) - might join forces. We had been led to believe that Ignite was a possible IPO/spin-out candidate for the beleaguered BT. We also understood that Syntegra itself was an IPO candidate. The FT reckons the whole idea could meet with strong opposition from the regulators anyway. But it really is about time that BT decides the fate of its SCS operations. For the last 10 years we have debated the likely outcome for Syntegra.

For much of that time we believed its best home was under Read's wing at **Logica**. *Indeed, we still feel that!*

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

Actinic plc

	Int 9 mos Jun 99	Final - Sep 99	Int 9 mos Jun 00	Comparison
REV	£355,000	£571,000	£1,437,000	+304.8%
PBT	-£477,000	-£775,000	-£2,159,000	Loss both
EPS	-0.53p	-0.81p	-2.25p	Loss both

AFA Systems plc

	Interim - Jun 99	Final - Dec 99	Interim - Jun 00	Comparison
REV	£386,000	£1,779,000	£2,172,000	+462.7%
PBT	-£716,000	-£581,000	-£420,000	Loss both
EPS	-4.70p	-3.40p	-2.20p	Loss both

AIT Group plc

	Final - Mar 99		Final - Mar 00	Comparison
REV	£17,460,000		£21,693,000	+24.2%
PBT	£2,764,000		£3,651,000	+32.1%
EPS	9.08p		11.81p	+30.1%

Alphameric plc

	Interim - May 99	Final - Nov 99	Interim - May 00	Comparison
REV	£11,161,000	£25,330,000	£22,007,000	+97.2%
PBT	£1,010,000	£3,050,000	£616,000	-39.0%
EPS	1.20p	3.62p	0.10p	-91.7%

Alterian plc

	Final - Mar 99		Final - Mar 00	Comparison
REV	£425,958		£1,011,140	+137.4%
PBT	-£254,658		£3,905	Loss to profit
EPS	-25.28p		0.38p	Loss to profit

Anite Group plc

	Final - Apr 99		Final - Apr 00	Comparison
REV	£180,829,000		£158,976,000	-12.1%
PBT	£6,788,000		£7,171,000	+5.6%
EPS	1.50p		1.30p	-13.3%

Axon Group plc

	Interim - Jun 99	Final - Dec 99	Interim - Jun 00	Comparison
REV	£11,744,000	£25,378,000	£17,210,000	+46.5%
PBT	£1,686,000	£4,560,000	£2,803,000	+66.3%
EPS	2.20p	5.70p	3.40p	+54.5%

Azlan Group plc

	Final - Mar 99		Final - Mar 00	Comparison
REV	£342,861,000		£410,604,000	+19.8%
PBT	£3,835,000		£9,258,000	+141.4%
EPS	2.50p		6.10p	+144.0%

Baltimore Technologies plc

	Interim - Jun 99	Final - Dec 99	Interim - Jun 00	Comparison
REV	£9,807,000	£23,272,000	£25,704,000	+162.1%
PBT	-£15,991,000	-£31,351,000	-£20,659,000	Loss both
EPS	-5.70p	-10.27p	-5.50p	Loss both

Baron Corporation plc

		Final - Aug 99	Interim - Feb 00	Comparison
REV		£122,774	£1,392,585	n/a
PBT		-£59,749	-£127,831	n/a
EPS		-5.75p	-3.70p	n/a

Bond International Software plc

	Interim - Jun 99	Final - Dec 99	Interim - Jun 00	Comparison
REV	£4,567,000	£8,457,169	£4,519,000	-1.1%
PBT	£327,000	-£789,085	£141,000	-56.9%
EPS	1.58p	-4.81p	0.55p	-65.2%

Bright Station plc

	Interim - Jun 99	Final - Dec 99	Interim - Jun 00	Comparison
REV	£87,243,000	£174,452,000	£52,560,000	-39.8%
PBT	£1,699,000	-£3,857,000	-£112,020,000	Profit to loss
EPS	0.70p	-3.50p	-70.00p	Profit to loss

Business Systems Group Holdings plc

	Final - Jun 98	Period to Mar 00	Final - Jun 99	Comparison
REV	£37,260,000	£24,993,000	£32,386,000	-13.1%
PBT	£1,494,000	£979,000	£750,000	-49.8%
EPS	1.34p	0.96p	0.62p	-53.7%

Cadcentre Group plc

	Final - Mar 99		Final - Mar 00	Comparison
REV	£17,861,000		£23,889,000	+33.7%
PBT	£3,001,000		£4,338,000	+44.6%
EPS	11.21p		17.40p	+55.2%

Capita Group plc

	Interim - Jun 99	Final - Dec 99	Interim - Jun 00	Comparison
REV	£150,000,000	£327,199,000	£208,000,000	+38.7%
PBT	£12,600,000	£32,200,000	£13,800,000	+9.5%
EPS	1.32p	3.30p	1.33p	+0.8%

Cedar Group plc

	Final - Mar 99		Final - Mar 00	Comparison
REV	£23,046,000		£36,314,000	+57.6%
PBT	£2,807,000		£4,829,000	+72.0%
EPS	5.50p		5.20p	-5.5%

CFS Group plc

	Interim - Jun 99	Final - Dec 99	Interim - Jun 00	Comparison
REV	£6,088,000	£13,614,000	£6,863,000	+12.7%
PBT	£262,000	£1,125,000	£122,000	-53.4%
EPS	1.28p	6.11p	0.47p	-63.3%

Clinical Computing plc

	Interim - Jun 99	Final - Dec 99	Interim - Jun 00	Comparison
REV	£1,561,000	£3,112,623	£1,331,000	-14.7%
PBT	£253,000	£382,336	£157,000	-37.9%
EPS	1.00p	1.50p	0.60p	-40.0%

CMG plc

	Interim - Jun 99	Final - Dec 99	Interim - Jun 00	Comparison
REV	£290,496,000	£608,588,000	£349,400,000	+20.3%
PBT	£35,758,000	£83,629,000	£45,100,000	+26.1%
EPS	4.60p	10.70p	5.30p	+15.2%

Comino Group plc

	Final - Mar 99		Final - Mar 00	Comparison
REV	£18,595,000		£20,452,000	+10.0%
PBT	£2,718,000		£6,020,000	+121.5%
EPS	14.83p		29.90p	+101.6%

Compass Software Group plc

	Interim - May 99	Final - Nov 99	Interim - May 00	Comparison
REV	£572,451	£1,470,087	£965,353	+68.6%
PBT	-£63,300	£201,776	£53,723	Loss to profit
EPS	-0.60p	1.78p	0.49p	Loss to profit

Compel Group plc

	Final - Jun 99		Final - Jun 00	Comparison
REV	£293,750,000		£288,015,000	-2.0%
PBT	£12,679,000		£2,080,000	-83.6%
EPS	34.90p		8.50p	-75.6%

Computacenter plc

	Interim - Jun 99	Final - Dec 99	Interim - Jun 00	Comparison
REV	£904,816,000	£1,760,628,000	£926,725,000	+2.4%
PBT	£40,732,000	£75,136,000	£19,187,000	-52.9%
EPS	14.60p	28.10p	7.10p	-51.4%

DCS Group plc

	Interim - Jun 99	Final - Dec 99	Interim - Jun 00	Comparison
REV	£74,430,000	£164,910,000	£74,810,000	+0.5%
PBT	£3,364,000	£8,129,000	-£1,184,000	Profit to loss
EPS	8.16p	18.98p	-4.19p	Profit to loss

DRS Data & Research Services plc

	Final - Dec 98		Final - Dec 99	Comparison
REV	£7,164,000		£8,176,000	+14.1%
PBT	£73,000		£236,000	+223.3%
EPS	0.13p		0.52p	+300.0%

Delcam plc

	Interim - Jun 99	Final - Dec 99	Interim - Jun 00	Comparison
REV	£7,677,884	£15,774,254	£8,302,280	+8.1%
PBT	£509,549	£1,042,075	£611,162	+19.9%
EPS	7.00p	13.20p	8.10p	+15.7%

Diagonal plc

	Interim - May 99	Final - Nov 99	Interim - May 00	Comparison
REV	£37,141,000	£72,376,000	£37,555,000	+1.1%
PBT	£4,358,000	£8,184,000	£1,745,000	-60.0%
EPS	3.66p	7.52p	1.32p	-63.9%

Easyscreen plc

	Final - Mar 99		Final - Mar 00	Comparison
REV	£110,915		£1,056,519	+852.5%
PBT	-£637,143		-£3,425,999	Loss both
EPS	-1.90p		-9.96p	Loss both

ECsoft Group plc

	Interim - Jun 99	Final - Dec 99	Interim - Jun 00	Comparison
REV	£34,186,000	£67,304,000	£34,705,000	+1.5%
PBT	£2,840,000	£3,416,000	£447,000	-84.3%
EPS	15.20p	17.30p	-4.10p	Profit to loss

Eidos plc

	Final - Mar 99		Final - Mar 00	Comparison
REV	£226,284,000		£203,265,000	-10.2%
PBT	£37,920,000		£49,275,000	+29.9%
EPS	25.00p		23.80p	-4.8%

Electronic Data Processing plc

	Interim - Mar 99	Final - Sep 99	Interim - Mar 00	Comparison
REV	£5,469,000	£10,492,000	£4,529,000	-17.2%
PBT	£1,225,000	£2,377,000	£1,004,000	-18.0%
EPS	3.24p	6.85p	2.56p	-21.0%

Epic Group plc

	Interim - Nov 98	Final - May 99	Interim - Nov 99	Comparison
REV	£1,362,000	£3,084,000	£1,904,000	+39.8%
PBT	£114,000	£479,000	£216,000	+89.5%
EPS	0.46p	1.66p	0.85p	+84.8%

Eurolink Managed Services plc

	Final - Mar 99		Final - Mar 00	Comparison
REV	£8,323,171		£7,596,000	-8.7%
PBT	£844,762		£340,000	-59.8%
EPS	5.35p		2.19p	-59.1%

F.I. Group plc

	Final - Apr 99		Final - Apr 00	Comparison
REV	£228,353,000		£307,696,000	+34.7%
PBT	£17,025,000		£17,391,000	+2.1%
EPS	5.80p		3.91p	-32.6%

Financial Objects plc

	Interim - Jun 99	Final - Dec 99	Interim - Jun 00	Comparison
REV	£10,690,000	£22,301,000	£8,874,000	-17.0%
PBT	£2,649,000	£4,656,000	-£1,573,000	Profit to loss
EPS	5.20p	8.87p	-3.33p	Profit to loss

Flomerics Group plc

	Interim - Jun 99	Final - Dec 99	Interim - Jun 00	Comparison
REV	£3,443,000	£8,713,000	£4,890,000	+42.0%
PBT	-£149,000	£807,000	£41,000	-127.5%
EPS	-5.80p	18.60p	-1.40p	-75.9%

Focus Solutions Group plc

	Final - Mar 99		Final - Mar 00	Comparison
REV	£360,000		£721,000	+100.3%
PBT	-£368,000		-£1,039,000	Loss both
EPS	-2.60p		-5.60p	Loss both

Freeserve plc

	Final - Apr 99		Final - Apr 00	Comparison
REV	£2,732,000		£19,557,000	+615.8%
PBT	-£1,511,000		-£22,932,000	Loss both
EPS	-5220.00p		-2.20p	Loss both

Gresham Computing plc

	Interim - Apr 99	Final - Oct 99	Interim - Apr 00	Comparison
REV	£16,301,000	£30,350,000	£11,206,000	-31.3%
PBT	£1,483,000	-£864,000	-£2,723,000	Profit to loss
EPS	2.35p	-2.29p	-6.06p	Profit to loss

Guardian iT plc

	Interim - Jun 99	Final - Dec 99	Interim - Jun 00	Comparison
REV	£19,647,000	£49,245,000	£33,277,000	+69.4%
PBT	£3,614,000	£7,048,000	£2,823,000	-21.9%
EPS	4.79p	10.90p	5.30p	+10.6%

Harvey Nash Group plc

	Final - Jan 99		Final - Jan 00	Comparison
REV	£104,851,000		£150,998,000	+44.0%
PBT	£8,869,000		£11,974,000	+35.0%
EPS	19.29p		27.64p	+43.3%

Highams Systems Services Group plc

	Final - Mar 99		Final - Mar 00	Comparison
REV	£34,069,990		£26,863,817	-21.2%
PBT	£1,524,855		-£308,504	Profit to loss
EPS	5.40p		-1.58p	Profit to loss

ICM Computer Group plc

	Final - Jun 99		Final - Jun 00	Comparison
REV	£40,047,000		£49,535,000	+23.7%
PBT	£4,335,000		£4,513,000	+4.1%
EPS	14.90p		15.40p	+3.4%

Intelligent Environments Group plc

	Interim - Jun 99	Final - Dec 99	Interim - Jun 00	Comparison
REV	£4,090,000	£7,218,738	£4,721,000	+15.4%
PBT	-£370,000	-£3,020,988	-£801,000	Loss both
EPS	-1.20p	-8.16p	-1.90p	Loss both

Innovation Group plc (The)

		Final - Sep 99	Interim - Mar 00	Comparison
REV		£20,800	£4,195,000	not comparable
PBT		-£912,811	£1,530,092	not comparable
EPS		-173.50p	1.50p	not comparable

iSOFT Group plc

	PF Final - Apr 99		PF Final - Apr 00	Comparison
REV	£11,096,000		£17,769,000	+60.1%
PBT	£763,000		£2,131,000	+179.3%
EPS	0.51p		0.97p	+90.2%

I S Solutions plc

	Interim - Jun 99	Final - Dec 99	Interim - Jun 00	Comparison
REV	£4,277,000	£11,818,000	£6,529,000	+52.7%
PBT	£362,000	£1,205,000	£482,000	+33.1%
EPS	1.04p	3.42p	1.35p	+29.8%

ITNET plc

	Interim - Jun 99	Final - Dec 99	Interim - Jun 00	Comparison
REV	£60,969,000	£130,764,000	£75,705,000	+24.2%
PBT	£4,055,000	£9,836,000	£3,597,000	-11.3%
EPS	4.00p	10.14p	3.50p	-12.5%

Jasmin plc

	Final - Mar 99		Final - Mar 00	Comparison
REV	£6,914,000		£4,201,000	-39.2%
PBT	£811,000		-£1,052,000	Profit to loss
EPS	16.44p		-22.34p	Profit to loss

Kalamazoo Computer Group plc

	Final - Mar 99		Final - Mar 00	Comparison
REV	£65,870,000		£62,781,000	-4.7%
PBT	-£2,198,000		-£6,933,000	Loss both
EPS	-3.30p		-11.70p	Loss both

Kewill Systems plc

	Final - Mar 99		Final - Mar 00	Comparison
REV	£60,079,000		£75,245,000	+25.2%
PBT	£7,196,000		£1,803,000	-74.9%
EPS	5.44p		-1.20p	Profit to loss

Keystone Software plc

	Final - Mar 99		Final - Mar 00	Comparison
REV	£1,585,217		£4,799,000	+202.7%
PBT	-£2,400,057		-£165,000	Loss both
EPS	-18.90p		-0.60p	Loss both

Knowledge Management Software plc

	Final - Dec 98		Final - Jun 00	Comparison
REV	£713,010		£2,091,986	Not comparable
PBT	£58,987		-£3,078,772	Profit to loss
EPS	0.35p		-5.40p	Profit to loss

Knowledge Support Systems Group plc

	Interim - Jun 99	Final - Dec 99	Interim - Jun 00	Comparison
REV	£1,235,699	£1,838,025	£895,739	-27.5%
PBT	£317,812	-£83,497	-£425,722	Profit to loss
EPS	0.60p	-0.10p	-0.60p	Profit to loss

Logica plc

	Final - Jun 99		Final - Jun 00	Comparison
REV	£659,468,000		£847,400,000	+28.5%
PBT	£58,604,000		£98,100,000	+67.4%
EPS	10.80p		17.50p	+62.0%

London Bridge Software Holdings plc

	Interim - Jun 99	Final - Dec 99	Interim - Jun 00	Comparison
REV	£19,454,000	£42,165,000	£27,160,000	+39.6%
PBT	£3,533,000	£7,092,000	£3,334,000	-5.6%
EPS	1.30p	3.18p	1.31p	+0.8%

Lorien plc

	Interim - May 99	Final - Nov 99	Interim - May 00	Comparison
REV	£70,941,000	£138,817,000	£53,188,000	-25.0%
PBT	-£1,572,000	-£1,649,000	-£2,767,000	Profit to loss
EPS	-8.00p	-8.50p	-14.10p	Profit to loss

Lynx Group plc

	Interim - Mar 99	Final - Sep 99	Interim - Mar 00	Comparison
REV	£103,844,000	£212,541,000	£111,018,000	+6.9%
PBT	£6,370,000	£11,017,000	£1,789,000	-71.9%
EPS	3.92p	6.65p	0.98p	-75.0%

MMT Computing plc

	Interim - Feb 99	Final - Aug 99	Interim - Feb 00	Comparison
REV	£21,100,000	£41,024,210	£16,800,000	-20.4%
PBT	£5,100,000	£9,710,952	£2,000,000	-60.8%
EPS	26.60p	52.20p	10.50p	-60.5%

Macro 4 plc

	Final - Jun 99		Final - Jun 00	Comparison
REV	£31,025,000		£38,671,000	+24.6%
PBT	£10,400,000		£10,611,000	+2.0%
EPS	34.80p		33.20p	-4.6%

MERANT plc

	Final - Apr 99	Period to Apr 99	Final - Apr 00	Comparison
REV	£186,104,000	£215,473,000	£227,283,000	+22.1%
PBT	-£16,655,000	-£11,572,000	-£35,369,000	Loss both
EPS	-16.30p	-14.30p	-24.90p	Loss both

Microgen plc

	Interim - Jun 99	Final - Dec 99	Interim - Jun 00	Comparison
REV	£15,472,000	£31,324,000	£13,760,000	-11.1%
PBT	£1,516,000	£1,834,000	-£2,808,000	Profit to loss
EPS	2.10p	5.70p	-4.70p	Profit to loss

Misys plc

	Final - May 99		Final - May 00	Comparison
REV	£671,100,000		£708,800,000	+5.6%
PBT	£91,400,000		£113,600,000	+24.3%
EPS	10.60p		14.20p	+34.0%

Mondas plc

	Final - Apr 99		Final - Apr 00	Comparison
REV	£955,301		£1,358,811	+42.2%
PBT	-£520,770		-£857,573	Loss both
EPS	-5.70p		-6.80p	Loss both

Morse Holdings plc

	Final - Jun 99		Final - Jun 00	Comparison
REV	£283,943,000		£506,316,000	+78.3%
PBT	£18,853,000		£22,919,000	+21.6%
EPS	22.70p		10.10p	-55.5%

MSB International plc

	Final - Jan 99		Final - Jan 00	Comparison
REV	£191,345,000		£184,936,000	-3.3%
PBT	£8,088,000		£4,958,000	-38.7%
EPS	27.00p		17.30p	-35.9%

MSW Technology plc

	Final - May 99		Final - May 00	Comparison
REV	£1,896,518		£1,611,619	-15.0%
PBT	-£1,641,522		-£2,790,867	Loss both
EPS	-20.86p		-27.73p	Loss both

NetBenefit plc

	Final - Jun 99		Final - Jun 00	Comparison
REV	£1,969,751		£7,520,100	+281.8%
PBT	£279,862		-£4,591,500	Profit to loss
EPS	0.02p		-0.32p	Profit to loss

Netstore plc

	Final - Jun 99		Final - Jun 00	Comparison
REV	£757,911		£1,372,632	+81.1%
PBT	-£1,129,675		-£4,894,738	Loss both
EPS	-2.22p		-7.57p	Loss both

Nettec plc

	Interim - Jun 99	Final - Dec 99	Interim - Jun 00	Comparison
REV	£2,004,000	£4,798,000	£7,737,000	+286.1%
PBT	-£363,000	-£2,334,000	-£2,538,000	Loss both
EPS	-0.70p	-19.60p	-2.70p	Loss both

Northgate Information Solutions plc

	Final - Dec 98		Final - Apr 00	Comparison
REV	£133,014,000		£165,419,000	Not comparable
PBT	£3,966,000		-£47,450,000	Profit to loss
EPS	2.93p		-18.58p	Profit to loss

NSB Retail Systems plc

	Interim - Jun 99	Final - Dec 99	Interim - Jun 00	Comparison
REV	£10,589,000	£21,282,000	£18,822,000	+77.8%
PBT	£2,200,000	£1,544,000	£2,150,000	-2.3%
EPS	0.76p	0.36p	0.41p	-46.1%

Orchestream Holdings plc

	Interim - Jun 99	Final - Apr 00	Interim - Jun 00	Comparison
REV	£0	£410,867	£576,800	n/a
PBT	-£2,316,300	-£6,765,763	-£5,388,200	Loss both
EPS	-4.90p	-7.40p	-6.50p	Loss both

Parity plc

	Interim - Jun 99	Final - Dec 99	Interim - Jun 00	Comparison
REV	£153,556,000	£314,154,000	£139,241,000	-9.3%
PBT	£10,240,000	£18,561,000	£6,538,000	-36.2%
EPS	4.53p	7.77p	2.73p	-39.7%

Patsystems plc

	Interim - Jun 99	Final - Dec 99	Interim - Jun 00	Comparison
REV	£270,000	£608,000	£1,091,000	+304.1%
PBT	-£585,000	-£1,758,000	-£3,835,000	Loss both
EPS	-4.40p	-2.80p	-3.70p	Loss both

Quoted Companies - Results Service

Note: Highlighted Names indicate results announced this month.

Planit Holdings plc

	Final Apr-99		Final - Apr 00	Comparison
REV	£9,676,000		£13,304,000	+37.5%
PBT	£1,570,000		£2,483,000	+58.2%
EPS	1.60p		2.30p	+43.8%

Policy Master Group plc

	Interim - Jun 99	Final - Dec 99	Interim - Jun 00	Comparison
REV	£7,715,000	£16,730,281	£8,100,000	+5.0%
PBT	£500,000	£1,062,587	£29,000	-94.2%
EPS	3.50p	6.90p	0.10p	-97.1%

Primar-E plc

	Interim - May 99	Final - Nov 99	Interim - May 00	Comparison
REV	£4,806,000	£9,194,799	£3,396,000	-29.3%
PBT	-£611,000	-£861,861	-£272,000	Loss both
EPS	-0.89p	-0.69p	-0.21p	Loss both

Protherics plc

	Final - Mar 99		Final - Mar 00	Comparison
REV	£2,847,000		£1,598,000	-43.9%
PBT	-£13,017,000		-£15,454,000	Loss both
EPS	-9.88p		-10.49p	Loss both

PSD Group plc

	Interim - Jun 99	Final - Nov 99	Interim - Jun 00	Comparison
REV	£29,568,000	£18,153,000	£41,132,000	+39.1%
PBT	£6,831,000	£3,224,000	£10,111,000	+48.0%
EPS	18.90p	6.02p	27.30p	+44.4%

QSP plc

	Interim - Jun 99	Final - Dec 99	Interim - Jun 00	Comparison
REV	£19,961,000	£50,538,000	£21,010,000	+5.3%
PBT	-£783,000	£4,212,000	-£1,022,000	Loss both
EPS	-1.11p	5.38p	-1.13p	Loss both

Quantica plc

	Interim - May 99	Final - Nov 99	Interim - May 00	Comparison
REV	£8,286,000	£18,153,000	£9,278,000	+12.0%
PBT	£1,593,000	£3,224,000	£1,463,000	-8.2%
EPS	2.64p	6.02p	2.71p	+2.7%

RM plc

	Interim - Mar 99	Final - Sep 99	Interim - Mar 00	Comparison
REV	£71,116,000	£162,210,000	£78,074,000	+9.8%
PBT	£2,493,000	£12,262,000	£1,432,000	-42.6%
EPS	1.90p	9.80p	1.10p	-42.1%

Rage Software plc

	Final - Jun 99		Final - Jun 00	Comparison
REV	£8,845,000		£4,218,000	-52.3%
PBT	£3,121,000		-£2,641,000	Profit to loss
EPS	1.03p		-0.94p	Profit to loss

RDL Group plc

	Final - Sep 98		Final - Sep 99	Comparison
REV	£15,692,000		£18,172,000	+15.8%
PBT	£1,154,000		£1,335,000	+15.7%
EPS	6.75p		8.05p	+19.3%

Recognition Systems Group plc

	Interim - Mar 99	Final - Sep 99	Interim - Mar 00	Comparison
REV	£955,000	£2,315,000	£3,021,000	+216.3%
PBT	-£733,000	-£1,609,000	-£2,258,000	Loss both
EPS	-1.30p	-2.30p	-2.70p	Loss both

Retail Decisions plc

	PF Interim-Jun 99	PF Final - Dec 99	Interim - Jun 00	Comparison
REV	£5,875,000	£11,937,000	£7,198,000	+22.5%
PBT	£1,166,000	£2,438,000	-£1,671,000	Profit to loss
EPS	0.59p	1.11p	-1.20p	Profit to loss

RexOnline plc

	Final - Apr 99		Final - Apr 00	Comparison
REV	£273,570		£658,000	+140.5%
PBT	-£94,303		-£326,000	Loss both
EPS	-2.60p		-4.50p	Loss both

Rolfe & Nolan plc

	Final - Feb 99		Final - Feb 00	Comparison
REV	£20,988,000		£22,856,000	+8.9%
PBT	£1,606,000		£1,838,000	+14.4%
EPS	7.90p		9.30p	+17.7%

Royalblue Group plc

	Interim - Jun 99	Final - Dec 99	Interim - Jun 00	Comparison
REV	£17,905,000	£39,693,000	£25,500,000	+42.4%
PBT	£2,744,000	£6,511,000	£3,037,000	+10.7%
EPS	5.50p	13.10p	6.00p	+9.1%

Sage Group plc

	Interim - Mar 99	Final - Sep 99	Interim - Mar 00	Comparison
REV	£132,545,000	£307,041,000	£202,528,000	+52.8%
PBT	£35,479,000	£74,313,000	£53,992,000	+52.2%
EPS	2.06p	4.17p	2.94p	+42.9%

SBS Group plc

	Interim - Feb 99	Final - Aug 99	Interim - Feb 00	Comparison
REV	£28,300,000	£53,305,000	£22,900,000	-19.1%
PBT	£1,400,000	£2,219,000	£124,000	-91.1%
EPS	9.60p	16.10p	0.90p	-90.6%

Science Systems plc

	Interim - Jun 99	Final - Dec 99	Interim - Jun 00	Comparison
REV	£16,615,000	£30,966,000	£21,298,000	+28.2%
PBT	£1,511,000	£2,633,000	£1,251,000	-17.2%
EPS	6.30p	11.40p	3.40p	-46.0%

SDL plc

	Interim - Jun 99	Final - Dec 99	Interim - Jun 00	Comparison
REV	£5,984,000	£12,960,000	£11,578,000	+93.5%
PBT	-£163,000	-£796,000	£269,000	Loss to profit
EPS	-0.53p	-2.63p	0.09p	Loss to profit

Sema Group plc

	Interim - Jun 99	Final - Dec 99	Interim - Jun 00	Comparison
REV	£668,600,000	£1,410,000,000	£720,400,000	+7.7%
PBT	£37,900,000	£93,800,000	£42,200,000	+11.3%
EPS	5.80p	14.70p	6.50p	+12.1%

ServicePower Technologies plc

	Interim - Jun 99	Final - Dec 99	Interim - Jun 00	Comparison
REV	£1,854,000	£3,760,910	£1,151,000	-37.9%
PBT	-£1,279,000	-£2,541,087	-£2,697,000	Loss both
EPS	-3.22p	-6.37p	-5.88p	Loss both

Sherwood International plc

	Interim - Jun 99	Final - Dec 99	Interim - Jun 00	Comparison
REV	£22,493,000	£47,186,000	£24,097,000	+7.1%
PBT	£2,881,000	£7,345,000	£2,548,000	-11.6%
EPS	4.30p	11.40p	5.10p	+18.6%

Skillsgroup plc

	Interim - May 99	Final - Nov 99	Interium - May 00	Comparison
REV	£96,400,000	£198,700,000	£78,000,000	-19.1%
PBT	£6,400,000	£11,400,000	-£500,000	Profit to loss
EPS	6.50p	10.70p	0.10p	-98.5%

Sopheon plc

	Interim - Jun 99	Final - Dec 99	Interim - Jun 00	Comparison
REV	£506,000	£1,510,000	£3,098,000	+512.3%
PBT	-£657,000	-£2,072,000	-£3,387,000	Loss both
EPS	-3.40p	-10.10p	-9.90p	Loss both

Spring Group plc

	Final - Apr 99		Final - Apr 00	Comparison
REV	£403,154,000		£396,106,000	-1.7%
PBT	£14,180,000		-£6,420,000	Profit to loss
EPS	6.09p		-5.09p	Profit to loss

Staffware plc

	Interim - Jun 99	Final - Dec 99	Interim - Jun 00	Comparison
REV	£11,223,000	£25,262,000	£17,047,000	+51.9%
PBT	£716,000	£2,953,000	£1,473,000	+105.7%
EPS	3.50p	17.20p	7.30p	+108.6%

StatPro Group plc

	Interim - Jun 99	Final - Dec 99	Interim - Jun 00	Comparison
REV	£1,772,000	£3,144,000	£1,278,000	-27.9%
PBT	-£360,000	-£183,000	-£1,985,000	Loss both
EPS	-2.50p	-2.88p	-8.30p	Loss both

Superscape VR plc

	Interims - Jan 99	Final - Jul 99	Interims - Jan 00	Comparison
REV	£2,122,000	£3,071,000	£708,000	-66.6%
PBT	-£87,000	-£2,765,000	-£2,897,000	Loss both
EPS	-0.71p	-22.50p	-16.30p	Loss both

SurfControl plc (was JSB Software)

	Final - May 99		Final - May 00	Comparison
REV	£4,003,000		£8,706,707	+117.5%
PBT	-£1,314,000		-£14,871,341	Loss both
EPS	-12.78p		-70.36p	Loss both

Synstar plc

	Interim - Mar 99	Final - Sep 99	Interim - Mar 00	Comparison
REV	£104,034,000	£214,289,000	£119,253,000	+14.6%
PBT	£420,000	£8,094,000	£5,191,000	+1136.0%
EPS	0.30p	3.60p	1.70p	+466.7%

Systems Integrated Research plc

	Final - May 99		Final - May 00	Comparison
REV	£1,405,000		£1,536,000	+9.3%
PBT	£140,000		£215,000	+53.6%
EPS	0.71p		1.25p	+76.1%

Systems International Group plc

	Interim - Dec 98	Final Jun 99	Interim - Dec 99	Comparison
REV	£8,457,000	£17,053,427	£8,368,000	-1.1%
PBT	£1,093,000	£2,313,053	£33,000	-97.0%
EPS	2.21p	4.77p	0.07p	-96.8%

Systems Union plc (was freecom)

	Final - Dec 98		Interim	Comparison
REV			£599,000	n/a
PBT			-£2,100,000	n/a
EPS			n/a	n/a

TelMe.com plc

	Final - Mar 99		Final - Mar 00	Comparison
REV	£10,014,000		£13,974,000	+39.5%
PBT	-£3,381,000		-£2,105,000	Loss both
EPS	-5.40p		-3.00p	Loss both

Terence Chapman Group plc

	Interim - Feb 99	Final - Aug 99	Interim - Feb 00	Comparison
REV	£15,750,000	£30,641,000	£12,220,000	-22.4%
PBT	£2,720,000	£4,464,000	£460,000	-83.1%
EPS	3.62p	5.45p	0.52p	-85.6%

Torex plc

	Interim - Jun 99	Final - Dec 99	Interim - Jun 00	Comparison
REV	£18,532,000	£46,762,000	£34,905,000	+88.3%
PBT	£1,775,000	£4,039,000	£1,791,000	+0.9%
EPS	3.90p	14.50p	3.70p	-5.1%

Total Systems plc

	Final - Mar 99		Final - Mar 00	Comparison
REV	£3,247,157		£1,958,040	-39.7%
PBT	£629,873		-£579,589	Profit to loss
EPS	4.29p		-3.97p	Profit to loss

Touchstone Group plc

	Final - Mar 99		Final - Mar 00	Comparison
REV	£7,663,000		£10,511,000	+37.2%
PBT	£1,048,000		£1,196,000	+14.1%
EPS	7.60p		9.50p	+25.0%

Trace Computers plc

	Interim - Nov 98	Final - May 99	Interim - Nov 99	Comparison
REV	£8,684,000	£17,072,781	£8,693,000	+0.1%
PBT	£928,000	£4,367,036	£973,000	+4.8%
EPS	4.47p	25.94p	4.74p	+6.0%

Triad Group plc

	Final - Mar 99		Final - Mar 00	Comparison
REV	£49,306,000		£48,366,000	-1.9%
PBT	£8,629,000		£1,905,000	-77.9%
EPS	22.74p		5.06p	-77.7%

Ultima Networks plc

	Interim - Jun 99	Final - Dec 99	Interim - Jun 00	Comparison
REV	£6,476,000	£12,541,000	£3,889,000	-39.9%
PBT	-£610,000	-£783,000	-£496,000	Loss both
EPS	-0.36p	-0.44p	-0.26p	Loss both

Ultrasis Group plc

	Interim - Jan 99	Final - Jul 99	Interim - Jan 00	Comparison
REV	£1,099,000	£2,520,000	£1,055,000	-4.0%
PBT	-£149,000	-£2,316,000	-£1,839,000	Loss both
EPS	-0.10p	-1.60p	-0.90p	Loss both

Vega Group plc

	Final - Apr 99		Final - Apr 00	Comparison
REV	£28,993,000		£40,201,000	+38.7%
PBT	£4,292,000		£4,843,000	+12.8%
EPS	17.42p		17.17p	-1.4%

VI Group plc

	Interim - Jun 99	Final - Dec 99	Interim - Jun 00	Comparison
REV	£2,201,000	£4,545,000	£2,699,000	+22.6%
PBT	£137,000	£438,000	£259,000	+89.1%
EPS	0.37p	1.24p	0.68p	+83.8%

Vocalis Group plc

	Final - Mar 99		Final - Mar 00	Comparison
REV	£4,820,000		£2,694,000	-44.1%
PBT	-£1,098,000		-£4,507,000	Loss both
EPS	-3.36p		-10.57p	Loss both

Wealth Management Software plc

	Interim - Jun 99	Final - Dec 99	Interim - Jun 00	Comparison
REV	£5,829,000	£12,818,000	£7,320,000	+25.6%
PBT	-£328,000	-£105,000	-£215,000	Loss both
EPS	-1.06p	-0.90p	-0.87p	Loss both

XKO Group plc

	PF Final - Mar 99		Final - Mar 00	Comparison
REV	£28,428,000		£29,628,000	+4.2%
PBT	£2,667,000		-£6,263,000	Profit to loss
EPS	8.20p		-27.20p	Profit to loss

Xpertise Group plc

	Interim Jun 99	Final - Dec 99	Interim - Jun 00	Comparison
REV	£2,048,000	£3,707,000	£2,919,000	+42.5%
PBT	£172,000	-£171,000	-£228,000	Profit to loss
EPS	0.45p	-0.84p	-0.76p	Profit to loss

The Unusual Suspect

Business services company **Hays** turned in some pretty good final results but, as might be expected, there were a few 'low-lights' to go with the highlights. Total revenue for the year ended 30th Jun. 00 rose 18% to £2.22b, with turnover from continuing ops. up 19% to £2.19b. 'True' PBT fell 12% to £203.6m, but this included a massive £46m hit taken as provision to close down their commodity bulk transport business in Germany. Profits from continuing ops. actually rose 14% to £280.3m. Revenue in Hays' Distribution division (inc. Chemicals and Logistics) rose 10% to £941m. Commercial division revenue (inc. Hays thriving business process outsourcing activities) rose 29% to £445m. whereas revenue in Hays Personnel (inc. ITSA Hays IT) increased 26% to £803m – but the ITSA business saw profits drop, as expected, due to Y2K. Hays' Chairman Ronnie Frost reported that Hays are "*investing in our infrastructure and management across Europe to secure the Group's future growth*".

Comment - We had previously tagged Hays as one of the prime "unusual suspects" in the UK BPO market based on their logistics and CRM BPO activities. It now seems we need to extend that tag to "unusual suspect" across the UK SCSI market, as each one of Hays core divisions has significant SCS activities. For example, in its Logistics division, Hays will soon be competing head-to-head with the likes of Andersen Consulting (or whatever their new name turns out to be) and PwC as it commercialises its Logistar SCM product and goes to market as a true (only?) end-to-end SCM solutions provider – that's business consulting, IT design/build/manage, and, yes, even trucking!

Meanwhile, Hays Commercial division houses their 'BPS' CRM activities – somewhat like GUS subsidiary Experian. And their Personnel division is home to ITSA Hays IT, which has recently been boosted by the acquisition of Myriad from Skillsgroup. Indeed, their UK ITSA revenues are now *"over £200m"* (plus another c£25m non-UK ITSA revenue) which makes them one of the top players in the UK ITSA market (yes, we will cover this more in our new ITSA report). In fact, Hays is now such a significant – if unlikely – player in the European SCSI market we will be profiling them in detail for the first time in the next edition of the Software & IT Services in Europe report.

The announcement resulted in the share price rising 3.12% to 397p.

SEMA GROUP

Good underlying strategy at Sema....

Sema showed reasonable progress in H1, with not much sign of the dreaded Y2K hangover. Revenues were up 8% at £720m (13% at constant exchange rates) in the six months to 30th Jun. 00, PBT rose 23% (before goodwill) to £47.3m and EPS (before goodwill) rose 25% at 7.6p. 'Real' PBT actually rose 11% to £42.2m and EPS (fully diluted) rose 12% to 6.5p. This includes a £13.4m exceptional charge for restructuring its outsourcing business (data centres). Strongest growth came in the products business which grew 34% to £98m. Most of this was telecomms-related and proves (see Logica etal) that this is one of the hottest sectors around at present. Outsourcing is still the biggest contributor though, up just 9% to £320m. SI grew 12% to £303m, boosted by service activity driven through the products business. But fastest growth came from – you guessed it – e-business services (e-commerce/e-banking) which grew 269% (constant exchange rates) and but still represents just 5.5% (c£40m) of total turnover for the half year. Against the trend reported by others (e.g. CMG), the UK is still the biggest country – growing 18% (!) to £305m, now accounting for 42% of group turnover. France dropped 3% to £176m on the back of poor outsourcing performance and the perils of the *"35 hour week"* (which Sema has now negotiated to 38.5 hours). Public sector is still the largest – up an impressive 26% to £187m, mainly on the back of outsourcing in UK and Sweden.

Comment: Sema seems to have avoided the doldrums in the UK that many of its peers have experienced, but perhaps this is to be expected with a number of large outsourcing deals smoothing the way. For example, they signed a £125m/5yr deal with Met Police in Oct. 99 and a 'big' 10 year deal with the Labour Party the following month. But of course all eyes were on the telecomms products business, which really shone. Indeed, mobile telecomms grew 131%. Of course, this will be boosted substantially by the LHS acquisition, which was completed in July (and also scored Sema a NASDAQ listing as part of the deal). Indeed, Sema will increasingly drive its services business on the back of its products business (not just telecomms – also Finance, Transport/Travel/Entertainment, and Energy), which seems a pretty good strategy to us.

....but some scathing criticism...

Sema came in for some scathing criticism following their results announcement. It all revolved around the inclusion of £14.3m refund from its Swedish pension scheme as a non-exceptional item. A fact which you can only discover in the copious notes attached to the statement. Omar Sheikh of Charles Stanley is quoted in the FT saying *"much of the absolute shambles of the analysts' meeting we have just attended consisted of the management trying to persuade the investment community that there were also several non-recurring costs taken during the half that in effect mean the reported profits do reflect the group's underlying performance. The market's judgment on this point is clear. Rubbish"*. Although it demonstrates the perils of getting the message delivery wrong, **we still think that the underlying trend at Sema is good** and certainly didn't justify the 17% decline in Sema's share price following the announcement. Mind you we also agree with Lex in the FT that *"there is not enough positive surprises to justify a renewed bout of technology fever in Europe"*. We need a consistent IT share market not the extreme volatility we have witnessed in the last year. Sema's share price finished the month down 9.3% at 1170p.

Another UK company goes West...

UK-NASDAQer **4Front Technologies** increased revenues by a mere 3% to \$118.8m in the six months ended 31st Jul. 00. Service revenues increased by a much more respectable 45% to \$112.4m. But PBT of \$7m turned into a LBT of \$5.7m, and EPS of 34c turned into Loss Per Share of 57c.

But maybe this is the last time we will report on 4Front as they are currently in merger negotiations with NCR. The terms of the deal are \$18.5 per 4Front share valuing then at c\$230m. President Mark Ellis said: *"On completion of the NCR transaction we believe that we will be handing over to NCR a company very well-placed within the European IT services industry with an excellent customer base and a very strong and capable work force"*.

Comment: 4Front remarked that the merger process has caused *"general business disruption and un-budgeted costs"*, and *"the difficulties caused in some areas of the European IT service sector by the millennium slowdown....are not easing"*. Nevertheless, shame to see another UK company going west! The difficulties caused the share price to fall slightly this month.

Y2K lockdown effect...

Bond International Software, a provider of software for the recruitment, personnel and tourism industries announced turnover virtually static at £4.5m results for the six months ended 30 Jun. 00. PBT was down 57% to £141K and EPS also down 65% to 0.55p. Bond has confirmed a contract (first mentioned in June) with Kelly Services to supply its recruitment software in a worldwide deal worth more than £2m. Commenting on the results Chief Executive, Steve Russell, said: *"With clients' Y2K concerns behind us, trading conditions in all the group's main markets have improved compared to the second half of 1999. There remain significant opportunities for further growth in sales of the existing products, particularly in the USA. In addition, new products and new markets will present themselves in the coming periods."*

Comment: Bond year end results to 31st Dec. 99 showed the effect the Y2K lockdown as customers delayed orders, with a fall into losses of £789K. Things are now looking up, especially as Bond capitalises on the opportunity to enable recruitment agencies to transact business over the internet. See our latest ITSA report for further comment

No change in Bond shares ending September at 72p.

Advancing well in an *'Intelligent Environment'*

Intelligent Environments, a *"financial services e-business provider"*, results for the six months ended 30th Jun. 00 showed turnover increased 15% to £4.7m. £4.2m of this was e-business revenue. However, LBT more than doubled to £801K and Loss Per Share deepened 58% to 1.9p. Commenting on the outlook Chairman Clive Richards, said: *"We are continuing our transition to a comprehensive e-business solutions provider to the financial services community...whilst many of our investment programmes are well advanced, our Board is still working towards improving sales productivity, distribution channels and expanding our product range."*. IE's share price ended September up 8.14% at 120p.

SCS Index dives...again

After August's near 17% rise, Sep.t saw a 7.3% dip with the traditional system houses suffering most with a 10% dive. Indeed the weighted FTSE IT (SCS) Index fell by nearly 18% showing that it was the big companies which suffered most with **Misys** down 23% and **Sage** down 21%. The only sector to record any increase was the Internet stocks...up 3.7%.

End Sept 00	Move since 1st Jan 98	Move since 1st Jan 99	Move since 1st Jan 00	Move in Sept 00
System Houses	277.1%	144.1%	-4.9%	-9.9%
IT Staff Agencies	-24.4%	-9.5%	-21.2%	-5.9%
Resellers	68.2%	78.9%	-13.8%	-8.8%
Software Products	478.9%	394.8%	19.0%	-5.3%
Holway Internet Index		693.7%	-3.4%	3.7%
Holway SCS Index	294.2%	203.6%	4.3%	-7.3%

28-Sep-00		
	SCSI Index	11963.34
	FTSE IT (SCS) Index	3078.35
	techMARK 100	3715.24
	FTSE 100	6264.10
	FTSE AIM	1773.40
SCSI Index =1000 on 15th April 1989	FTSE SmallCap	3408.95

Changes in Indices	SCSI Index	FTSE 100	techMARK 100	FTSE IT SCS Index	FTSE AIM Index	FTSE Small Cap
Month (31/8/00 to 28/9/00)	-7.34%	-6.12%	-9.82%	-17.61%	-3.38%	-4.19%
From 15th Apr 89	+1096.33%	+205.03%				
From 1st Jan 90	+1200.22%	+165.20%				
From 1st Jan 91	+1590.05%	+189.95%				
From 1st Jan 92	+1044.97%	+151.26%				
From 1st Jan 93	+650.72%	+120.06%				+145.72%
From 1st Jan 94	+616.55%	+83.25%				+82.43%
From 1st Jan 95	+697.99%	+104.34%				+95.20%
From 1st Jan 96	+429.70%	+69.79%	+370.73%		+86.00%	+75.58%
From 1st Jan 97	+346.82%	+52.10%	+306.18%		+81.68%	+56.15%
From 1st Jan 98	+294.18%	+21.98%	+289.43%	+207.84%	+78.77%	+47.37%
From 1st Jan 99	+203.52%	+6.49%	+155.17%	+112.89%	+121.23%	+64.61%
From 1st Jan 00	+4.29%	-9.61%	-1.70%	-17.20%	-8.24%	+10.04%

The biggest falls this month were **Primar-E** (p3 - down 79%), **ITNET** (p12 - down a massive 47%). Indeed 24 companies recorded declines of >20%.
At the other end of scale, **CFS** gained 53% on news of their "reverse" deal with **Decision Systems Inc** (p10). **Synstar** (+22%) and **Jasmin** (+20%) were the only other 20%+ riser this month.

Freeserve profits hit by unmetered access.

Freeserve Q1 results (to 19th Aug. 00) showed a four fold increase in revenue to £14.6m, but LBT more than doubled to £18.8m. But a buoyant John Plutheroe, Chief Exec, said: *"Our leadership of the UK Internet market has been extended by the popularity of our unmetered access offers. Our customers have already increased their use of the Internet by nearly one half on last year. As we extend the availability of unmetered access we will drive more users to our portals, reduce our churn, increase time online and generate higher e-commerce and advertising revenues".*
Comment: Unmetered access means Freeserve subsidising each user to the tune of £2.50 per month as users are spending on average 43% more time online compared with last year (that's certainly true of us!). But churn has improved from 9.5% in Q1 last year to 6.9% now. That's not so surprising given that others who had launched similar unmetered access, such as AltaVista, have since pulled the service having found it to be unsustainable. Connectivity rev. of £9.2m grew by more that five-fold. Freeserve's share of the UK internet market is now 37%, twice that of its nearest competitor.

PARITY

Parity Group's results for the six months to 30th Jun. 00 showed turnover down 9% to £139.2m. PBT slipped a just over a third to £6.5m and EPS went from 4.53p to 2.73p. The problem was of course with the core Software Services (i.e. IT staffing) businesses, in which UK revenue slumped 27% to £51m, however severe cost cutting mitigated somewhat the effect on margins, which fell from 5.9% to 5.3%. Cont. Europe revenue fell 17% to £30m – but margins almost halved to 3.2% as they held on to staff (have to really over there) and kept all offices open. The US staffing business (TelTech – acq'd Nov. 97) 'only' dropped revenue 9% to £23m, and margins were only off a shade at 9%. The 'good' news emanated from Parity Solutions, which is desperately trying to reshape itself into an e-business systems integrator and training operation. Revenue increased 31% to £36m (boosted by the TMS, IDEV and Comtec acquisitions last year) but margins dropped from 13.6% to 10.3% due to bench time'. Commenting on the results, Chairman Philip Swinstead said: *'The Group has achieved sensible margins in unexpectedly poor market conditions in the first half without jeopardising the staff levels, skills and infrastructure that we will need as the market picks up. There are recent encouraging signs of renewed activity but after very mixed signals through this year we are not relying on a significant upturn before the beginning of next year. Investment spend will rise in the second half but is expected to be balanced by the better trading conditions seen now compared to the first quarter of the year. The mood is now more optimistic across the Group and this bodes well for the future. The market outlook for 2001 is encouraging and the Board believes that Parity's early move into the new technologies last year and this year's investment programme will create an excellent base for renewed growth*'.
Comment: It was a remarkably laid-back Philip Swinstead who led the analyst briefing – a refreshing change from the far more formal (and 'interesting') events staged by CMG and Sema earlier this week. He commented on the *"very challenging period after five years of strong growth"* but saw some light at the end of the tunnel with a *"recent upturn in market conditions"*. At least every part of the business remained profitable (only just, though, as Dutch acquisition Dedicate is a sick puppy and is getting a dose of senior management TLC). They are pushing hard to turn the 'old' solutions business *("a mini-Logica of 15 years ago")* into a streamlined, end-to-end e-business consultancy. Currently Parity are delivering front-end design and build projects, typically worth c£100K, but are optimistic of securing larger integration projects in the future. They are not, however, planning to bid for major projects against the Logicas and Semas of this world. There's no shortage of e-business projects around - but the problem is staffing them!
On the ITSA side – well, what can we say that we haven't said already? From our recent trawl round the major UK ITSAs it does appear that business in the UK is starting to recover – but nowhere near to last year's levels. Currently Parity's UK ITSA contractor numbers are 26% down on last year. Like most others, they are seeing strong demand for telecomms skills, and permanent recruitment is small but growing. US ITSA margins are holding up (typically twice UK levels) and they will open more offices there. However, we would not expect to see net margins for Parity's ITSA activities grow overall over the full year. Swinstead also answered the big question 'whither Parity?'. Having split the business in two, he'd like to see them run as separate operations and eventually each to have its own stock market listing – but obviously market sentiment would need to be somewhat better then it is now to do that! Nonetheless, we have found time and again that Swinstead rarely disappoints.
Parity's shares following the results announcement, end the month down 9.25% at 182p.

Holway/System House SCS Share Prices and Capitalisation

	SCS Cat.	Share Price 28-Sep-00	Capitalisation 30-Sep-00	Historic P/E	PSR Ratio Cap./Rev.	SCSI Index 28-Sep-00	Share price move since 31-Aug-00	Share price % move in 2000	Capitalisation move since 31-Aug-00	Capitalisation move (£m) in 2000
Actinic	SP	£1.96	£240.4m	Loss	421.07	2414	3.71%	141.36%	£8.93m	£140.83m
AFA Systems	SP	£5.41	£124.9m	Loss	70.23	4508	-8.69%	103.00%	-£10.86m	£76.44m
AIT Group	CS	£16.20	£407.0m	137.2	18.77	10800	10.96%	7.28%	£44.61m	£100.52m
Alphameric	SP	£2.99	£304.9m	78.5	12.04	1372	-10.08%	103.40%	-£30.72m	£191.73m
Alterian	SP	£3.32	£129.9m	8.7	129.95	1658	-19.05%	65.75%	-£24.75m	£51.55m
Anite Group	CS	£2.03	£541.0m	51.4	3.40	1187	-9.38%	49.82%	-£50.71m	£205.86m
Axon	SP	£9.75	£475.8m	171.1	18.75	5571	-8.67%	64.56%	-£41.23m	£186.70m
Azlan Group	R	£2.19	£234.3m	35.9	0.57	950	10.91%	51.74%	£25.57m	£79.87m
Baltimore Technologies	SP	£6.98	£2,833.7m	Loss	121.76	71590	-21.31%	36.20%	-£603.79m	£922.66m
Baron	SP	£1.73	£7.8m	Loss	2.77	1725	2.99%	-59.88%	£0.23m	-£6.03m
Bond International	SP	£0.72	£10.2m	Loss	1.21	1100	0.00%	-2.72%	£0.00m	-£0.26m
Bright Station	CS	£0.57	£97.5m	Loss	0.56	514	-19.29%	-37.91%	-£18.81m	-£43.39m
Business Systems	CS	£1.29	£104.1m	207.3	3.21	1080	-13.47%	7.98%	-£14.01m	£4.05m
Cadcentre Group	SP	£5.07	£84.6m	25.1	3.54	2533	-1.27%	56.81%	-£1.07m	£30.95m
Capita Group	CS	£5.94	£3,863.7m	179.8	11.81	160435	13.59%	57.57%	£525.02m	£1,504.70m
Cedar Group	SP	£7.08	£465.5m	136.0	12.82	6738	-17.25%	26.91%	-£80.31m	£119.94m
CFS Group	SP	£2.87	£59.0m	31.9	4.34	3183	52.80%	9.77%	£31.16m	£17.52m
Clinical Computing	SP	£0.38	£9.5m	33.3	3.07	306	-27.62%	-39.20%	-£2.64m	-£6.16m
CMG	CS	£12.95	£7.730.5m	121.0	12.70	35724	-5.13%	13.70%	-£396.43m	£1.897.47m
Comino	CS	£6.18	£83.9m	34.5	4.10	4750	3.78%	1.65%	£3.17m	£1.34m
Compass Software	SP	£1.95	£20.9m	65.2	14.22	1300	-2.50%	30.00%	-£0.52m	£4.90m
Compel Group	R	£2.08	£64.6m	5.9	0.22	1660	-11.51%	-61.54%	-£7.43m	-£105.44m
Computacenter	R	£3.49	£638.0m	15.9	0.36	521	-17.10%	-65.70%	-£109.11m	-£1.186.99m
DCS Group	CS	£2.93	£70.8m	18.5	0.43	4875	-27.78%	-72.27%	-£19.67m	-£184.47m
Delcam	SP	£2.15	£12.7m	14.6	0.80	827	-5.49%	4.88%	-£0.70m	£0.56m
Diagonal	CS	£3.53	£296.4m	57.5	4.10	5125	-18.97%	-6.62%	-£56.21m	-£8.60m
DRS Data & Research	SP	£0.18	£6.3m	25.8	0.77	166	-10.98%	-20.65%	-£0.69m	-£1.65m
Easyscreen	SP	£2.23	£98.4m	Loss	93.15	1309	-30.79%	-32.47%	-£30.29m	-£47.24m
ECSoft	CS	£7.38	£86.3m	42.6	1.28	408	-9.23%	-34.73%	-£7.96m	-£36.92m
Eidos	SP	£3.49	£358.2m	Loss	1.76	17417	-29.60%	-67.94%	-£106.02m	-£755.76m
Electronic Data Proc	SP	£1.17	£30.7m	23.8	2.92	3582	-0.85%	-68.92%	-£0.26m	-£67.94m
Epic	A	£3.89	£94.8m	234.0	30.78	3700	-1.02%	370.91%	-£0.97m	£75.60m
Eurolink	CS	£0.89	£9.4m	40.6	1.24	890	1.14%	-27.05%	£0.11m	-£3.21m
FI Group	CS	£5.45	£1.733.8m	67.3	5.63	13974	-12.45%	-28.99%	-£215.85m	-£27.23m
Financial Objects	SP	£1.35	£51.3m	36.7	2.30	587	18.42%	-80.22%	£9.45m	-£191.70m
Flomerics Group	SP	£8.50	£24.6m	31.4	2.83	6538	-5.56%	91.01%	-£1.37m	£12.64m
Focus	SP	£2.39	£59.9m	Loss	83.05	1223	7.67%	22.31%	£4.60m	£10.98m
Freeserve	CS	£2.35	£2,377.5m	Loss	121.55	1567	-12.96%	-60.17%	-£308.20m	-£3.565.46m
Gresham Computing	CS	£0.34	£15.6m	Loss	0.51	366	-20.00%	-44.72%	-£3.11m	-£11.43m
Guardian iT	CS	£12.35	£859.5m	113.3	17.45	4843	-24.23%	28.85%	-£208.29m	£368.74m
Harvey Nash Group	A	£8.80	£256.9m	29.6	1.70	5029	11.39%	45.82%	£29.27m	£84.92m
Highams Systems Servs	A	£0.37	£7.2m	Loss	0.27	1014	-3.95%	-35.40%	-£0.28m	-£3.55m
ICM Computer	CS	£3.83	£74.2m	25.1	1.50	2125	-32.00%	-52.34%	-£23.74m	-£78.30m
iE Group	SP	£1.20	£50.4m	Loss	6.98	1271	8.14%	-57.09%	£4.10m	-£67.10m
Innovation Goup	SP	£10.90	£1,148.9m	Loss	273.87	4760	7.39%	375.98%	£84.89m	£907.46m
iSOFT Group	SP	£1.95	£218.6m	201.0	12.30	1773	-3.70%	77.27%	-£8.10m	£95.34m
I S Solutions	CS	£2.78	£69.4m	72.3	5.87	10341	2.78%	246.88%	£1.93m	£50.18m
ITNET	CS	£4.80	£337.4m	42.7	2.58	1371	-47.40%	-29.67%	-£159.92m	-£142.40m
Jasmin	SP	£1.78	£8.3m	Loss	1.99	1183	20.34%	42.00%	£1.70m	£2.46m
Kalamazoo Computer	CS	£0.35	£14.8m	Loss	0.24	986	9.52%	-70.13%	£1.41m	-£34.69m
Kewill Systems	SP	£9.48	£722.4m	Loss	9.60	18735	-10.82%	-39.42%	-£78.16m	-£444.57m
Keystone	SP	£0.91	£38.5m	Loss	8.03	1011	-5.70%	-7.61%	-£2.20m	£7.72m
Knowledge Management	SP	£1.90	£196.5m	Loss	94.03	1458	-13.47%	45.77%	-£26.47m	£61.65m
Knowledge Support	SP	£4.85	£357.9m	Loss	194.75	2205	-12.85%	120.45%	-£45.99m	£195.47m
Logica	CS	£21.30	£8,562.0m	197.2	10.10	29170	-1.16%	33.38%	-£99.33m	£2.206.03m
London Bridge Software	SP	£7.33	£1,184.4m	230.2	28.09	18313	-25.63%	-13.31%	-£303.62m	-£145.58m
Lorien	A	£0.95	£18.6m	Loss	0.13	950	-24.90%	-24.90%	-£4.63m	-£6.19m
Lynx Holdings	SP	£1.38	£214.8m	30.0	1.01	3438	-20.75%	-16.67%	-£44.57m	£36.62m
Macro 4	SP	£9.75	£202.8m	29.4	5.24	3931	10.80%	30.43%	£21.89m	£55.50m
MERANT	SP	£1.00	£148.6m	66.7	0.65	481	0.00%	-75.31%	£0.00m	-£432.11m
Microgen Holdings	CS	£3.65	£185.8m	64.0	5.93	1560	-11.19%	-45.32%	-£20.80m	-£153.97m
Misys	SP	£6.18	£3.552.6m	41.1	5.01	7689	-22.60%	-35.96%	-£803.07m	-£1,918.38m
MMT Computing	CS	£5.35	£64.8m	16.5	1.58	3185	-15.08%	-43.83%	-£9.77m	-£50.53m
Mondas	SP	£0.55	£6.9m	Loss	5.10	733	-23.08%	-49.31%	-£1.60m	-£6.77m
Morse	R	£5.53	£697.8m	54.7	1.38	2210	-5.15%	53.69%	-£35.94m	£258.10m
MSB International	A	£1.44	£29.3m	17.2	0.16	758	-7.99%	-49.03%	-£2.34m	-£28.27m
MSW Technology	SP	£0.40	£5.4m	Loss	3.36	407	1.28%	-65.50%	£0.07m	-£8.69m
NetBenefit	CS	£4.65	£74.4m	Loss	9.89	2325	-26.48%	-47.75%	-£19.70m	-£36.80m
Netstore	CS	£1.45	£128.2m	Loss	93.42	967	-11.59%	-3.33%	-£14.85m	-£4.43m
Nettec	CS	£1.39	£147.7m	Loss	30.79	579	-15.76%	-42.08%	-£23.28m	-£107.28m
Northgate	CS	£0.71	£199.4m	Loss	1.21	274	-12.58%	133.61%	-£25.08m	£128.50m
NSB Retail Systems	CS	£2.40	£507.3m	666.7	23.84	20870	-20.00%	14.97%	-£101.46m	£89.82m
Orchestream	SP	£6.77	£826.0m	Loss	2014.55	3657	6.54%	255.68%	£53.98m	£511.78m
Parity	A	£1.82	£277.8m	27.9	0.88	30250	-9.25%	-51.47%	-£25.70m	-£288.36m
Patsystems	SP	£1.37	£171.8m	17.5	282.59	1276	-21.55%	27.57%	-£37.03m	£36.81m
Planit	SP	£1.31	£106.7m	46.2	8.02	5438	-0.76%	-21.86%	-£0.81m	-£17.19m
Policymaster	SP	£5.50	£86.4m	67.7	5.16	3667	13.40%	10.55%	£11.58m	£16.29m
Primar-E (was Stordata)	CS	£0.03	£4.3m	Loss	0.46	271	-78.69%	-62.86%	-£3.35m	-£7.24m
Protherics	SP	£0.33	£55.4m	Loss	34.67	393	0.00%	-10.81%	£0.00m	-£4.50m
PSD	A	£11.28	£283.0m	19.9	4.46	5125	10.27%	54.45%	£29.06m	£106.28m
QSP	SP	£0.85	£76.5m	15.0	1.51	1117	-17.87%	-44.01%	-£13.68m	-£60.05m
Quantica	A	£0.57	£22.4m	9.1	1.23	460	-23.49%	8.57%	-£5.25m	£1.75m
Rage Software	SP	£0.23	£71.7m	Loss	17.00	865	-16.67%	-61.37%	-£11.95m	-£88.79m
RDL	CS	£2.14	£23.9m	25.3	1.32	2378	-2.28%	124.08%	-£0.55m	£13.22m
Recognition Systems	SP	£3.44	£312.2m	Loss	134.87	4907	-7.66%	-1.58%	-£23.92m	-£4.97m
Retail Decisions	SP	£1.44	£196.6m	Loss	16.47	1938	0.00%	93.92%	£0.00m	£95.62m
RexOnline	A	£1.32	£8.7m	Loss	11.80	1565	4.78%	29.56%	£0.41m	£2.68m
RM Group	SP	£9.03	£842.9m	92.0	5.20	25786	-7.20%	5.25%	-£60.67m	£54.01m
Rolfe & Nolan	SP	£4.03	£56.7m	37.3	2.48	4792	0.63%	4.55%	£0.35m	£4.74m
Royalblue Group	SP	£16.08	£477.4m	122.7	12.03	9456	-11.92%	53.46%	-£56.90m	£170.50m
Sage Group	SP	£5.05	£6,397.6m	121.1	20.84	194231	-20.54%	-33.16%	-£1,313.76m	-£2.819.35m
SBS Group	A	£1.59	£14.5m	18.3	0.27	1590	9.66%	-22.44%	£1.40m	-£3.50m
Science Systems	CS	£6.05	£152.5m	54.3	4.92	4690	-1.63%	66.44%	-£2.48m	£89.96m
SDL	CS	£3.83	£151.5m	Loss	11.69	2550	5.08%	-5.79%	£7.70m	£15.11m
Sema Group	CS	£11.70	£7.031.3m	72.8	4.99	14717	-9.30%	5.03%	-£654.07m	£1.874.28m
ServicePower	SP	£0.82	£41.7m	Loss	11.09	815	18.98%	-29.13%	£7.91m	-£17.03m
Sherwood International	CS	£7.70	£316.5m	32.1	6.71	25653	-1.91%	-37.90%	-£6.05m	-£183.25m
Skillsgroup	CS	£1.36	£119.7m	13.2	0.60	608	-9.06%	-54.98%	-£10.84m	-£144.03m
Sopheon	SP	£4.08	£152.4m	Loss	100.95	5863	-25.23%	24.43%	-£38.46m	£47.34m
Spring	A	£0.95	£142.7m	Loss	0.36	1056	-4.52%	-44.28%	-£6.45m	-£104.05m
Staffware	SP	£27.38	£372.3m	159.1	14.74	12167	-14.79%	236.92%	-£55.05m	£269.10m
StatPro	SP	£0.81	£21.9m	Loss	6.97	1013	-6.90%	1.25%	-£1.51m	£0.30m
Superscape VR	SP	£3.34	£110.2m	Loss	35.91	1687	-5.25%	-2.20%	-£5.79m	-£2.16m
SurfControl (was JSB)	SP	£19.75	£592.5m	Loss	68.06	9875	-17.45%	92.68%	-£103.39m	£334.20m
Synstar	CS	£0.76	£123.5m	15.6	0.58	461	21.60%	-66.74%	£26.68m	-£247.77m
Systems Integrated	SP	£0.46	£6.1m	34.3	3.97	396	15.19%	21.33%	£0.93m	£1.07m
Systems International	CS	£0.45	£15.3m	17.1	0.90	783	-20.35%	-39.19%	-£3.12m	-£9.95m
Systems Union (was Freecom)	CS	£0.56	£55.6m	Loss	92.81	431	4.67%	-82.77%	£2.60m	£5.19m
Telme.com	CS	£0.62	£44.8m	Loss	3.20	400	-0.80%	-38.00%	-£0.36m	-£27.42m
Terence Chapman	CS	£2.60	£176.5m	47.7	5.76	1926	-7.14%	-58.89%	-£12.61m	-£252.96m
Torex Group	CS	£6.53	£231.6m	41.0	4.95	12670	-12.71%	7.23%	-£29.44m	£21.14m
Tornado	SP	£1.64	£66.0m	n/a	n/a	1090	6.51%	9.00%	£4.30m	£5.54m
Total Systems	CS	£0.93	£9.6m	Loss	4.92	1745	-17.78%	-36.21%	-£1.71m	-£5.48m
Touchstone	SP	£1.93	£18.9m	17.4	1.80	1833	-18.95%	-41.04%	-£3.58m	-£13.10m
Trace Computers	CS	£0.97	£14.2m	9.5	0.83	772	18.40%	-33.22%	£2.61m	-£7.03m
Triad Group	CS	£2.88	£73.3m	56.9	1.52	2130	1.23%	-41.92%	£0.90m	-£52.86m
Ultima	R	£0.09	£16.4m	Loss	1.31	207	-20.93%	-22.73%	-£3.43m	-£4.80m
Ultrasis	CS	£0.19	£44.2m	Loss	17.54	393	-18.95%	-60.71%	-£8.37m	-£61.00m
Vega Group	CS	£6.50	£119.6m	29.9	2.97	5328	2.77%	-18.75%	£3.31m	-£25.24m
VI group	SP	£0.38	£7.8m	58.5	1.71	760	8.57%	7.04%	£0.66m	£0.65m
Vocalis	SP	£2.55	£117.8m	Loss	43.73	2684	-17.07%	-34.53%	-£20.12m	-£53.18m
Wealth Management	SP	£2.25	£94.6m	Loss	7.38	1731	19.05%	73.08%	£18.01m	£39.95m
XKO	CS	£3.28	£85.4m	Loss	2.88	2183	-6.16%	-18.13%	-£5.26m	-£7.75m
Xpertise	A	£0.18	£5.6m	Loss	1.52	720	-32.08%	-65.71%	-£1.80m	-£5.08m

Note: Main *System House* SCS Index set at 1000 on 15th April 1989. Any new entrants to the Stock Exchange are allocated an index of 1000 based on the issue price. The CSI Index is not weighted; a change in the share price of the largest company has the same effect as a similar change for the smallest company.

Category Codes: **CS**= Computer Services **SP** = Software Product **R** = Reseller **A** = IT Agency **O** = Other

CFS (software for the asset based finance industry) has announced its largest acquisition since its IPO in Feb 94 at 90p. They are to acquire **Decision Systems inc (DSI)** *"a US leader and world player in the provision of equipment leasing software and services"*. So the acquisition is very much "stick to the knitting".

The consideration is £88.1m (£64.1m cash and £24m in shares). CFS is to raise £55.4m in a placing and open offer at 225p per share. CFS intends to change its name to **IDS Group plc** post the transaction.

DSI was formed in 1974 and had rev. of $38.3m and operating profits of $9.5m in the year to 31st Dec. 99.

This transaction elevates CFS into another league. It's a reasonable price and certainly fits many of our criteria for successful (or should we say avoiding unsuccessful) acquisitions. It's also yet another example of UK companies using both the strength of the LSE and of Sterling to buy overseas – reversing a trend which seemed to affect our UK SCS industry for decades.

365 Corporation, the digital media and communications company,has acquired **Compass Communications Technical Services** and the outstanding share capital of **Compass Telecom**. The acquisitions have been satisfied by a combination of 435K shares and £430K cash. Further considerations are dependent upon the share price in 12 and 18 months, and upon the performance of Compass Telecom, subject to a maximum consideration of £1.75m. 365 Corporation has also entered into an agreement to acquire the entire issued share capital of **Phones Express**, for up to £3.1m in cash and shares. The acquisition is being made as part of the ongoing development of its mobile telecoms operations in both its Business and Consumer divisions.

StepStone has acquired **Job-Today** *"one of Germany's leading on-line recruitment companies specialising in IT staff"* for Euro 34.9m. Job-Today had sales of Euro 36m in six months to 30th June 00.

The **eVestment Company** has agreed in principle to acquire **Christows Group,** a firm of portfolio managers and stockbrokers in the West of England. Shares in eVestment were suspended on AIM following the effective reverse takeover.

CFS has acquired **David Henley Systems**, specialist software supplier of full-service leasing software to the automotive finance industry and supplier of residual value data for vehicles.

Torex has acquired **Aremissoft UK Health** (previously **LK Global Healthcare**), which supplies management software to GPs, for £2.25m. Aremissoft made losses of £252K in the year to 31st Dec. 98.

The Innovation Group has conditionally agreed to acquire **Crosspath Consulting Limited**, a specialist management consultancy within the financial services sector for a consideration of up to £500K.

Internet Indirect has announced a $3m investment in **Kast Telecom Europe S.A**, the pan-European broadband services provider. The investment in Kast Telecom is part of a $20m financing alongside a number of prominent investors.

StartIT.com has announced a $500K investment in **YPL**, a company providing online recruitment services in the United States. StartIT will have a 37.5% equity stake.

Marconi has taken a 15% stake in the privately-owned e-commerce consultancy **Netdecisions** for £60m, valuing them at £400m. Marconi will also take an option to purchase further shares up to a maximum of 22%. Netdecisions was formed in 1998 and currently has 900 employees across Europe, Asia and the US. They are said to be considering a flotation at some point in the future and have traded profitably since inception.

Mondas, the *"e-business software house specialising in securities and banking markets and internet software"* has acquired **DSR**, a *"designer, manufacture and supplier of accounting and management information products"*, for a total

Mergers and acquisitions - continued

consideration of £3.79m satisfied by a combination of £3.31m cash and the issue of 965K shares. Mondas has announced a placing of 6.3m shares at 50p per share.

NewMedia SPARK, the early stage technology investment fund, is to acquire the entire issued share capital of **NewMedia Investors**, the technology corporate finance house (subject to shareholder approval).

MMT Computing, the IT solutions group, has sold its entire holding in **Atlantic Electric and Gas** to **Sempra Atlantic Energy Holdings** for £2.32m.

Cadcentre Group, the UK-based international provider of IT systems for the design and engineering of process and power plants, has announced the acquisition of all intellectual property rights to the **Open Plant** software formerly marketed by **Intelligent Computer Solutions**. The consideration is up to £430K payable in cash over the next two years.

Baltimore has acquired **Content Technologies** in a £692m share deal. Content Technologies, a privately-owned email security company, had revenue of £9.24m in the six months to 31st Jul. 00 and made a loss of £2.79m. The deal is being funded by issuing 91m shares to Content's shareholders 24m of which will be sold via an institutional placing. Baltimore also announced a placing to raise £70.4m.

Gameplay has announced the acquisition of a leading games group, **CentroMail** for an initial consideration of £7m, to be satisfied in the issue of 2.75m ordinary shares.

Gladstone (the B2B e-commerce services provider), has announced the proposed acquisition of **Membertrack**. Membertrack is a private company founded in 1993. The company competes with Gladstone's Ge.cache business for the supply of membership and facilities management software and services to the UK leisure industry. Membertrack is to be acquired for £8.5million, satisfied by 2.76m new ordinary shares and £3.25 million in cash.

Cedar Group, the knowledge-based enterprise business solutions provider, has announced the acquisition of the entire share capital of **Orbis Software** (Human Resource Management Software including police specific solutions) from **Leading Software Group** for up to £4.84m. Under the terms of the deal, Cedar will pay an initial consideration of £3.64m in cash and loan notes, with an additional £1.2m payable in cash and loan notes over two and a half years depending on performance. Cedar has also announced the proposed acquisition of Enterprise Solutions Group for $72m and 1 for 6 rights issue to raise approximately £65.8m.

The **Staffware** subsidiary, **Staffware Pty** has completed a $4.5m acquisition of **FPS Pty**, thereby expanding its professional services offering to customers. **Primar-e** has entered into an agreement, subject to shareholder approval, to acquire **Primar-e Telecommunications Limited** (PTL). PTL will be renamed **Glow Telecom**. The consideration for this acquisition will be approximately £2.1m. PTL's only asset is an affinity programme agreement with **Lycos**. Primar-e is to be renamed **Glow Communications**.

Electronic Data Processing, sellers of turnkey solutions to wholesalers and distributors, has acquired the business and certain assets and liabilities of **BCT Business Systems**. BCT has been a competitor to EDP in the supply of software solutions to Builders and Timber Merchants. The consideration if £400K in cash with £350K deferred and payable in seven monthly instalments.

VoyagerIT, the Internet, IT and media investment fund, has announced the agreed acquisition of 100% of **Panda Anti Virus Software** satisfied by the issue of 8.3m ordinary shares in VoyagerIT at 15p per share.

Brainspark, a technology-focused incubator included in our dot.com index, has announced a £1.25m investment in **Traderserve**, an *"online service aimed at professional traders"*.

Alphameric has entered into an agreement to acquire the entire issued share capital of **Systems Guidance Solutions**, for a maximum consideration of £3.5m.

Recent IPOs									
Name	Activity	SCS or Dotcom	Index Class	Market	Issue Price	Market Cap.	IPO Date	Price end Sep 00	Premium/ Discount
Web Shareshop	Online investment	Dotcom	E-I	AIM	30p	£3.7m	08-Sep-00	10p	-67%
Bikenet	Motorcycle e-tailer	Dotcom	B2C	AIM	133p	£15.6m	25-Aug-00	135p	2%
Netw indfall	Online financial services	Dotcom	E-I	AIM	2p	£14.9m	04-Sep-00	2p	13%
Tecc-IS	Hi-tech investment	SCS	SP	AIM	25p	£10.8m	20-Sep-00	33p	31%
TransEDA	Circuit Test Softw are	SCS	SP	AIM	50p	£25.2m	27-Sep-00	86p	72%

Forthcoming IPOs								
Name	Activity	SCS or Dotcom Index	Index Class	Market	Issue Price	Market Cap.	IPO Date	Comments
BigSave.com	Internet Retailer	Dotcom	B2C	MAIN			Sep-Oct	
CountyWeb.com	Interactive bus. directory netw ork	Dotcom	C&M	AIM			end Sep	Likely value = £25m
EBF Finance	Technology Investment	Dotcom	E-I	AIM	tbc	tbc	tbc	
eDefined.com	Online Financial Services	Dotcom	C&M	AIM	tbc	£50m	tbc	
e-go systems	Enterprise Service Provider	SCS	CS	tba			tbc	Estimated market cap £76.3m
IT IS Holdings	Int. Transport Information Services	SCS	SP	AIM				
Know ledge Tech Solutions	Developer of streaming softw are	SCS	SP	AIM			Oct-00	
Ncipher	Technology Investment	SCS		TechMARK	tbc	tbc	Sep	Market cap £100m anticipated
Orbital Softw are	Internet Softw are	Dotcom	SP	TechMARK	tbc	tbc	Oct	Likey value = £80m
TTP Communications	New technolgy applications	SCS	SP	Main	tbc	tbc	Nov	Likely value = £400m
WebMetering.com	Internet Payment Service	Dotcom	S&S	AIM			Sep-00	Likely value= £100m
WRMC.com	B2B Information Provider	Dotcom	B2B	MAIN	tbc		Sep	Likely value = £80m

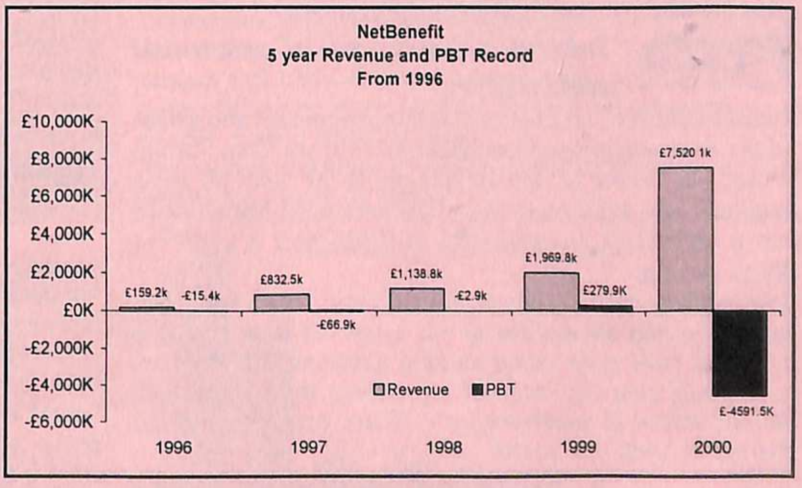
Wealth Management - Sustained demand for services since flotation

Wealth Management, the software developer and supplier of integrated software products to the financial services market, has announced its first interim results (to 30th Jun. 00) since flotation on 24th May 00. Turnover for the period was up 26% at £7.3m. LBT reduced from £328K to £215K. But if it was not for exceptional items, they would be reporting a PBT of £359K These exceptional items related to the much criticised costs relating to NI payable on gains made by employees exercising share options. Loss per Share was 0.87p. Commenting on prospects for the second half, Paul Newton, Chairman, said, "*Prospects for the second half of the current financial year and next year remain encouraging as we see sustained demand for our services in implementation, development projects, and e-business applications relating to our application product offering.*" Share price finished up 19.05% at 225p.

NETBENEFIT

Growth Benefits strengthen the Net

NetBenefit, which hosts our holway.com web site and registered all our domain names, has announced results for the year to 30th Jun. 00. Turnover has increased significantly from £1.97m to £7.52m, a 282% increase, but LBT is £4.6m compared to a £280K profit in 99, and Loss per Share is 0.32p, compared to EPS last year of 0.02p. In Jan. 00, NetBenefit acquired Netnames which added £xm. Indeed x% of this high increase is acquisition related. But let's not detract from this performance. As Jonathan Robinson, CEO, commented, "*This has been an incredible year. Strong organic growth combined with our acquisitions has increased group turnover by 282%. We have strengthened our position as one of the leading integrated domain name, e-mail and hosting companies in Europe and as a world leader in Internet Brand Protection Services.*" Share price is down 26.48% at 465p in September - compared with an IPO price of 200p in Jun. 99 - shares are at a premium of 132.5%.



QSP

Waiting for investments to bear fruit

QSP, a "*leading provider of enterprise wide financial information systems*", has announced interims results for the six months to 30th Jun 00. Following a trading statement warning of the dull market conditions that the company has had to face, we were not expecting sparkling results - turnover is £21m, an increase of 5.26% on the same period in 99. The revenue is made up of £150K acquisitions and £20.9m existing operations. LBT is £1.02m, deepened since 99 when the LBT was £783K. LPS is 1.13p compared to 1.1p for the six months to 30th Jun 99. Commenting on the results, Ian Stewart, Chairman, said "*In recent months, we have seen a marked improvement in global market conditions, which gives us confidence to predict an upturn in trading in all of our key geographic areas. Furthermore, we will pursue additional acquisition and partnership opportunities, where they add either volume to our customer base, value to our existing solutions portfolio or range to our delivery capability*"

Comment - QSP continues to focus on its ASP solutions. In the UK, major contracts won in this reporting period have all included a managed ASP solution, and the company is continuing to pin some hopes on the growth potential of this industry. Towards the end of the year, we should be able to see if their ASP investments begin to bear fruit. QSP's share price is down 17.87% at 85p.

Local Authority Marketplace particularly subdued...

ITNET has announced revenues up 24% at £75.7m, operating profits (pre-goodwill) up 22% at £4.9m, PBT (pre goodwill) up 5.5% at £34.4m but PBT (post goodwill) down 11% at £3.6m for the six months to 30 Jun. 00. Similarly EPS was down 12.5% at 3.5p. The goodwill amortisation resulted from the Feb. 00 acquisition of project management consultancy **French Thornton** (£8.5m cash initially + £6.75m cash + 3.75m shares profit related) and of **Easams** in Mar 00 for £3.1m+ £11m deferred. CEO Bridget Blow told us that both acquisitions had bedded in well. ITNET also announced a £37m/4 year outsourcing deal with Equitas (ITNET's largest win to date in the financial services sector).

Comment: ITNET has suffered over the Y2K lockdown and hangover like many others with their local authority marketplace particularly subdued. Indeed ITNET has faced a barrage of problems with their benefits contracts.

Overall ITNET report a reduction in discretionary spend like most others with new project development and SI hit harder than the on-going outsourcing businesses. Interestingly, Blow tells of *"nervousness"* amongst potential customers for the ASP concept.

However, their move to top level/front end consultancy seems to have been well judged. They have merged Technosys with their existing e-business operations, which now account for 7% of total revenues. £2m e-business type orders were generated in the last two months of H1 alone. The new acquisitions mean that revenues from the commercial sector at £37.5m now almost rival those from the public sector (£38.2m).

Blow reports continued signs of recovery in market confidence in the current quarter. We hear this from others too and hope it real and not just wishful thinking! On the other hand the beauty of ITNET is its very robustness with over £300m of contracted forward orders. ITNET's share price finished the month down 47.4% at 480p.

Taking advantage of payment card fraud

Retail Decisions, a supplier of risk management and value-added transaction services spun out of Card Clear Group in Jan. 00, results for the six months to 30th Jun. 00 show revenues up 23% to £7.2m, PBT of £1.2m transformed into a LBT of £1.7m and EPS of 0.59p now a Loss Per Share of 1.2p.

Commenting on the outlook, Carl Clump, Chief Executive said: *"The first six months of our existence as a separate company have seen some exciting development. Payment card fraud over the Internet represents the single most serious threat to e-commerce"*. Share price showed no change at 144p this month.

At the heart of converging technologies

Affinity Internet Holdings reported revenues up almost fivefold to £4.55m for the six months to 30th Jun. 00. But LBT doubled to £3.4m and Loss Per Share deepened to 20.4p.

Commenting on the outlook, Terry Plummer, Chairman, said: *"Affinity Internet Holdings continues to position itself at the heart of the converging technologies of telecommunications... Demand for Internet services looks set to continue, and we believe that Affinity is well placed to take advantage of the revenue earning opportunities as spending moves from the established economy to the so-called new economy of on-line trade"*. This month the shares were up 4% to 1075p.

Strong trading conditions across all businesses

Robert Walters, the recruitment and outsourcing company (that includes a significant IT staffing element) results for the six months to 30th Jun. 00 show turnover up just 7% to £91.5m. PBT grew 25% to £5.4m and EPS also increased from 3.47p to 4.08p.

Commenting on the results, Chief Executive, Robert Walters said: *"The Group's trading in July and August has been in line with expectations and we are experiencing strong trading conditions across all our businesses. We are already seeing the benefits of the hiring initiative and this will be reflected in our performance in the second half*".

Comment: The interims announcement reveals growth in the Resource Solutions division, with 71 outsourcing contracts in place with customers across Europe, Asia and the US. The announcement also mentions that acquisition opportunities *"aimed at broadening the range of our professional markets and our geographical reach"* are being considered.

Robert Walters returned to the London market in July this year, having been acquired in Nov. 98 by US-based (and NASDAQ-listed) staffing company **Staffmark** (now called **Edgewater Technologies**). Shares at the month end are trading at 239p, a premium of 40.6% since July's float.

Loss in line with market expectations

Easynet, the pan-European Telecommunications and Internet Service Provider for corporate users, announced revenues up 52.9% to £19.0m in the six months to 30th Jun. 00. A PBT of £132K for the 6 months to 30 Jun. 99 has been turned into an LBT of £3.5m for this reporting period, and Loss per Share is 13.46p, compared to EPS of 1.06p previously.

Commenting on the results, Chairman and CEO, David Rowe, said, *"Our pre-tax loss is in line with market expectations and reflects our successful European expansion plans ... We also have substantial opportunities arising from Telecoms deregulation across Europe."* Share price has risen to 1135p this month, a 12% change.

In line with market forecasts

Science Systems has had an *"interesting"* 2000 which included the acquisition of much troubled Coda from Baan in February. Given the Y2K hangover problems hitting both the ERP market and the conventional SCS market in which Science Systems has historically operated, their results for the six months to 30th June 00 were really quite good. With a claim that *"order books remain healthy and the Board believes the group will experience strong growth in the second half of 2000"*, the company announced turnover of £21.3m, up from £16.6m for the same 6 months last year - an increase of 28.2%, PBT decreased by 17.2% to £1.25m, and EPS was down from 6.3p to 3.4p - this was *"in line with the market's forecasts given in March 2000 at the time of the open offer when 8 million new ordinary shares were issued to finance the CODA acquisition."*

Comment - Strong revenue growth continues to be the theme at Science Systems. We congratulated Science Systems on achieving their goal of *"consistent, organic growth for share holders"* in the Holway Report 2000 - with the acquisition of CODA under their belts, profit and EPS have decreased for this reporting period but with Science Systems' track record and the benefits that the acquisition should bring, this is unlikely to be the case for long. Share price was down 1.63% this month to end at 605p.

"Best of the old, best of the new"?

Axon Group, the SAP/ERP and e-business consultancy, results to 30th Jun. 00 show revenues up an impressive 47% to £17.2m. PBT is up 66% to £2.8m and EPS up from 2.2p to 3.4p. Commenting on the results, Mark Hunter, CEO, said, "*The figures reflect very strong performances from our SAP division and from our increasingly important work in e-Business, which now accounts for 70% of new business won. We have again seen how e-Business projects can drive large SAP engagements.*"

Comment - Axon is really showing the advantage of being perceived more as a "new economy" company than many of its more traditional competitors. On the other hand, maybe that label gives the wrong impressions as Axon makes PBT profit margins of over 16% - that's twice the industry norms. Indeed, Hunter told us that he took most of August off but returned to find full monthly management accounts on his desk by 2nd Sept. So maybe Axon really is one of *"best of the old, best of the new"* breed. You see, we have a sneaking (but ever strengthening) suspicion that the "old world" SCS companies of which you read much in *System House* and which are currently still suffering from the *"Y2K hangover"*, are increasingly *"living in denial"*. The *"old world"* has gone. It will never return... let alone in Q4 which everyone seems to be praying for at the moment.

Hunter says that, in his view, customers are now looking for suppliers which combine:-the structure/experience/ methodologies of the "old" SCS companies

-the strategic thinking of the more forward looking management consultancies

-the attitudes, work practices, market appeal of the "new economy" companies

-the entrepreneurial flair of the incubators.

Even Hunter wasn't saying that he thought Axon had all these attributes...*yet*. But, frankly they are further down the road than most we know! Hunter even said that they had been offered equity (as well as fees, he added!) just to *"come to the table"* on a new development. We have been a fan for a long while and think our "faith" is increasingly justified. The share price at the end of month was 975p, down 8.67%.

Smoothing out "lumpy" revenues...

AFA Systems, the AIM listed provider of treasury and risk management software, has announced revenues (total = £2.2m) from continued operations up threefold in the six months ended 30th Jun. 00. LBT reduced from £716K to £420K (pre goodwill and exceptionals PBT of £287K), and diluted Loss Per Share of 5.0p became LPS of 2.2p.

Commenting on the outlook, Mike Hart Chairman and Chief Executive said: "*Following the slow start to the year, the market for our products is increasingly buoyant. We are currently in discussions with a number of large organisations with the anticipation of a number of contracts for Musketeer being awarded prior to year-end. The market is extremely buoyant...we believe that the Group is well placed to achieve sustained growth*".

Comment: We have just spoken with Mike Hart, who described the DART acquisition back in Apr. 00 as a "*fabulous buy*". At the time we commented that at nearly nine times sales the acquisition was a touch dear, though astute. But the benefits are materialising, with the traditional Musketeer customers (treasury and risk management systems) taking up the DART product (derivatives software, pricing and risk management systems) and visa versa. With the products installed in 70 banks across 20 countries, half of AFS's revenues originate overseas. Meanwhile the integration of the two products is underway with the first delivery due to be made in the second half of the year.

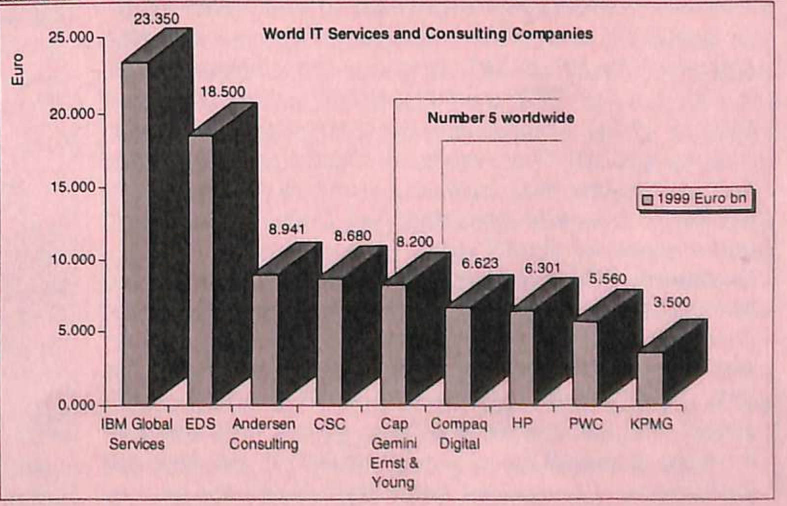
DART was AFA's first acquisition since formation in 1995, and further complementary/infill acquisitions with a similar profile (i.e. not legacy products!) are likely, as the strategy is to grow "*both organically and through strategic acquisition*" With a typical price tag of £1m, Musketeer is a significant investment for new customers, especially in the emerging markets, like South Africa where AFA is well established. To address this, AFA is looking to rent the software to customers for a transaction-based fee. This will also go some way towards smoothing out the "lumpy" revenue stream that bedevils software products companies, but the "*exact timing of major contract awards will influence results for the current financial year*".

The market has knocked 8.69% off AFA's share price, which ended the month at 541p.

Too Many Meetings at Cap Gemini!

Cap Gemini (or **Cap Gemini Ernst & Young** after the $12.4b acquisition effective since 23rd May 00) is suffering like all the "traditional" IT services companies at present. In August, analysts reduced revenue growth expectations for the full year from the 12-14% range down to c10%.

Cap Gemini reported results for the six months to 30th June 00 this month. On a proforma basis – i.e. assuming that **Ernst & Young** had been included in full for both periods, operating revenue has increased to Euro4096m from Euro3882m for the same period in 99, a poor 5.5% increase and not looking as if it will meet even the 10% expectations for the full year predicted by analysts. Operating income has increased by the same percentage, up from Euro400m to Euro422m.



Comment - This is more or less what we had been led to expect. We were however somewhat "amused" at one of the reasons given for the profits warning in August...i.e. that *"There is a natural curiosity from people wanting to meet their counterparts from the other side, this has caused some distraction from the focus on the marketplace". (CEO Geoff Unwin quoted in the FT (10/08))*. In other words...***too many meetings!*** We have sympathy... but have never seen it used as a reason in warning before!

An interesting chart presented in CGEY's analyst briefing following the results showed that the Group is now Number Five in the world IT services and consulting companies ahead of Compaq/Digital, HP, PwC and KPMG.

E-shopping - daunting setup costs

The FT (2nd Sep. 00) headlined *"E-shopping profits for Tesco and Sainsbury by 2005'"* saying that Tesco will emerge as the winner in the online supermarket stakes - which will represent a massive 50% of the £75b online shopping market by 2008. *"By then Tesco could be making about £500m or one-third of its global net profits from e-commerce"* according to a report from E-insight. The report says that it will be almost impossible for new entrants to break into this market, as the infrastructure setup costs are daunting.

Comment – This is a message we have been banging on about for over a year now. Readers, and those attending Holway's presentations, will be aware of *"The new man in Mrs. Holway's life"* who for over a year now has been visiting her regularly between 11.00 and 13.00 on a Friday and providing great satisfaction. For Tesco Direct in online groceries, read LloydsTSB in banking, the Pru in insurance, WHSmith in CDs and books, British Airways in airline reservations etc. etc. "Bricks" getting their "Clicks" act together will be the winners. It's now too late to do it the other way around as the pure "Clicks" have found their values decimated and it is becoming extremely difficult to raise the required high level of funds to mount a challenge. But spotting the "Bricks" with the required foresight/management etc. to make the "Clicks" move successfully will be where the real rewards are.

Consultancy arm needed to sell "solutions" not boxes...

Reportedly, **Hewlett-Packard** will be following in the footsteps of **Cap Gemini** (who bought the consultancy arm of **Ernst & Young** earlier this year) and **Cisco** (who have taken a major stake in **KPMG**) in buying a major consultancy business – this time the consultancy wing of **PwC** for *"a cash and stock acquisition at between $17-18bn" (AFX).*

As Lex in the FT said *"IT and business consultancy are converging at an ever faster rate. Hardware manufacturers can no long sell boxes; they need to sell solutions. HP lacks a strong in-house consultancy business such as IBM Global Services"*. But as readers know that's been the situation for at least the last decade! What is different now is that e-commerce has forced many companies to look at their whole operations (not just IT) in a new light which has put the focus back on the top level strategic consultancy businesses. Once the strategy is decided, rich pickings will follow for the implementation houses. This is one of reasons for predicting consistent growth in the sector from 2001 as these strategy studies work through into the build and run stages.

No pain just sparkling results!

PSD Group, an international recruitment services group including IT recruitment, has announced interim results for the six months to 30th Jun. 00. Record trading performance across all group divisions has resulted in turnover growing *organically* by 40% to £41.1m (compared to the six months to 30th Jun. 99), PBT grew 48% to £10.1m and EPS grew 44% to 27.3p. Commenting on the outlook Francesca Robinson, Chief Executive said: "*Trading in the second half of the year has continued at record levels and we therefore remain confident of another excellent performance for the full year*".

Comment: PSD now derives just over half of its net fee income from technology recruitment (they also recruit for finance, banking and commercial sectors, and have an executive search arm). The technology division enjoyed a 39% growth in net fee income in the UK and 51% growth overall. Net fee income is a more helpful measure than turnover, especially where the recruitment activities are predominately permanent rather than contractor as they are in PSD's case. PSD's results also showed a 85% growth in overseas operations to £4.3m net fee income. Readers may well wonder how come PSD has turned in such a sparkling set of results, given the pain experienced by so many of its rival IT staffing agencies! Well, try a combination of established permanent recruitment operations, overseas expansion, recurring revenues........

A drag on the first half of current year...

ICM Computer Group, a provider of IT support, Business Continuity and IT solutions, has announced its results for the year ended 30th Jun. 00. Highlights: turnover up 24% to £49.5m (continuing operations up 13%), PBT up 4% to £4.5m and EPS up 3% to 15.4p. Commenting on the outlook Chairman George Hayter said: "*The investments made during the last financial year and beginning of this financial year will initially impact profits in the forthcoming 6 months and consequently, whilst we expect that top line growth will continue, we expect that profits at the interim stage will be lower than the comparative period....more customers and prospective customers are now viewing as a strength the Group's ability to combine IT Support and Business Continuity services with the delivery of wide ranging IT Solutions*".

Comment: The market interpreted ICM's statement, contained in the preliminary results, that the first half of the current financial year will show profits below those of the previous half year as a PROFITS WARNING. ICM has insisted to us that this is not the case. ICM do say that the investments that they have made (in Business Continuity and e-commerce solutions capability) will have a drag on the first half of the current year. But topline growth is expected to be *"robust"*. House broker Henry Cook (Ray Burgum) has not downgraded their forecasts. For the current year (ending 30 June 2001) he has kept his forecast at £5.0m PBT (17.5 EPS) but for the following year he has raised his forecast to £6.5m (EPS of 22.7).

The shares end the month at 383p, a fall of 32%.

Influence of internet on business models fuels demand

Nettec has announced results for the six months ending 30th Jun. 00. Total turnover is £7.74m, up 286% on the six months to 30th June 99, LBT is £2.53m, deepening by £2.18m, and Loss per Share is 2.7p compared to 0.7p for the same period in 99.

Commenting on the future for the company, Jeremy White, Chairman, said, "*We anticipate demand for our services increasing for the foreseeable future as the influence of the Internet on business models continues. The recent shake out in the dot com market has had little adverse impact on our business at the current time. Nettec's focus on blue chip clients and well funded, well managed dot.coms has allowed us to exceed overall market growth. With Nettec's integrated business model, full range of services and excellent client base, we are ideally placed to continue to prosper.*" Nettec's share price finished the month down 15.76% at 139p.

B2B strategy focuses on the customer

microgen
Information Management Services

Microgen reported revenues from continuing operations up 26% at £11.0m in six months to 30th Jun. 00. Total revenue was down from £15.5m to £13.76m. A Loss before tax of £2.8m (PBT £1.5m) was reported. Indeed the operating loss on continuing operations was £629K. Diluted LPS reported of now of 4.7p compared to EPS of 2.1p for the same period in 1999.

Commenting on the results, Martyn Ratcliffe, Executive Chairman said, "*The Board are pleased with the organic and strategic progress, transforming the Group into a leading position in 'sell-side' e-business services. While most B2B e-business activity in the market to date has focused on 'buy-side' e-procurement, the Board believes that the potential of the 'sell-side' opportunity is far greater, since virtually all companies seek to enhance their customer relationships.*"

Comment – In the Holway Report 2000 we said that Microgen could reap huge rewards from e-commerce with their outsourced e-billing system. The company's announcement today shows that they now have over 70 corporate customers signed up for their ASP e-services, including over 30 adopting B2B e-billing. They are continuing to invest in e-services and are concentrating on developing a "sell-side" B2B e-business model. In the results statement, Microgen states that they have shown continuing success in balancing profitability and growth - it will be interesting to watch the return reaped from this latest investment. Following the results, Microgen's share price has fallen 11.19% to 365p.

COMPEL *"Old" market has changed*

PBT has dived from £12.68m to £2.08m at PC reseller **Compel** for the full year to 30th June 00 as it *"suffered the impact of the unexpectedly severe Y2K lockdown and subsequent extended period of low demand for IT services"*. Interestingly revenues also actually fell by over £4m to £288m. Diluted EPS was down 76% at 8.5p.

Of the three divisions:

- **Compelsource** *"outsourcing services for networked computing"* was particularly impacted by Y2K" with *"customer expenditure levels well below norm"*.
- **Compelsolve** provides *"IT solutions, particularly for e-business"*. Y2K effected the *"traditional–type"* business but was *"counter-balanced by corporate expenditure on e-activities"*.
- **Hamilton Rentals** provides *"IT rental and ASP services"*. *"Solid"* performance was reported but we believe much of this was project work related to Y2K.

Comment – This kind of performance was pretty much what we expected. However, the usual *"we look forward to the future with confidence"* sign off line from the Chairman was ominously absent. Indeed Sir Michael Bett admits that *"expenditure on IT in general remains depressed"*. The "old" market that Compel addresses has changed…we think for ever. Compel has to develop into an e-services organisation but does not seem as well advanced in this move even as some of its equally hard pressed competitors.

This month the share price is down 11.5% to 208p.

lorien *Not tackling the big issues...*

Lorien's negotiations with a potential offerer have been terminated. Following this announcement, Lorien also announced their interim results, which were put on hold while the aforementioned talks were taking place. Lorien stated that although shareholders will be disappointed with the cessation, they believe the "*encouraging recovery in the company's core IT Resourcing business, would enable the Group to create value for shareholders in the future*".

Unfortunately, it seems that following on from our comment in the Holway Report 2000 that "*we have written many times before about the sorry state that is Lorien*", regardless of the statement claiming an encouraging recovery, this time is not going to be a lot better. Lorien is still losing the battle with the new players in the market and seems unable to keep up with the "mega agencies". Turnover for the six months to 28th May 00 are reported to be £53.19m, a decrease of 24% on the same period in 99. LBT is £2.77m, deepening from an LBT of £1.57m and diluted LPS has also worsened considerably by 76% to 14.1p.

Commenting on the outlook, Lorien stated that "*the last 18 months have been an extremely difficult period for all those involved with Lorien: the Board, our employees and our shareholders. After achieving so much in reducing the Group's cost base in the first half of 1999, the unprecedented decrease in demand of our Resourcing businesses as a result of Year 2000 issues, and the depressed performance of our Consulting and Services Operations, removed any material benefit from this half's results*".

It seems that the mismanagement we have seen at Lorien in the past has not completely disappeared! It is all very well reducing the cost base but if other players in the market are taking away customers by tackling the bigger issues such as contractor loyalty and resource management, we are unlikely to see an improvement in Lorien's performance for some considerable time. Look out for more analysis on Lorien in our forthcoming UK IT Staff Agency Report.

Lorien's share price has dropped to 95p, a 24.9% decrease. They floated in August 95 at 100p.

Being multilingual brings its rewards...

SDL

SDL, the globalisation products and solutions company (providers of translation software), has announced results for the half year to 30th June 00. Turnover has increased 93.5% to £11.6m compared to the six months to 30th June 99, a LBT of £163K has been converted into a PBT of £269K and Loss per Share of 0.53p has been translated into EPS of 0.09p.

Commenting on the results, Mark Lancaster, Chairman and Chief Executive of SDL, said, *"These excellent results reflect the successful strategy of having invested in on-line multilingual content management software and service solutions over the past three years."*

SDL has also announced that Keith Mills has been appointed to the Board as an executive director of the Company, having responsibility for technical development. SDL's share price is up 5.08% at 383p.

Below Xpectations

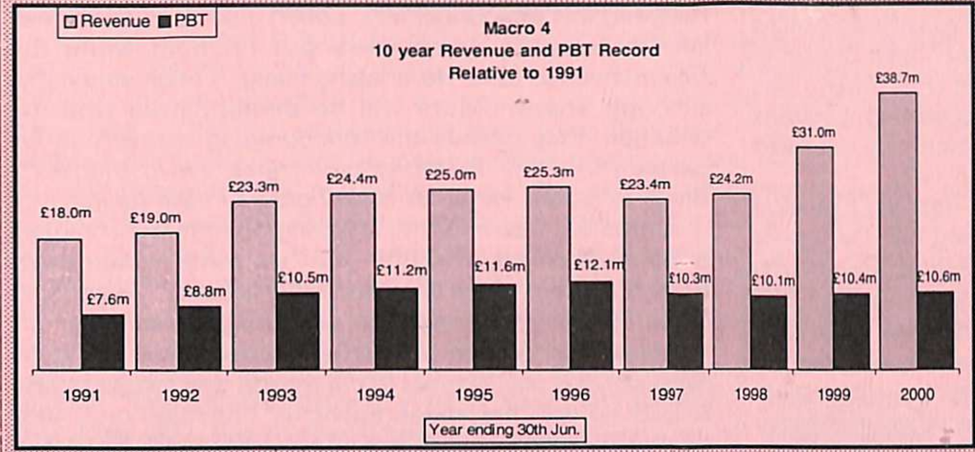
XPERTISE TRAINING

Xpertise Group, a technical training company, has announced interim results for the six months to 30th Jun. 00. Turnover grew by 42% to £2.9m compared to the six months to 30th Jun. 99 but was below expectations. PBT of £172K became a LBT of £228K and EPS of 0.45p now a Loss Per Share of 0.76p. Chairman Clive Richards commented that "*the below expected levels of turnover will inevitably have an impact on the anticipated profits for the full year. However the increased demand for Xpertise Training's services seen in the last three months and the initiatives put in place at Direct Computer Training {acquired Jan. 00} give us confidence for the future*". In Sept. the share price is down 32% at 18p.

macro 4

e-Commerce strategy yet to materialise

Macro 4's results for the full year ending 30 June 00 (system software solutions) show turnover of £38.7m, up from £31m in 1999, PBT of £10.6m compared to £10.4m, an increase of 2%, and EPS of 33.2p, a decrease of 4.6%.



Commenting on the future, CEO, Ronnie Wilson, stated, *"The prospects in the coming year, in both our traditional and new markets, are exciting. Our OS/390 business should continue to grow, despite the highly competitive nature of these markets. I expect to see significant opportunities as we develop our new solutions business."*

Comment - Macro 4 was in danger of relying on its "cash cows" rather than showing any signs of innovation. With the size of their cash balance we were hoping to see the announcement of an e-commerce strategy to broaden their product range - unfortunately it looks as if this has yet to materialise. However, we have seen the acquisitions of **Viewpoint** and **XTrace** as an *"investment in the development of in-house products"* - we shall have to wait and see what these new and exciting products turn out to be. Following the results, Macro 4 finished the month with their share price up 10.8% at 975p.

DCS - Still in a tough trading climate

DCS has announced interim results for the six months ended 30th Jun. 00. Turnover is virtually static at £74.8m compared to the same period last year, PBT of £3.4m now a LBT of £1.2m and EPS of 8.16p now a Loss per Share 4.19p. Commenting on the outlook, Tim Robinson, Chief Executive said: "*Since our July trading statement, we have continued to see signs of our business starting to return to normal levels of trading. We are still in a tough trading climate, as others are finding, especially in the ERP marketplace and our out-turn in the second half is still dependent on customer demand for new projects being strong through the remainder of the year. We believe that the results of our strategic investments, along with recent cost reductions in under-performing divisions and general recovery in market demand, will return the Group to year-on-year growth in 2001 and beyond*". Share price at end of month is down 27.78% to 293p.

Your HELP please......

This is the 144th edition of System House and, quite bluntly, it hasn't changed in format or general content since that very first issue back in Nov. 1989. By the way reporting on a major crash in SCS shares...we hope not a portent! So we would like to know your views on what changes you would like to see - hence the attached questionnaire. **PLEASE** complete it and help us make System House even better.

We relaunched our www.holway.com website this month. If you haven't taken a look yet...please do as it contains many more features than the "old" site. Again, your feedback is appreciated.

Many of you read the electronic version of System House on your intranets. Our new website has been setup so that we can make the electronic version available to all our subscribers in the not-too-distant future.

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